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SEVENTY-THIRD CONGRESS, FIRST SESSION

SENATE

TUESDAY, APRIL 25, 1933

(Legislative day of Monday, Apr. 17, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Mr. THOMAS of Oklahoma. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Keyes	Russell
Ashurst	Couzens	King	Schall
Austin	Cutting	Logan	Sheppard
Bachman	Dickinson	Lonergan	Shipstead
Bailey	Dieterich	Long	Smith
Bankhead	Dill	McAdoo	Steiwer
Barbour	Duffy	McCarran	Stephens
Barkley	Erickson	McGill	Thomas, Okla.
Black	Fletcher	McKellar	Thomas, Utah
Bone	Frazier	McNary	Townsend
Borah	George	Murphy	Trammell
Bratton	Glass	Norbeck	Tydings
Brown	Goldsborough	Norris	Vandenberg
Bulkley	Gore	Nye	Van Nuys
Bulow	Hale	Overton	Wagner
Byrd	Harrison	Patterson	Walcott
Byrnes	Hastings	Pittman	Walsh
Capper	Hatfield	Pope	Wheeler
Caraway	Hayden	Reed	White
Connally	Johnson	Reynolds	
Coolidge	Kean	Robinson, Ark.	
Copeland	Kendrick	Robinson, Ind.	

Mr. KENDRICK. I wish to announce that the Senator from Missouri [Mr. CLARK] and the Senator from West Virginia [Mr. NEELY] are necessarily detained from the Senate. I also wish to announce that the Senator from Illinois [Mr. LEWIS] is necessarily detained from the Senate on official business. I ask that these announcements stand for the day.

The VICE PRESIDENT. Eighty-five Senators have answered to their names. A quorum is present.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar days of April 21, 22, and 24 was dispensed with and the Journal was approved.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following memorial of the House of Representatives of the State of Arizona, which was referred to the Committee on Banking and Currency:

STATE OF ARIZONA,
OFFICE OF THE SECRETARY.

UNITED STATES OF AMERICA,
State of Arizona, ss:

I, James H. Kerby, secretary of state, do hereby certify that the within is a true, correct, and complete copy of House Memorial 4, regular session, eleventh legislature, State of Arizona, entitled "Restoration of Silver as a Monetary Standard", all of which is shown by the original engrossed copy on file in this department.

In witness whereof I have hereunto set my hand and affixed the great seal of the State of Arizona. Done at Phoenix, the capital, this 29th day of March A.D. 1933.

[SEAL] JAMES H. KERBY,
Secretary of State.

House Memorial 4, Restoration of silver as a monetary standard

To the honorable Senate and House of Representatives of the United States of America in Congress assembled:

Your memorialist, the House of Representatives of the Eleventh Legislature of the State of Arizona respectfully represents:

The Legislature of Arizona is confronted with an economic depression more desperate than any confronting a previous legislature of this State. Our business concerns have either closed out or are on the verge of doing so. Our industries are either destroyed, stagnant, or in critical condition. Our homes are being lost. Many of our people are starving, Spartanlike, and large numbers of others are losing their self-respect through the acceptance of alms. The power of resistance of all is being lowered by the struggle against nervous shock.

We have given earnest thought to our distress and find that our plight is due to general conditions in the Nation and not to any local short-sightedness. Tax reductions, yes; and to the utmost, and maintain our social functions, but it was easier for our people with full earning power to pay our highest tax than it is for them to pay any tax now. If the depression continues much longer, it will not be possible for our people to pay taxes at all because they will have no earning power.

When the whole field of business and finance is surveyed and appraised one fact alone stands in bold relief. The fact is, high finance is the cause of this Nation's present trouble. High finance sold the foreign currencies and foreign bonds to our people. High finance foisted a great load of unproductive debt upon this generation. High finance imposed upon the country the high tariff which provided it with a dragnet of unearned profits. High finance provided the inflation for the market boom and the deflation for the depression of fear. High finance is striving for the cancelation of the war debts. What high finance has done this time it has done in one form or another repeatedly in the past. The American people must make up their minds as to whether they are fit to live under a democracy and run their own affairs or whether they shall admit defeat and accept a rule as absolute as any tyranny and which lays an exhausting tribute upon them from generation to generation. Control of money and credit is the secret of its power.

This is not the whole story of high finance. Its treatment of silver is one of its master strokes. There are many people in this Nation who only think they are opposed to silver, but the membership of high finance well know they are opposed to silver. The farther away from New York the locality the stronger is the support for silver, and the nearer to New York the section the weaker silver becomes. From New York the opposition is bitter, angry, and unyielding. This the country may well view with suspicion. Indeed in the light of the facts now at hand the country might well feel safe to fully remonetize silver simply because high finance is opposed. The reason back of the opposition of high finance to silver is that silver is a driving spearhead into their control of the Nation's money and credit.

It appears strange there should be any opposition outside of Wall Street to silver, when it is remembered that the sentiment for the restoration of silver by world agreement is nearly unanimous. Even Wall Street will assent to a world conference. But a world conference and a world agreement are vastly different. The history to date of world conferences on any subject indicate there is little likelihood of an agreement on silver. The attitudes of foreign nations since the war give little promise of acquiescence in anything that will not be of their own especial interest. They have repudiated their currencies. They begged and implored our help in the war. They cried for and secured drastic reductions in their war debts. They are now defaulting on the remainder and demanding cancelation. They have gone off the gold standard, arbitrarily pegged their rates of exchange below ours and repudiated a large percent of their debts to other nations, and by this action they delivered a body blow to this country, practically the only nation left on an unchanged gold standard. That action prevented their own nationals from buying in this country because they could not pay the tariff and also stand the loss in exchange. It enabled other countries to buy in their countries at great advantage with a stimulating effect to their trade. At the same time, it neutralized to some extent the fall in the price of silver. This resulted to their advantage in trade with the silver-using nations, from which trade we are still barred by our gold standard. They have erected tariffs to offset ours. By all these means they have us shut out of world trade. They have out-maneuvered us and pushed us into a corner. Is it to be expected they will give us this advantage by restoring silver and thus allowing the silver nations to trade with us? No doubt Wall Street will agree to a world conference with so slight a chance for silver.

In 1925 silver was around 70 cents per ounce. That year England put India on the gold standard and began to dump India silver on the market. This was followed by reducing the silver content in the silver coins of England. Then France, Italy, Belgium, and other nations followed suit. From 1925 silver dropped until in 1932 it reached 24 cents, an all-time low in terms of gold since history or legend records any information. This process destroyed foreign markets for American agriculture

and enabled England and Europe to obtain, among other raw materials for their industries, American cotton and wheat at the lowest prices ever known. The American farmer, not being able to sell at a fair price at home because he was not protected, was now not able to sell except at a loss in the world market. This process also had the effect of destroying more than one half the purchasing power of one half the people of the earth with respect to their foreign trade. It has reduced their already low standards of life to still lower depths and is now contributing to the cause of the robber armies which are overrunning China, thus making it easily possible for Japan to have her way in Manchuria and wherever else in the Orient she is headed for. This constitutes the last chapter on silver. It is a repetition of our own Wall Street drive on silver in 1873 and 1893.

There is just a chance that England has something afoot again with respect to silver. If England should buy several billion ounces of silver with gold at less than 30 cents and then restore its value to 75 cents or $1, it would constitute another grand enactment of high finance. There is a growing volume of sentiment in England for silver. She alone started its decline; she by herself with the help of her dominions can restore it to 70 cents, but with the help of the world it can be returned to $1.29. There would not be anything new in the method. Before France reduced the gold content in her franc from 19 cents to 4 cents, she accumulated all the gold by every possible way that she could. England by going off the gold standard did two things at once. She started a phenomenal movement among her people and the people of India to turn in to the Government old gold possessed in any form to be melted down and paid for at a high price in sterling. Being off the gold standard enabled the Government to keep the gold after it was thus obtained. With this and other accretions of gold she can buy silver.

World conference or no world conference, those who believe in restoring silver by a world conference believe in silver. The only reason offered for a world agreement is to preclude the possibility of the world silver being dumped upon the United States in the event this country remonetized silver, and by dumping take our gold from us. Silver can be started back toward its former level without danger from this quarter.

The monetary system of the United States consists in round numbers of the following: Gold coin and bullion, 4 billion; silver dollars and subsidiary silver, 840 million; national-bank notes, subject to control of the national banks, 740 million; and Federal Reserve notes, subject to the control of the Reserve bank, 3 billion. The last two forms of money are issued upon the faith and credit of the country and the Government. In addition to these issues there are 347 million of United States notes, greenbacks. This makes 9 billion total money stock of the United States. To redeem it there are 4 billion in gold. This is now vividly demonstrated to be an impossibility, so the Government has found itself put to the extremity of placing an estoppel upon redemption. Half of the world is doing business on a gold basis; half of it is doing business on a silver basis. If the United States Treasurer had $4,000,000,000 in silver and was on a silver basis as well as gold basis, more than half of its foreign trade would be present to offset the rush for gold at this instant. A second present defect in the character of money, as indicated, is that half of the volume is controlled by the banks. To illustrate what significance this carries, it can be stated that if that amount of money was replaced by silver the people would now be about doing business as usual.

It has been suggested that the amount of gold in the gold dollar be reduced: To illustrate, the $4,000,000,000 of bullion and coin could be changed into $8,000,000,000. This, however, would still possess the two fatal defects of the present set-up. It would have but one metal and too narrow a base, too easy to control, and therefore subject, as at present, to the ravages of high finance, both national and international. It would not help us with the silver-using nations.

Among the different methods this country could use to restore silver without waiting for a world conference the following is offered: Issue 500 millions of Government bonds. With the proceeds of these direct the Treasurer to buy and coin silver at the present ratio. Direct the Treasurer to coin as offered at the mints all American silver. Do not make the silver redeemable in gold. Retire bank circulation with whatever amount of silver dollars this purchase of silver will produce. As fast as American silver is coined, buy it with tax levies annually, issue silver certificates, and with these retire Government bonds that underly bank circulation. There need be no fear of world dumping of silver because none can come into the country for exchange except what is purchased. The banks can replace their present circulation out of the proceeds received from the liquidation of their Government bonds. Continue this process until the silver equals the gold in the monetary system. This will replace hard money for credit money without inflation. The Government's promise to pay, supported by faith in the Government and the world's faith in silver, is better than the Government's promise to pay, supported only by faith in the Government. The effect of these measures would be the immediate stimulation of the price of silver.

Another stimulus could be brought about by offering to let England make her next installment on war debts in silver, provided she agreed to take India silver off the market and restore it to use in India and also agree to restore in her own silver coins their former amount of silver. If this were done, it is more than probable that the silver price of 1929 would be reached before a world conference would convene. The advance in the price would demonstrate to the conference that some would have authority to speak other than high finance because much of the matter disputed would have had already become a fact.

The effect on trade and business of the rise in the price of silver would be immediate. No fears need be entertained about the Government getting the taxes with which to make silver purchases. Within a short time the present earning power of the Nation of 13 billion would be raised to its former figure of 80 billion. Half the people of the earth would be given back the money or buying power taken from them since 1925. Our foreign trade for farm and factory products would be given an immediate impulse, especially so as these people have long been without the goods they want. This would break the deadlock. To recapture this trade we will either be compelled to go off the gold standard in order to checkmate other nations or we must restore silver. Adjusted tariffs will avail us nothing with depreciated foreign currencies still prevailing. Adjusted tariffs and restored currencies require dickering, swapping, and the consent of other nations which have not kept their agreements, either stated or implied. This country by itself can start the march of silver upward.

One other effect of restoring silver to our coinage would be a direct thrust at the inner core of the Nation's present difficulties. Silver would widen the metallic base underlying our circulation. That base is so narrow now that there is not the slightest chance of redeeming the currency in gold or paying a fraction of the two hundred billions of debt, public and private, all written in gold, in times of stress like the present when the one thing needed by the people is their own money. If there were gold and silver in the United States Treasury to redeem every dollar of circulation, there would be no depression now. As it is, there is such a tremendous amount of credit required to do the business of the country that it has been easy for a few who have accumulated vast reserves in money to effectively control credit and money based on it. Money not in circulation ceases to be money and credit that is not available is not credit. All admit now that prices fluctuate with the amount of money available for the transaction of business. Instead of having sound money, we find ourselves with the most unsound money of any civilized people.

At this juncture advertence might be had to the word tinkering. The only tinkering that has been done lays at the door of high finance. For 10,000 years gold and silver did duty together. It is like a thief calling, Stop thief! Instead of being alarmed at this goblin, it is now necessary for the people to survey the whole monetary structure.

These financial depressions could not occur if the people knew all about their monetary system and were familiar with the history of finance, particularly high finance. To this end we suggest that you assemble all the facts, duly verified, relating to the history of this depression and make it available to the common schools of the country. By this means the next generation will have a watchful eye on the buccaneers of high finance who know no conscience and no country.

Wherefore your memorialist solemnly urges upon you the restoration of silver to its former place in the economics of the world and this country as a major action for the breaking of the financial deadlock that is now ruthlessly working the ruin of this generation, and as a means of returning to the only sound monetary system the world has ever known.

Passed by the house March 13, 1933.

Received in the office of the secretary of state March 14, 1933.

The VICE PRESIDENT also laid before the Senate the following joint memorial of the Legislature of the State of Arizona, which was referred to the Committee on Public Lands and Surveys:

STATE OF ARIZONA,
OFFICE OF THE SECRETARY.

UNITED STATES OF AMERICA
State of Arizona, ss:

I, James H. Kerby, secretary of state, do hereby certify that the within is a true, correct, and complete copy of House Joint Memorial No. 8, regular session, eleventh legislature, State of Arizona, entitled "On the Transfer of the Remaining Public Lands of the State of Arizona", all of which is shown by the original engrossed copy on file in this department.

In witness whereof I have hereunto set my hand and affixed the great seal of the State of Arizona. Done at Phoenix, the capital, this 29th day of March A.D. 1933.

[SEAL] JAMES H. KERBY, *Secretary of State.*

House Joint Memorial 8 (on the transfer of the remaining public lands of the State of Arizona)

To the Senate and House of Representatives of the Congress of the United States of America:

Your memorialist, the Eleventh Legislature of the State of Arizona, in regular session assembled, respectfully represents:

That of the 72,000,000 acres of land within the State of Arizona more than 65 percent is controlled by the Federal Government and 10 percent is owned by the State. Thus there now remains only 25 percent of the area of the State to carry the burden of taxation;

That by reason of the great area of Government reservations and withdrawals, embracing all the forest lands and much irrigable or tillable land, with withdrawals still being made for divers Federal purposes, the State of Arizona under the provisions of its enabling act, providing for the granting of lands for the benefit of

the schools and institutions, was unable to obtain lands of the best character and value; that the grant of four sections in place in each township for the benefit of common schools still remains of no value to the extent of those sections which are within the large area of the remaining unsurveyed public domain and that the value of many of the surveyed sections in place is impaired by questions as to the validity of title;

That the provisions of the enabling act which requires a minimum price of $3 per acre upon the sale of grazing lands owned by the State effectually prevents the State from selling a considerable area of its lands the actual value fo which is less than such minimum price, the result being that the permanent school and institutional funds cannot be augmented nor such lands developed by private owners and become subject to taxation.

Therefore your memorialist respectfully and urgently requests the enactment of legislation by the Congress which will by proper and feasible manner transfer the remaining public land to the State of Arizona, without restriction or reservation: And it is hereby

Resolved, That title to all the remaining vacant, unappropriated, and unreserved land should pass to the State, without reservation or restriction on account of the character thereof.

That title should vest in the State when and as selection of lands by the State are approved by clear listing instead of upon the acceptance by the State of a blanket grant, this in order to make the transfer in a clear, feasible, and practical manner, existing Federal statutes affecting public lands to continue in effect, and thus avoid many complications and uncertainties and the necessity for providing proper machinery of operation and adjudication, as to which some pending bills are unquestionably deficient.

That there be no provision whatever for additional Federal withdrawals and reservations of lands; that if some further withdrawals should be thought to be necessary or if some eliminations from existing reservations can be made it would be much safer for jurisdiction to remain in the Congress than to have unlimited authority given to administrative officials.

That the State should be granted the lands, without requirements and restrictions being made by the United States as to the administration or disposal thereof, the State government being entirely competent to administer its lands to the best interest of the State.

That the conditions and restrictions of the enabling act or other Federal statutes affecting previous grants of land to the State should be now removed in order that the State may be able to administer all its lands to the best advantage and make sales thereof, the existing minimum sale price of $3 per acre being such an unwarranted restriction that disposal of much of the land is not possible.

That the Congress make ample provision for the prompt survey by the Government of the remaining unsurveyed public lands in order that the State may then make selections thereof.

That the Congress pass legislation providing for the transfer of the lands to the State and the administration thereof by the State in conformity with these declarations.

Passed by the senate March 7, 1933.
Passed by the house March 6, 1933.
Approved March 9, 1933.
Received by the secretary of state March 14, 1933.

The VICE PRESIDENT also laid before the Senate a communication from Frank T. Pomeroy, State senator, Mesa, Ariz., relative to an enclosed Senate Memorial No. 2 of the State Senate of Arizona, which was ordered to lie on the table and to be printed in the RECORD, as follows:

Senate Memorial 2

To the Senate and House of Representatives of the Congress of the United States:

Your memorialist, the Senate of the Eleventh Legislature of the State of Arizona, respectfully represents:

Whatever its origin, the economic depression from which the Nation is suffering owes its continued existence to the withdrawal from circulation, for reasons which will not here be reviewed, of a great portion of the national currency and of the various forms of money credit.

This shortage of currency and of money credit must be relieved before prosperity can return.

There must be an expansion of the Nation's circulating mediums of exchange, an expansion which will not increase the burden of taxation.

The bonded debt of the United States, in round figures, is $21,000,000,000, an indebtedness which is costing the taxpayers approximately $1,000,000,000 per annum.

It is withholding from circulation a vast sum of money which otherwise would be invested in employment-making, business-stimulating enterprises.

Wherefore your memorialist urges that the Congress enact legislation (and the submission of a constitutional amendment if necessary) looking to an increase of the national currency in the amount of the national bonded debt; that a date be fixed on which the interest on United States bonds will cease, and that the new currency be employed in the retirement of all such bonds; and your memorialist submits that while saving the taxpayers a billion dollars annually in interest, such action will release the stupendous sum now being hoarded through investment in Government bonds for investment in lucrative private enterprises, and start into forward motion the endless chain of circulating wealth which inevitably brings prosperity.

And your memorialist will ever pray.

Adopted by the Arizona State Senate, eleventh legislature, March 12, 1933.

W. F. GRAHAM, *Secretary of Senate.*

The VICE PRESIDENT also laid before the Senate the following resolution of the House of Representatives of the State of Nebraska, which was referred to the Committee on the Judiciary:

Resolution memorializing the Congress of the United States to enact uniform Federal corporation laws

Whereas the individual States of the United States of America have widely divergent laws applicable to the organization, filing of articles, and rights and powers exercised by corporations created and operating within their respective borders; and

Whereas the primary and fundamental purposes of the laws of the several States in the enactment of laws concerning corporations were to bring such legal entities under the jurisdiction of the police powers of the States and, incidentally, to provide a source of revenue by which such corporations might be supervised for the public welfare; and

Whereas, under and by virtue of loose and easy laws enacted by some of the States of the Union with respect to the organization and management of corporations, has resulted in certain types of corporations, on account of laxity and want of uniformity in State laws, to find an asylum by incorporating under the laws of those States which do not pretend to exercise any supervision or any control over corporations filing their articles therein; and

Whereas, by reason of corporations organizing under the laws of States other than those in which the principal place of business of said corporation is in reality intended to be conducted, the officers and directors thereof have been enabled to carry out dire and sinister programs which, had said corporations been organized and their articles filed under the laws of the State where they operate, or had the Congress of the United States heretofore elected to require that corporations filing articles should do so under the terms and provisions of uniform Federal statutes, such abuses, inimical and dangerous to the public welfare, would, in most cases, never have occurred; and

Whereas the States in which said corporations organized for sinister purposes should have been incorporated to a large extent are powerless to exercise any jurisdiction whatever over said corporations and suffer heavy losses in revenue to be derived from corporate organizations if such corporations had been organized and operated under its laws, and for years have been compelled to stand idly by and watch the pillage and plunder of its citizens who have invested and lost millions of dollars through the operations of unscrupulous and piratical holding and operating companies organized and doing business under the laws of some foreign State; and

Whereas there is little hope that effective uniform legislation which adequately will control corporations will ever be enacted by the several States: Now, therefore, be it

Resolved by the House of Representatives of the State of Nebraska in forty-ninth regular session assembled—

1. That this house respectfully petitions and memorializes the Congress of the United States forthwith to proceed with the enactment of uniform laws affecting corporations, and that said laws, when enacted, shall be applicable in all respects to the several States of the Union.

2. That the chief clerk of this house be directed forthwith to forward copies of this resolution, properly authenticated and suitably engrossed, to the President of the United States, the Vice President of the United States, and to the several Senators and Congressmen representing the State of Nebraska in the National Congress, to the end that necessary remedial, uniform laws affecting corporations be considered and enacted without further delay.

J. H. STEUTEVILLE.

I hereby certify that the above and foregoing is a true and correct copy of said resolution as passed by the house of representatives in forty-ninth session assembled this 14th day of April 1933.

MAX ADAMS, *Chief Clerk.*

The VICE PRESIDENT also laid before the Senate a communication from Judge Benjamin S. DeBoice, of Springfield, Ill., together with a resolution adopted by the Springfield (Ill.) Chapter Reserve Officers' Association of the United States, protesting against any cut in the numbers of the officers or enlisted men of the Regular Army, and also against any reduction in the national defense program, which were referred to the Committee on Appropriations.

He also laid before the Senate a resolution adopted by the City Fire Fighters Association, of Washington, D.C., favoring the filling of vacancies in the fire department of the District of Columbia by the promotion of members of the existing personnel of the department who have exhibited the necessary qualifications for the performance of the duties,

which was referred to the Committee on the District of Columbia.

He also laid before the Senate a resolution adopted by the Methodist Men Committee of One Hundred of the United States at the Logan Methodist Episcopal Church, Philadelphia, Pa., favoring the enactment of legislation authorizing the operation of the so-called "Taylor plan" for the relief of poverty and distress in the United States, etc., which was referred to the Committee on Education and Labor.

He also laid before the Senate 2 letters and 4 telegrams in the nature of memorials from 60 citizens and 1 organization in the State of Louisiana, endorsing Hon. HUEY P. LONG, a Senator from the State of Louisiana, condemning attacks made upon him, and remonstrating against a senatorial investigation of his alleged acts and conduct, which were referred to the Committee on the Judiciary.

He also laid before the Senate a communication in the nature of a petition from the Mental Patients Defenders Association, by Samuel Friedman, president, of Chicago, Ill., praying for an investigation of alleged mistreatment of mental patients in institutions for the care of the insane, which was referred to the Committee on the Judiciary.

He also laid before the Senate a resolution adopted by the City Council of Quincy, Mass., favoring the setting aside of April 30, 1933, as Presidential Day "as a day of thanksgiving and prayer in behalf of the President of the United States", etc., which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by Unit No. 6, Irish-American Independent Political Unit, Inc., of Brooklyn, N.Y., endorsing "Senator LONG's zeal for honest execution of the 'new deal'" and expressing confidence in his integrity, which was ordered to lie on the table.

6-HOUR DAY AND 30-HOUR WEEK

Mr. KING. Mr. President, I have received a number of telegrams from citizens of the State of Utah expressing opposition to the so-called "Black 30-hour week work bill," and stating also that any attempt to operate under the bill would be impracticable and injurious to employees, as well as the public generally. I ask unanimous consent that certain of the telegrams among those received by me may be published in the RECORD and lie on the table.

There being no objection, the telegrams referred to were ordered to lie on the table and to be printed in the RECORD, as follows:

PRICE, UTAH, *April 23, 1933.*

Hon. W. H. KING,
United States Senator, Washington, D.C.:

We urge you to do all possible to defeat proposed Black and Perkins bill, as we feel this bill will be detrimental to the operations as well as employees in our mining industries in Utah.

O. K. CLAY.
W. E. KNOX.
A. N. SMITH.
CARL W. EMPEY.
WALLACE WAYMAN.

PROVO, UTAH, *April 23, 1933.*

Senator WILLIAM H. KING,
United States Senate, Washington, D.C.:

Passage of Black-Perkins bill would be another serious handicap to recovery and ruinous to many of our business firms and industries without correcting or aiding unemployment. It might cause complete shutdown of plants and mines near Provo. We urge you to use all your influence to prevent it from becoming law.

PROVO CHAMBER OF COMMERCE.

PROVO, UTAH, *April 22, 1933.*

Hon. WILLIAM H. KING,
Senate Office Building, Washington, D.C.:

Believe it impractical to operate mines, coke plants, blast furnaces, and steel plants 6 hours per day 5 days per week, as proposed in Black-Perkins bill. For 2 years we have rotated employment extensively and impartially as employer in iron and steel industry, and for the welfare of Utah I hope you will do all possible to defeat this bill.

GEORGE D. RAMSAY.

PROVO, UTAH, *April 22, 1933.*

Senator WILLIAM H. KING,
Washington, D.C.:

The Black-Perkins bill would be decidedly impracticable to the iron, steel, and coal-mining industry of Utah. As director of personnel local industry, wish to say we are rotating labor and have done so for over 2 years. This bill is not suited to this industry and should be defeated.

E. C. HINCKLEY.

PROVO, UTAH, *April 22, 1933.*

Hon. WILLIAM H. KING,
Senate Office Building, Washington, D.C.:

As an employee of the steel industry, I believe passage of the Black-Perkins bill would be a blow to the future of this industry in our State, as I do not believe it economically possible to operate mines, blast furnaces, or steel plants on a 6-hour-day or 5-day-week basis, and it is physically impossible to operate coke plants on this basis. I therefore believe you should do all in your power to defeat this bill.

W. C. MILLER.

REPORTS OF COMMITTEES

Mr. McCARRAN, from the Committee on the Judiciary, to which was referred the bill (S. 882) to provide for the more effective supervision of foreign commercial transactions, and for other purposes, reported it with amendments and submitted a report (No. 41) thereon.

Mr. BARKLEY, from the Committee on Banking and Currency, to which was referred the bill (S. 1415) to amend sections 5200 and 5202 of the Revised Statutes, as amended, to remove the limitations on national banks in certain cases, reported it without amendment, and submitted a report (No. 42) thereon.

Mr. FLETCHER, from the Committee on Banking and Currency, to which was referred the bill (S. 1425) to amend the act entitled "An act to provide relief in the existing national emergency in banking, and for other purposes", approved March 9, 1933, reported it without amendment, and submitted a report (No. 43) thereon.

Mr. WAGNER (for himself and Mr. COSTIGAN), from the Committee on Banking and Currency, to which was referred the bill (H.R. 4606) to provide for cooperation by the Federal Government with the several States and Territories and the District of Columbia in relieving the hardship and suffering caused by unemployment, and for other purposes, reported it with amendments and submitted a report (No. 44) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WHITE:

A bill (S. 1520) for the conservation of lobsters, to regulate interstate transportation of lobsters, and for other purposes; to the Committee on Commerce.

By Mr. STEPHENS:

A bill (S. 1521) making an appropriation to provide for certain repairs within the national military park at Vicksburg, Miss.; to the Committee on Appropriations.

A bill (S. 1522) authorizing the Secretary of War to make certain repairs within the national military park at Vicksburg, Miss.; to the Committee on Military Affairs.

By Mr. CAPPER:

A bill (S. 1523) for the relief of the Capitol Building & Loan Association, of Topeka, Kans.; to the Committee on Claims.

By Mr. BRATTON:

A bill (S. 1524) for the relief of John J. Doyle; to the Committee on Claims.

By Mr. DILL:

A bill (S. 1525) to prevent discriminations against American ships and ports, and for other purposes; to the Committee on Finance.

By Mr. WAGNER:

A bill (S. 1526) for the relief of Ann Engle;

A bill (S. 1527) for the relief of Charles A. Lewis; and

A bill (S. 1528) to amend section 3702, Revised Statutes; to the Committee on Claims.

A bill (S. 1529) to provide retirement insurance for railway employees, and for other purposes; to the Committee on Interstate Commerce.

By Mr. BYRD:

A bill (S. 1530) for the relief of James E. Haynes;

A bill (S. 1531) for the relief of Elizabeth Buxton Hospital; and

A bill (S. 1532) for the relief of Florence Hudgins Lindsay and Elizabeth Lindsay; to the Committee on Claims.

A bill (S. 1533) to authorize and direct the appointment of Levin Milton Price as a first lieutenant, United States Army; to the Committee on Military Affairs.

A bill (S. 1534) granting a pension to Grace A. Coates; and

A bill (S. 1535) granting a pension to Addie L. Shugars; to the Committee on Pensions.

RELIEF OF AGRICULTURE—AMENDMENT RELATIVE TO THE CURRENCY

Mr. DILL submitted an amendment intended to be proposed by him to the so-called "Thomas amendment" to House bill 3835, the agricultural relief bill, which was ordered to lie on the table and to be printed.

DEVELOPMENT OF THE TENNESSEE VALLEY—AMENDMENT

Mr. McKELLAR submitted an amendment intended to be proposed by him to Senate bill 1272, the Muscle Shoals and Tennessee Valley development bill, which was ordered to lie on the table and to be printed.

HOME OWNERS' LOAN ACT—ADDRESS BY SENATOR BYRNES

Mr. HAYDEN. Mr. President, on Monday night I had the pleasure of listening to a very interesting speech over the radio by the junior Senator from South Carolina [Mr. BYRNES]. I ask unanimous consent that it may be printed in the RECORD.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

RADIO ADDRESS OF HON. JAMES F. BYRNES, OF SOUTH CAROLINA, APRIL 24, 1933

Ladies and gentlemen of the radio audience, there are approximately $20,000,000,000 loaned upon homes in this country, and of this amount more than $4,000,000,000 are today in default. This is the situation which President Roosevelt seeks to relieve by the proposal he has submitted to the Congress establishing the home owners loan corporation for the purpose of offering emergency relief and establishing Federal savings and loan associations in order to provide permanent relief.

The corporation established under the act will have a capital stock of $200,000,000. It will be authorized to issue bonds not exceeding $2,000,000,000. The interest upon bonds will be guaranteed by the Government, and the bonds will be exempt from taxation, other than surtaxes, gift, and inheritance taxes. The principal will not be guaranteed. The corporation will be authorized to exchange bonds for mortgages upon the basis of 80 percent of the value of the property as determined by the board, where the present value of the home does not exceed $10,000. It is estimated that three fourths of the homes occupied by owners would today be appraised at $10,000 or less and therefore would come within the provisions of the bill.

To illustrate, let us assume that in 1929 you purchased or constructed a home at a cost of $15,000 and gave a mortgage to an insurance company for $12,000. Since that time you have paid upon the debt $2,000, leaving the amount due at this time $10,000. Let us further assume that the market value of the home today is not in excess of $10,000. By reason of your reduced income or by reason of unemployment you are unable to make further payments upon the debt. The insurance company does not want to foreclose. It is not in the real-estate business and knows that, if forced to purchase the home at foreclosure sale, it would have little chance to resell it, and it cannot well engage in the business of renting homes all over the Nation. The insurance company has in its portfolio bonds which have depreciated in value. In many instances they have sold such bonds and taken their loss.

The officials of the company realize that in just the same way the value of the mortgage held over your home has depreciated in value. They can go to the corporation established by this bill and sell your mortgage to that corporation for 80 percent of the value of the home today, to wit: The sum of $8,000 in bonds. The bonds which the company secures, with interest guaranteed by the Government, would have a ready market. The bonds would be a safe investment, because they would be secured not only by the capital stock of the corporation but by your home at a valuation of $8,000 instead of the $12,000 which was originally loaned on the home.

When the corporation secures your mortgage in exchange for the $8,000 in bonds you would be requested to execute a new mortgage to the corporation for the sum of $8,000. The debt would be amortized over a period of 15 years and the rate of interest fixed at 5 percent. Instead of owing the insurance company $10,000, you would owe the corporation $8,000. Instead of paying 6-percent or 7-percent interest, you would pay 5 percent. Instead of being haunted with the fear of losing your home, you would have an opportunity to pay for that home during the next 15 years. Payments would be made monthly, but the framers of the bill realized that in case you are in default upon the existing mortgage, the chances are you would not be able to meet the payments upon the new mortgage in the near future. The bill therefore gives to the board the right to suspend payments during the 15 years at any time sufficient cause is shown, provided the suspension in all of the period does not amount to more than 3 years. This would make it possible for a loan to be repaid in 18 years instead of 15 years.

The objection is made that the privilege should be extended to homes valued in excess of $10,000. It should not be forgotten that homes valued at $10,000 today would include many that were valued at $15,000 and $18,000 in 1929. Further objection is made that the rate of interest should be lower than 5 percent. While the interest rate in a few of the larger cities is 5 percent, the average interest on home mortgages throughout the Nation is approximately 7 percent. More important than the reduced interest rate is the provision for amortization over a period of 15 years. The home owners in America with short-term mortgages have been forced every few years to refinance their debt at great and unnecessary expense.

The privilege illustrated in the case of an insurance company would extend to any person or corporation holding a mortgage over a home. It should be distinctly understood that it is entirely voluntary and there is no compulsion upon the owner of any mortgage to exchange his mortgage for the bonds referred to. However, it is believed that because of the depreciated value of the homes under mortgage and the desire to avoid foreclosures, and the ease with which the bonds could be converted into cash, thousands of mortgagees will avail themselves of the privilege of exchanging their mortgages for these bonds, thereby offering relief to thousands of American home owners.

The bill does not provide for direct loans to build new homes. It authorizes loans to the extent of $200,000,000, which can be used solely for the purpose of paying taxes or to make essential repairs, provided the total amount of bonds and advances does not exceed 80 percent of the appraised value of the property. In other words, if under the illustration heretofore given, bonds for $7,500 instead of $8,000 were exchanged for your mortgage and you owed $500 taxes, the corporation could advance the $500 for the payment of taxes and you would execute to the corporation a mortgage for $8,000.

The permanent features of the plan provide for the establishment of a system of Federal savings and loan associations in localities where such institutions do not now exist. These localities embrace about one third of the counties of the Nation. The Reconstruction Finance Corporation will subscribe stock of $100,000,000 for the purpose of establishing these local institutions. The subscription is comparable with the subscription to the preferred stock of banks provided in the Emergency Banking Act. These local associations will be authorized to lend for home financing only within the localities in which they are established, and they will be authorized to borrow from the home-loan bank of their district, so that for every dollar subscribed by the Government they will be able to secure and lend approximately $3. It is proposed that the Government's investments in the institutions will be retired in 5 years, the institutions continuing on a permanent basis. They will be established only where adequate facilities do not now exist. These institutions would not disturb existing building and loan associations, and provision is made for a building and loan association to convert itself into one of the new savings and loan associations.

I think it is accurate to say that the system of home-loan banks established in July 1932 has not given to the home owners of America the relief expected by them and hoped for by those responsible for the enactment of the law. The establishment of these savings-and-loan associations, under the provisions of this bill, will make the home-loan bank system an effective agency for relief. An appropriation is made for the purpose of giving to the people information as to the methods by which such associations can be organized and begin to function within the very near future.

The administration realizes that with the closing of so many local banks and the inability of insurance companies and other institutions to lend money upon homes it is essential that some method be provided for the financing of home mortgages and seeks by this bill to furnish the opportunity to secure such loans.

Refinancing existing mortgages and reducing the rate of interest paid by home owners will not remedy all the evils today confronting the people; but if as a result of the adoption of this plan hope shall supplant fear in the hearts of the home owners of America, they can with greater intelligence and greater courage face the problems daily confronting them.

When great unemployment exists great unrest exists. It is aggravated when one fifth of the home owners of the Nation are in default in payment of mortgage debts and face eviction from their homes. To relieve this situation, the President suggests this plan. It is sound. It is practical. We must hope for its adoption and for its success, because, after all, I agree with the sentiment expressed by the eloquent Henry Grady when he declared that the safety of this Republic rests not upon the strength of its Army and its Navy but upon the homes of America and upon the character and the loyalty of the men and women who reside in those homes.

THE ELECTRICAL REVOLUTION

Mr. DILL. Mr. President, I ask unanimous consent to have printed in the RECORD an article appearing in the Nation of April 26, 1933, entitled "The Electrical Revolution", by Jerome Count. The article calls attention particu-

larly to the large part of the revenues of the electrical companies which goes into the hands of stockholders and bondholders and how small a part goes to labor.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Nation, Apr. 26, 1933]

THE ELECTRICAL REVOLUTION

By Jerome Count

The first 30 years of the twentieth century will perhaps be recorded in history as the electrical revolution. During that period the production of electricity in America rose from 2,000,000,000 kilowatt-hours to 90,000,000,000 and the number of purchasers of electricity increased from 500,000 to 24,500,000. Not fewer than 80,000,000 Americans now live in homes served by electricity. But behind the brilliant array of toasters, heaters, iceboxes, cookers, and washing machines stands a vast army of underpaid, insecure utility workers and overcharged consumers. The growing protests of small consumers and utility employees against the rate and labor policies of the electric light and power industry suggest an inquiry into the extent to which the rewards of a vast development have been shared with the electric-utility wage earner and the small domestic consumer who is now the mainstay of the industry.

It is found that large wholesale users buy energy for one quarter of what it costs small domestic consumers. Between 1920 and 1931 the domestic user of current increased his consumption 400 percent, compared with an increase of less than 200 percent on the part of the wholesale consumer. Notwithstanding his larger contribution to the electrical prosperity of the past decade, the domestic consumer in 1931 was compelled to pay 36 percent of the Nation's electric bill, although he received only 13 percent of all energy consumed. At the same time the wholesale consumer received 60 percent of all energy and paid only 30 percent of the total revenue. The extent of discrimination between the domestic consumer and the wholesale consumer is illustrated again by the relative cost per kilowatt-hour to privileged classes of users. In 1931 wholesale consumers paid 1.48 cents per kilowatt-hour, while the average rate to all consumers was 2.75 cents. Domestic users, however, paid 5.82 cents, although it has been computed by Morris Llewellyn Cooke that this price exceeds a fair rate by 2.82 cents. The domestic consumer, in other words, is overcharged some $300,000,000 every year. Finally, while consumption by large wholesale and industrial users has steadily declined since the depression began, domestic consumption has risen sufficiently almost to cancel the loss of wholesale revenue, and the average bill of the electric consumer is now higher than it was at the peak of prosperity. Mechanical refrigeration alone has added about $60,000,000 to the annual revenues of the entire electric utilities.

Labor has derived far less advantage from the enormous development of the electric industry than even the domestic consumer. Whereas since 1902 profits have multiplied 29 times, wages have multiplied only 18 times, and the number of employees has multiplied only 8 times. Had the share of labor increased in the same proportion as profits, each power employee would now be receiving "wages" at the rate of $20,000 a year, or, assuming that wages remained constant and increases were paid in leisure, the utility laborer would now be working only 2½ hours a week. The observation that the revenues of the industry would not permit this boom to labor serves only to stress the shocking degree to which utility capital has gained advantage over its employees during this great development. Dividend payments to capital account for $575,000,000 of present revenues, but the toll that capital takes from the industry is not measured by dividends alone. The report of the Federal Trade Commission on National Wealth and Income (1926) gives the results of an investigation into the relative share of labor and capital in the Nation's industries. This report concludes significantly: "The electric light and power industry is remarkable because of the fact that labor receives only about one third and capital about two thirds of the total value product." This finding was based upon a comprehensive study of a 7-year period. For the last year reviewed, capital in the electric light and power industry received $511,000,000 while labor earned only $249,800,000.

To what extent the finding of the Commission is an understatement of the contrast is shown, for example, in the comparison of the power industry and steam railroads in 1 year. Railroad labor received 90.4 percent of the total value product while utility labor received only 37.6 percent. On the other hand, railroad capital received 9.6 percent while light and power capital received 62.4 percent. A comparative table (for a 6-year average) again shows utility labor at the bottom of the scale with capital at the top:

Division of value of product between capital and labor

Industry	Percentage to labor	Percentage to capital
Construction	92.8	7.15
Water transportation	83.3	16.2
Steam railroads	75.2	24.8
Telegraph and cable	72.1	27.2
Telephone	69.9	30.5
Manufacturing (all)	63.2	36.8
Street and electric railways	62.8	37.2
Mining, quarrying, and oil	59.3	40.7
Electric light and power	33.9	66.1

Despite the tragic implications of this alinement of capital and labor, it was the proud boast of the National Electric Light Association (recently rechristened Edison Electric Institute) that "an investment in a power and light company is * * * particularly free from the effect of varying labor conditions. The average labor cost of all power and light companies is approximately 21.5 percent of their combined gross earnings. Compare this with the 45 percent to 55 percent labor charge of the average railroad." Beside this boast should be set the low-wage average in the industry. A recent study shows that while in transportation utilities the average income of salaried workers rose from $976 to $2,084, the salaries of employees in the power industry in the same period rose from $899 to $1,795. At the same time average salaries in industry as a whole rose from $916 to $2,028. A similar comparison in respect to other workers in the power industry shows that the wage earner, as distinguished from the salaried employee in this industry, received $666 in 1909 and $1,398 in 1927, as against a rise to $1,436 from $616 for wage earners in all industries combined.

It is evident that electrical labor has received little benefit either in volume of employment or scale of wages from the technological perfection of the industry as compared with the volume and certainty of dividends and interest paid to capital. Utility executives, however, have pointed to the permanence of employment as a compensation. "The industry", they said to prospective investors, "is depression-proof"; and they permitted labor to believe that the safety enjoyed by shareholders and bondholders would be matched by security of employment.

The stock bromides fed to employees by utility executives during the headlong decade of 1921 to 1931 were "security of tenure" and "continued advancement to the faithful." An "Employees' Handbook" of platitudes and homilies was issued and some 50,000 copies were distributed to instruct employees in the ritual of loyalty and service—and the evils of "political ownership" of utilities. Security and advancement were constantly stressed.

Few utility employees realized that their security depended primarily upon whether the consumers' demand for electricity kept pace with technical advances in the industry and sustained construction projects. The technical progress of 25 years had increased the capacity of each employee by 260 percent—from 82,700 to 297,500 kilowatt-hours a year, or a product worth almost $9,000 per employee. Only eight times as many employees are needed to generate forty times as much energy. New construction projects have offered little better security to the worker. It has been the insistent claim of the industry and its executives that in response to a "patriotic urge" suggested by President Hoover in 1929 construction programs were deliberately accelerated in 1930 in order to sustain what they then believed to be "temporary unemployment." A glance at the construction expenditures of the preceding period is enough to show the falsity of this claim. The decade ending in 1930 was marked by vast consolidations and mergers followed by large increases in stock issues and bond sales. Anticipating the need of meeting additional dividend and interest loads, an attempt was made to reorganize operations through the unification of various systems that had been brought under the same financial control. The unified companies, therefore, undertook large construction projects to effect these economies and to anticipate further increases in demand for electricity, and this long before the so-called "temporary unemployment" of 1929.

Construction had more than doubled between 1922 and 1927. Accelerated construction continued at an even greater pace from 1927 until the end of 1930. It did not occur, as the industry asserts, only after the unemployment conference with President Hoover, but was the natural culmination of a decade of intense development. At the first indication that increases in demand for electricity would partially subside, the "patriotic urge" to sustain employment petered out, although unemployment had become more acute; when the wholesale lay-offs began in 1931, revenues were still $30,000,000 above 1929.

The industry immediately cut down its construction program by $325,000,000 and discharged 36,000 employees with an annual wage loss of $54,000,000. At the end of this same period, so devastating to labor, President Owens of the National Electric Light Association approvingly quoted the Federal Power Commission as saying that "no other great industry exhibits a like resistance to the general economic influence of this period" insofar as revenues from consumers is concerned. "And", he continued, "I might also add, insofar as net income available for investors is also concerned." At the same time Electrical World, standard-bearer of the industry, happily reviewed "* * * the unique record for maintenance of dividends by power and light companies", and said editorially that "measured by use of electric service, this country is stable, and those who supply this service are the most prosperous business group in the Nation. * * * Thus the utilities are up to about 100 percent when weighed by statistics." This was at the beginning of 1932.

Indeed, guaranteed dividends and bond interest of the operating companies continued unbroken. This, of course, is not true of some of the holding companies, which, to be sure, are without justified existence and have merely served to increase the insiders' profits at the expense of the consumers and investors. The financiers had capitalized the leading companies at dividend levels which they hoped would be maintained by increased demand for electricity. Up to that time the demand had doubled every 5 years. When, instead, revenues decreased about 1 percent (some other industries had lost as high as 50 percent of their business), holding companies collapsed of their own weight. Some operating companies, however, had increased their stock issues and paid

added dividends. At the end of the year 1931, after the discharge of 36,000 employees and the continuance of dividends and interest on bonds, the leading publication of the industry reported that "financial distress of operating companies was conspicuous by its absence. Even in areas most dependent on industries hard hit, power companies made a good showing." And again: "Utility companies suffered relatively little, if an energy output drop of 3.75 percent and a revenue fall of less than 1 percent can, indeed, be called suffering."

The industry is now loaded with staggering stock and bond issues, aggregating some $12,000,000,000, on which dividends and interest must be paid to capital. In 1932 dividends and bond interest of the operating companies again remained intact but labor suffered another decline of 30,000 wage earners, with an annual wage loss of $45,000,000. Construction expenditures were again cut, this time by some $375,000,000, although one of the industry's leading executives speaking to his "fellow employees" said: "We stand today on the threshold of a sturdier and more solid development than our industry has known for nearly a score of years." He spoke, of course, from the standpoint of capital, since his own company discharged 2,500 employees that year.

At the beginning of 1933, while employees were being discharged at the rate of 3,000 per month and the wages of 3,000 more were being cut, Electrical World again reported a year of general capital prosperity and said: "No serious threats to utility progress and prosperity exist." Meanwhile construction projects have been delayed to a critical point which impairs efficiency and provides utilities with pretexts for maintaining exorbitant rates. The cessation of improvements will deprive consumers of rate increases which were often promised out of unification savings in exchange for the approval of consolidations and mergers granted by many public-service commissions. The public will pay for the stoppage of improvements while utility employees starve.

Workers to the number of 66,000 have been discharged and employment in the electrical industry has been reduced 22 percent below the level of 1930, although revenues have declined only 8 percent. In years of prosperity electrical labor received but one third while capital collected two thirds of the spoils, but in times of depression, while the swollen share of capital is untouched, labor suffers in the ratio of three times the decline in revenues. Electric-utility labor now faces the threat of a further lay-off of 20,000 employees, impending wage cuts, and part-time employment, although its pay roll has already been reduced by $100,000,000. In 1933 the consumer will pay about $1,900,000,000 to the industry, of which $575,000,000 will go to stockholders in dividends, $240,000,000 in interest to bondholders, and only $348,000,000 to labor. Capital will also receive $250,000,000 in reserves to maintain security values. Once again the lion's share of revenues paid by the consumer will be reaped by capital—more than $1,000,000,000 as against a third of that sum to 230,000 employees.

Utility employees in New York City have started a movement toward organization which may have far-reaching results. A militant union of 75,000 employees throughout the Nation would go far to bring tangible improvement. Add to this strenuous resistance to high rates on the part of consumers, and the electrical industry may be brought to justice.

RELIEF OF AGRICULTURE

The Senate resumed the consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

The VICE PRESIDENT. The question is on the amendment of the Senator from Montana [Mr. WHEELER] to the amendment offered by the Senator from Oklahoma [Mr. THOMAS].

Mr. REED. Mr. President, the power for which President Roosevelt is asking is without any precedent in our governmental history. The Constitution gives to Congress the power to regulate the currency. It does not give us the power to delegate it. And the Constitution was wise in that provision, because to put such a power into the hands of a single individual would be the most unwise governmental act that could be conceived.

I am ready to grant the high patriotism and honest resolution of President Roosevelt; I make no criticism of him as an individual; but when we contemplate the fact that he must function day in and day out, in health and in illness, when feeling well or when affected with a headache, that he must, as a single individual, be exposed to the pressure of every fanatic and every demagogue who thinks that in this way lies the salvation of the depressed classes of America, it is a terrible power to give to a single individual. No one has ever put it better than did Thomas Jefferson in his Kentucky Resolutions of 1798, and I beg the Senate to listen to what Mr. Jefferson then said. Certainly the founder of the Democratic Party is as much entitled to respect as are any of his later disciples. Here is what Mr. Jefferson said:

It would be a dangerous delusion were a confidence in the men of our choice to silence our fears for the safety of our rights. Confidence is everywhere the parent of despotism; free government is founded in jealousy, not in confidence. It is jealousy, and not confidence, which prescribes limited constitutions, to bind down those whom we are obliged to trust with power. Our Constitution has accordingly fixed the limits to which, and no further, our confidence may go. In questions of power, then, let no more be heard of confidence in man, but bind him down from mischief by the chains of the Constitution.

I would that his words could be remembered in these days when it is proposed to give unparalleled power to our President. He ought not to want it.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. CONNALLY. Did not the Senator from Pennsylvania at the last session of Congress deliver an address on the floor of the Senate in which he said that what this country needed was a dictator?

Mr. REED. I did.

Mr. CONNALLY. But now the dictator is under a different regime.

Mr. REED. I should oppose this grant of power just as strongly if it were asked for President Hoover as I am trying to oppose its being granted to Mr. Roosevelt.

Mr. CONNALLY. The Senator did propose it at that time?

Mr. REED. That was a rhetorical expression. It was never dreamed by me that any such power as this would be asked or expected, and if Mr. Hoover had asked it I would have tried to be the first to refuse it.

Mr. President, in this morning's Baltimore Sun there is one of the most powerful editorials on this question that I have yet seen. I have a very high regard for the Baltimore Sun; it seems to have a rather low regard for me, and, to paraphrase Voltaire, perhaps we are both wrong. At any rate, be that as it may, I recommend that editorial to every Senator because of the information and the clear thinking it contains. It is too long for me now to quote it, but I send it to the desk and ask that it may be printed in the CONGRESSIONAL RECORD immediately after the conclusion of my remarks.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

(See Exhibit A.)

Mr. REED. Mr. President, it is suggested that this power is not expected to be exercised. If that is so, why ask it? Why should we expose the President to the volley of propaganda to which we ourselves are being subjected? He would get it a hundredfold. I know that my experience is no different from that of any other Senator, but I am physically unable even to read the letters that are coming in, there is such a mass of them on both sides. Why expose President Roosevelt to that in granting him a power if we do not expect him to use it? He will be forced to use it. The pressure from the public would be so great that he would have to use it.

When it is said that this power is merely given without expectation of its exercise, I think that our hopes are getting the better of our good judgment. It might be President Roosevelt's present intention not to use that power, but he could change that intention. He has changed his intentions many times in recent months. Just before election day this is what he said to his fellow countrymen whose votes he was asking. In his speech in Brooklyn on the night of November 4, referring to one of President Hoover's speeches, he said:

The business men of the country, battling hard to maintain their financial solvency and integrity, were told in blunt language in Des Moines, Iowa, how close an escape the country had some months ago from going off the gold standard. This, as has been clearly shown since, was a libel on the credit of the United States. No adequate answer has been made to the magnificent philippic of Senator GLASS the other night in which he showed how unsound was this assertion, and, I might add, Senator GLASS made a devastating challenge that no responsible Government would have sold to the country securities payable in gold if it knew that the promise, yes, the covenant embodied in these securities, was as dubious as the President of the United States claims it was.

And yet the Senator from Nevada [Mr. PITTMAN] told us last Friday here in the Senate that he did not expect that any of the outstanding Government bonds could be or would be paid in gold, in spite of the covenant to pay them in gold at the present standard of value. In so short a time we have come to the point where one of the administration leaders here in the Senate rises and tells the country that he does not expect that we can or will perform our covenant to pay those bonds.

Then President Roosevelt continued:

> Of course, the assertion was unsound. In the reiterated apologies for it that have come from the administration many words have been added like leeches to suck from the original statement its deadly meaning. But this administration is not content with adding words to make a bad case look good. It also knows how to take words away to make a bad case look better.

Then he went on to say:

> One of the most commonly repeated misrepresentations by Republican speakers, including the President, has been the claim that the Democratic position with regard to money has not been made sufficiently clear.

I ask your attention to this, Mr. President. This is from a speech delivered less than 6 months ago. Speaking of President Hoover, Mr. Roosevelt said:

> The President is seeing visions of rubber dollars. This is only a part of his campaign of fear. I am not going to characterize these statements. I merely present the facts. The Democratic platform specifically declares, "We advocate a sound currency to be preserved at all hazards." That is plain English. In discussing this platform on July 30 I said, "Sound money is an international necessity, not a domestic consideration for one nation alone." Far up in the Northwest at Butte I repeated the pledge of the platform, saying, "Sound currency must be maintained at all hazards." In Seattle I reaffirmed my attitude on this question. The thing has been said, therefore, in plain English three times in my speeches. It is stated without qualification in the platform, and I have announced my unqualified acceptance of that platform. So much for that misrepresentation.

That is what President Roosevelt said about sound money on the eve of his election. That is what he said about it within 6 months of this moment. And now, Mr. President, he is sponsoring the Thomas amendment plus the Wheeler amendment, and in those two amendments is embodied every variety of unsound money that the wit of man can suggest. I beg you to use your knowledge of fiscal affairs, Mr. President, your knowledge of fiscal history, and tell me, if you can, whether the history of the world contains any kind of unsound currency that is not included in the Thomas-Wheeler amendments.

I am not characterizing these proposals as unsound on my own authority. I say that human experience has shown us no variety of unsound currency that is not provided for in the pending amendments.

Back in 1896 we fought a campaign that was called the sound-money campaign. What was the proposal against which we fought as unsound? What did the American people then vote to be an unsound type of currency? The free and unlimited coinage of silver at a fixed ratio of 16 to 1. That is here now. The President is supporting it. He supports not the heresy that was rejected when Bryan offered it but the worse heresy of giving him the right in his uncontrolled discretion to direct the unlimited coinage of silver at any ratio he may fix. It may be 60 to 1, which is the present ratio in market prices, or it may be 6 to 1, and no man can say him nay. No one could control his decision. If the power were valid, if the grant of it is not unconstitutional, one man can put into effect by his ipse dixit a proposal that would be a thousand times worse than that which Bryan suggested in the campaign of 1896.

What other kinds of unsound money does the world's history show us? Henry VIII followed the example of his Roman predecessor and started to clip the coinage. We provide for that here in the pending amendments. Debasing the metallic content of the coinage of a country is an old trick practiced by most of the despots in history. The Thomas amendment provides for that. Half the gold in our coinage can be taken away by the ipse dixit of President Roosevelt or whoever may succeed him in the White House. Have we confidence in him? Have we confidence in our distinguished Vice President, who presides over this body? Of course, we have; but they are mortal like the rest of us. We do not know who may inherit these powers. We ought not to give them to anybody.

Back in the history of governmental finance stands out glaringly, as one of the worst cases of printing-press money, the money of the French Revolution, the assignats as they were called. About 1790 the fiscal condition of France became so bad that she was hopelessly insolvent, and she tried floating popular loans, beginning at 4½ percent, then 5 percent, and raising the interest rate even higher, but every effort along that line was a failure. She tried even popular subscription, asking people to send in their trinkets as contributions to the treasury of France. Many patriotic people did it, and many pretty stories are told of the responses which they made to that appeal. But the response furnished only about 1 percent of the immediate necessities of the French treasury.

Then Necker, who was Minister of Finance at the time, evolved the interesting idea that currency could be issued secured by an assignment, for the benefit of the holder, of all the church lands which had recently been confiscated. A good part of the surface of France had been owned by the church. The French Government had confiscated those lands. Theoretically those assignats, as they were called, were secured by an assignment of the land which had been confiscated from the church. As a matter of fact, of course, the holders of the particular assignats never could sell them. They could not have recourse to that collateral, so it amounted to nothing but the naked promise of the French Government to pay so many coins in exchange for the paper money.

The thing grew and the necessities grew. The issue was controlled, oh, very sternly controlled in the beginning. I think of that when we are told that this is only a controlled inflation that is suggested to us now. I think I have here the figures. I found an interesting article by one W. H. Gribble in the Fortnightly Review back in 1923, being an interesting description of Necker's experiment. By the way, I was wrong when I said it was Necker who managed the first inflation. He was guilty of the second one, but the first was John Law. The first inflation took place while Law was minister of finance.

Here is the way Gribble described the situation in France. It is so much like ours today that I am impelled to read one or two paragraphs from the article. I think the Senate will find it interesting. Speaking of Law, Gribble said:

> He was a banker with ideas, and his principal idea can be summed up very briefly.
>
> He had observed that there was plenty of currency in rich countries and very little currency in poor countries. He drew the inference that currency was the source of wealth; and that the creation of currency would result in the creation of wealth. France was a poor country at the time, hard hit by the cost of Louis XIV's bid for European hegemony, culminating in the long War of the Spanish Succession. The regent was in a mood to listen to any plausible man with a plausible nostrum. He listened to Law, gave him a free hand, and eventually made him his finance minister; and Law set to work, with a light heart, to produce bank notes.
>
> His original conception was not altogether an unsound one. Merchants needed, and could make good use of, the credit which a bank could provide. Notes, adequately secured, and therefore inspiring confidence, facilitated and consequently stimulated trade. They were more portable than coins—an important consideration in those days of imperfect communication—and they were easier to count. As long as they were issued only as against gold safely deposited in the vaults of the bank, he who issued them could justly be acclaimed as the benefactor of his kind, and no wrong could be done to anyone by making such notes legal tenders for certain purposes, or even for all purposes. The trouble came only when notes were issued on quite other security—on the security, for instance, of the shares of the company which Law formed for the purpose of paying off the national debt—increased and multiplied until the amount in circulation approached 3 milliards of francs, yet continued to be legal tender. But then it came with a catastrophic rush.
>
> It is an intricate story, too long to be told in all its technical financial details; but it is to be noted that, as the hour of disaster drew near, all those phenomena which we now associate with inflation in Germany, Austria, and Russia made their appearance. There was feverish speculation in currency—

I interrupt myself to ask Senators to look at the financial pages of their papers any day this past week if they want to see what feverish speculation in money can do.

Mr. LOGAN. Mr. President——

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Kentucky?

Mr. REED. I yield.

Mr. LOGAN. I note that the author from whom the Senator has read speaks of Law's issuing credits on gold alone, and states that that, of course, was sound, but when he began the issuance of credits based on something other than gold that it was unsound.

We departed a good while ago, did we not, from basing credits alone on gold? We require only 40 percent of gold, or something like that, behind our currency now.

Mr. REED. That is right.

Mr. LOGAN. Then is it unsound to the extent of 60 percent?

Mr. REED. No; not at all; because experience shows that that reserve is perfectly adequate.

Mr. LOGAN. That, I think, is true.

Mr. REED. And, of course, I ought to say that the Senator well knows that the remaining 60 percent is secured.

Mr. LOGAN. By something other than gold.

Mr. REED. Yes; by something else than gold.

Mr. LOGAN. Which the author from whom the Senator was reading says is unsound. But the Senator is speaking now of the experience that France had during the revolution and how badly it turned out. I hope that the Senator, before concluding his remarks, will discuss the recent depreciation of the currency by France, and tell us how that turned out, when they cut the franc into 5 francs, I believe.

Mr. REED. Yes; I shall be glad to do so. I will not forget to do that. France has repeatedly resorted to inflation, and each time the result has been an unhappy and an unjust one. But let me finish about the first, because this answers those sincere Americans who point to the recent feverish rise in stock prices and commodity prices as a great benefit coming merely from the suggestion of inflation and, therefore, seek to prove by that, by the performances of the market in recent days, that inflation is an unqualified benefit to the country.

This account of John Law's inflation goes on:

> There was feverish speculation in currency, evolving a class of "new rich", whose dissolute lives and vulgar extravagance provoked the "new poor" to mockery and indignation. Parsimony ceased and capital evaporated, because nobody thought it worth while to hold a depreciating currency. Bankruptcies abounded, because debtors discharged their obligations in that currency. Prices rose, because everyone who became possessed of notes rushed to buy land or houses or jewels or other tangible treasures. Gold and silver were first hoarded and then smuggled out of the country. The law forbade their exportation in vain, and equally vain was the attempt to keep up the credit of the notes by an alternation of promises and threats. Panic broke out and developed into riot. Law had to take refuge in the Palais Royal, where the police had great difficulty in protecting him from the mob, left the country in disgrace, and soon afterward died in poverty.
>
> Other financiers stepped in to clear up the mess as best they could, and the notes disappeared from circulation. Those found in the hands of the "new rich"—a class arbitrarily identified by special commission—were simply taken from them and canceled, a decree that no one should travel without a passport under pain of death making it impossible for them to get abroad with their ill-gotten gains. The rest * * * were also demonetized, but stock in the national debt was given to the holders in exchange for them.
>
> That was the first great French experiment in inflation. Its moral was clear, and one might have expected it to be drawn and remembered. Politicians, however, have short memories, and drowning financiers always clutch frantically at straws.

Mr. President, that type of inflation is in this bill. Controlled? Yes, Mr. President; at the last moment a $3,000,000,000 limitation was put on the issuance of greenbacks.

The Senator from Nevada [Mr. PITTMAN] criticized my use of the word "greenbacks" as describing these bills. They are issued, Mr. President, under the same act of 1862 under which the greenback money of those days was issued. They are issued under precisely the same law. They are unsecured promises to pay, without one vestige of reserve behind them; and that is the definition of a greenback—a note which is nothing more than the naked promise of the Government to pay a certain amount. If one looks in the dictionary he will find that it defines a greenback as just such a note.

Mr. BORAH. Mr. President——

Mr. REED. I yield to the Senator from Idaho.

Mr. BORAH. This money is to be issued under the act of 1862.

Mr. REED. Precisely.

Mr. BORAH. There is the same thing behind it—namely, the promise of the Government—as there was in 1862.

Mr. REED. That is right; and the notes issued under the act of 1862 went to such a discount that they were worth only 35 cents in gold. A paper dollar was worth 35 cents in gold after the Civil War.

Mr. BORAH. It is true, however, that it has been declared by historians and by the Supreme Court of the United States that without issuing greenbacks in 1862 we would have lost the war.

Mr. REED. Perhaps that is true; but we were driven to a desperate expedient. We knew it was desperate when we did it. The event proved that it was desperate. The notes did depreciate terribly; and if the war had gone on, and their issuance had gone on, we would have been as badly off as was France.

Mr. BORAH. It seems to me, Mr. President, that we ought to argue this amendment upon the theory that we are meeting a great national emergency just as they were in 1862. No one would propose this measure in normal times or in ordinary conditions, and no one would have proposed the greenbacks in 1862 had there not been a great emergency confronting the country. I am considering the proposition upon the theory that we are meeting a great national emergency. When the emergency is over, the United States will redeem its pledge and will resort to whatever is necessary in order to establish a sound dollar.

Mr. GLASS. Mr. President——

Mr. REED. I yield to the Senator from Virginia.

Mr. GLASS. I wanted to arrest the attention of the Senator from Pennsylvania a while ago, when my observation would have been more pertinent than right now. In his recital of French history and the John Law episode there appeared to be omitted a very important fact, which was that it was made a capital offense, with punishment by the guillotine, for any citizen of France to discriminate in favor of gold and against the printing-press currency. We have now gone far beyond that, however. We have made a statutory criminal of every American citizen who holds gold.

Mr. REED. The Senator is exactly right. I think, however, that the law he speaks of, that made it a capital offense to discriminate in favor of gold and against these notes, was the one which was passed in the subsequent inflation that was engineered by Necker. At that time they tried every sort of absurdity, threats, and intimidation to keep up the value of these notes.

Mr. HASTINGS. Mr. President——

Mr. REED. I yield to the Senator from Delaware.

Mr. HASTINGS. In connection with the observation made by the Senator from Idaho that he considered this justifiable because of the emergency——

Mr. BORAH. I was speaking of the greenbacks.

Mr. HASTINGS. Yes; the greenbacks—I call attention to the fact that the amendment provides that—

> An amount sufficient to enable the Secretary of the Treasury to retire and cancel 4 percent annually of such outstanding notes—

is appropriated. It seems to me that if it is an immediate emergency we ought not to provide for any cancelation, and certainly nobody should expect the emergency to last for 25 years before they are canceled.

Mr. REED. Let me first answer the Senator from Virginia.

In Necker's inflation it was found that the Government was unable to arrest the fall of the assignats, and this is what is said of their action:

> Successive governments * * * attributed the fall to royalist intrigues, to the machinations of speculators, to any cause rather than their own abuse of the printing press, and they sought to

subdue the laws of economics by making terror the order of the day. Those who refused assignats in payment of their debts, or inquired before concluding a bargain whether it was proposed to settle accounts in assignats or in cash, were to be imprisoned and kept in irons for periods ranging from 6 to 20 years. Those who spoke disparagingly of assignats were to be put to death.

All to no purpose, and attempts to fix prices were equally unavailing.

Then it goes on to show how all those who were living on pensions or on salaries from the State or from private employers were reduced to a miserable pass, so that the pension which a few months before was adequate for one's maintenance now was not enough to maintain the individual for 1 month, much less a year.

Mr. President, I am sorry that there is not time—it would be an abuse of the patience of Senators—to read further from that interesting period in history.

Mr. GORE. Mr. President——

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Oklahoma?

Mr. REED. I yield to the Senator from Oklahoma.

Mr. GORE. The Senator from Idaho observed that it is conceded on the part of the authorities that the Civil War might have been lost to the Union but for the issuance of greenbacks. I have not read the accepted authorities to that effect.

Wesley C. Mitchell, one of the recognized authorities upon that subject, has estimates that the Civil War would have cost $833,000,000 less than it did cost if the greenbacks had not been issued and if specie payments had been maintained.

Henry C. Adams, another acknowledged authority on public debts, has made a similar estimate, and has condemned the policy of issuing greenbacks.

William G. Sumner, who is also a recognized authority, condemns the issuance of the greenbacks, and says the Government at the time was confronted by these two alternatives: Either inflation, high prices, and large imports, on the one hand; or increased taxation, specie payments, low prices, and large exports, upon the other hand. James Gallatin, son of Albert Gallatin, then president of one of the leading banks in the United States, combated the policy at the time, and suggested that a wiser, a safer, and a more economical course could be pursued; and I believe that Mr. Chase, then Secretary of the Treasury, afterwards challenged the wisdom of the greenback policy. As Chief Justice he afterwards handed down the majority opinion of the Court in the case of Griswold against Hepburn, holding that the Greenback or Legal Tender Act was unconstitutional in respect to debts entered into prior to its passage. That case, of course, was overruled in the later *Legal Tender cases*.

I might add this: We now maintain some $346,000,000 worth of greenbacks in circulation. Some Senator a few days ago praised the policy, remarking that we maintained a gold reserve of some $150,000,000 against greenbacks. We resumed specie payments January 1, 1879. The interest on the gold reserve, at current rates, from that time until this, far exceeds the entire amount of the greenbacks now outstanding. To that extent at least the greenbacks would have been a financial luxury.

Mr. BORAH. Mr. President, will the Senator from Pennsylvania yield?

Mr. REED. I yield.

Mr. BORAH. I desire to read a paragraph from the decision of the Supreme Court of the United States in the *Legal Tender cases*, Twelfth Wallace, at page 540, where they said:

> We do not propose to dilate at length upon the circumstances in which the country was placed, when Congress attempted to make Treasury notes a legal tender. They are of too recent occurrency to justify enlarged description. Suffice it to say that a civil war was then raging which seriously threatened the overthrow of the Government and the destruction of the Constitution itself. It demanded the equipment and support of large armies and navies, and the employment of money to an extent beyond the capacity of all ordinary sources of supply. Meanwhile the Public Treasury was nearly empty, and the credit of the Government, if not stretched to its utmost tension, had become nearly exhausted. Moneyed institutions had advanced largely of their means, and more could not be expected of them. They had been compelled to suspend specie payments. Taxation was inadequate to pay even the interest on the debt already incurred, and it was impossible to await the income of additional taxes. The necessity was immediate and pressing. The Army was unpaid. There was then due to the soldiers in the field nearly a score of millions of dollars. The requisitions from the War and Navy Departments for supplies exceeded fifty millions, and the current expenditure was over one million per day. The entire amount of coin in the country, including that in private hands, as well as that in banking institutions, was insufficient to supply the need of the Government 3 months, had it all been poured into the Treasury. Foreign credit we had none. We say nothing of the overhanging paralysis of trade, and of business generally, which threatened loss of confidence in the ability of the Government to maintain its continued existence, and therewith the complete destruction of all remaining national credit.
>
> It was at such a time and in such circumstances that Congress was called upon to devise means for maintaining the Army and Navy, for securing the large supplies of money needed, and, indeed, for the preservation of the Government created by the Constitution. It was at such a time and in such an emergency that the Legal Tender Acts were passed. Now, if it were certain that nothing else would have supplied the absolute necessities of the Treasury, that nothing else would have enabled the Government to maintain its Army and Navy, that nothing else would have saved the Government and the Constitution from destruction, while the Legal Tender Acts would, could anyone be bold enough to assert that Congress transgressed its powers? Or, if these enactments did work these results, can it be maintained now that they were not for a legitimate end, or "appropriate and adapted to that end", in the language of Chief Justice Marshall? That they did work such results is not to be doubted. Something revived the drooping faith of the people; something brought immediately to the Government's aid the resources of the Nation; and something enabled the successful prosecution of the war and the preservation of the national life. What was it, if not the legal-tender enactments?

Mr. GORE. Mr. President——

The PRESIDING OFFICER (Mr. TYDINGS in the chair). Does the Senator from Pennsylvania yield to the Senator from Oklahoma?

Mr. REED. I yield to the Senator.

Mr. GORE. I do not intend to enter upon a discussion of that issue, which ran not only through the politics and finance but through the courts of the country for nearly half a generation. I was reading last night the History of Greenbacks, by Mr. E. G. Spaulding, who was the author of the act of February 25, 1862. He also aided in the preparation of the act of August 5, 1861. He said that if Secretary Chase had exercised the power or discretion which Congress deliberately vested in him under section 6 of that act the emergency which forced the greenbacks might not have arisen.

Under the act of August 5, 1861, the Government was empowered to borrow $150,000,000 from the banks. The loan was negotiated. Secretary Chase insisted that the banks advance that loan in coin, which they did. That forced the suspension of specie payments the last of December 1861, and rendered necessary the passage of the act of February 25, 1862, the greenback law. When that measure was pending, I believe in the House of Representatives, Justin S. Morrill, of Vermont, and Valentine B. Horton, of Ohio, foreshadowed and described the very consequences which would ensue from the enactment of that law, and their speeches, prophecies when they were made, read like history today. My point is that we ought not to close our eyes against the lamp of experience and shut out its light.

Mr. REED. Mr. President, as my contribution to the dialogue which has just taken place, I want to call attention to this fact: That this is the only time in history, so far as I know, when a nation has resorted to inflation when it did not have to. During the Civil War the necessities of the case were supposed to force the resort to this type of inflation. The Senator from Idaho has given an excellent picture of those necessities. Whether that reasoning was right or wrong, those responsible thought it was right at the time. They had to resort to a measure which many men feared.

The French, in their various resorts to inflation, have been driven to it. The Germans thought they were driven to it. All these countries which have debased their currency or resorted to inflation by the issuance of paper money have been driven to it. But now we are asked to do it of our own volition and not through compulsion. We are asked to do it because of the social benefits it is supposed to bring.

Mr. President, I sat amazed yesterday at the language of the sponsor of the amendment in describing the purposes of offering it. I beg the Senators who did not hear his speech to listen to what the Senator from Oklahoma [Mr. THOMAS] yesterday described as the motive for the introduction and support of the amendment. I presume that, in presenting it for the administration, he is also presenting this argument for the administration. This is what he said:

> Mr. President, the amendment, in my judgment, is the most important proposition that has ever come before the American Congress. It is the most important proposition that has ever come before any parliamentary body of any nation of the world. Saving the single issue of the World War, there has been no issue joined in 6,000 years of recorded history as important as this issue pending here today.

My old Bible used to say that Adam and Eve were born in 4004 B.C.; so that it will be seen that the Senator from Oklahoma is not restrained by diffidence in going clear back to Adam and Eve. This is the most important thing, he says, since Adam and Eve, with the single exception of the war with Germany. Then he goes on to say:

> Mr. President, it will be my task to show that if the amendment shall prevail it has potentialities as follows: It may transfer from one class to another class in these United States value to the extent of almost $200,000,000,000. This value will be transferred, first, from those who own the bank deposits. Secondly, this value will be transferred from those who own bonds and fixed investments.
>
> I want to make that statement clear. No issue in 6,000 years save the World War begins to compare with the possibilities embraced in the power conferred by this amendment. Two hundred billion dollars now of wealth and buying power rests in the hands of those who own the bank deposits and fixed investments, bonds, and mortgages. That $200,000,000,000 these owners did not earn, they did not buy it, but they have it, and because they have it the masses of the people of this Republic are on the verge of starvation—17,000,000 on charity, in the bread lines.
>
> If the amendment carries and the powers are exercised in a reasonable degree, it must transfer that $200,000,000,000 in the hands of persons who now have it, who did not buy it, who did not earn it, who do not deserve it, who must not retain it, back to the other side—the debtor class of the Republic, the people who owe the mass debts of the Nation.

That is the declaration of the sponsor of the amendment, the spokesman of President Roosevelt, the spokesman of the administration; that is the declaration of the purpose and effect of the amendment we are now considering.

We are not, as our fathers were in the Civil War, driven to this by the present necessities of the Treasury. No; we are going to do the most important thing since the Garden of Eden; we are going to take all the bank accounts and all the bonds and all the investments from the present owners, who, according to the Senator from Oklahoma, did not earn any of them, although some of us thought that our savings from our day-to-day earnings, which we had in the bank, or which he had invested somewhere, had been earned. It seemed to us we were earning them. It seems to a lot of the savings-bank depositors that when they put a little of their pay checks each month into the bank they have earned that money. But, according to the Senator from Oklahoma, we assume it is all unearned, and that the people who have it ought not to have it. So his amendment is going to take $200,000,000,000 from those folks who have it and give it to the debtors of the Nation, who presumably did not earn it, either; but, anyway, one class is to be stripped of its property in order to give to another class.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. WHEELER. In effect, however, that is what is done by reason of inflation, is it not? I would not go so far as the Senator has——

Mr. REED. The Senator means he would not go so far as the Senator from Oklahoma has gone?

Mr. WHEELER. Yes; not so far as the Senator from Oklahoma went.

Mr. REED. I am glad to know that.

Mr. WHEELER. But I do say this, and I say it without fear of being challenged as to the correctness of my statement, that when wheat and cotton, and such things go down in their purchasing power to one sixth or one seventh of what the normal purchasing power of those products was in some instances during the year 1929, then there is taken away from the debtor class, and from the class of producers of this country, and, in fact, given to those who were the creditors, a tremendous amount which the latter class have not earned.

Mr. REED. Of course, that is true. Every time prices change, either upward or downward, it results to the disadvantage or the advantage of either debtor or creditor, as the case may be, and the fall in prices at present is no more unjust to one group than was the extravagant rise in prices in 1920, for example, unjust to another group. We cannot change our currency around every time the price level changes. We have to have some fixed standard somewhere.

Mr. WHEELER. I agree that there should be some fixed standard, but I do say this to the Senator, in my humble judgment: We point with horror to what happened in Germany in 1923, and we point with horror to what occurred in Austria in 1923 and 1924, and likewise to what occurred in Russia, where the inflation went to the extreme, and practically all creditors were completely wiped out. If we permit the same thing to happen in deflation, we will have exactly the same situation, if the deflation goes far enough.

Mr. REED. I grant that.

Mr. WHEELER. This is what ought to happen, in my judgment, and this is what I have been fighting for: Not to wipe out entirely the creditor class but to bring back purchasing power and to raise the prices of the commodities which the producer has to sell so that he can pay off his indebtedness. I am not in disagreement with the Senator with reference to the power that is proposed to be granted to the President of the United States by this bill whereby he is to be given the right to cut the gold content of the dollar down to 50 cents at any time he sees fit. My own view about that matter is that the Congress of the United States has been going entirely too far in granting power to the Executive, and permitting him to make cuts, for instance, in the Veterans' Bureau and in the Agricultural Department.

Mr. REED. Now let me answer the first part of what the Senator has said. All through the argument of the Senator from Oklahoma goes the assumption that we who oppose this bill are hard-hearted men who want to grind down the debtor class for the presumed purpose of making a few millionaires richer. Of course that is just plain rubbish. Every one of us feels as does the Senator from Montana, that it is imperative to raise the prices of commodities; that it is for the best interests of the whole country that the price level should be raised. All of us want to bring relief to the debtor class; all of us who have any ideas at all can see that the present depressed prices of commodities and of all property weighs with undue severity on the men who have borrowed money. The farmer has to produce more wheat in order to pay a dollar in taxes or a dollar in interest. We all realize that. I think we have as much ability to see that as has the Senator from Oklahoma. What we object to about his amendment is not his desire to raise prices, because we all share that desire, but we say he is going about it in a perfectly poisonous way, and that the method to which he is resorting in order to raise prices has been proved by history over and over again to be calamitous to the nation that resorts to it. It is not that we dissent from his desire to raise prices, although I think his distribution of $200,000,000,000 by confiscation from one class in order to give to another class is an idea to which most of us will not agree.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Nebraska?

Mr. REED. I yield.

Mr. NORRIS. I am very much gratified to hear what the Senator from Pennsylvania has just said. I think he has expressed it very fairly, that we are confronted with the proposition that we must raise commodity prices in order to permit those in debt to pay what they owe. We have started with the same end in view.

Mr. REED. Absolutely.

Mr. NORRIS. But the Senator from Pennsylvania thinks this particular amendment is entirely wrong, of course?

Mr. REED. I think it is desperately wrong.

Mr. NORRIS. I assume, having that view but having the same object that we all have, the Senator will propose in lieu of this some remedy that he believes will bring about the result which we are all seeking?

Mr. REED. I think the remedy was made apparent to us when the markets reopened for the first time after Inauguration Day. The people appeared to have great faith in President Roosevelt; they had great faith in his professed ability to correct this situation, and the revival of confidence was such, the increase of cheer was such that the wheat market jumped 5 cents on the first day after the market opened. That was not because the people expected inflation; it was not then that they were talking about this inflation proposal. There is the best kind of farm relief that has ever been suggested—the natural action of a rising market that follows a restoration of confidence; and I will say, Mr. President, that the quickest relief that could be given to the American farmer and the American workman would be for Franklin D. Roosevelt to come out today with the firm statement that, so far as the power lies in him, he will not permit the American currency to be inflated. Should he do so there would be such a boom as has not been seen for years.

Mr. NORRIS. Mr. President, permit me to say that was something that occurred almost daily during President Hoover's administration, and conditions continued to grow worse every day.

Mr. REED. That was because here in Congress——

Mr. NORRIS. Does the Senator think if President Roosevelt would make the announcement that he is opposed to any inflation of the currency that wheat and other commodities would continue to rise?

Mr. REED. I think the speculators who have been buying in the last few days might sell, and there might be a temporary drop, because the rise in recent days has been wholly unhealthy. The difference is that anything that Mr. Hoover was known to favor could not pass Congress. We collectively baited him and refused to cooperate with him every day of his administration. Now the circumstances are exactly reversed. We would pass Mother Goose through Congress today if Mr. Roosevelt asked us to do so.

Mr. BARKLEY. Mr. President, will the Senator yield to me?

Mr. NORRIS. It seems to me, if the Senator will yield further——

Mr. REED. I yield to the Senator from Nebraska, so that he may finish.

Mr. NORRIS. I think the Senator is wrong in his statement about President Hoover's not being able to get anything through Congress. When Mr. Hoover was President, it is true, he opposed, for instance, every method of farm relief that came in here for a great many years. He did so while he was in the Cabinet and also after he became President. It was through his influence that most of the proposed remedies were defeated.

Mr. REED. He proposed the Farm Board idea, as I recall.

Mr. NORRIS. I am coming to that. We continually challenged those who were opposing suggested remedies to bring in something of their own, and President Hoover did it. We had the farm relief bill, and we passed it, and pretty nearly everybody voted for it.

Mr. REED. And now pretty nearly everybody is sorry for it. I know I am sorry.

Mr. COUZENS. And we had the Reconstruction Finance Corporation.

Mr. NORRIS. Yes; the Reconstruction Finance Corporation and other things, and still conditions became worse. I voted for the Farm Board bill only because I had been saying continually from year to year, mostly to Mr. Hoover, if what we propose is not right, bring in something else, and I will not stand in the way, and I did not. I voted for it, although I did not believe it was going to work, and it did not work very well.

Mr. REED. Let me read something that was said by the Abbé Maury back in 1790, when people who were advocating inflation asked him the same question the Senator from Nebraska just asked me. He was asked, "If you do not like this, what do you propose as an alternative?" and Abbé Maury said, "The issue of paper money will be a public calamity. People ask me, 'If you object to these assignats, what are you proposing to substitute for them?' I reply, 'What would you like me to substitute for this wild beast which is about to devour us?'" That is the way he expressed it. We do not want to substitute another unsound idea for this one. It is no argument for a proposal like the Thomas amendment that we cannot pull out of the hat some other piece of magic that will be better. There are just some things that the Government is incapable of doing, and this is one of them. I now yield to the Senator from Kentucky.

Mr. BARKLEY. Mr. President, getting back to the Senator's remark a while ago about the rise of 5 cents a bushel in the price of wheat immediately upon the reopening of the markets after the 4th of March, the Senator will recall that during the bank holiday and the market holiday we had passed an emergency banking act which provided for the issue of $2,000,000,000 of additional currency, and during the time when the banks were closed the Bureau of Engraving and Printing actually printed in preparation for its use $2,000,000,000 of currency.

Mr. REED. Yes.

Mr. BARKLEY. The newspapers, of course, carried stories about the printing of that money and stated that it would be available for use by the people of the United States.

Mr. REED. That is right.

Mr. BARKLEY. As a matter of fact, it is all down there yet on shelves.

Mr. REED. Proving conclusively that our trouble is not a shortage of currency.

Mr. BARKLEY. It does not prove that, except that the agencies which it was expected would use that money and filter it out to the people have not availed themselves of it; they have not been willing to use this facility and have not called for it, because they would not loan it to the people. Is the Senator able to say that the expectation that that $2,000,000,000 would be available and would be circulated among the people and would be used in commerce had anything to do with the immediate rise in prices as soon as the markets were reopened?

Mr. REED. I do not think it had much to do with it.

Mr. BARKLEY. Why not?

Mr. REED. What cheered the people was the idea that we had stopped the string of bank failures, that firm and decisive action had been taken to stop the drain on our gold, that the banks that were permitted to open were sound banks, and that the Government by this method—of course it helped—was allowing the sound banks to use every particle of currency they needed to meet any run if a run should come.

Mr. BARKLEY. The Senator is also aware of the fact that there are now about $8,000,000,000 of credits, of deposits—of course, it is not all represented in cash because there is much duplication and it is difficult to state how much actual money is represented by $10,000,000,000 in bank deposits——

Mr. REED. The bank deposits of the country are much more than $10,000,000,000.

Mr. BARKLEY. I understand that, but I am now speaking about the deposits in closed banks. There are about $8,000,000,000 locked up in banks that are still closed, representing in part money, representing in part checking accounts, representing in part credit as we know it in business; so that if this entire $6,000,000,000—and I am trying to draw the Senator out as to his views; I am not attempting to criticize his argument—but if the entire $6,000,000,000 provided for in this amendment were issued—which is hardly probable—I should say it would not absorb as much in money or in credit as the total amount now tied up in the closed banks of the United States.

Mr. REED. First, the Senator must not delude himself into thinking that only $6,000,000,000 of inflation is provided for by the pending measure, because in the five sections embraced in the bill unlimited inflation is provided for. First, there are $3,000,000,000 of Treasury notes which may be used to retire outstanding Government obligations.

Mr. BARKLEY. Which leads me to suggest also that 51 percent of the very Government obligations which are to be retired are now in the hands of banks, which ties up still more available currency which might be put to work for the benefit of the people.

Mr. REED. Will the Senator let me finish my answer to him?

Mr. BARKLEY. Yes; but I wanted to get that in.

Mr. REED. First, there are the $3,000,000,000 of Treasury notes authorized to be issued for the purpose of buying Government obligations on the open market or elsewhere. Second, there are another $3,000,000,000 of Federal Reserve notes authorized to be issued by the Federal Reserve banks with which to buy securities from the Government, and next there is provision for debasing the gold content of the dollar down to 50 percent of its present standard, and that is unlimited except by the 50 percent provision.

Mr. BARKLEY. It is unlimited within 50 percent.

Mr. REED. I just said that.

Mr. BARKLEY. And if the President should debase it one half, it would result in the possibility of issuing twice as much money based on gold as is now in circulation.

Mr. REED. There could be issued twice as much money as is now authorized and in circulation, for our gold reserve would justify an outstanding currency today of about $10,000,000,000, and if the gold dollar were debased to the extent of half, it would authorize $20,000,000,000.

Mr. BARKLEY. Of course, the Senator——

Mr. REED. Let me finish, please. On top of that, last night there was offered an amendment to the so-called "Thomas amendment." The amendment to the amendment, which was offered by the Senator from Montana [Mr. WHEELER], with the statement that the President favored it, authorizes the unlimited coinage of silver at any ratio the President might fix, and so again we would have an uncontrolled instrument of inflation.

Mr. BARKLEY. Of course, I am not authorized to say anything about that or who favors it or who does not. I suppose the Senate will exercise its judgment in disposing of that amendment.

Mr. REED. I do not think the Senate will.

Mr. BARKLEY. It did the other day. It exercised its judgment in the matter of the silver amendment a few days ago.

Mr. REED. If the Senator will pardon me, I have the floor, please, and I should like to complete my answer.

Mr. BARKLEY. Very well.

Mr. REED. The Senator from Arkansas [Mr. ROBINSON], the Democratic leader, stated to the press the other day that the Wheeler amendment had the support of President Roosevelt. The Senator from Montana himself so stated last night when he introduced it, and seemed to be surprised that we would not let it be adopted right then and there at half past 5 last night; but it had to have a little debate, and so it was not adopted, and that is the pending question. Now, have I answered the Senator's questions?

Mr. BARKLEY. Well, no.

Mr. REED. The Senator asked me a good many questions. I have answered all I remember.

Mr. BARKLEY. I do not want to take the Senator's time, but I do want to observe that if it be true that, based upon our present gold standard and the weight and fineness of the gold dollar, there is a possibility of issuing $10,000,000,000 of circulating money and only about $5,000,000,000 has been issued——

Mr. REED. Slightly over $6,000,000,000 in currency is outstanding.

Mr. BARKLEY. That is not all based absolutely upon the reserve of gold.

Mr. REED. No; some of it is of a different variety.

Mr. BARKLEY. Yes, some of it is of a different variety; but if even only $6,000,000,000 had been issued where there is a possibility of $10,000,000,000, the Senator does not think it fair to assume when we authorize the issuance of 20 billions that the whole 20 billions would be issued upon a debased gold dollar?

Mr. REED. The moment we begin to debase, the moment we begin to inflate, we are setting in motion a force which we are not able to control.

Mr. BARKLEY. The Senator is assuming that all the other alternatives fail and that the President will carry out the authority given him in the pending bill.

Mr. REED. I think it is a necessary assumption.

Mr. BARKLEY. Not necessarily so.

Mr. REED. I think it is. I do not believe anybody on earth could resist the pressure for inflation that will be exerted against the White House if we pass this bill.

Let me give a few authorities that I think will be admitted to be authorities on the possibility of controlling inflation. One of the most lucid statements of the case that I have ever seen is contained in a little volume put out by the Institute of Economics back in 1923 in a study of Germany's capacity to pay. This is the way they refer to the German inflation that was then beginning. Mind you, in the middle of 1923 German inflation had not begun to go to the absurd lengths that it reached in September 1924, but this language was quite prophetic:

> The history of paper-currency inflation, as, for example, in the American Colonies in our Revolutionary days, in France following the Revolution of 1790, in the American Confederacy, and since the Great War in Russia, Austria, Hungary, and elsewhere, shows that once under way it is practically impossible to check the devastating process. The primary reason is that as prices advance wages and salaries must be raised and costs of every kind increased. Hence, the more prices rise the greater the volume of currency that is required. Indeed, it is a striking phenomenon that the more rapid the currency inflation the greater appears to be the "shortage" of currency—this for the reason that each new advance in prices, wages, etc., calls for a new increase in the supply of money required for the conduct of business. German employers, including the Government, must of necessity advance wages each month in proportion to the rise in prices as shown by an index number—the alternative being political, if not social, revolution. Thus whatever may be the initial causes of price advances, successive increases in wages, salaries, and raw materials' prices soon become intricately interrelated, giving rise to what is commonly known as the "vicious spiral" of rising prices, rising wages, rising costs, rising prices, and so on.

I spare the Senate the whole of it, but read finally:

> The complete story of the inflationary movement in Germany may be briefly summarized. At first the flow of manufactured money to the channels of production gave a decided stimulus to output—vitalizing the industrial organism like new blood circulating through the body. Later, however, a state of fever inevitably developed, which, while it did not for a time fully offset the tonic effects of the steady flow of new money through industrial channels, gradually began to undermine the whole system, morally as well as physically. As time proceeded, the blood itself grew thinner and thinner, and the consuming fires of the fever burned steadily brighter. If one may personify the German State, one may say that that individual is now suffering simultaneously from pernicious anemia and delirium tremens. Production has recently declined, unemployment is increasing, and fundamental economic and social disintegration is in progress.

This, mind you, was written in the beginning of the inflation in 1923. I repeat the last sentence. Just when Germany ought to have been getting the benefit of this situation, this is what took place:

> Production has recently declined, unemployment is increasing, and fundamental economic and social disintegration is in progress.

I turn to another authority, the present Speaker of the House of Representatives [Mr. RAINEY]. He a week or two ago was cheerful enough about the passage of this bill, but here is what he said about inflation in May 1932. He was speaking of the Patman bill which proposed to issue printing-press money, just as section 2 of the Thomas amendment proposes, secured by a Government promise to pay and nothing else. This is what Mr. RAINEY then said about that proposal:

> Some of these pending bills provide for a bond issue, the bonds to be held by the Federal Reserve bank and Treasury notes to be issued against the bonds.

That is just what the pending amendment does.

It does not appear to me that this makes any substantial difference in the proposition. Fiat money is money which is issued on the credit of the Government for its payment and the mere promise by the Government to pay Treasury notes based upon the promise of the Government to pay bonds does not appear to me to relieve the situation in the least. It is still fiat money.

In the recent past we have seen European governments resort to fiat money until it took in Germany millions of marks to buy a small loaf of bread, and finally the German issue of fiat money based on the promise of the German Government to pay was stabilized on the basis of 1,000,000,000,000 of marks, based on the promise of the Government to pay, for 1 gold mark. A government once embarked upon the practice of issuing fiat money finds it difficult always to stop. The experience of Germany and other nations ought not to be repeated in this, the greatest and richest nation in the world. There may be some excuse for impoverished European nations, emerging from the World War, to depreciate their currency with such disastrous result to them, but with their example staring us in the face it is incomprehensible to me that this proposition can be seriously considered in this country.

O Mr. President, can you not induce Speaker RAINEY to go down to the White House and say that to Mr. Roosevelt this afternoon? Can you not induce him to say that again to the country as he made it so clear in this report that he filed last May on the Patman bill? If it was true then, it is still true. If it was unthinkable in May 1932, it ought to be unthinkable in April 1933.

Mr. HASTINGS. Mr. President——

The PRESIDING OFFICER (Mr. POPE in the chair). Does the Senator from Pennsylvania yield to the Senator from Delaware?

Mr. REED. I am glad to yield.

Mr. HASTINGS. I desire to invite the Senator's attention to the fact that I think it was this same authority that announced a few days ago, with respect to the distinguished Senator's opposition to this bill, that the Senator and his party were 25 or 30 years behind the times.

Mr. REED. It depends on whose ox is gored. But it is not very far from here to the White House, and if Mr. RAINEY would just go down there for a few moments and say to the President what he said to the world last May it would do such a lot of good and would stop this experiment which we are going to live to regret. He could render a very patriotic service.

But there may be those who do not consider Speaker RAINEY an authority or who think that his remarks in 1932 are nullified by his work of 1933. He has, of course, as much right to change his mind as President Roosevelt. President Roosevelt can go from sound money to every variety of unsound money in 6 months. Mr. RAINEY ought to be allowed to change his mind in 11 months. For those of us who do not consider him a conclusive authority, perhaps we will have more respect for what the Encyclopædia Britannica says about it. They end their article on currency inflation in these words:

To sum up, currency inflation is perhaps the most fatal disease from which a nation can suffer. It destroys wealth and redistributes what is left in an arbitrary and inequitable fashion. It makes extravagance a virtue and thrift a vice. It will ruin one man and enrich his neighbor, and neither can lift a finger to stop it. It is born of government extravagance and fosters that extravagance as it grows. Profits and wages look princely but measured in real worth sink to penury.

Could anything sum it up better than that?

Mr. President, I have about concluded. The advocates of the amendment have done me the honor to attack me when they ought to be explaining the merits of their proposal, if it has any. A considerable part of the speech of the Senator from Oklahoma [Mr. THOMAS] yesterday was devoted to showing the country how I am only talking for the benefit of the millionaire and propertied class. Mr. President, the passage of this bill will not hurt them. The people who will suffer from this are the wage earners of America. We have several millions of them in my State, and I am here to represent them. In spite of the sneers of those who like to put everything on personal grounds and ascribe wrong motives to us here, I am trying, according to my poor lights, to represent those wage earners, because it is they who will be the first victims of the cruelty that is embodied in this proposal.

Mr. William Green, in his statement of Saturday, showed that he fully understands that. He said that the effect of this proposal will be an invisible reduction of wages. That is what I have been claiming in all the discussions of the question.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. REED. In just a moment. Perhaps I am here representing only millionaires, but it is a certainty that Mr. William Green is not representing millionaires in his presidency of the American Federation of Labor. When he said that that is the first effect of the bill and consequently he is going to try to get wages raised, he is stating a sound conclusion which is proved by the experience of every other country that has gone in for inflation. It is an invisible cut in wages.

I now yield to the Senator from Montana.

Mr. WHEELER. Does the Senator contend that the depreciation of the pound sterling was in effect a cutting of wages?

Mr. REED. It undoubtedly was.

Mr. WHEELER. Let me say to the Senator that every economist in Great Britain with whom I have talked at the present time will disagree with the statement made by the Senator from Pennsylvania. The claim was that before they did it, as a matter of fact, it would have that effect, but commodity prices have not risen, and consequently it has not amounted in any degree to a reduction in wage.

Mr. REED. That was answered most aptly by Mr. André Siegfried in a despatch he sent from London a short while ago. I thought I had it at hand, but I cannot lay my finger on it. Prices in Great Britain have stood still since September 1931. They have run along quite even. World prices of commodities, as expressed in gold, have steadily declined. The result is that instead of getting the benefit of the diminished gold price of commodities the British workman has had to continue to pay the same. He pays more in his money at face value for his cotton and his meats and his sugar and all the rest of his necessities than does the workman in America.

Mr. WHEELER. There is not any question about that. The Senator is exactly right; but the effect in Great Britain has been that more people have been employed than in these other countries, by reason of the fact that the foreign commerce of Great Britain has not gone down in the same ratio that the foreign trade has gone down in the United States; and while millions of people have been laid off in America during that period of time that has not been the case in Great Britain. Only 2 or 3 days ago a number of Senators had a conference with one of the representatives of the Bank of England right here in this building, and he made that statement, and innumerable other British writers have made exactly the same statement—that British commerce has not gone down in proportion to world commerce by reason of their depreciated currency, and people have not been thrown out of work during that period of time, because, as the Senator said a moment ago, prices went down for a brief period of time, and then they remained upon a level, just exactly as they did in Sweden.

Mr. REED. Yes.

Mr. WHEELER. The result in the United States has been that while the dollar has purchased more for the worker who had his wages maintained, yet we all know that not only have wages here been cut but we have 13,000,000 people walking the streets looking for work, and we have had to put them on a dole. Notwithstanding Mr. Green or anybody else, wages always go up in this country and every other country according to the demand there is for laboring people. The Senator knows perfectly well that if we started people to work in this country and we could employ in our factories and so forth these 13,000,000 men who are walking the streets, whether the price of commodities went up or not, wages would go up.

Mr. REED. All right. Now let me answer some of that, if I can remember it all.

There is no doubt that going off the gold standard in Great Britain gave a fillip temporarily to their industry. It made it



very much easier for them to export their products to America, for example, or to France, or to any country on the gold standard, because they could buy just so many more pounds with the currency with which they were paid for their goods. It made it easier for them to get in under our tariff wherever a tariff was fixed on an ad valorem rate; and both of those things have caused serious concern in the United States.

The Japanese, for example, who have debased their currency to 40 percent of its face value, are taking away trade from us in such things as electric-light bulbs. They can import electric-light bulbs from Japan, pay the duty on them, and sell them for less than the mill cost of manufacture in the United States; and the only reason they can is that they are paying their work people in yen which are 60 percent depreciated, worth only 40 percent of what they used to be worth. There has been no nominal wage reduction, but there has been an actual wage reduction of 60 percent.

That happened in Great Britain. Suppose we made that our motive for inflation. Suppose, in order to get back our export trade, we debased the currency, or resorted to inflation. That is not the motive that was stated by the Senator from Oklahoma, but it might be a motive for doing it. We should instantly force Great Britain to inflate further, to lower the value of her currency so as to maintain the present ratio of advantage, and then we should be in a competition with her and with these other countries in debasing our own currency.

Mr. WHEELER rose.

Mr. REED. Pardon me; I am still trying to answer the Senator's question.

Great Britain has a vast fund which is called the exchange-stabilization fund, and she has used that fund very largely to sell pounds and buy dollars in order to hold her own currency down as compared to the dollar. If we resort to inflation under this measure, it will simply force her to use that fund to drive it down further in relation to the dollar. Then we shall be engaged in a profitless rivalry with Great Britain, we selling dollars and she selling pounds, and the result will impoverish both of us. The sound thing to do is what Mr. Roosevelt appears to be trying to accomplish this week—come to some kind of practical agreement with the European nations to end this senseless "bearing" of their own currency, to stabilize the exchanges, and get to some reasonably fixed, stable measure of foreign exchange. That will be greatly beneficial to America, and, in my judgment, Mr. Roosevelt is doing the wise thing in striving for such an agreement; but I do not like to see that wisdom marred by this very reckless amendment—reckless if used. I do not like to see such power given to the President, and I do not like to start the clamor against him, which in my judgment will drive him to resort to all of the expedients that are in this bill.

Mr. WHEELER. Mr. President, I did not have the privilege of hearing the distinguished Senator's opening statement; but did he make a statement with reference to whether or not he felt that the Congress had the constitutional power to delegate to the President not only the power to cut the gold content of the dollar from $1 down to 50 cents but the power to delegate to him the authority to enter into agreements, or what would in effect be treaties, with these various other countries stabilizing the pound sterling and the dollar?

Mr. REED. I did express the view, although I did not amplify it, that we cannot delegate the power to regulate the coinage that is given us by the Constitution. I do not think we can delegate it; but I realize that constitutional limitations are not a very successful subject of debate here in the Senate, and so I did not amplify that. On the other proposal, that we ratify in effect a treaty which the President in his discretion may hereafter make, I am very clear that we cannot do it. We could advise and consent in advance to the making of a specific, exactly expressed bargain. That is to say, "We will ratify it now, Mr. President, in advance, if you can make a contract in the following words." That, I believe, would be valid; but to ratify in advance a bargain which is not stated with certainty I think is beyond our power. It is an abdication of our function, and I do not believe it would be held to be valid.

Mr. President, I thank the Senate for the courtesy with which it has listened to my remarks.

EXHIBIT A

[From the Baltimore Sun of Apr. 25, 1933]

INFLATION

"It happened that a dog had got a piece of meat and was carrying it home in his mouth to eat it in peace. Now, on his way home he had to cross a plank lying across a running brook. As he crossed, he looked down and saw his own shadow reflected in the water beneath. Thinking it was another dog with another piece of meat, he made up his mind to have that also. So he made a snap at the shadow in the water, but as he opened his mouth the piece of meat fell out, dropped into the water, and was never seen more."

We commend the ancient fable to the gentlemen in authority in Washington. When President Roosevelt enforced his stern banking policy in his very first hour in office, the American people got a piece of meat into their mouth. For the first time in many months they had a new faith and a new confidence in the money they had put into banks. Part of the money was gone, for some of the banks had been closed, and it was clear that all of their depositors would not be paid in full. Another part of the money was in doubt, for it was in banks that were placed under restrictions. But most of the money of the people was in banks that stood ready to meet all depositors' demands for payment. And, for the first time in more than 2 years, the haunting fear that weak banks would pull down strong banks and destroy everything began to disappear from the popular mind. Mr. Roosevelt's stern separation of sheep and goats had done that.

There was great promise in it. True enough, large sums of the people's money were frozen in banks that had been permanently closed or permitted to open only under rigorous restrictions. True enough, that meant another measure of deflation—bitter distress and serious curtailment of potential purchasing power. But it was also true that the far larger part of the people's money in the banks had been given new security, new reliability, and that therefore it was possible to make plans to use it, to trade with it, to act with confidence and assurance that nobody had possessed in many, many months. It was quite possible that, taking the Nation as a whole, the new strength and the new vitality given the money in safe banks would more than make up for the disappearance from trade of the money in the weak banks. As a matter of fact, there was some concrete evidence that this possibility was beginning to be a reality.

The people had a piece of meat in their mouth. Is there anyone who will undertake to say, since the tinkering with money started in Washington last week, that the people still have that piece of meat in their mouth? Put aside the overadvertised gold embargo. In itself, and separate from internal inflation, it probably would not help us or hurt us in any material degree. For we still have our mountain of gold, and the world knows it; and we still have our favorable balance of trade, and the world knows it; and we still have our general creditor position, and the world knows it. But with creation of machinery for wholesale inflation—for inflation in ever-increasing tempo, for still more inflation whenever the measure of inflation that is tried fails to produce its miracles—can anyone say the sense of security, the faith, that is necessary to resumption of normal business is not again weakened?

Mr. Roosevelt and an apparent majority in Congress are not only setting up machinery for wholesale inflation which would cheapen every dollar owned in this country. They also are setting up this machinery in a manner that leaves every man who owns a dollar in a maze as to how much that dollar will be cheapened. Can anyone do a healthy, a permanent business, on that basis? A man does business, whether on his own capital or on borrowed capital, by planting dollars today in an enterprise and selling his product for other dollars maybe 3 months hence, maybe 6 months hence. How much healthy, permanent business will be done if a man must plant his own or borrowed dollars today in the full knowledge that under the legislation pending in Congress Mr. Roosevelt, by a scratch of his pen, can cut in half the value of the dollars that man will collect 3 months hence or 6 months hence?

It is no answer to say that the value of the dollar, measured in purchasing power, varies under the normal system. It is true that since 1929 the man with available dollars has had an advantage because their purchasing power was steadily, and at times rapidly, increasing—just as it is true that there was a 30-year period when the man with available dollars, who put them in long-time bonds or the like, was at a disadvantage because the purchasing power of the dollar was, on the whole, declining. But to call upon a business man to adjust himself to general tendencies of trade and to call upon him to adjust himself to Mr. Roosevelt's arbitrary decision on, say, July 29 as to what the value of the dollar shall be—that is as different as accommodating oneself to the ordinary variations of weather and accommodating oneself to hurricanes and blizzards.

Nor does the old argument for a managed currency, as against a currency based on gold, have any bearing on this issue that is

being fought out in Washington. An impressive case has been made by very able men for a managed currency. It might work better than a currency based on gold, if we could be sure that the managers were very, very, very wise and very, very, very honest, and would always be flawlessly wise and flawlessly honest. But the ideal sought in a managed currency is the very antithesis of what is provided in the pending inflation legislation. The ideal of a managed currency is a monetary unit that will have a stable value in relation to commodities. There would be a system of control over money, operated in accordance with clearly defined policies and rules. The legislation pending in Washington aims to give the President power to establish any relation he desires between the dollar and commodities.

His judgment determines—the judgment of a single human being. And it could be not only his judgment; it could be his whim or his caprice. He could decide how much the dollar should be cheapened just as easily and just as conclusively on a day when he was nervous and had a sick headache as he could on a day when the action of his liver was perfect and all his faculties were in exact equipoise. He could decide just as easily and just as conclusively on a day when his desk was surrounded by a mob of clamorous demagogues as he could on a day when he sat in his library to receive the advice of the wisest statesmen and practical business men. In either case he could decide to force $3,000,000,000 into the credit system through the Federal Reserve; or he could issue six billion of notes direct, cut the content of the gold dollar in half, and (if the latest proposal is adopted) coin silver as he pleased.

And for what purpose is this incredible power to be placed in the hands of the President; for what purpose is this giant wave of doubt about the value of money to be sent lapping against the foundations of commerce and eating into them? Why, to pursue a theory so damaged by the events of the last 3 years that the wayfaring man, though a fool, should cry, Beware! The rabid inflationists in Washington are playing with the quantity theory of money. Roughly, that theory is that money is a commodity, and the more you have of it, in relation to other commodities, the cheaper it becomes in relation to other commodities; and, hence, the higher become the prices of other commodities. And vice versa. It is a theory that, we believe, is held by many economists. And it is a theory that, under certain conditions, has been found to have some validity. But, plainly, glaringly, it is not infallible.

For 2 years Mr. Hoover made credit more and more plentiful. Open-market operations were carried on by the Federal Reserve Board to place abundant credit—the money of commerce—in the banks. The Federal deficits in his term, running upward to $5,000,000,000, were met by issuance of the Government's securities, and these securities were made by emergency legislation the basis for the issue of a like amount of currency. We had the hughest mass of gold in the world and most of the time were adding to it, and this mass was the basis of an enormous structure of credit and currency. As a result of it all, the Federal Reserve banks and the large commercial banks were bulging with money and credit. According to the quantity theory, the price of the dollar should have sunk and sunk, and the price of other commodities should have gone up and up. The actual experience was the reverse.

Throughout the latter part of Mr. Hoover's term, throughout the period of his provision of more credit and yet more credit, prices of commodities went down and down. What happened was that the theory ran into a few imponderables. It was not enough that money and reserves for credit should be plentiful in relation to other commodities. There had to be the will to use it in exchange for other commodities. And the will was lacking. Men who were in control of money, the bankers, lacked the will to use it in loans to others. They were terrified in a trade-strangled world. And very many of the more conservative business men were afraid to borrow money from the bankers to use in commerce, for they too were paralyzed in a trade-strangled world. The result was that the great mass of credit provided by Mr. Hoover was static and sterile. It rotted on its side of the fence, while other commodities rotted on theirs.

Fear caused that, but the lesson of fear seems unlearned in Washington. The quantity theory of money, which might have operated normally in a business society in which men were thinking and feeling normally was knocked into smithereens when it reached a business society that was crouching and cowering in terror. Yet, in Washington gentlemen in the White House and gentlemen on the Hill think that if they but pour and dump and press and force more and ever more credit and currency into the commercial organism of the Nation, the Hoover dream of a chicken in every pot and a pot on every table will be realized. Not a thought do they give to the all-important factor of fear which set at naught all Mr. Hoover's manipulations of credit reserves, although their own manipulations, actual and potential, present and future, are a hundredfold greater, and are in themselves a cause of dread.

And if a doubt should obtrude, the statesmen turn to the gamblers in the money and security and commodity markets and glory in the passing results of the gamblers' ups and downs. It does not occur to them that the prosperity of this Nation is not determined by men in Paris who speculate in the dollar or men in New York who speculate in common stocks or men in Chicago who speculate in commodities. They find it hard to realize that prosperity turns upon the sum of the trading, for use, that is done by average men who operate factories and stores and farms. In Washington, with tickers bringing exciting news from the speculative pits in New York and Chicago, since drastic inflation came to the fore, the statesmen find it hard to ask whether the small-town banker is lending the small-town manufacturer money to start up or is again coweringly holding on to his money.

It is a monstrously reckless performance that is going on in Washington. There is no need and no excuse for any such colossal gamble, as a substitute for the policy of building from the bottom which Mr. Roosevelt started upon 7 weeks ago. If more credit and currency are required in trade, they can be had without setting up any such ungoverned and arbitrary presidential control of money as is provided in the Thomas amendment—a system that will leave every man with a million dollars and every man with a single dollar wondering what he is really worth. There is abundance of potential credit at present. There will be billions more as a result of Mr. Roosevelt's intended issuance of Government bonds for relief and public works, all of which may be the basis for additional currency. No Thomas amendment is necessary to give us what is called "controlled inflation."

And let not Mr. Roosevelt and his present advisers forget this one fateful fact: There are two kinds of price rises. One kind comes after building from the bottom. It is the healthy rise in prices that results when men take courage and attempt business and begin to demand goods for themselves and their families. The other kind of rise in prices, the feverish kind, comes when men so lose faith in the money in their pockets and in their banks that they exchange it for any consumable commodity. If that sort of rise in prices should rule in this country, Mr. Roosevelt will regret the day on which he entered the White House. And it is in his power to go on guard. He can reconsider the Thomas amendment, to which he has given approval. Failing that, he can give a statement to the country on his policy so clear, so explicit, that no room for fear will be left.

One or the other he had better do, and do quickly.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed a bill (H.R. 5081) to provide for the common defense; to aid interstate commerce by navigation; to provide flood control; to promote the general welfare by creating the Tennessee Valley Authority; to operate the Muscle Shoals properties; and to encourage agricultural, industrial, and economic development, in which it requested the concurrence of the Senate.

RELIEF OF AGRICULTURE

The Senate resumed the consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

Mr. BARBOUR. Mr. President, I recognize in this amendment the purpose, in which we all unite, to fight the forces which have been visiting our country with unhappiness, distress, and despair. I share the intense desire we all have to do what we can to restore the welfare, well-being, and happiness of all our people. I am anxious to support the administration in every measure it favors for our country's good, and I add that I am sure that the administration intends no other sort of measure.

Accordingly, it is with the deepest regret that I am obliged to oppose this amendment as it stands; believing, as I sincerely do, that it contains features which I feel defy experience and threaten to do our country irreparable harm.

I endorse in most respects the statements about this amendment which have already been made by Republicans in the Senate and House, so I shall not attempt to go over the ground that they have covered. In further preface to the remarks I shall make here, I wish to emphasize my desire to find a basis for supporting the fundamental purpose of this amendment, which is to overcome depression and deflation and to start in more active motion our industrial and business machinery, to the end that there shall be no more unemployment. Having said as much, I now address myself to the action taken by the administration which resulted in the proposal of this amendment and to the amendment itself.

I feel that our President acted with courage to protect our economic organization by taking the dollar off the basis of gold payments in the international money market. His action needs no defense from me nor from any other of us. With domestic gold payments suspended, it is logical that gold payments should be suspended externally in the conditions to which the world's financial markets have been reduced by the prior departure of most nations from the gold standard in respect to gold payments. The President's action was indicated by the stern necessities of the world's

situation and is intended, I believe, to bring about a definite preparation of the way for the world's return to stabilized currency on the gold standard. In this regard the President's action appeals to me as a convincing demonstration of the declaration in his inaugural address that it was America's purpose to be a good neighbor to all nations. It puts us in a position of opportunity to furnish constructive and cooperative leadership in the impending endeavor to restore equilibrium to an unbalanced world.

I do not believe that this amendment, which is the immediate sequel of the President's most commendable action, agrees with the purpose he has avowed. I cannot and do not believe that it is a measure of which he can avail himself, if it is enacted, to put the unemployed back on the job and keep them there. It may help to get them back on the job temporarily; but of one thing I am sure—they will not stay long employed.

I want to fight deflation; but I do not want to fight it with explosives such as this amendment contains, and which I sincerely believe will, in the long run, have just the oppositive effect to that intended and will, in fact, devastate our land.

Congress has no mandate from the American people to destroy our system of government or our institutions. We have no right to assume a mandate to be passed on to the administration to ruin that system of private ownership, subject to public regulation and control, upon which our Republic rests—the system which encourages private initiative, fosters competition in service, furnishes protection to individuals in the enjoyment of our essential liberties, and provides rewards for individual effort, energy, and thrift. Yet this amendment proposes to give to the President power to destroy our fundamental economic and political organization.

While I have implicit faith in the President, the only assurance the people of this Nation have that the sweeping and devastating provisions of the amendment will not be put into force is that he will not choose to exercise some of the powers it will give him. Much as I trust the President, I distrust the amendment. I believe that if the American people were thoroughly conversant with the provisions of this legislation, and were thoroughly informed in the sad history of other nations which have followed the road down which it is now proposed that we turn, there would be a storm of protest against the enactment by the Congress of this measure.

Mr. John Maynard Keynes, who a dozen years ago made such a remarkable forecast of the economic consequences of the peace treaty in which the Great War technically came to an end, wrote an article in 1919 in the introduction to which he made some observations based on a statement attributed to the "embalmed god" which Soviet Russia has set up for itself. I quote:

> Lenin is said to have declared that the best way to destroy the capitalist system was to debauch the currency. By a continuing process of inflation governments can confiscate, secretly and unobserved, an important part of the wealth of their citizens. * * * As the inflation proceeds and the real value of the currency fluctuates wildly from month to month, all permanent relations between debtors and creditors which form the ultimate foundation of capitalism become so utterly disordered as to be almost meaningless. * * *
>
> Lenin was certainly right. There is no more subtle, no surer means of overturning the existing basis of society than to debauch the currency. The process engages all the hidden forces of economic law on the side of destruction, and does it in a manner which not one man in a million is able to diagnose.

The amendment before us offers to the President the means to overturn the existing basis of our economic life by debauching the currency. It is unthinkable that Congress would itself exercise any such power. If then that is true, why should it vote to give such power to the administration, even on an assumption that such power would not be exercised?

As I have already indicated, I am in accord with the avowed purpose of this amendment, which is to protect our commerce and our money, and with the background of purpose in which the measure was generated, namely, to put our unemployed people back at work by providing a stimulus to industry and trade. For this reason I approve of that part of the first section of the amendment which provides for the employment of Government credit through borrowing from the Federal Reserve banks—a provision which is in line with the program of the administration as it was defined before the emergency action taken a few days ago.

This measure has been popularly called "A bill for controlled inflation." If inflation is ever controllable, that kind of inflation and so much of it as is contemplated by the first part of the first section of the amendment relating to dealings between the Treasury and the Federal Reserve banks can probably be controlled. The reserve requirements imposed on the Federal Reserve banks and the very law of their being, together with the practical controls which the whole investment market will exert against an inordinate expansion of Government borrowing, must tend to make for a controlled inflation, under the first part of the first section of the amendment.

The rest of the amendment as it stands is a measure providing for an uncontrolled inflation if any resort should be made to the other features; an uncontrolled inflation, because these other provisions of the bill contemplate tampering with our money and with our paper currency, which has been heretofore and is still soundly based upon the gold standard. The other provisions of the amendment open the door wide to precisely that debauching of the currency which the arch apostle of communism is said to have declared to be the best way to destroy our American institutions.

The greenback section of this amendment proposes to place in the President's hands the authority to confess the bankruptcy of our Federal Government, if past history can be taken as a criterion. Heretofore governments have resorted to the issuance of fiat money only when they were in the last ditch of a desperate struggle to postpone such a condition. I do not believe that our Nation, which has maintained the standard of its currency through this whole economic and world-wide maelstrom, should now be turning to the printing press to find relief.

It is no justification for the greenback section of the amendment to point to the three hundred and odd million dollars of greenbacks now outstanding. Against the outstanding remainders of these greenbacks there is almost a 50-percent gold reserve. I do not see anywhere in the amendment any definite or even indefinite signs that the power to issue greenbacks which the amendment proposes to give to the President, up to a total of $3,000,000,000, is to be qualified by any requirements to build up and maintain against the additional greenbacks which are to be issued any such proportionate gold backing as supports the greenbacks now outstanding. Perhaps this is what is meant by the reference to the act of Congress "approved February 25, 1862, and acts supplementary thereto and amendatory thereto." If so, I want the amendment to say so; and if the amendment says that as greenbacks are issued under the authority of this section there shall be simultaneously established and held against them as long as they are outstanding a gold reserve of 50 percent of the greenbacks issued, I shall be ready to change my attitude toward the greenback section of the amendment. In other words, I do not see how anyone could regard Treasury notes, which are to be retired at the rate of 4 percent per annum of the outstanding amount, and are backed by a 50-percent gold reserve, as a departure from the sound currency which the Democratic Party promised in its platform last summer to preserve at all hazards. I think that it would be in keeping with the explicit promise of a sound currency which the President made in his inaugural. If, however, the amendment is to provide for an issue of plain fiat money, I am against it.

In keeping with the currency-debauching provision of the greenback section of the amendment is the provision that the President may reduce up to 50 percent the gold content of our dollar. It makes no difference whether this power is exercised in gradual and piecemeal reductions or whether the total destruction of confidence in the integrity of the dollar is accomplished at one blow. The very proposal of such a measure is enough in itself to impair confidence in the dollar

and begin the process of a total destruction of all confidence. The obligations of the Government are payable in gold coin of the present standard of weight and fineness. Yet it is proposed in this measure that the Congress of the United States shall vest in the President the authority to wreck the foundations of governmental honesty. The very proposal is itself a breach of faith, as I see it.

Aside from the aspect of the proposal as an authorization to betray trust and confidence, the provision for devaluing the dollar in terms of its gold content is unsound economically. Reducing the number of grains of gold in the dollar might make a contribution to the inflation of prices for which there is so much clamor, although this is questionable. Without regard to any other considerations, such a change in the gold basis of the dollar will only invite further change downward, if and when the country falls into any other period of depression, however slight or temporary, after it has climbed out of the present depression. What shall we have then, a 25-cent dollar, a dime dollar, or a nickel dollar?

Incidentally, the country has just won a successful battle against the hoarders of gold, and the administration is to be commended for this victory. Could Congress possibly furnish a stronger incentive to risk all the penalties of hoarding; could Congress offer a proposal better calculated to drive gold into hiding than by this deliberately proposed measure of ill faith, which, by its very terms, will offer an extraordinary premium and temptation to mine-owning producers of gold and to the holders of gold everywhere?

As for the silver provisions of the amendment, they seem to me to be relatively harmless in that they do not open the gates to any actual submersion of our currency in a flood of silver. Certainly in comparison with the greenback and dollar-debasing provisions of the amendment, the silver provisions are unimportant. Nevertheless, I am opposed in principle to the silver provision. I regard it as in a minor way supplementing the other harmful features of the amendment. The silver section of the amendment, therefore, is like the greenback and the dollar-debasing sections, a measure to debauch our currency and result in everything this will bring about.

Furthermore, separately and together, the greenback, dollar-debasing, and silver sections of the amendment attack the first part of the first section of the bill. They assail the very credit of the Federal Government. They tend to make it impossible for the Treasury to function under the provision for borrowing from the Federal Reserve banks. They offer a menace of shrinking quotations for Government credit as it is measured in the market for the outstanding obligations of the Government. They foreshadow disaster.

I do not propose to rehearse the story of inflation. History is full of chapters of the tragic misery which it has inflicted on the people of various nations. America has thus far in the present emergency refused to put its feet on the slippery road of monetary inflation, which has always led to economic chaos and disruption. I do not really believe that our President will ever exercise any of these dangerous powers to perpetrate the type of inflation which the amendment intends to give him, but I do not propose to place him in such an unfair and dangerous position. I am unwilling to shirk my own personal responsibility in this respect.

The President is engaged in negotiations which have as their primary object the stabilization of all currencies. This is the first step which must be taken to restore world trade and improve world prices which will benefit our own domestic prices. With the problem of stabilizing currencies in the foreground of the discussions which the administration is conducting, Congress suddenly offers this amendment for unstabilization of the currency of the United States. Moreover, the President has not asked Congress for these particular powers. Anyway, no official message has come to the Senate from him that I know of endorsing monetary inflation.

The idea behind this amendment is that, through its facilities, the President will be able to make money cheaper and everything else dearer. I will agree that a fundamental cause of the world's trouble is that an excessive value has been attached to gold and that gold which is the world's money has been too dear. Gold will continue to be the world's money, however, and we cannot make money cheaper by debasing currencies. The only result will be to make gold, the final basis for all money, dearer still in the long run, and prolong and intensify the world's distress.

If this amendment, as I said at the outset, is materially amended, I shall gladly vote for it, for I want to equip our President with all needed power and ability to fight deflation and to strengthen his hands in his declared purpose to work for the restoration of stable currency all over the world and for the removal of other obstacles to the revival and expansion of world trade. I want to help him prove that America is a good neighbor. I am sure that by his action in suspending international gold payments he opened the way to accomplish more than has yet been possible to end the Great War, which did not end with the Treaty of Versailles in 1919. That treaty ushered in an economic warfare which has been waged with an increasing deadliness to the present day. It is the purpose, I am confident, of our President—your President and my President—and of the distinguished representatives of other nations, who are gathering at Washington at his invitation, to bring that economic war to an end. This measure, however, will, I believe, inevitably offer a shock to confidence generally, if it is enacted, and consequences still worse will follow if resort to some of its powers should be forced upon the administration by the political pressure of public clamor.

To conclude, the amendment as it stands I honestly believe will not be of help to the President in his efforts to put our people back on the job or in his efforts to help restore equilibrium to an unbalanced world; and it offers, as I see it, definite possibilities for provoking added misery and distress at home and abroad, a continuation of economic warfare throughout the world, and a postponement of the return to prosperity we all are striving to bring about.

Mr. PATTERSON. Mr. President, I am opposed to the Thomas amendment in its entirety. I shall vote for the motion to strike out the paragraph relating to a devaluation of the gold dollar. I regard that paragraph as the most vicious in an exceedingly vicious amendment. I wish in plain, unvarnished language to present a few facts that I conceive to be pertinent.

Mr. President, early in March Congress passed an emergency act to relieve the banking situation, delegating to the President authority to control "exporting, hoarding, melting, or earmarking of gold or silver coin or bullion or currency by any person within the United States." Pursuant to this authority, on April 5, 1933, the President issued a proclamation requiring every person in the United States to turn over to the Treasury all gold bullion and gold currency over the value of $100 under the penalty of a fine of not more than $10,000 or not more than 10 years' imprisonment. The effect of the Presidential proclamation is to force every citizen to turn over to the Treasury property which he had a right to earn and which he had a right to own. It is thus endeavored to stamp as a criminal the citizen who undertakes to exercise proprietorship over his own property.

Now it is proposed to delegate to the President authority to reduce by 50 percent the gold content of the American dollar. In other words, after the citizen has been compelled, under pain of heavy penalties, to deliver his property to the Government, Congress is now asked to delegate to the President the authority to cut the value of that property in two. Such a course of conduct is not only reprehensible but dishonest. It would be dishonest in an individual; it would be dishonest in a corporation; and it would be doubly dishonest in the Government itself. No court in the land would permit an individual or a corporation to pursue any such course unless it could be shown that such individual or corporation was a bankrupt; and I am unwilling to admit that the Government of the United States is now in a state of bankruptcy. In morals such an act would amount to a theft of one half of all the money now owned in the United States.

if the full powers delegated were exercised by the President. It would repudiate every Government obligation by 50 percent. It would mean that the Government was at least partially bankrupt and was repudiating half its just obligations. Such a transaction would represent nothing less than a 50-percent financial bankruptcy and 100-percent moral bankruptcy.

If we commit this deed, let us quit prating about national honor. Let us cease our boast that our dollar is as sound as the Government itself, and is as untarnished as its honor. The citizen in every walk of life has always held an affectionate and reverent respect for the honesty and integrity of the Government of the United States in all its relations with its citizens. His commitments have been made upon the premise that the Government was the personification of honor. This has been accepted as a truism. It has been true throughout all the 144 years of our national existence. By traveling the pathway of national honor, the obligation of the Government of the United States has been accepted at its face value and often above its face value, and at lower rates of interest than the obligations of any institution or government in the world. No one until now ever questioned the integrity of any obligation of the Government of the United States. In this time of world-wide stress our country is the only great nation in all of the world with its credit unimpaired. Let us maintain this high standard. Let us battle to uphold the national credit and our national honor. Let us hand down to posterity a government of as sound integrity as we were fortunate enough to inherit from our fathers.

Every nation that has traveled the crooked highway of repudiation has met with disaster. Every nation that has embarked upon an unbridled course of inflation of its currency and debasement of its coin, has come to grief. Have we learned nothing from the lessons of history?

From a selfish standpoint, we cannot afford to commit this act. There is due the United States from foreign countries approximately $11,000,000,000. If the amendment of the senior Senator from Oklahoma should be enacted into law and its provisions put into effect by Presidential proclamation, it would mean that our Government could be paid with 50-cent dollars, based upon present valuation, thereby canceling one half of the foreign debt due us. This would be in direct violation of the pledge in the Democratic platform against the cancelation of the foreign debt. Foreigners owe American investors approximately $18,000,000,000, one half of which would be canceled if the full powers were exercised under this amendment.

There are 52,000,000 savings depositors in the United States, coming mainly from the great middle class of this country. Their savings approximate $29,000,000,000, equal to more than $1,000 for every family in the land. This would be cut in half, based upon present valuations. We have almost 122,000,000 life-insurance policies in this country, with a value at maturity of approximately $109,000,000,000. It may be urged that these policies, for the most part, are held by those in comparatively easy circumstances, but there are 88,000,000 industrial policies belonging to the poorer classes, representing a value at maturity of $18,274,000,000. These policies would suffer a 50-percent cancelation, based upon present standard of values, if the Thomas amendment should become law and the full powers under it should be exercised by the President.

The allowances of the veterans of all of our wars and their dependents at the end of the fiscal year will be slashed approximately $400,000,000, leaving many of them in dire and desperate straits. Under the provisions of the Thomas amendment, fully exercised, they would be bludgeoned out of 50 percent of what remains. There are 48,000,000 persons gainfully employed in the United States today. The immediate effect of this legislation, if enacted, would be to reduce the value of their wages one half.

This depression has happily been free from labor disturbances. Labor is alive to the dangers of this proposed legislation. Since it has been suggested, we have heard the just claim of William Green, the president of the American Federation of Labor, that wages must be readjusted if this measure should become a law.

When we contemplate the struggle that many industries are now having to continue to operate, and take into consideration that there are thirteen or fourteen millions of men out of employment, we can readily visualize some of the perilous avenues that would be opened in our industrial life in the days just ahead of us if this legislation should be enacted into law. It opens the door to the age-old struggle between labor and capital, and opens it all the way down the line. It may mean strikes, lockouts, riots, and further suffering and want.

The enactment of the Thomas amendment into law will not relieve the present distressed conditions, but will only accentuate and aggravate them, and delay recovery. It will paralyze commerce, industry, and business. He would be an audacious man, to the point of foolhardiness, who would make a commitment in the face of the uncertainty of conditions that would necessarily follow, if the Thomas amendment should be enacted into law. It would mean a further tightening of credit, a slowing down of business, commerce, industry, and enterprise of every character.

Let no one be deceived, by the activity of the stock exchange, into believing that the suggestion of repudiation and the debasement of the coin and currency of the country is bringing a return of prosperity. It represents fear; fear of the American dollar, and the desire to dispose of it before it further depreciates; fear that the Government of the United States is on the eve of abandonment of its age-old policy of paying its just obligations and maintaining a sound currency "at all hazards." It is similar to the first movements following the inflationary policy in Germany a few years ago, the disastrous results of which we are all familiar. While it is contended that the proposed inflation will be a controlled one, the same claim has been made for all inflationary movements in their inception. Invariably, however, the inflation has gone beyond control, with disastrous results.

What is the need for this character of legislation fraught with such tremendous danger and which has worked disastrous havoc wherever and whenever tried? If the legitimate demands of the business of the country require more currency, we can now, without additional legislation, expand the currency approximately $4,000,000,000, and every dollar would rest upon a sound foundation. From statements frequently made the uninformed would gain the impression that there is insufficient money in this country with which to transact our business. Just the opposite is true, for there is more money outstanding in the United States now than at any period in our history.

There is more money now outstanding in this country than during the World War period, when, due to war demands, business was at a feverish activity and prices and wages were breaking all records. There is more money in circulation in this country now than during the boom year of 1929. To be exact, on March 31 of this year, there was $6,319,364,484 in money outstanding in the United States. This is $1,429,241,000, or almost 30 percent, more money than was outstanding at the end of the boom year of 1929. There being more money outstanding now than it required to carry on our business during the Great War and during the boom year of 1929, does it not seem illogical to contend that there is not sufficient money now outstanding to meet our needs? There is ample money in the United States to take care of our every legitimate need, with existing machinery to increase the supply on our present sound basis should the occasion demand. What then is the difficulty?

The trouble is that, due to loss of confidence, much of the outstanding money has gone into hiding and has ceased to work. Idle money, like an idle individual, does not contribute to the welfare or prosperity of any community. What is needed today is the restoration of that confidence which will induce the return of the money now outstanding again to enter the channels of industry, and when that state of confidence shall have been reached, we will be on

the road to the recovery of national prosperity. The Thomas amendment, if adopted and put into effect, will not tend toward the recovery of financial confidence, but, on the contrary, will destroy what remains of that confidence. Under its provisions, a state of uncertainty previously unknown in this country would prevail. Under such conditions the investor would withhold his money from industrial activity; the banker would curtail his loans to the minimum; and the manufacturer would produce only sufficient to meet current needs.

Let us cease the continued round of untried, speculative and experimental legislation. Let us cease trifling with the national credit and the national honor. Let the word go forth that future legislation will be based on sound fundamentals, and that all who contribute to industry, whether it be in the field of finance or labor, will be protected in the legitimate fruits thereof. Let it be proclaimed that not only will the American Government respect its own contracts, but that, so far as it lies within its power, it will compel all its citizens to do likewise. Convince the American people that such will be the national policy, and money now already outstanding will again seek investment, industry will revive, labor will be well employed, and the farmer will find a profitable market for his products.

The viciousness of this proposed legislation was disclosed in the Senate on yesterday by the author of the amendment, the Senator from Oklahoma [Mr. THOMAS], when he frankly stated that the purpose was to transfer $200,000,000,000 of wealth from the pockets of those who possess it today to the pockets of others, merely by legislative fiat. Those who have saved, those who have accumulated, and those who have been successful, are to be penalized for the benefit of those who have not saved, have not accumulated, and have not been successful. The proposal is an infamous one, and will not meet the approval of the American people, for they are fundamentally honest.

The press announce that the administration is urging speedy action on this proposal as submitted by the Senator from Oklahoma, and speedy action will be necessary if this amendment is to be adopted. Once let the American people understand the real purpose and effect of this proposal, and there will be such an aroused wrath and flood of indignant protests that not even the present administration, with its overwhelming majority in both Houses, will dare pass the amendment.

Mr. HARRISON obtained the floor.

Mr. FLETCHER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. TYDINGS in the chair). The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Keyes	Russell
Ashurst	Couzens	King	Schall
Austin	Cutting	Logan	Sheppard
Bachman	Dickinson	Lonergan	Shipstead
Bailey	Dieterich	Long	Smith
Bankhead	Dill	McAdoo	Steiwer
Barbour	Duffy	McCarran	Stephens
Barkley	Erickson	McGill	Thomas, Okla.
Black	Fletcher	McKellar	Thomas, Utah
Bone	Frazier	McNary	Townsend
Borah	George	Murphy	Trammell
Bratton	Glass	Norbeck	Tydings
Brown	Goldsborough	Norris	Vandenberg
Bulkley	Gore	Nye	Van Nuys
Bulow	Hale	Overton	Wagner
Byrd	Harrison	Patterson	Walcott
Byrnes	Hastings	Pittman	Walsh
Capper	Hatfield	Pope	Wheeler
Caraway	Hayden	Reed	White
Connally	Johnson	Reynolds	
Coolidge	Kean	Robinson, Ark.	
Copeland	Kendrick	Robinson, Ind.	

The PRESIDING OFFICER. Eighty-five Senators having answered to their names, a quorum is present.

Mr. HARRISON. Mr. President, I have withheld myself from this discussion because of my desire to see a conclusion reached at the earliest possible moment in the enactment of the farm-relief measure. I have entertained some misgivings with reference to some of its provisions, but I have resolved every doubt in behalf of agriculture and the farmers of the country, so I am willing to give to the administration an opportunity to redeem its pledges and try to help in the deplorable situation throughout the country.

For more than 2 years, Mr. President, some of us have realized that sooner or later values must be made to increase, and commodity prices especially must be made to increase, if economic healthfulness is to be restored to the American people.

I am naturally a conservative. I prefer to follow precedents, and in this country no one suspects me of being a radical. I had hoped that the new administration just coming into power would be given an opportunity to evolve its plan of controlled inflation, that that plan might be agreed to after full consideration upon the part of the President and his advisers; and for that reason, in common with many Members of this body, I have opposed amendment after amendment touching silver and whatnot which tended toward inflation.

The committee of which I have the honor to be a member listened for many weeks to leaders of thought in this country—leaders in banking, agriculture, and business, and leading economists. Throughout their testimony ran the thought that commodity prices must be increased, and many of them expressed themselves in very strong language for inflation of some kind or other.

Mr. President, it is unfair for a man of high standing in the country, and of acknowledged leadership in this body, to make an attempt to deceive the American people. My good friend from Pennsylvania [Mr. REED] is a leader. He is as smart as they make them. No better or more adroit or crafty a lawyer has come to this body than the distinguished senior Senator from Pennsylvania. Men who control the great steel interests of this country, men who control the great insurance companies of the country, men who control great banking interests, of the class of Mr. Mellon, never would have taken him under their wing and made this distinguished barrister their lawyer if he had not proved his worth in the great legal fraternity. He measured up in a high degree in his profession or he never would have represented those interests. So no one could present the case more strongly in this body from a legal standpoint, and surround it with all the misgivings and doubts that my friend does always when he discusses a question, than the distinguished Senator from Pennsylvania, who now has set himself up as the leader in opposition to this proposal.

Of course, envious eyes will be cast at me because I have said that he is the leader of the opposition. That might not sit well with my friend from Delaware [Mr. HASTINGS] and my friend from Missouri [Mr. PATTERSON] and others over there who have either spoken in opposition to the proposal or are incubating speeches against it. But the country knows that the Senator from Pennsylvania is the leader of the opposition to this controlled inflation proposal.

I do not know whether he chose himself as the leader, or whether there was a meeting here in Washington of the group of men who had directed the fiscal policy of this Government for some years and made a miserable mess of it, and that his leadership was chosen by that group. I mention Mr. Mellon, who was given a vacation from the Secretaryship of the Treasury to go over to England for a while. Sometimes I wish he had stayed over there a few weeks longer, because he could have done less harm by staying over there a while longer than he is doing by coming back here and trying to incubate some conspiracy against this proposal. And, as a member of that group I mention Mr. Mills, who followed in Mr. Mellon's footsteps, and who ran the Treasury for a while, and made just as miserable a mess of it as Mellon did himself.

So those are the three—Mellon, Mills, and Reed—who are leading in this fight and one of whom is calling upon the country to appeal to Senators by telegram, letter, and telephone to stop the passage of this legislation.

It takes a good deal of nerve upon the part of this group who have directed the fiscal affairs of the Government for the last few years to come here now and attempt to lead in any movement and tell us what should be done. Do

you not think it would be in a little better taste if they would rest in the shadows of their failure for at least a few weeks, and give the new administration an opportunity to carry out its policies, in the hope that they might be better than the policies of the Mellon-Mills-Reed trio?

Mr. REED. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Pennsylvania?

Mr. HARRISON. Yes; but the Senator is going to spoil a good speech. [Laughter.] I yield to the Senator.

Mr. REED. I think I am going to give the Senator another text on which he can make a better speech. He is talking about giving an opportunity to the administration to carry out and redeem its pledges. Does he mean to include the pledge to preserve a sound money at all hazards?

Mr. HARRISON. Yes. The Senator talks about the plank in the Democratic platform which favors the maintenance of sound money. There is nothing in this bill that is against sound money. The Democratic Party is for sound money.

Mr. REED. Will the Senator tell us any kind of unsound money that is not in this amendment?

Mr. HARRISON. The Senator from Pennsylvania has had his say. If he will just sit here and listen with the same degree of patience and the same measure of disapproval that I gave to his speech, he will know what my views are before I finish.

Mr. REED. Mr. President, if the Senator will indulge me for one moment more——

Mr. HARRISON. I was going to answer the Senator's question. Then the Senator can rise and ask another one.

Mr. REED. Will the Senator, at some time in the course of this eloquence of his, describe this bill? He is telling us about my bad points. I wish he would tell us some good points in the bill.

Mr. HARRISON. I am going to do that.

Mr. REED. I am not the question that is up for passage. It is the bill that the Senator is trying to pass.

Mr. HARRISON. But I have not any idea in the world that the Senator is going to take my advice, because he has taken it from Mellon and Mills. [Laughter.]

The Senator talks about sound money and the platform of the Democratic Party. I expect to show that there is nothing in this bill against sound money and against the platform of the Democratic Party. The Senator started out the other day, in the first speech he made, by referring to what he terms the "greenback provision." He is making speeches daily now in order to arouse the people of the country, so that he can help the telegraph companies to send more messages to Senators protesting against this proposal. I wonder if he has had as little influence upon everyone else as he had upon me? I have received but one message against this proposal—just one. Seemingly, the Senator's appeal fell upon deaf ears. He was mighty nearly as unsuccessful in that as were his appeals in the last election in getting votes. But he started out against what he called "the greenback provision" of the bill, the Treasury-note provision. He said nothing about the proposition of cutting down the gold content of the dollar; but now he levels his guns against the reduction of the gold content of the dollar and appeals for sound money.

The former President, in his speech at Des Moines, spoke very eloquently about how he had fought in the great battle against going off the gold standard. The Senator made a speech here in which he approved the action of this administration in going off the gold standard. He offered no criticism in the world against going off the gold standard. Yet his party's platform said that we could never go off the gold standard. He has violated the pledge of his party to a greater extent than he accuses us of violating the pledge of our party with reference to sound money. There is no justification for criticism of either.

Here is what the Senator said in that speech:

> I offer no criticism of the embargo on gold shipments. It seems to me that it was wise, prudent, and proper action to take at the time.
>
> I offer no criticism of the suspension of specie payments within the United States, as was done on the 4th of March; but my criticism does go, with all of the earnestness that is in me, to the proposals that were sent to us yesterday afternoon and were embodied in the Thomas amendment.

He approves going off the gold standard, and he approves the suspension of gold payments on the part of this administration. Yet his platform said that under no circumstances should we go off the gold standard. Is there anybody now who believes that we are on the gold standard? Not even the Senator believes it, because he knows we are off the gold standard.

Mr. President, the leadership of one party is just as much for sound money as the leadership of the other party. The Senator knows that the man who sits at the helm of this Government today would do nothing that would destroy the property of the people and take from one man unjustly what should not be taken from him. The Senator has confidence in the President. In the speech that he made this morning he paid one of the greatest tributes to the President of the United States that I have heard fall from the lips of man. After the Senator from Pennsylvania had talked for an hour and a half criticizing the proposals of this bill and speaking of John Law's episode and the experience of Austria and of various other countries with their unmanaged, uncontrolled inflation, the Senator from Nebraska [Mr. NORRIS] said, "Will not the Senator now give to us his proposal?" The Senator from Pennsylvania responded: "That is perfectly fair. That is a correct question to put." And then he answered it in this way, as the RECORD will show: That prices went away up after Roosevelt was inaugurated President of the United States, and for the reason that the people of the country have confidence in him. There had come a change in the leadership of this Government. One man had been driven out, and the inference was clear.

No one could read the remarks of the Senator without believing that the American people had no confidence in Mr. Hoover and Mr. Mills and in any of the crowd that had dominated this Government, but that because of the confidence of the American people in Mr. Roosevelt everything had gone up and all was "hunky dory". So all the Senator from Pennsylvania would do in these circumstances would be to elect Mr. Roosevelt, and keep him in control of the Government, and do nothing else, and there would be restored economic confidence in the country.

We know that we have to go farther than that, and we have accordingly offered this plan.

Mr. President, I stated that it takes a good deal of nerve upon the part of these distinguished gentlemen, after they had experimented, after they had tried for these more than 3 years, and after the American people have put another group in control of the Government, for them now to offer obstructive tactics and criticism of the pending measure. At least, if they cannot cooperate, they ought to stand aside for a little while and give us a chance.

They tried their little sugar-coated measures in trying to inflate slightly. It is inconceivable to me that men who have been honored in such high places as has Mr. Hoover, Mr. Mellon, and Mr. Reed would deliberately deflate values in this country, deliberately drive people into bankruptcy, deliberately deprive people of their all, deliberately cause such a shrinkage of values and securities as to close the banks of this country, and deliberately drive 13,000,000 people into unemployment. I cannot believe they did it deliberately. But their policies had that effect, and in one of the speeches of Mr. Hoover, he talked about how he battled against the deflation, and how he attempted to increase prices of farm products, and to restore confidence to the American people.

It was with the idea of trying to inflate that finally, after 2 years of procrastination, they offered us the Reconstruction Finance Corporation bill. That was going to be a measure of inflation, which would help in a way, they said. It was with that idea in view that their President offered his proposal to increase the capitalization of Federal land banks. It was with that idea in view that he suggested and the Con-

gress gave to him the power of broadening the eligible paper in the Federal Reserve System of the country. They tried to inflate in a way, but they did not have the courage to act as they should have acted.

Mr. President, we have two possible roads to follow. One is the road which leads to a contest with the nations of the world in depreciated currencies. The other is the road which might lead to a stabilization of currencies among the nations of the world.

This gentleman in the White House surprised me. There is not a Senator here whom he has not surprised. He surprised the country, for he has shown such bigness and courage and such vision of statesmanship that, even though one might have had a high estimate of him, it was not known that he possessed such capabilities. No man in the history of this great Government has acted more promptly or more courageously or in a higher order of statesmanship than has the gentleman now in the White House.

Mr. President, I look into the face of the Senator from Missouri [Mr. PATTERSON], who says there is plenty of money in the country. Let him make that speech to Missourians. I wonder how many out there believe that everything is all "hunky dory" in Missouri. [Laughter.]

I look into the face of my friend the Senator from Connecticut [Mr. WALCOTT], who signed the round robin with the distinguished Senator from Pennsylvania, and they together even brought "BERT" SNELL, the leader in the other House, into that appeal. Is it possible that they could not get other Senators over there to sign the round robin? Was my friend from Connecticut the only one who was falling for their wiles? [Laughter.]

These four—the leader of the Republicans in the House, the Senator from Connecticut [Mr. WALCOTT], and the Senator from Pennsylvania [Mr. REED], together with Mr. LUCE—got out this round robin to the country criticizing the proposal now before us, and holding it up to public scorn. I do not know why the Senator from Delaware [Mr. HASTINGS] did not sign it. He is now getting ready to make a speech. It may be that he had not made up his mind at that particular time.

Mr. President, why did they not get Mr. Mellon? He had returned. They had conferred with him. Ah, the Senator from Pennsylvania started to shake his head, but he knew he could not do it. He conferred with him a little bit.

Mr. REED. If it is of any interest to the Senator, I have not conferred with him. I have not seen him.

Mr. HARRISON. The Senator has not conferred with him? The Senator does not say no message came to him from Mr. Mellon. They have a triangular arrangement. Mr. Mellon conferred with Mr. Mills, and Mr. Mills then conferred with the Senator from Pennsylvania.

Mr. REED. If it is of further interest to the Senator, Mr. Mills was not in the East at all until Friday morning.

Mr. HARRISON. He came here just as rapidly as he could come. Even from the far West he came. I do not know whether he used an airplane or whatnot, but when the Senator sounded the tocsin call, he came forthwith, and he has been in conference with him ever since. That is the group we are running up against, and this man in the White House, elected by a tremendous vote of the people, because they had confidence in him, and because they wanted a change in affairs of this Government, takes hold.

The Senator heretofore has given him fine cooperation and Congress has given him fine cooperation. This gentleman took up where the other gentleman who left there was afraid to move. Who ever dreamed that this administration, under the leadership of Mr. Roosevelt, could drive through the Congress an economy bill which would save $800,000,000 to the taxpayers of this country? Mr. Mellon, Mr. Mills, Mr. Hoover, and Mr. Reed messed around trying to balance the Budget for 3 years. Mr. Mills made so many mistakes when he came before the committees with his estimates that it was really a comedy of errors. He changed from week to week, and after we had balanced the Budget he then said it was not balanced, even though we had just balanced it upon his own figures.

The Budget is now practically balanced. Just as soon as we enact the tax bill which passed the House the other day and as soon as the reorganization plans go through we will have balanced the Budget. Many of the leading thinkers of the country when they appeared before the Committee on Finance said that what we had to do is to balance the Budget. If they are right in their view of that, we will soon have attained that end. Others said we had to have some measure of controlled inflation, and others wanted an uncontrolled, unmanaged inflation.

The Senator from Pennsylvania spoke of Austria. He spoke of John Law's episode and the other wild and fantastic inflationary schemes which wrecked certain countries. I would not lift my voice if in my opinion the pending proposal were not a proposal for controlled inflation. I would not vote to give to the Treasury or the President, without limitation or restriction, the power to issue Treasury notes. I do not believe Congress would do anything like that. Yet that was what was done in the case of Austria. That is what was done in the case of Germany. That is what was done in the case of France and in the other countries which went wild over their inflationary schemes and wrecked their governments themselves. England did not do that. She had a managed inflation, and that is what is proposed in the pending amendment.

My friend talks about the greenbacks which are to be issued. I call them Treasury notes. Let us see about that. The Senator discussed this morning the law of 1862, and said that the pending measure was carrying out the same general scheme. In 1862 there was no such limitation placed upon the issuance of the Treasury notes as is contained in the pending proposal. There was no time limit set; there was no method prescribed for their redemption. They could go wild under that plan. In the issuance of the greenbacks in 1862 and in the days following the United States was doing exactly what was done in the case of Germany and Austria and France in their inflationary ideas—yes, and in Russia, which the Senator says got so devoid of gold that the men had to use steel for filling the cavities in their teeth.

The pending amendment first fixes a limit of $3,000,000,000 of outstanding Treasury notes, and it provides that they shall be redeemed at the rate of 4 percent every year. More than that, we appropriate the money required for their redemption. In 25 years they will all have been redeemed. There was no such provision in the cases of inflation of which the Senator has spoken and which he has held up to ridicule in order to frighten the American people again.

My God! Do Senators not want confidence restored? What have they meant by claiming they wanted to bring back confidence to the people? Was all of that lip service? Why do they want to try to arouse the people again to fear and trembling every time the man in the White House attempts to do something to restore values and to give to the people some economic peace and happiness again? Are not the American people sick and tired of such tactics? Do such practices redound to the credit of those who employ them? The people desired action. They want results. Too long have they suffered and sacrificed from timidity, procrastination, and lack of courage.

Mr. President, the Senator knows that the cases of deflation to which he has referred are not parallel at all. He employs them because they are bugaboos and because the rank and file of the American people do not want an unmanaged, uncontrolled inflation in this country.

Mr. REED. Mr. President, will the Senator yield?

Mr. HARRISON. Am I right in stating that?

Mr. REED. No; the Senator is all wrong, and I want to set him straight. If the Senator will permit me to state it, in the case of the French inflation, engineered——

Mr. HARRISON. I do not yield for all that.

Mr. REED. The Senator is wrong in all that, and I merely wanted to put him straight.

Mr. HARRISON. Was there a limit placed upon German inflation?

Mr. REED. There was.

Mr. HARRISON. What was it? Now I will give the Senator a chance.

Mr. REED. They kept constantly increasing it. I think I have the figures here. At the beginning it was very strictly controlled, in the same sense that is proposed in this pending measure. Then they increased the limit, and then it got out of hand, and they had to keep on increasing it. They all started this way, with a limitation, and they have always had to increase it.

Mr. HARRISON. Now the Senator says it started this way and it got the other way. Why is not the Senator fair enough with his colleagues and with the American people to say that this plan is not the same plan as was adopted in Germany and in France and in these other countries? Why does he want to try to deceive people by saying that they started this way, but that they changed and got the other way? The Senator admits that the German plan was changed from a controlled system to an unmanaged and wild scheme.

Mr. President, this pending measure provides for controlled inflation, and it provides only for the issuance of $3,000,000,000. It provides for their redemption, at the rate of 4 percent every year and makes proper appropriation for that redemption.

Then, again, there is something else the Senator has not taken into consideration—something which the bill provides—that is, that the Treasury notes can be used to retire the Government bonds which have been issued, and when the Treasury notes are used to pay a Government bond, the Government bond is canceled. Consequently, we would not be increasing the national debt of the country, under the pending amendment. The Senator from Pennsylvania did not tell the Senate that. He wishes to make the country believe that the $3,000,000,000 in Treasury notes are to be issued in addition to the $3,000,000,000 that might be used in open-market transactions.

Mr. BARKLEY. Mr. President, will the Senator from Mississippi yield to me?

The PRESIDING OFFICER (Mr. VAN NUYS in the chair). Does the Senator from Mississippi yield to the Senator from Kentucky?

Mr. HARRISON. I yield.

Mr. BARKLEY. In addition to what the Senator from Mississippi has stated, it would also reduce the actual expenses of the Government by retiring not only the bonds but likewise saving the interest thereon.

Mr. HARRISON. Yes; but the Senator from Pennsylvania is not going to tell the Senate that; that is a secret which is hidden in his and Andrew Mellon's breasts. He is not going to let the country in on that. Some of his colleagues on the other side of the aisle are going to be deceived by his wily speeches. Now, let me give them a piece of friendly advice. Do not adopt his counsel; do not follow his leadership. Many people have got into trouble before by following his leadership and that of his co-conspirators. [Laughter.] Senators on the other side will recall what happened last year to a great many of their party who followed the leadership of Andrew Mellon and Ogden Mills. They had better take an accounting and had better cooperate in this effort to consummate a new deal, because the American people know just as well as they know and just as well as I know that there are thousands on thousands of banks in the country that can never be placed on their former basis unless the securities in their coffers can rise in value. And when the price of commodities shall be increased there will be an enhancement in value of the securities held by the banks; they will be strengthened; and we will have given hope to the people. The man whose income is gone and who has been struggling for years with a heavy mortgage upon his land will be able, on the enactment of this proposed legislation, to indulge some hope that the value of the old dollar is going to be changed around a little bit and that his values will come back to a parity with the values formerly represented by the dollar. That is what 95 percent of the American people desire, and that is what we have got to have. There is nothing radical about it. There is nothing unjust in it. It is a very proper and fair policy to follow.

Have we not seen European countries adopt policies designed to protect themselves? No voice has been lifted more often or more eloquently—and if he did not associate with such bad company, no voice would have been more persuasive—than that of the distinguished Senator from Pennsylvania when he has decried the policy of foreign countries with reference to debasing their currencies. I recall only a few months ago when he secured the adoption by the Senate of a resolution—though the vote adopting it was subsequently reconsidered—directing the Tariff Commission to consider a plan to counteract the effect of depreciated foreign currencies. I remember how he spoke of the Japanese sending in their goods and how the great interests of America needed higher protection against the low labor costs of foreign countries. The Senator from Pennsylvania was perfectly willing to increase the tariff still higher in order to protect a few manufacturers in this country; but he is now unwilling to give his cooperation and approval in putting through the plan which is before us with the stamp of the administration upon it and designed to restore some values to all of the American people.

The Senator from Pennsylvania helped to put through Congress the present tariff law, which is the highest in the history of the country. I will go down to my dying day believing that the enactment of that law was what started the confusion in world affairs, the battling for higher tariffs throughout the world, the deranging of exchanges, and the cause of foreign countries depreciating their currencies, thus bringing the great cataclysm from which we are now trying to escape. The Senator from Pennsylvania himself was one of the prime movers in that effort.

Mr. President, there are certain conditions that must exist before the President will be authorized to act under this proposed legislation. What are those conditions?

Whenever the President finds, upon investigation, that (1) the foreign commerce of the United States is adversely affected by reason of the depreciation in the value of the currency of any other government or governments in relation to the present standard value of gold—

Why should we not take care of ourselves? If we can stabilize exchanges, if we can adopt a policy that will open up markets abroad for the sale of our surplus goods, if we can stabilize exchanges between governments, why is the Senator from Pennsylvania not willing to adopt that kind of policy under the existing circumstances? That is what the President is authorized to do in this proposal.

Mr. NORRIS. Mr. President——

Mr. HARRISON. I yield to the Senator from Nebraska.

Mr. NORRIS. Mr. President, the Senator from Mississippi has just stated that certain conditions must be found to exist before this proposed legislation may be put into effect. I want to ask the Senator, Is it not true, beyond any doubt, that the condition to which the Senator has just referred already exists and now confronts us?

Mr. HARRISON. There is no doubt in the world but that is true. Even the opponents of this proposal have so stated in more eloquent terms that I can employ. Everybody in America knows it. Some foreign countries were smart enough to devise some kind of plan in order to help themselves. Great Britain created an equalization fund of £150,000,000 for the sole purpose, as circumstances might arise, of lifting the American dollar or driving down the English pound, and they worked it very well. I see no reason why our Government should not adopt a like plan to take care of our situation and to bring about a stabilization of our exchange.

There are other conditions provided in the amendment upon which the President must act and must make investigation accordingly. Another condition is:

Or that an economic emergency requires the expansion of credit.

Can anybody doubt that we require an expansion of credit in this country? Is there anyone on the other side, except

the Senator from Missouri [Mr. PATTERSON], who believes that everybody who needs credit in this country is being taken care of, who does not think that an emergency exists requiring the expansion of credit? We know such an emergency exists.

Or an expansion of credit is necessary to secure by international agreement a stabilization at proper levels of the currencies of various governments.

Was there ever a more opportune time to clothe the President of the United States with this power, just when the statesmen of the world are here assembled making their preliminary survey and trying to arrange an agenda? Indeed, Mr. President, under the circumstances, now of all times it is opportune to give to the President this power.

We are not seeking an unfair advantage; we are not trying to put something over any other people in the world; but America has a right to protect her own interests with reference to exchanges and with reference to values. Any country that adopts a policy which results in driving down values in this country and making bankrupts of our citizens ought to be combated by American policies that can repel just such attacks as that.

The Senator from Pennsylvania says that the first section of the bill is harmless. I am glad that he gives his approval to that section, which provides for open-market transactions on the part of the Federal Reserve banks. Do you know, Mr. President, why he said that? If there was nothing else in this measure except that provision, I have not the slightest doubt that the distinguished Senator from Pennsylvania would be on his feet finding a hornet's nest in it. He starts out criticizing this provision and when he gets through with that he criticizes another. I fear the distinguished Senator from Pennsylvania and Andrew Mellon and Ogden Mills cannot be pleased at this time, so far as this measure is concerned, because in itself it is a reflection upon the manner in which they ran the Treasury. Ah, if they had had the courage and the statesmanship to have proposed such measures as this, they could have relieved the suffering in this country and restored some semblance of economic health sooner than now.

My friend in his speech this morning said that nothing that Mr. Hoover suggested could pass this body. Why does not the Senator look over the record? Every measure of a constructive character suggested by President Hoover in this economic crisis was adopted by the American Congress. Against my own judgment I voted for measures which were suggested on the other side of the Chamber. I cooperated with the distinguished Senator from Pennsylvania, as did other Senators on this side in that Congress. Loving our country more than we did any political party, striving to restore this country to normal economic conditions, we voted for measures proposed by the Republican administration. President Hoover got legislation, but the trouble is that he delayed too long in making his suggestions. He would not have had the courage to offer such a suggestion as is now before us; but the President who now occupies the White House has the courage to do it, just as he had the courage to recommend the economy bill which will balance the Budget.

Let me call the attention of the Senator from Pennsylvania to the fact—and I know that in his fairness he will agree to the statement—that Germany and Austria and Russia and back in 1862 when the United States Government issued greenbacks and inflation was set in motion here and in Europe it was for the purpose not only of inflating but of paying deficits in governmental budgets. The portion of the decision read by the Senator from Idaho showed that such money had to be issued in order to pay soldiers who were fighting in the war; and the German Government and the French Government were just issuing paper money in order to balance their budgets. No government can do that; that is not sound; that is not stable governmental management. But we are not doing that; we are not issuing one cent in order to balance the Budget. We are balancing the Budget by taxes on the one hand, and economies on the other, so that our revenues and our disbursements shall be equal, and for that reason we will have no wild inflation as was the case in the other countries.

Mr. BARKLEY. Mr. President——

Mr. HARRISON. I yield to the Senator from Kentucky.

Mr. BARKLEY. In connection with the suggestion as to Germany—and I do not make this suggestion as a matter of criticism but as a matter of fact—after Germany had depreciated her currency to such an extent that it took a wagon bed to hold enough German marks to exchange for an American dollar, Germany paid all her debts in the depreciated currency and then stabilized the mark at about 25 cents in American money.

Mr. HARRISON. Yes. There is much difference between that situation and the one confronting us. This is a conservative measure which provides in its first section for open-market transactions upon the part of the Federal Reserve banks, with the assent and approval of the Federal Reserve Board. Such transactions were undertaken last year by the Treasury Department under the administration of the party of the Senator from Pennsylvania. Open-market transactions were begun last year in the early spring and those transactions continued to the extent of $1,200,000,000, and were stopped in July. The then President then made his speech in Des Moines saying we were about to go off the gold standard; and then what happened? Prices began to go down. When the open-market transactions were begun commodity prices and business improved, according to statistics, between 8 and 10 percent in this country; unemployment greatly fell off, to the extent of several hundred thousand, as shown by the report of the Department of Labor; but just as soon as open-market operations were discontinued in the latter part of July conditions became a little worse again. Prices of agricultural commodities again went down; business sagged; unemployment increased.

So the second feature of the bill, providing for the purchase of United States bonds to the amount of $3,000,000,000 and for the issuance of notes, is safe. It is sound. Provision is made for their redemption, their orderly retirement; there is no tremendously wild inflation in it, but it will put money into the hands of the people. As a matter of fact, as the Senator from Pennsylvania knows as well as I do, when the Government sells its bonds to the public and collects money, it contracts the credit. That is deflation. But when the Government issues its money and itself buys its bonds, as is provided by this bill, it gets the money into circulation; that is inflation.

We lay down the conditions upon which the President may act with reference to reducing the gold content of the dollar, with reference to the issuance of the $3,000,000,000, and with reference to open-market transactions.

Mr. President, the hope of the country lies in this proposal. It means a better day for America. It means that tens of thousands of people who have bankruptcy staring them in the face can come back. It means that thousands of banks in the country, which must now operate under restrictions imposed on their legitimate functions, can resume their normal transactions. It means that the closed banks, with $6,000,000,000 in frozen assets, will be able to go forward and that their depositors can get their money back. It means a stabilization of currencies throughout the world, and a cessation of this change warfare that has checked commerce and strangled business.

So far as I am concerned, I expect to stand to the last with the President in this fight. I expect to vote against every amendment that is offered to the bill that does not receive the approval of the administration, because it is the Roosevelt administration that must make either a success or a failure of it. Are we asking too much when we say to you gentlemen on the other side of the Chamber, "Give the President a chance"? He may be wrong, but the American people have directed him to proceed. This is the policy the administration wants. They do not believe it is dangerous. They would not ask for it if they believed it would be in-

jurious. They think it is one of the ways for us to proceed to stabilize exchanges, to maintain balanced budgets, and to restore economic normalcy in this country.

Mr. REED. Mr. President, the Senator from Mississippi made the statement that only a limited number of greenbacks may be issued under the pending measure, whereas he said under the act of 1862 the greenback issue was not limited. I find on referring to the act of 1862 that it strictly limited the issue to $150,000,000, a limitation which was afterwards inevitably increased, as this one will be.

Mr. HASTINGS. Mr. President, my recollection is that it was December 10, 1928, about noontime, when I was sworn in as a Senator of the United States. I had hardly reached my seat before the distinguished Senator from Mississippi [Mr. HARRISON] was recognized. He talked about an hour, and his subject matter was President-elect Hoover. I made some inquiries about whether the time of the Senate was usually taken up with that kind of speeches, and I was informed that that was a habit of the Senator from Mississippi. I came to the Senate the next day, and immediately after the roll call the Senator from Mississippi was recognized and made another speech about President-elect Hoover. This was on Wednesday. I came back on Thursday and answered the roll call again, and the very first thing that was done by the presiding officer was to recognize the senior Senator from Mississippi, who made another speech about President-elect Hoover and the Republican Party.

Mr. HARRISON. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Delaware yield to the Senator from Mississippi?

Mr. HASTINGS. I yield.

Mr. HARRISON. The Senator must have liked the speeches if he came back as often as he said he did. [Laughter.]

Mr. HASTINGS. I did. I always enjoy the speeches of the Senator from Mississippi, but I came as a matter of duty, because that early in my career as a Senator I believed it was necessary to be here when the roll was called. [Laughter.]

That kept up all during that week until Saturday. When Saturday came my recollection is that the Senator from Mississippi, for some reason or other, was not present. That continued until Christmas time. I had hoped, when the Senator from Mississippi got away from here, returned to his home, and spent a pleasant holiday with his Democratic friends that he would become tired of preaching to the country and to the United States Senate his doctrine about the Republican Party. But, lo and behold—

Mr. HARRISON. Mr. President, will the Senator yield again?

Mr. HASTINGS. I yield.

Mr. HARRISON. Was it those speeches that had such a telling effect in the last election, that drove so many Republicans out of power? [Laughter.]

Mr. HASTINGS. I will come to that in a moment. After the holiday, and as soon as the roll was called, again the Senator from Mississippi was recognized. He always talked until lunchtime. He kept that up during the whole winter, as I recollect. But since the new administration came into office, since he has a President of his own party in power, I have not heard him say a word on the floor about anything. Certainly he has not made, during that whole period, any such impassioned speech as he made today. This is the first time that he has uttered a word, so far as I recollect, except with reference to one bill of which he had charge, with respect to what is being done by this administration.

Now he comes here today and makes an eloquent speech. I am sure everybody enjoyed it. I know that I did. However, he spoiled it all, Mr. President, by the last few words he employed. Lo and behold, for all I know he may agree with the distinguished Senator from Pennsylvania [Mr. REED] with respect to this measure, for all I know he may agree with that distinguished Senator about the great dangers in the bill, because toward the end he bases his sole argument upon the fact that it is an administration measure and that he proposes to vote for it, regardless of any amendment that may be offered to it, because it is an administration measure.

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. HASTINGS. I yield.

Mr. HARRISON. Will the Senator do me the kindness to admit that when his party was in power during these hectic days, I supported every proposal that might restore the country to an even balance, and gave it my sincere cooperation?

Mr. HASTINGS. I cannot answer that question for this reason. Every man has his own notions about what is going to restore prosperity. The distinguished Senator from Mississippi may have had a different notion from mine with respect to it and may have voted differently from the way I voted. I assume the distinguished Senator from Mississippi always votes because he hopes and believes the measure proposed is a helpful thing for the country. Is not that true?

Mr. HARRISON. That is quite true.

Mr. HASTINGS. It would not be because it was a Republican measure that he would vote for it. Is not that true, too?

Mr. HARRISON. Whatever doubt I may have had, I resolved it in favor of the administration, because I believe in these times we ought to bury any partisan differences and try to support those who are directing the affairs of the Nation.

Mr. HASTINGS. Mr. President, the distinguished Senator from Mississippi paid a compliment to the Senator from Pennsylvania [Mr. REED]. He talked about what an able Senator he is, what a great lawyer he is, how necessary it is for him to be a great lawyer in order to hold the clients that he has, and he referred to those clients. He said something about the Senator from Pennsylvania being a self-appointed leader, and about certain Senators over here being a little jealous. So far as I am concerned, I am proud of the Senator from Pennsylvania and proud of the fact that he sits on this side of the aisle. I say that notwithstanding the fact that he counts Mr. Mellon and Mr. Mills as his personal friends.

I heard the remarks which the Senator from Mississippi made with respect to Mr. Mellon and Mr. Mills, indicating that he does not believe that the administration of the Treasury under them was helpful to the country. He complained about Mr. Mills, and about Mr. Mellon through Mr. Mills, and that they, with the assistance of the Senator from Pennsylvania, are doing what they can to defeat the pending measure. I want to ask the Senator from Mississippi this question: Did he go to the Banking and Currency Committee, where the present Secretary of the Treasury undertook to explain the bill? I went there, although not a member of the committee, because I was anxious about the bill. I was anxious to know what explanation could be made of this revolutionary measure. I saw there the Secretary of the Treasury, and I heard the questions asked; but who answered the questions? Did the present Secretary of the Treasury answer the questions? Oh, no! The present Director of the Budget sat by his side and answered all the intricate questions that were asked by members of that great committee.

Mr. BARKLEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Delaware yield to the Senator from Kentucky?

Mr. HASTINGS. I yield.

Mr. BARKLEY. In former days Under Secretary Mills did the same thing when Mr. Mellon was testifying before either the Finance Committee or the Banking and Currency Committee.

Mr. HASTINGS. Did the Director of the Budget ever sit with the Secretary of the Treasury, telling him how to answer questions asked by the committee of the Senate?

Mr. HARRISON. We did not have as good a Director of the Budget in those days as we have now.

Mr. HASTINGS. I wondered at that situation, and I inquired of a member of the committee, when I heard the answers made by the Director of the Budget on the one hand and an occasional answer made by the Secretary of the Treasury himself on the other hand. I asked the question why it was that the Democratic administration should choose their Secretary of the Treasury from the Republican Party when they had a good man like the Director of the Budget whom they might have appointed from the Democratic Party. I would not repeat just what the answer was, because it may have been considered confidential.

When we come to compare the Secretaries of the Treasury, I say now that I shall be ashamed in the years to come, I am sure, to compare the administration of both Secretary Mellon and Secretary Mills with the administration of the present Secretary of the Treasury. I only hope that the present Secretary of the Treasury will last long enough for us to be able to make a correct comparison.

Mr. President, the Senator from Mississippi said in his opening remarks that it is important that nobody be unfair and attempt to deceive the American people—referring to the Senator from Pennsylvania [Mr. REED]. I want to ask the Senator from Mississippi some questions with respect to that right now. I want to ask them with respect to the bill which is now before us. I inquire of the Senator from Mississippi whether he heard the distinguished Senator from Oklahoma [Mr. THOMAS] yesterday when he made his speech telling what is going to happen if the bill is passed? Then I inquire whether or not the Senator from Mississippi read in the morning paper what the distinguished Senator from Arkansas [Mr. ROBINSON], the leader on the other side of the Chamber, said with respect to it?

Mr. HARRISON. I did not hear the speech of the Senator from Oklahoma. I wish I could have been here to hear it. I know that he made a good speech. I do not know that I can agree with everything he said. What else did the Senator want to ask me?

Mr. HASTINGS. I think it is important for the Senator from Mississippi to read that speech and let the country know whether he agrees with the Senator from Oklahoma or whether he agrees with the distinguished Senator from Arkansas [Mr. ROBINSON], for these reasons—and it is very important——

Mr. HARRISON. Which one does the Senator agree with?

Mr. HASTINGS. I do not agree with either of them. [Laughter.]

Mr. HARRISON. I thought so.

Mr. HASTINGS. But I do say that I shall hope, as the years come and go, that the Senator from Arkansas is correct and the Senator from Oklahoma is not correct; but I say that the matter is exceedingly important, and important for this reason:

Great authority is being given the President under this bill. The people of the country are anxious to know whether the Senator from Oklahoma is correctly interpreting the attitude of the President of the United States, or whether the Senator from Arkansas is correctly interpreting his attitude, with respect to this bill. I do not know what the Senator from Mississippi will say with respect to it. He calls it conservative; he calls it sound money; but I say that the people are entitled to know. We ought not to be compelled to depend upon those who want to believe with the Senator from Arkansas relying upon the President to do that, and those who want to believe that the Senator from Oklahoma is correct relying upon him to do that.

Mr. President, the Senator from Mississippi, I know, is anxious to hear this speech, and I hope he will listen.

Mr. HARRISON. I hope the Senator will continue talking about me, because as long as he does he has such a good subject that he might make a good speech. [Laughter.]

Mr. HASTINGS. I expect to make a good speech anyway, and I expect the Senator from Mississippi to agree with it. I want to say, however, that after I had attended the meeting of the Banking and Currency Committee, and had spent some hour and a half there, and heard the questions asked the Secretary of the Treasury and heard them answered by the Director of the Budget, I inquired of myself, "What does this all mean?" I thought about it during the day; and toward evening I picked up a paper and I read, as I sometimes do, little pieces of poetry in that paper. Among others, I read this, and I said to myself, "This fits my situation exactly." It was entitled "Terrible Fear", and it read like this:

As plans are progressing
In many a land,
I'm sadly confessing
I don't understand.
And when they're explaining
I'm sorry to say
I fear, while complaining,
That neither do they.

[Laughter.]

That is exactly the way I felt when I read that poem on that day.

Mr. President, there are two things about this amendment that distress me. I have always believed that any effort to change the value of the American dollar was a dangerous thing, and ought not to be done except after a most careful consideration by men of experience. For this reason I should hesitate to make a change in the value of the American dollar, even if I knew the kind of change I was voting for. My trouble here is I do not know what change is to be made. I should feel safer in voting for the issuance of $3,000,000,000 of paper money under the Act of February 25, 1862, as provided in paragraph 1 of section 34, than in giving to the President authority to do the same thing, even though I were reasonably satisfied that he would not issue more than one third of that amount. I should feel safer in providing for reducing the value of the gold dollar by 50 percent by congressional action than in leaving the matter to the President, although I were reasonably certain that he would not reduce it by more than 25 percent. In other words, the stability of the thing which Congress does with respect to the currency is essential for the future welfare of the people of the Nation.

It is generally conceded by those who are urging the adoption of this amendment that its success will depend entirely upon its administration; but does anybody know what will happen under this bill? Does anybody know what the actual inflation will be? Does anybody know what the President, who is given full authority in the matter, intends to do?

In this connection, I desire to quote a portion of an editorial appearing in the Baltimore Sun of Sunday last:

It may be answered that there has been paralyzing uncertainty in the field of long-term investment for several years now, an uncertainty as to whether the continuance of a devastating decline in prices would eliminate earning power and result in unwelcome foreclosure. The substitution of one type of new uncertainty for old, however, avails little by way of fundamental relief for our economic woes. For the most part it merely changes the nature of the malady, and perhaps intensifies it by making the most sweeping financial readjustments depend upon the wishes of a single individual. If, after securing the power, which seems to be assured to him, to resort successively to increasingly drastic financial readjustments, President Roosevelt were to set up definitely measurable economic tests to be applied before taking the succeeding steps, or a specific time sequence to govern them, some of the curse of uncertainty might be removed.

As matters stand, however, adoption of the program would inject a devastating element of financial uncertainty, and in a field where an element of certainty is essential to basic economic recovery, if it is to be in charge of private enterprise. It is said that by putting forward his three-way plan President Roosevelt has headed off a headlong rush in Congress toward some wilder inflation scheme. In assessing that gain, however, it should be noted that Congress would presumably adopt some specific plan, however cock-eyed, and then go home for a time, while the administration plan proposes to leave almost everything up in the air to await the pleasure of an executive equipped with power to make the most sweeping financial changes. For self-protection the administration should try to modify its plan in the direction of certainty on what steps are to be expected if it wishes to promote recovery of the prevailing economic system.

The same paper on the day before had this to say about this amendment, Mr. President:

EYES ON THE PLANNERS

With the dollar dancing around on the foreign exchanges and the stock and commodity markets boiling, there is a tendency in seeking economic bearings at this juncture to concentrate on

these shows and the dazzling financial moves in Washington which have jazzed them up. It seems quite likely, however, that the economic bearing takers would serve themselves and their clients well by examining carefully what "the planners" are up to in Washington. For they hold some of the trump cards in the economic gamble, domestic and international, on which President Roosevelt has boldly embarked.

In a phrase, what President Roosevelt's financial program seems to mean is that he is prepared to shoot the works in an effort to make business and industry in the United States move out of the doldrums, from which they have been moving somewhat under their own steam of late. So far as credit and currency adjustments are concerned, he proposes first to employ a larger dosage of "easy money" through Federal Reserve System operations. That was tried on a large scale by the Hoover administration without success, but the Roosevelt administration apparently believes, with some factual support, that the business structure is straightened out enough to begin lapping up "easy money", thus expanding production and employment.

If the Reserve System, a privately owned enterprise, follows past Democratic Party preachment and does not acquiesce in being made a political subsidiary of the Roosevelt administration, or if "easy money" does not turn the trick desired, the administration then contemplates fulfilling the "sound currency" provision of its platform by printing a few billions of currency and tossing that into the business and industrial pot to see what it will do by way of making it simmer. Since 1929 we have had an enormous expansion of currency, and on April 19 the Federal Reserve Board reported $6,068,000,000 of currency in circulation, some billions more than were outside of the banks at the peak of the boom in 1929. But though this gigantic expansion of the currency since 1929 has not offset business decline, the administration apparently reasons that further dosage now may validate a therapy which thus far has proved an abysmal flop. And if credit expansion and currency expansion, or both, do not turn the trick, the administration seeks authority to change the gold content of the dollar within limits of 50 percent, or, in other words, to impose what amounts to a 50-percent capital levy upon a nation which only a few years ago was looking askance at the "subversive" British Labor Party for smiling upon the idea of a far smaller levy.

Mr. President, I cannot bring myself to the point of straining and stretching the various sections and paragraphs of the Constitution in order that Congress may find a way to relieve itself of its own responsibilities and to place in the hands of the President a power which the framers of the Constitution never intended him to have. It would seem, on the face of this amendment, that it is wholly unconstitutional. It deals with a subject that the Constitution has left wholly with Congress, and an effort is being made here to transfer that power to the President.

I assume that it is contended that the case of *Hampton* against *United States*, reported in Two Hundred and Seventy-sixth United States Reports, page 394, is sufficient authority for the constitutionality of paragraph 2 of section 34 of the amendment. While I believe the Supreme Court would distinguish the present question from its decision in that case, I do not propose to discuss in detail the decision in the *Hampton case*. I do desire, however, to call attention to paragraph (2) and see whether other Senators are as confused as I am with respect to its meaning.

In the first place, the President is authorized—

by proclamation to fix the weight of the gold dollar in grains nine tenths fine at an amount that he finds is necessary from his investigation to protect the foreign commerce of the United States against the adverse effect of depreciated foreign currencies.

That much of the paragraph is apparently clear and definite in its meaning. If it stood alone, there would be no difficulty in understanding what it meant. In connection with that which I have read, however, I desire to read the last few lines, which qualify this broad authority by the use of this language—

But in no event shall the weight of the gold dollar be fixed so as to reduce its present weight by more than 50 percent.

The present weight of pure gold in a dollar is 23.22 grains. Under the terms of this measure the President would be limited in his proclamation, and could not reduce the 23.22 grains to less than 11.61 grains; but it will be observed that there is nothing in the section which prevents the President from increasing the gold content of the dollar to—

an amount that he finds is necessary from his investigation to protect the foreign commerce of the United States against the adverse effect of depreciated foreign currencies.

It may be urged by those who know more about it than I do that it is not necessary to put a limitation upon the President which would prohibit him from increasing the amount of gold in the gold dollar, because the conditions just read are not likely to make such increase necessary; but what we are doing here is taking congressional action under that provision of the Constitution which gives us authority—

to coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures.

The act of Congress in the *Hampton case* referred to limits the President's power in both increasing and reducing the tariff; but here no limitation at all is placed upon his power to increase.

Now, let us take the next provision of the paragraph, which reads as follows—

Or in case the Government of the United States enters into an agreement with any government or governments under the terms of which the ratio between the value of gold and other currency issued by the United States and by any such government or governments is established, the President may fix the weight of the gold dollar in accordance with the ratio so agreed upon, and such gold dollar, the weight of which is so fixed, shall be the standard unit of value, and all forms of money issued or coined by the United States shall be maintained at a parity with this standard and it shall be the duty of the Secretary of the Treasury to maintain such parity—

And then follows the exception which I have heretofore quoted, limiting the reduction to 50 percent.

It will be observed that here are two conditions which warrant the President, under this paragraph, in fixing the weight of the gold dollar by proclamation. If the President finds it necessary to act under the first part of the paragraph, and he does act, does his action thereby become final, and is he unable to act subsequently under the second condition? In other words, if he acts to protect the foreign commerce of the United States against the adverse effect of depreciated foreign currencies, can he subsequently enter into an agreement with a foreign government whereby the weight of the gold dollar is changed from that originally fixed by him? He may conclude, for instance, under the first condition that it becomes necessary to reduce the value of the dollar by 25 percent and under the second condition that it becomes necessary to reduce it 50 percent. What I am interested in knowing is whether he can do both; and when he does both, and one is different from the other, which is the one that is controlling?

Mr. AUSTIN. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Delaware yield to the Senator from Vermont?

Mr. HASTINGS. I do.

Mr. AUSTIN. I should like to ask the Senator if he has considered the possibility of the President's being obliged by circumstances to make two different bases or standards with two different countries at the same time, and, if so, which one would govern as the standard for the United States under this measure.

Mr. HASTINGS. From a practical point of view it certainly seems to me that under the law he could fix only one; but the intent of the amendment and the language of the amendment are so drawn that we may reach any conclusion that we care to reach with respect to it. If we want to argue that he may do that, we may do so with some reason. If we want to argue that it seems unreasonable to do that, we may contend that. It is impossible for me to answer the Senator's question; and I propounded the question with the hope that the Senator from Mississippi [Mr. HARRISON], if he finds an opportunity, may take occasion to explain it to me.

That is not the only difficulty with this section. The second condition is based upon a case in which the Government of the United States enters into an agreement with another government under the terms of which the ratio between the value of gold and other currency issued by the United States and by such other government or governments is established. Does this section intend to give to the President the power to enter into agreements with other countries touching the question of the value of currency of this

Government as compared with the value of the currency of such other government?

It seems to me that the constitutional provisions, leaving to Congress the power to regulate the value of money and leaving to the Senate the ratification of treaties, never intended that any such important contract should become binding upon this country until the specific law had been approved by the Congress and the specific agreement with respect to it had been approved by two thirds of the Senate.

It has been pointed out that there is nothing mandatory in the amendment and that it merely gives to the President certain descretionary powers. Indeed, this makes the whole thing all the more objectionable. If the amendment itself set forth a definite and fixed policy, and gave to the President certain and specific authority to do a particular thing upon the happening of some event, it would not be so objectionable. There is, however, no policy set forth in the measure. It refers to an economic emergency, requiring an expansion of credit, and so forth, but there is no guide by which the Congress or the public can determine what the results will be.

Mr. Frank R. Kent, under date of April 23, aptly described what is being attempted and what may be expected. He states:

The fact is, there is no substance in the argument that the permissive character of the powers granted minimizes the force of such measures. The history of legislation is that when such discretionary authority is conferred the pressure to use it has been irresistible. Forces strong enough to compel the granting of the power are always strong enough to compel its use after the grant. There was no deep design upon the part of Mr. Roosevelt, either in the farm bill or the inflation amendment, to please every man with a patent-medicine cure by putting in his prescription and then not giving it to the patient. On the contrary, the various schemes were put in because legislation on these lines had to be passed, and there was no way of getting reasonable unity without including all the schemes in sight.

And if enacted they will all be used. Each prescription will be given a trial. The political druggists powerful enough to have them put in will be powerful enough to have the dose administered. Further, that is the administration philosophy. Here is a very sick nation. If one thing does not effect the cure, try another, Call in all the doctors. Put in all the prescriptions. Mix the quacks up with the qualified practitioners. Try everything. How does anyone know something won't work? It shouldn't, but it might.

I quote again from the Baltimore Sun an article by the editor, Mr. John W. Owens. I want to say, in this connection, that this paper is making the best fight among all the papers of the East against this dangerous legislation. Mr. Owens' article of Sunday has this to say with respect to it:

REVOLUTIONARY CHANGES FORESEEN IF ROOSEVELT KEEPS PRESENT COURSE—ADMINISTRATION HELD NEARING EDGE OF LEFT-WING RADICALISM, WITH POSSIBILITY PROGRAM OF REGIMENTED DOMESTIC ECONOMY WILL BE ADDED TO INFLATION

By John W. Owens

* * * * * * *

BOWS TO INFLATIONISTS

What happened was that Mr. Roosevelt bowed to the inflationists in Congress, and also to those outside of Congress. Precisely as the passage of the Black 30-hour bill through the Senate on April 6 set in motion strong forces for a planned economy to govern industrial production—forces to which Mr. Roosevelt has been giving encouraging nods of the head—so the powerful demonstration in favor of inflation in the Senate on April 17 turned his attention to inflation and caused more nods of the head. From the hour the Wheeler 16-to-1 bill was beaten by only 10 votes, and the House inflationists took heart and began yelling, the White House has been making inflation more and more respectable.

The gold embargo was a sympathetic nod to the inflationists, a nod that was coupled with the hope that the embargo would have a psychological effect on the markets, if not an intrinsic effect on prices. And then, in rapid order, came the agreements with the inflationists. These agreements were set about, it is true, by the administration's friends with garlands of cleverness. The President had agreed to assume discretionary power to institute one or more forms of inflation, and by his assumption of discretionary power Congress was robbed of the opportunity to rush pell-mell into some crude system of turning out printing-press money.

MAY NULLIFY OWN POWERS

But this may well prove to be another of those victories that no nation can afford. It is possible that Mr. Roosevelt will sit on the powers that are to be given him and crush them into nullity. But it is also possible that he has given character to a movement which his past professions and his party platform would lead one to believe were forbidden. If people are so formidable that they must be given a taste of victory, is it likely that they then will become submissive?

Mr. President, the author of the bill frankly states that if $200,000,000,000 should be taken from the credit class and given to the debtor class of the Nation no injustice would be done. It is impossible to listen to the speech he made on the floor of the Senate without reaching the conclusion that, in part at least, that is his expectation of what will happen when the bill goes into operation. It is known that the amendment had the approval of the administration before it was offered. It is assumed, therefore, that the author of the amendment has some concrete notions about what the President may be expected to do under this amendment. Our attention has been called to the fact that the products of the farm are selling at a very low level, that wages are low, and that men are out of employment, and it is expected that this inflation scheme will cure all of these ills, and cure them quickly. The history of the world furnishes no evidence that any such results will follow.

The Washington Post, under date of April 23, with respect to what may be expected under the operation of this measure, has this to say:

It is a well-known fact of history that the workingman is hit harder than anyone else by the debasement of monetary values. The wealthy interests protect themselves by shifting their holdings into stocks and various forms of tangible wealth. But the workingman whose wages are measured in terms of dollars must accept the cheap money from week to week and do his best to secure a larger number of dollars to offset their decline in value.

Prices cannot be permanently lifted by inflation unless the process of cheapening money is carried to such disastrous proportions that money becomes worthless. Great Britain experienced a moderate rise in prices after going off the gold standard, but prices soon subsided again, even in terms of the depreciated pound. At present commodity prices in England are lower than they were when depreciation of the pound began.

If the experience of the United States should be similar, workingmen in this country may be handicapped by higher living costs for a brief period. If the fundamental causes of industrial stagnation should remain uncorrected, further price declines or further inflation to offset such a tendency would be inevitable. In either case the country must come back face to face with elementary economic problems which cannot be solved by taking the value and certainty out of money.

Grover Cleveland, in his first annual message to Congress on December 8, 1885, in discussing the effect of cheap money upon labor and other classes, had this to say:

It may be said that the latter result will be but temporary, and that ultimately the price of labor will be adjusted to the change; but even if this takes place the wageworker cannot possibly gain, but must inevitably lose, since the price he is compelled to pay for his living will not only be measured in a coin heavily depreciated, and fluctuating and uncertain in its value, but this uncertainty in the value of the purchasing medium will be made the pretext for an advance in prices beyond that justified by actual depreciation.

The words uttered in 1834 by Daniel Webster, in the Senate of the United States, are true today: "The very man of all others who has the deepest interest in a sound currency, and who suffers most by mischievous legislation in money matters, is the man who earns his daily bread by his daily toil."

The so-called "debtor class", for whose benefit the continued compulsory soinage of silver is insisted upon, are not dishonest because they are in debt; and they should not be suspected of a desire to jeopardize the financial safety of the country, in order that they may cancel their present debts by paying the same in depreciated dollars. Nor should it be forgotten that it is not the rich nor the money lender alone that must submit to such a readjustment enforced by the Government and their debtors. The pittance of the widow and the orphan, and the income of helpless beneficiaries of all kinds, would be disastrously reduced. The depositors in savings banks and in other institutions which hold in trust the savings of the poor, when their little accumulations are scaled down to meet the new order of things, would, in their distress, painfully realize the delusion of the promise made to them that plentiful money would improve their condition.

Some 11 years later the great Bryan brought the cheap money issue before the American people in his sensational "cross of gold" speech, in which he said:

If they dare to come out into the open field and defend the gold standard as a good thing, we will fight them to the uttermost. Having behind us the producing masses of this Nation and the world, supported by the commercial interests, the laboring interests, and the toilers everywhere, we will answer their demand for a gold standard by saying to them: You shall not press down upon the brow of labor this crown of thorns; you shall not crucify mankind upon a cross of gold.

Following the nomination of Mr. Bryan this country waged a very sensational and exceptional campaign. It was finally decided in favor of sound money. The issue shortly thereafter disappeared, and in the last campaign, 36 years later, the Democratic Party in its platform declared:

> We advocate a sound currency to be preserved at all hazards and an international monetary conference called on the invitation of our Government to consider the rehabilitation of silver and related questions.

An editorial in the New York Herald Tribune of April 21, entitled, "The Strategic Gains", enters into a discussion of the Thomas amendment. The editorial emphasizes the dangers of the amendment in the following language:

> The risks of the new position, the appalling powers which it will place in the President—powers at a stroke to make and unmake the dollar, the price level, the wage level—lie on the other side of the scales. The plan proposed has an all too professorial air of neatness; it would undoubtedly work beautifully in a perfect world, where there were neither politicians nor selfish groups nor hungry nations. In a world of sin and confusion, operating under the jealous eye of a Congress that yearns to start the printing presses, it can hardly fail to start as many new problems as it has solved.

It then proceeds to call attention to the fact that in the Congress there exists a strong feeling in favor of inflating the currency, and the editorial concludes that the matter is probably safer in the hands of the President than it is in the Congress. I quote, referring to the President:

> We are glad to reiterate our confidence in the essential soundness of his financial faith. We still believe that he has no intention of abandoning his pledge to uphold the dollar, and that he will use wisely and carefully the extraordinary powers for which he asks.

I am wondering if the writer of that editorial was relying upon the pledge in the Democratic platform and the speeches made by the President relating to this question.

On July 30, 1932, the President in opening his campaign and in discussing the various provisions of the party platform, said:

> To meet this staggering deficit the administration has resorted to the type of inflation which has weakened public confidence in our Government credit both at home and abroad.

Again, he said:

> Let us have the courage to stop borrowing to meet continuing deficits. Stop the deficits. Let us have equal courage to reverse the policy of the Republican leaders and insist on a sound currency.

And again in the same speech:

> Muddled government finance creates a general uncertainty concerning the value of national currencies; this uncertainty has a way of spreading from country to country. The world is tormented with it now.
>
> It is obvious that sound money is an international necessity, not a domestic consideration for one nation alone.
>
> We face a condition which at first seems to involve either an unbalanced Budget and an unsound currency or else of the Government to assume its just duties—the relief of distress and protection against loss of savings built up through many years by numberless small investors. This concerns you, my friends, who managed to lay aside a few dollars for a rainy day.

In his inaugural address he used this language:

> There must be an end to speculation with other people's money, and there must be a provision for adequate and sound currency.

I am wondering, Mr. President, as I read these extracts from the speech of the candidate who was elected in November last, whether it could have been reasonably anticipated by any person casting a vote for such candidate that he would request or approve any such measure as that now before the Senate. The quotation from his inaugural address was, of course, made after the election, but was there anything in that sentence I have quoted which would indicate that he believed any such measure as this could be called "sound currency"?

He rightly condemns the practice of speculating with other people's money. I take it that that refers in particular to the banks of the country. It has been stated time and again that the banks are merely trustees for the depositors, and as trustees they should be held strictly accountable for the funds of the depositors. It may be said also that the directors of the banks are the trustees of the stockholders, so that they act in a dual capacity, as trustees for two groups of persons. The speculation here referred to applies to the money of the depositors only.

As I read this language of the President, and believe with the great mass of the American people in his sincerity when he stated it, I am wondering how he can justify placing himself in a position where he can by merely writing his own name to a paper change the value of the purchasing power of the American dollar; make $1 pay a $2 debt; increase the necessities of life for a family from $10 to $20; and reduce the value of Government bonds, payable in gold, to one half their present value.

I, of course, do not use the word "speculate" in the same sense that the President used it in his inaugural address, but when we pass this bill and the President begins to exercise the authority given him under it, how can it be said that he does not immediately begin speculating with all the money of all the people of the Nation?

This speculation immediately creates an uncertainty and cause for speculation on the part of every person in the land whether that person be a wage earner, a widow with a small income, or of that class which the Senator from Oklahoma insists has $200,000,000,000 more than it ought to have.

Mr. President, in the same inaugural address, the President comments upon the fact that the "money changers" had been driven out of the temple. "Money changers" are rather ugly words and, as used here, were intended to apply to people who had done something wrong. There was no definite description by the President as to just what class of people he had in mind. He certainly did not intend it to apply to reputable bankers of the country, and I do not suppose that he meant it to apply to all members of the stock exchange; but I think the people of the country got the impression that he referred to that group of speculators that had so much to do with taking the stock market to its great height prior to the end of 1929. We have been led to believe by the author of this amendment that its specific purpose is to cheapen the dollar; raise agricultural and commodity prices, and he says:

> If the amendment carries and the powers are exercised in a reasonable degree, it must transfer that $200,000,000,000 in the hands of persons who now have it, who did not buy it, who did not earn it, who do not deserve it, who must not retain it, back to the other side—the debtor class of the Republic, the people who owe the mass debts of the Nation.

And now let us see what has happened since it was known that the administration had changed its course with respect to currency. Let us see whether the farmers have been benefited, or whether the speculators have been injured.

On April 19 at 10:30 in the morning, the President announced to the newspapers that the American dollar would not be supported abroad. On the very morning of April 19 there began a sensational rise in the stock market. The newspapers carried the story of the many millions of shares of stock that were traded in that very day. The next day, the 20th, the announcement was made that the President would support an inflation of the currency. The newspapers also carried the story in this connection that on the evening of the 18th of April the President had his advisers about him, conferring with them upon this subject. How can it be explained that the stock market had such a sensational rise on the 19th, except that the speculators had what may be called "inside information"? I want it distinctly understood that in making this suggestion I am in no sense reflecting upon the President, nor am I reflecting upon any of his advisers. I am quite certain that that conference was a confidential one and was so understood by all those who participated in it. I merely call attention to the fact that it is impossible for the President, who must of necessity consult other people, to prevent his plans from being known to a few people before they are announced to the world. I call attention to this as being a fact which cannot be controverted and which cannot be prevented by the most scrupulous and the most careful. In other words, it is a

perfectly natural thing that when a few people know a secret, many people know it very shortly thereafter. Therefore, in the operation of this bill by which such tremendous power and authority are given to the President, he will of necessity consult those in whom he has confidence, and it will be impossible for him definitely to decide upon any action and announce it to the world without it being known beforehand to a few of the so-called "speculators", who will undoubtedly take advantage of it. Under this identical amendment the first proposition is to be submitted to the Reserve Board. The energetic newspapers will soon ascertain whether that Board is to act or will refuse to act. If they do act, and it be ascertained that the $3,000,000,000 inflation under the scheme laid out for the Federal Reserve Board is not sufficient, then the President is authorized to issue $3,000,000,000 additional under the act of February 25, 1862. His action will have a tremendous effect upon the Nation and upon the world. Will it be possible for him to keep it a secret? Will it be possible to prevent a few people from ascertaining that fact before it is made known to the Nation, and does anybody doubt that the speculators will have some way of getting the information and taking advantage of it before the farmers of Oklahoma will reap much benefit from it?

Between the opening of the stock exchange on Wednesday, April 19, and the closing of it on Monday, the 24th, a period of 4 days' operation, the value of the stocks listed on the Stock Exchange of New York increased by approximately $5,000,000,000.

If the distinguished Senator from Pennsylvania had been sitting on the other side of the aisle and had been urging the adoption of the pending proposal and the stock market had gone up at the same rate during the 4 days, he would have been charged, I insist, with being controlled by the money interests of the Nation and would be condemned on that account. I say it is just as fair to charge the distinguished Senator from Oklahoma with being in the pay of the speculators as it is to charge the distinguished Senator from Pennsylvania with being opposed to this measure because he represents interests in his own State that have large stakes in connection with the inflation of the currency.

The prices of farm commodities have increased also, perhaps, but I am wondering if any farmer in Oklahoma up to this point has been able to feel the effects of it or get any of the benefits from it.

Now, Mr. President, I wish to read a telegram that I received yesterday morning from Chicago. It is as follows:

CHICAGO, ILL., *April 24, 1933.*

HON. DANIEL O. HASTINGS,
Senate Office Building:

In this great national emergency I hope you can give your sympathy and support to a program of controlled and sound inflation and to cooperate on pending legislation. It has been currently demonstrated that only the mere talk of controlled inflation has brought about a substantial recovery in prices and buying power, and obviously the actual passing of effective legislation will certainly bring immediately a much greater advance in prices and buying power. This program will naturally help not only the great mass of individuals but will also on a wide scale thaw out and liquefy a high percentage of the present frozen assets of banks, insurance companies, and other institutions. In addition to the many important financial benefits to our Federal, State, and local Governments the relationship of the debtor and creditor classes would quickly tend to a more fair and equitable basis. Your cooperation at this time would prove most valuable.

Mr. President, I have no notion that the distinguished Senator from Mississippi [Mr. HARRISON] had anything to do with that telegram being received by me, but I did not know the sender of it, and I was interested to find out whether he was a farmer and hoped to get benefit from this measure or just what his interest was. So I made some inquiry in Chicago about him, and I found that he is the president of an aviation company. I also found that the stock of his company is listed on the New York Stock Exchange; and I also found that within the past 4 days it has increased 50 percent. That is the kind of interests that are urging me to support this bill so far as I have been able to ascertain them. I may add that I understand other Senators have received similar telegrams.

Mr. President, there is one other article to which I desire to refer, but I cannot, for the moment, put my hands on it. I do, however, want to call attention to an open letter which was sent by the People's Lobby, dated April 24. I desire to call attention to the fact that Rexford G. Tugwell, who, I think, is Assistant Secretary of Agriculture, is a member of the council of the People's Lobby. I have previously had communications from the People's Lobby. I do not agree with all they say, but I do want to read portions of this letter into the RECORD. It is directed "To Members of Congress":

The soapsuds-money advocates are vociferous, but by 1934, and probably within 6 months, their stupidity would bring increased suffering to countless millions of voters, who will act accordingly at the next election.

A reported $8,000,000,000 increase in the price of stocks during the past week is the advance "benefit" of soapsuds-money advocacy.

They were too high a week ago, but neither farmers, the unemployed, nor wage-earners shared in this increase, though probably several soapsuds-money advocates made a killing, as well as other wealthy Democrats.

Debts and interest rates, Government and non-Government, must be reduced at least a third, but no one except a fool advocates tearing down a house in order to repair the roof.

Senator THOMAS' proposal, carried to its logical and probable conclusion, would produce the following results:

1. Start another 1929 bull market, with equally disastrous results, but large profits to the owners of both parties.
2. Cut wages and salaries a quarter to a half.
3. Take away from farmers in higher prices for what they buy most, if not all, of such benefit as they might possibly derive from higher prices if the lure of anticipated higher prices didn't result in the inevitable orgy of overproduction.

Even Democrats should be realists, not theorists.

4. Start disastrous speculation in city and farm lands.
5. Compel Federal, State, and local Governments to increase several fold their appropriations for relief of the unemployed and their dependents.
6. Compel the Federal and State and local Governments at least to restore wage cuts, if not to increase them above the level before wage cuts.
7. Reduce the face of life-insurance policies and the purchasing power of savings accounts by two thirds to three quarters.
8. Unbalance Federal, State, and local Governments beyond possibility of balancing without a drastic capital levy.

Inflation is a coward's or a crook's method of evading the program of economic reconstruction which the aftermath of the Democrats' World War has made immediately necessary.

Mr. President, before closing I desire to refer to what I consider the most offensive part of this amendment. I have heretofore at various places undertaken to defend the Congress of the United States. In my own State I hear criticism of Members of the Senate who disagree with me and who sit on this side of the Chamber. I undertake to defend their attitude, to insist upon their sincerity, to insist upon their honesty, and to call attention to the fact that they come from States and live among people where the conditions are entirely different from those with which the people of my State, for instance, are accustomed. I have on more than one occasion referred as an illustration to the fact that it would probably be impossible for the distinguished Senator from Nebraska [Mr. NORRIS] to be elected to the United States Senate from the State of Pennsylvania, and I have in the same breath said that I know it would be impossible for the distinguished Senator from Pennsylvania [Mr. REED] to be elected to the United States Senate from the State of Nebraska. The whole difficulty is that we have our points of view, depending upon our contacts with out people at home.

I have undertaken to defend the Congress. I have done it against the attacks of the newspapers, the editorial writers and the magazine writers all over this country of ours. But I say that if the Congress keeps on I shall undertake to defend it no longer. I say if this bill becomes a law of the land with this amendment in it, then the Congress ought to fold its tent and go home. I say that at the same time it ought to fold the Constitution and seal it and appoint a distinguished committee to take it to the White House and lay it in the lap of the President of the United States.

What is it we have done in the last few weeks that makes the people say that the Congress amounts to nothing and cannot amount to anything in the future? The first thing



we did was to pass the bank bill. Many of us believed it was necessary. Many of us believed it was necessary to give extraordinary powers, and notwithstanding the criticism of the senior Senator from Mississippi [Mr. HARRISON], we agreed heartily with all the administration recommended.

Then came the economy bill. After a protest about the authority given to the President, it was urged upon me that it was necessary to save the Nation, and I put my tongue in my cheek and voted for that bill also.

Then came the farm bill, which undertook to make a king out of the Secretary of Agriculture, giving him powers over the farmers of the Nation, giving him powers over the processors of the Nation, giving him power to license or refuse to license them, powers that no individual ought to have. As the Senator from Virginia [Mr. GLASS] said with respect to those powers:

> I might say that there is no human being who has ever been created by God upon whom I would confer the authority and the power that this bill undertakes to confer upon the Secretary of Agriculture.

May I invite the attention of the Senator from Virginia to the fact that what we have given the Secretary of Agriculture is nothing compared with what we are about to give the President of the United States—power in dealing with the American dollar, shifting it back and forth from day to day until nobody will know what it will be worth tomorrow or next day or next week, and we will have to look at the papers to see what it was worth the week before.

That is not all that is being asked of us. We hear it said through the newspapers that the Secretary of Labor is urging upon the lower House to modify the Black labor bill so it will be possible to control the industries of the Nation and see to it that no more is produced than the Nation is ready to take and use. That is an additional power for which the distinguished Secretary says she is not asking. For what is she asking? She suggests that instead of giving her the power it be given to a board of certain members of the administration mentioned by her.

Our attention was called to the fact by the distinguished Senator from Pennsylvania [Mr. REED] the other day that this is not all. There is before the House of Representatives a recommendation from the President that he be given authority to change and modify and cancel the contracts made by the United States Government with its citizens.

These are the 4 or 5 things we have been asked to do, and I repeat that we ought to fold this miserable congressional tent and go to our homes. We ought to take the Constitution, preserve it as much as we can by sealing it, and take it to the White House and lay it in the lap of the President.

Mr. President, if the situation were not so serious, I would suggest that before we do that we should create some crowns for these new kings. To the President we ought to give a crown of gold. The distinguished Secretary of the Treasury perhaps will be satisfied with one of silver. For the distinguished Secretary of Agriculture we might make one of cotton. In doing this we ought not to forget the "brain trust." I suggest to the Senator from Pennsylvania that we take some of the greenbacks and make decorations out of them and present them to these advisers of the President, these professors of the Nation, giving them these decorations in memory of what they have done to eliminate Congress from further use for all time to come.

Mr. President, before I close I want to read into the RECORD an editorial. So far as I can recall, William Randolph Hearst has never written an editorial with which I thoroughly agreed before, but I want to read this one because I admire the stand he has taken. We all know what influence he had in the nomination of President Roosevelt. We all know what influence he had in his election. I congratulate him upon having the courage at this time—I am sorry he did not have it a few days ago—to write this editorial so that the poor people of the Nation, for whom he is always fighting and who read his papers, may look and as they run may read what he says with respect to this miserable, insane bill that is presented here, and which we on this side of the Chamber, regardless of what we think about it, know in the end we have to swallow. The editorial is as follows:

A SUPINE CONGRESS

To the EDITOR OF THE WASHINGTON HERALD:

I think we should have a series of editorials insisting that Congress resign and allow the people to elect a Congress which has the capacity and the disposition to perform its functions under the Constitution.

The people admire Mr. Roosevelt very much, but they admire him as a President, not as a dictator.

Congress is going contrary to the registered vote of the people, and contrary to the spirit of the Constitution, and contrary to the purposes of the founders of this republican form of government when it shirks its own duties, abandons its functions, and turns over its powers to the President.

Mr. Roosevelt is a good President, and he might not abuse these powers; but the wisdom of the founders contemplated the possibility of a bad President, who would misuse powers which were too largely entrusted to him.

They created a government of three coequal branches: the executive branch, the legislative branch, and the judicial branch.

They defined the powers of each, and they took pains to see that one branch should not encroach upon the powers of another.

There is nothing in the character of the present Congress to lead anyone to suppose that they have more wisdom than the founders of this Government.

In fact, the abandonment of the powers of Congress, who are the most direct representatives of the people, is not based on any worthy motive.

It is due in the main to cowardice as well as incompetence. If there is anything to be done which obviously ought to be done in the interests of the whole country, but which nevertheless might jeopardize the seat of some Congressman, these Congressmen can almost certainly be found regarding the situation from the point of view of their own interests and not from the point of view of the Nation's interests.

Consequently, these Congressmen decline to do the rightful thing and prefer instead to turn the powers of Congress over to the President, with the purpose of letting him do it and take the consequences.

A Congress of such cowardly and incompetent character is unworthy to represent the people of the United States.

It is willing, in order to save itself some onerous obligations, to try to make a dictator out of the Executive, to upset the balance of the coequal branches of government which the fathers of the Republic provided for in the Constitution of the Nation, and to establish evil precedents which may return to plague us, and possibly to destroy the democratic character of our Government, if at some future time a less worthy and less unselfish Executive should occupy the Presidential chair.

We have, in fact, the singular spectacle and the disturbing situation of a Democratic Congress which does not believe in democracy, and which furthermore does not apparently believe in the fundamental principles of republican government on which this Nation is founded.

It is idle to hope that this Congress will resign; but an amendment to the Constitution should be offered which would enable the voters to recall Congressmen who are incapable of performing properly and constitutionally the duties of their office.

WILLIAM RANDOLPH HEARST.

Mr. FLETCHER. Mr. President, I shall be very brief in the remarks I am about to make. I particularly want to bring to the attention of the Senate not merely some theories on the subject of inflation and the subject of depreciated currency but to show, if I may, some actual experiences which have been taking place throughout the world in the last 2 years.

It is not a question of what effect this procedure may have. It is a question of what has been the experience of the various countries for the past 2 years. I should like to point out that there seems to be considerable confusion on the subject of going off the gold standard and on the subject of what inflation means, what deflation means, what reflation means, what "controlled currency" means, what the gold standard means, what the silver standard means. I do not wonder there is confusion about it, because people generally have not devoted very much attention to the subject. It is more or less complicated. In order to understand the monetary problem or the currency question one would have to devote a great deal of time and study and concentration to it. We cannot understand it by a casual discussion here and there. It would take a great deal of time to go into the science of the whole question, and I shall not venture into it at this time.

Generally speaking, the people have not given it a great deal of attention and they do not understand it. Very few people understand it. I think some of the classical econo-

mists, the conservative economists, the progressive economists, the economists of all varieties, and the experts of all varieties, indulge in a great deal of theory when as a practical matter they do not really grasp the whole problem. It is confusing to read what they have to say about it.

The question, of course, is a very important one. As the Senator from Oklahoma [Mr. THOMAS] said the other day, there is no matter of more importance that has confronted the Senate or the country than the question now before us. What is money? What is currency, gold, silver? What is money? We have a general idea about it, but we rarely ever fully appreciate the importance of money.

Recently I read a very interesting pamphlet on the subject of money by Lord Desborough. It is quite an interesting pamphlet. He shows the significance of that question—what is money and how does money measure value? This is the situation in which we find ourselves, as quite well expressed by him:

> The world is admittedly suffering from a catastrophic fall in the level of commodity prices, followed by contraction of credit, wide-spread bank failures, financial crashes, state defaults, and repudiation of debts, which have diminished the available money of the world and caused serious economists to state in an official document (see the Report of the Gold Delegation of the Financial Committee of the League of Nations, June 1932) that it is doubtful if this process continues whether our present civilization can survive.
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> What is wanted is a stable measure of value for the whole world, East as well as West, which can be secured by having one standard founded on the two precious metals linked together by a ratio.

His thesis is that the money for the world ought to be upon the metallic basis of gold and silver on a ratio settled by agreement among the nations of the world, at least among the important nations. I do not need to go further into that question. That is foreign to my thought now—whether we ought to have the gold standard or the silver standard, or both gold and silver, or whether we ought to have any metallic standard at all. We can get along perhaps with a standard that does not involve either metal.

I submit that if Senators will read the argument presented by Lord Desborough, they will be strongly convinced that he makes out a splendid argument for the bimetallic standard of both gold and silver, holding that there is not sufficient money in the world to supply the needs and requirements of world business, and that there is need of both gold and silver as a standard. Someone has suggested half of each, on a ratio, however, which may be agreed upon, not fixed arbitrarily by one nation.

Lord Desborough says further in his discussion here, emphasizing the situation and the needs:

> Money, we are told, among other things, is a measure of value and a medium of exchange. How does money measure value? That is the most important point.

And then he proceeds:

> Aristotle, who lived in the fourth century before our era, showed this insight when he said, "Money, then, has been made by agreement, as it were, a substitute for demand, and is so called because it exists, not by nature but by law, and it is within our power to change it and make it useless for the purpose. But money itself is not always of the same value."

Undoubtedly Aristotle laid down some very sound views about 400 B.C. when he set up these principles: First, that money exists by law and not by nature; second, that money derives its power not from the miscalled intrinsic value of the substance of which it is made but from the law, which can give or take away that power; and, third, that money is not always of the same value.

> A great writer has compared the operation of money upon society to the circulation of the blood in the human body, and yet another has declared that without money organized society was inconceivable. * * * The historian Allison does not hesitate to attribute the two greatest events in the history of mankind—the fall of the Roman Empire and the resurrection of mankind from the disintegration of society which is known as the Dark Ages—as directly due to monetary causes. The Roman Empire fell because it was bankrupt, owing to the decline in the produce of the gold and silver mines of Spain and Greece and elsewhere. Her home agriculture ceased, as it no longer paid to till the ground, and her hardy agricultural population had been driven from the soil to swell the needy rabble of Rome; Italy was a husk through which the invader marched almost without opposition, and the Empire being bankrupt could no longer put armies in the field. Following the fall of the Roman Empire we have the Dark Ages, when money practically disappeared.

I need not dwell any longer upon that subject to indicate the importance of solving this question of a proper monetary policy.

In elaborating on his views, Lord Desborough cites John S. Mill, who says:

> The value of money—other things being the same—varies inversely as its quantity, every increase of quantity lowering the value, and every diminution raising it in a ratio exactly equivalent.

In other words, he developed a quantitative theory of money. It may be summed up in the words of Professor Nicholson, namely, that it is admitted by every economist of repute. Those who indulge in that view went so far as to hold that the essence of money is quantity and limitation.

> In considering money as a measure of value we are brought face to face with the fact that its essence consists in its numerical relation to the commodities and services which it measures. The value of each unit depends upon the number of units which are out; in short, the unit of money is all money.
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> Money * * * is a creation of the law, which can make it and unmake it, and it is not always of the same value, and, as was laid down by the jurisconsult Paulus, it derives its power not from its substance but from its quantity.

Those are views that are set forth very strongly in this pamphlet, and I submit that they are quite impressive.

At page 16 the author says:

> I am now considering metallic money, the money made of the two precious metals, gold and silver, gold for the West and silver for the East, on which there has been raised a great volume of credit on a very insecure basis. There never was enough gold to pay debts in gold or to carry on the business of gold standard countries; indeed, if all the monetary gold in the world were collected, it would only pay about one third of our national debt.

There was some discussion here the other day with regard to paying our bonds that are payable in gold and gold certificates with gold upon demand, and all that sort of thing; and because the Senator from Nevada [Mr. PITTMAN] said that there was not enough gold in our possession to pay off all the obligations of the Government that are payable in gold, the Senator from Pennsylvania [Mr. REED] raised a great disturbance about it and was wondering if the Senator from Nevada meant to contend that we had to repudiate our obligations. Not at all. What the Senator from Nevada said then was precisely what Lord Desborough says here:

> If all the monetary gold in the world were collected, it would only pay about one third of our national debt.

In other words, we have about $4,300,000,000 of gold in our possession, with $21,000,000,000 of bonds payable in gold. Of course, if all the millions of bondholders from all over the world mobilized and marched in solid phalanx to the Treasury at the same hour of the same day they could not all get the gold for their bonds; but everybody knows that that never would happen in the world. It would be utterly impossible to get all the bondholders and gold-certificate holders together at the same time and have them call upon the Treasury on the same day for their money in gold. As a matter of fact, we know that the bonds themselves are payable in different years, 20 years apart, and all that sort of thing. So that while we have not in our possession enough gold to pay all our obligations in gold at one time, neither will we ever be called upon to perform such an act as that. It is utterly out of the question. We will take care of our obligations in good faith, every one of them, and pay them in gold.

It is estimated that $4,000,000,000 of actual gold would justify the issuing of obligations of over $20,000,000,000 and be on perfectly safe ground. All wise economists admit that, and all kinds of economists that I ever heard of. So that we are not in danger of repudiating any obligation. There is no call for any such thing as that. We are in a sound

position in every respect and could issue five times more bonds and gold certificates than we have the gold on hand to meet now. So that that is just what is stated here.

This author goes on further to say:

The pyramid of credit reared on the narrow gold basis has toppled over, and, for various reasons has collapsed. Bank failures all over the world, defaults of governments, nonpayment of dividends, financial crashes of great speculative concerns, following on the fall in prices, have reduced the composite money of the world and impeded the velocity of its circulation, and so reduced its effective power.

He is here advocating the use of silver, together with gold, as a basis of currency.

What is wanted—

He says—and this, I think, is absolutely sound—

is a stable monetary measure of value, not indeed to stabilize prices at their present level, which the MacMillan report said would be disastrous, but at the level of 1928—

The talk here is about stabilizing prices at the level of 1926. I think perhaps that would be a sounder basis—the wholesale commodity price index of 1926.

and to keep them at that level. Objections are raised to what is called a "manipulated currency"—

And so forth. He says:

That some remedy must be found and found soon is, I think, very generally admitted, and a grave warning is to be found in the note to the Report of the Gold Delegation of the Financial Committee of the League of Nations, June 1932. It is signed by M. Albert Janssen, Sir Reginald Mant, and Sir Henry Strakosch, and concludes with these words:

"It may be truly said that international trade is being gradually strangled to death; if the process continues, millions of people in this economically interlocked world must inevitably die of starvation, and it is indeed doubtful whether our present civilization can survive."

That shows the importance of the question we are dealing with now; and it is the view of thoughtful men speaking seriously not only to their own body but to the world. That is the situation in which we find ourselves.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. FLETCHER. I yield to the Senator from Maryland.

Mr. TYDINGS. I agree that that is the situation. Does not the Senator feel that we will achieve the aim which these gentlemen inferentially think we should try to achieve by not devaluing our money and going into the very spiral which they warn us not to enter upon?

Mr. FLETCHER. I think it is very important, I will say to the Senator, that we reach some international agreement with reference to the basis of the currencies of the world. I think it is very important to do that. If we have to wait too long for that—if that is not possible or feasible—then each country must act for itself, just as they have been doing.

Mr. TYDINGS. May I borrow the Senator's pamphlet for just a minute, at the point where the Senator was reading?

Mr. FLETCHER. Yes.

Mr. TYDINGS. Let me read this, and show what this will mean:

It may be truly said that international trade is being gradually strangled to death; if the process continues, millions of people in this economically interlocked world must inevitably die of starvation, and it is indeed doubtful whether our present civilization can survive.

I think that is 100 percent true; and what I wanted to observe was that if we adopt the policy incorporated in this amendment we are doing the very thing which the pamphlet the Senator has in his hand says should not be done.

Mr. FLETCHER. I do not quite agree that the premises stated call for the conclusion that is reached. It is, of course, a question about which people may differ as to what our policies are leading to, and what the conditions will be if we adopt this particular policy, or what they will be if we do not adopt it. It is very difficult to say; but in a few minutes I am going to cite some actual examples of what has been done in other countries, and with what effect.

Mr. BARKLEY. Mr. President——

Mr. FLETCHER. I yield to the Senator from Kentucky.

Mr. BARKLEY. As I recall, the distinguished British author of that pamphlet finally comes to the conclusion that the remonetization of silver is the solution of the problem which he discusses.

Mr. FLETCHER. Yes. He believes in both silver and gold being the metallic basis of currency.

Mr. BARKLEY. And he suggests international agreements.

Mr. FLETCHER. Yes.

Mr. BARKLEY. As a matter of fact, in 1890, I think, the Congress of the United States authorized the President to enter into international agreements for the stabilization of coined money by the remonetization of silver. Of course, nothing came of that; but it was because of that that in 1896, in the famous Bryan-McKinley campaign, Mr. Bryan took the position, without regard to anybody else's consent, or any agreement, that our country ought to enter upon that policy, and it was largely in view of the fact that for 6 years the President had had the authority and it had not been exercised.

Mr. TYDINGS. Mr. President——

The PRESIDING OFFICER (Mr. BYRNES in the chair). Does the Senator from Florida yield to the Senator from Maryland?

Mr. FLETCHER. I yield.

Mr. TYDINGS. One reason why I have not supported the 16-to-1 silver proposal, although I recognize that sooner or later nations must buy up silver in order to stabilize silver money, is the fact that if we set that ratio, silver countries would be tempted to melt up their remaining silver coin and dump it in the United States for sale. Our Government would be called upon to buy all the dumped silver money in the world, now amounting to about four and a half billion dollars, in order to keep our ratio of 16 to 1.

If the Senator will permit me to go on for just a moment more in his time—I do feel, however, that if we can effect, in the coming world conference, through international agreement, a situation where nations will state that silver will not be dumped in the future, then we will be in a position to stabilize silver, which we cannot do very well in the absence of such an agreement.

There have been 541,000,000 ounces of silver money melted up and sold on the silver markets of the world since 1920. If we had a 16-to-1 standard in this country, we would have to buy in exactly that quantity of silver from the other countries of the world in order to stabilize silver and gold in the United States, because it would seek the highest market for a place of sale.

Mr. FLETCHER. Mr. President, I trust the Senator will not entice me off onto the silver question. I do not want to get into that discussion now. I want to hurry on and make just a few points with reference to the matter before us, referring to the position taken by this author. He says:

Owing to the increase of trade and population the stock of gold is quite insufficient at the present time to form the basis of the great volume of credit on which the business of the world has to be carried on. More legal-tender money is required to stop the catastrophic fall in commodity prices; confidence is not enough; the more confidence you have when prices are falling the more money you lose. Deflation should be cured by reflation, and a return to the old bimetallic system of one money founded on the two metals, linked together by a ratio, would seem to provide the best method of reflation where a metallic basis is required for a currency.

That is the argument he makes. He says further:

The ideal solution would be an agreement between the leading countries of the world to establish an identical ratio, but the British Empire with India and the countries on sterling might well be able to establish and maintain a ratio. * * *

Faced as we are by the most deplorable conditions of general bankruptcy, not only of individuals but of States which cannot meet their obligations, of unremunerative trade, of unemployment, and of crushing taxation, it is our duty to study the causes and if possible find a remedy.

While our friends on the other side criticize what is proposed here and undertake to tear the whole plan to pieces and ridicule it, they do not offer anything themselves. There is not a constructive suggestion they can make.

What are we going to do about this situation? That is the problem. We must do something. All thinking people admit that the present conditions are intolerable and that we have to do something. This author says further:

The chief cause seems to be admitted to be the great drop in the price of staple commodities.

I think that is true. What are we going to do to raise the prices of commodities? Are we just to wait and let ourselves drift until we are supposed to strike bottom permanently and then hope to recover from that condition? Something ought to be done about it. This author continues:

This is not due to overproduction, as can be shown in the figures of production of such leading commodities as wheat, copper, silver, and cotton, the production of which has fallen off rather than increased during the last 3 years. So, if there is any truth in the quantitative theory of money, the crisis may well be a ——— one and the cause of our misfortune be not the overproduction of commodities but the underproduction of money.

This may be cured in various ways, and in the present circumstances the reflation of silver to its old place in the monetary system would seem to be the sound one.

As I have said, we cannot afford to just say we are going to let things take their course and expect that things will eventually wear themselves out and the country come back. Some effort ought to be made to relieve the situation, and the rise in commodity prices is conceded by economists and other thinking people all over the world as the essential thing to be reached now.

There is considerable confusion about the question of going off the gold standard. I read now from a pamphlet entitled "How to Restore Values", by Ambrose W. Benkert, in collaboration with Earl Harding. I do not know these gentlemen personally, but I have read their pamphlet, and I think it is well written. It is logical and clear, and they certainly have shown by what they have furnished here that they have been studying this subject. They say, at page 21, under the heading "Currency Depreciation":

This procedure demands that the value of the circulating medium—in our country the dollar—shall be brought below parity with gold. This cannot be accomplished as long as it is possible, on demand, to exchange currency for gold, dollar for dollar. It requires a suspension of specie payment, or, as it is popularly called, "going off the gold basis", or "abandoning the gold standard."

"Going off gold" is a misnomer, inasmuch as the Government does not abandon the use of gold as a metallic reserve or as a foundation for its currency system; nor does suspension of specie payment affect the use of gold for settlement of international balances.

I think it is well to keep in mind, and it is quite understood, when people talk about abandoning the gold standard, going off gold, and so forth, that they think gold is absolutely discarded. We are still on the gold base and gold is the foundation of our currency. It must be used in all international settlements.

I was going to speak about the subject of what some call inflation, but it may be called expansion, it may be called depreciation of the gold dollar.

The primary objection to any arbitrary and immediate reduction of the gold content of the dollar arises from the impossibility of determining in advance what amount of depreciation is necessary to restore fair price levels.

That, I think, is true.

Since the war many important nations have reduced the weight of gold in their monetary units, but in no case was it done until actual depreciation of the currency had taken place following the country's abandonment of the gold standard and not until such depreciation had restored relatively fair price levels within the country. Revaluation of the currency in terms of gold was then based upon the generally accepted sound ratio between the volume of currency and the amount of the country's gold reserves. In France, under this procedure, the weight of gold in the franc was reduced by four fifths; in Italy, in the lira, by three fourths.

While approximately 30 other nations are off the gold standard at present and the currency in each has depreciated, none of them has redefined the gold content of its monetary unit. In the experience of these nations, and not in the realm of theory, lies the answers to the questions:

1. What effect does currency depreciation have upon domestic price levels and prosperity?
2. How can depreciation be best accomplished?

We have observed the operation of currency depreciation during years of recurring and prolonged visits in 16 foreign countries, including all the leading nations of Europe and South America.

I am reading from page 23:

Opponents of currency depreciation usually cite as a warning example of what happened in Germany.

We have heard repeated here over and over again the alarming results experienced in Germany. Quite a dramatic performance was furnished us when the Senator from Michigan offered the Senator from Pennsylvania a hundred billion German marks and the Senator from Pennsylvania generously exchanged for them 10,000 Russian rubles. Of course these currencies all go to smash. Take Russia, for instance. What were the conditions there, and what are they now, for that matter? There has been one revolution after another and no stable government. We could not expect any kind of currency to last. The ruble took a tailspin and a crash.

As to Germany, quite a different situation existed, and still the circumstances were most extraordinary. Right at the close of the terrible war property values went down to the very bottom.

Mr. REED. Mr. President, will the Senator permit a question?

Mr. FLETCHER. Certainly.

Mr. REED. The Senator is Chairman of the Committee on Banking and Currency, and is an expert on this subject. I wonder whether the Senator would be willing to give us an illustration or a definition of the term "unsound money." What kind of currency would the Senator consider to be unsound?

Mr. FLETCHER. That is rather a large order.

Mr. REED. Would the Senator consider the greenbacks issued during the Civil War to be unsound currency?

Mr. FLETCHER. I can say this with reference to the greenbacks they were issued in order to help prosecute the war. They served their purpose, and they were being redeemed. The Budget of the country was balanced, and then Congress placed greenbacks on a parity with gold. There never has been any trouble about the greenbacks. They are just as good money as we have anywhere.

Mr. REED. They sold down to 35 cents on the dollar.

Mr. FLETCHER. Liberty bonds sold down to 80, but now they are worth 102.

Mr. REED. The question is, Are greenbacks sound money, or unsound?

Mr. FLETCHER. The greenbacks today are perfectly sound money, absolutely sound, and have always been sound, in my judgment.

Mr. REED. Were the greenbacks of the Civil War sound money?

Mr. FLETCHER. I think they were. They had back of them the assets of the Nation. They never failed anybody at any time. They were being redeemed. There was no reserve back of them, but they were being redeemed in regular order when they were put upon a gold basis.

Mr. REED. Then the greenbacks are sound money. Does the Senator consider the unlimited coinage of silver to be a movement in the direction of sound money?

Mr. FLETCHER. I would not say unlimited coinage. I would not say unlimited issues of any kind of money.

Mr. REED. Then the Senator would not consider the Wheeler amendment a compliance with the Democratic pledge to maintain sound money at all hazards, would he?

Mr. FLETCHER. I do not know just how far the Wheeler amendment goes.

Mr. REED. The Wheeler amendment expressly provides for the unlimited coinage of silver.

Mr. FLETCHER. I think that is rather risky.

Mr. REED. That is hardly a compliance with the Democratic pledge, is it?

Mr. FLETCHER. I should not like to say that there ought to be unlimited issues of any kind.

Mr. REED. I am very glad the Senator has given us his opinion on that point. Does the Senator consider it is a

move in the direction of sound money to cut the gold content of the dollar in half?

Mr. FLETCHER. That depends on circumstances. It might be perfectly sound for domestic purposes, for instance, internally, and might not be sound externally.

Mr. REED. Then, that depends on circumstances?

Mr. FLETCHER. Yes.

Mr. REED. Does the Senator consider that to pay off our Liberty bonds in gold of a new and different standard of value is a compliance with our pledge to pay in gold of the present standard of value?

Mr. FLETCHER. I should not think so, unless everything else is put on the same gold basis, not only here but everywhere throughout the world.

Mr. REED. Every one of our outstanding bonds has in it the promise to pay in gold dollars of the standard of value at the time those bonds were issued. Does the Senator regard it as an honest thing to do, to pay in gold dollars of only half that standard?

Mr. FLETCHER. The Senator is now asking me something that is entirely suppositious. I do not think anybody contemplates that.

Mr. REED. The Senator from Nevada [Mr. PITTMAN] contemplates it. He said so on Friday.

Mr. FLETCHER. He said that we did not now have in our possession enough gold to redeem all the obligations of the Government which are payable in gold.

Mr. REED. Oh, he went beyond that; he said he did not expect that we would pay the Liberty bonds in gold dollars of the present standard of value. He said we would not comply with our promise.

Mr. FLETCHER. I do not think the Senator from Pennsylvania quite understood him in that regard.

Mr. REED. I am quoting him fairly. I was so shocked that I asked him to repeat his statement, and he did so.

Mr. FLETCHER. I thought he just said what Judge Farwell said in England, that we did not have one third enough gold to pay our gold obligations.

Mr. REED. That was true at the time we issued the bonds. We issued more bonds than there was gold in all the world.

Mr. FLETCHER. Absolutely.

Mr. REED. But until last week it was never suggested that we were not going to perform our promise to pay in gold.

Mr. FLETCHER. I heard the very able speech of the Senator from Nevada and I did not get that impression from it. I do not agree with that expression. I think we ought to pay just as we agreed to pay.

Mr. REED. I respect the Senator for that sentiment.

Mr. FLETCHER. I feel that way, but the Senator is taking me away from my line of thought. I was going to speak about Germany.

The money was progressively depreciated by a series of ever-increasing issues of currency until it finally became worthless. What started these emissions of currency and caused their continuance?

In the first instance, after the World War, the issuance of more currency was made necessary by the demands of the Allies for delivery of reparations "in kind." For example: A demand was made for delivery of 100,000 cows. The German Government was forced to find money with which to buy them from its own citizens. This was obtained by the issuance of Government Treasury notes which were discounted at the Reichsbank in the same way as our Federal Reserve bank discounts or buys United States Treasury bills. This operation, of course, expanded the German currency, but a tax was promptly levied to retire the Government's notes and automatically contract the currency issued against them.

Before this tax was collected Allies demanded delivery of a tremendous tonnage of coal. The German Government was compelled to repeat the same operation as with the cows. These demands for deliveries "in kind" continued until the value of the currency of Germany was wrecked.

Somewhat similar developments occurred in Austria and Hungary, but they did not lead to the extremes reached in Germany, because the demands were relatively less.

Those were extraordinary conditions and the explanation of why German currency finally became valueless is that the demands of the Allies were such that it was an utter impossibility to comply with them without flooding the country with paper issues.

Since 1929 there have been some illuminating examples applicable to our own condition, which are found in those countries which have depreciated their currencies during the existing economic crisis.

Argentina: Gold payments were suspended on December 16, 1929.

That was quite a little time ago, and they have had time enough to find out what it means.

At that time the Argentine currency was backed by a gold reserve of approximately 78 percent. Abandonment of the gold standard was deliberate, in order to depreciate the currency and raise internal price levels of Argentina's principal products, wheat, wool, meat, etc., in terms of Argentine pesos, to a fairer level with taxes, debt burden, and other inflexible items.

I think these are very pertinent examples and we ought to learn something from the lessons they afford.

There has been no expansion or inflation of currency. The gold reserves have been reduced to approximately 45 percent coverage for the currency, due to the necessity for making large payments abroad for interest and principal of external debts. The balance of trade, while increasingly favorable, has not been sufficient to create the amount of foreign exchange necessary to meet these debt services.

The peso has depreciated approximately 50 percent in terms of gold, but it has been maintained at that ratio for more than a year and a half. In consequence, the Argentine producer of wheat, for example, is receiving twice as many pesos for his wheat as he would be receiving were the peso linked to gold; but his peso has lost none of its value in paying taxes, interest, freight charges, etc. The wave of bankruptcies, foreclosures, evictions, and other deflationary disasters which has overtaken us has not engulfed them. Further depreciation of the peso could undoubtedly be brought about, if desired, by increasing or inflating the currency; but this is entirely under control of the Argentine Government.

That is an important lesson.

Australia: So long as the currency was linked to the British pound sterling and Great Britain remained on the gold standard, Australia was suffering the deflationary ills which characterize our present situation. Ranch mortgages were being foreclosed; bankruptcy was rampant and property generally was being handed over to creditors. The Government budget was unbalanced, trade was demoralized, and the state of mind bordered on fear and panic.

With abandonment of the gold standard by Great Britain, the Australian pound followed suit and has since been depreciated still further than the British pound. Since "going off gold" the Federal Government of Australia not only has balanced its budget but enjoys a surplus; trade has revived; the Government's credit abroad has been improved, and the internal price level fairly well ironed out.

Recent visitors to Australia with whom we have discussed developments state that the country is buoyantly optimistic and has undergone a revolution in sentiment and feeling. The amount of depreciation of the currency is under effective control by the Government.

Now take Canada—

Unofficially Canada went off the gold basis over a year ago. None of the woeful consequences predicted for our own country, should we abandon gold, has taken place in Canada. There is a growing conviction there that the depreciation of Canadian currency, which recently approximated 20 percent, should be carried much farther so as to restore a more balanced equation in Canada between the flexible and inflexible items.

Take Great Britain—

Specie payment was suspended by Great Britain in September 1931. The currency has depreciated approximately one third in terms of gold. Generally speaking, the amount of depreciation has been under continuous and effective control by the Government. There has been no inflation of the currency.

Commodity and raw material prices within the country have resisted the downward trend of gold prices abroad, and in some items have risen. The price level in general has acted consistently with the theory of currency depreciation. Leading bankers and officials of the British Government are opposed to resuming the gold standard and are mainly concerned with holding down the price level of the currency so as to continue to assist foreign trade and effectuate stabilization of the internal price level.

These authorities say—

During the first 9 months of 1932 the steel production of the United Kingdom had increased by 1.8 percent over the corresponding period in 1931, whereas it had declined by 38 percent in Germany, 32 percent in France, and 50 percent in America.

Sweden: The gold standard was abandoned, and Sweden created a scientifically managed currency which is operating with admirable results and is enthusiastically acclaimed by the population.

Japan: After abandonment of the gold standard, Japan experienced internal prosperity, a cessation of farm foreclosures, and an increase in foreign trade. One of the leading parties in the Diet deliberately adopted the policy of further depreciating the yen to a point where the internal price level would represent a balance fair to all.

EFFECTS OF CURRENCY DEPRECIATION

Advocates of currency depreciation are also vitally concerned with the restoration of property and securities values which have been impaired or destroyed by the deflationary process.

They point out that such price recovery follows automatically the reestablishment of business and prosperity incident to the raising of the flexible items to balance with the inflexibles. Thus property and securities values tend to return to the level which existed before the deflation began.

We must concede, for it is recognized everywhere, that—

The credit of such Governments as Canada, Argentina, Australia, and Great Britain, now functioning with depreciated currencies, has not been destroyed; to the contrary, it has been improved internally and externally. Their banks and insurance companies, as well as individual holders of fixed interest-bearing obligations, have not suffered the disasters which have been inflicted upon our institutions and individuals through adherence to the policy of deflation. Currency depreciation has restored solvency to individuals and soundness to fiduciary institutions. Internal obligations in such countries are selling at normal levels.

There is not any doubt that, as this summary of the experience of other nations indicates, the only feasible solution is the suspension of specie payments—and that we have done—and an adequate depreciation of currency if the evils of continued deflation are to be avoided.

Experience has shown that suspension of specie payment—that is, abandonment of the gold standard—leads to a depreciation of the currency.

If mere "going off gold" does not produce the desired degree of depreciation—

These authorities say—

it should be brought about to the required extent by an expansion of the currency under strict Government control.

One of the best methods for Government control is through the operation of the Federal Reserve bank in the Government securities market.

And that is provided for by the pending amendment—

Currency or credit, or both, can be expanded by buying Government securities—

That is also provided for by the amendment—

and contracted by selling them.

And there is not any question that that is perfectly sound. These authors, in discussing this subject, further say at page 30:

A monetary system so controlled is known as a "managed currency" system. The advocates of a "managed currency" recognize that it is impossible to maintain a specific price relationship for each particular commodity; they are concerned with maintaining a stable relationship between the average of commodity prices and the prices of the inflexible items, such as taxes and debt burden.

For the past 30 years the United States Bureau of Labor has recorded the wholesale prices of all important commodities, comprising currently 784 items. It has scientifically adjusted the importance of each commodity to economic life and, on the basis of such adjustments, has arrived at a true average price, which is known as "the Labor Bureau's price index." As of March 11, 1933, this index stood at 60.2, based on average prices for 1926 equaling 100—that is, the average wholesale prices were 60.2 percent of the average prices of 1926. This commodity price index measures the general level of prices of commodities and affords a scientific basis for establishing and maintaining a stable and fair ratio between the flexible and inflexible items of the economic equation.

The advocates of a "managed currency" would make the maintenance of such a fair price ratio mandatory through appropriate legislation.

* * * * * * *

The dollar, they argue, has to be rubber either as to weight or as to value. It cannot have a fixed weight and also a fixed value. A scientific money is one with a constant buying power for all commodities rather than a fixed weight of one commodity (gold). Our whole tax and debt structure rests on commodity prices. If this structure is to be kept sound, either for the creditor or the debtor, it is commodity prices that need to be kept stable, not the weight of gold for which a dollar will exchange.

* * * * * * *

A solution of the problem of immediate unemployment relief transcends the power of private initiative or municipal and State programs. It calls for prompt Federal action.

Permanent solution of the problem of unemployment rests not only on the maintenance of fair price levels but also, in the opinion of many, will require coordinate action by the Federal Government to control scientifically the hours of labor and the increase of productive capacity, as well as social insurance to meet the increasing unemployment dislocations of the machine age.

These are collateral problems for which intelligent social planning must find solutions. They lie outside the scope of this discussion.

Putting first things first, the maladjustment of price levels is of primary importance and should be the first point of attack.

This amendment would enable us to do that.

Mr. President, I shall not detain the Senate longer. I have a number of telegrams and letters from various portions of the country. I am going to venture to read one from Tampa, Fla., as follows:

TAMPA, FLA., *April 22, 1933.*

Senator DUNCAN U. FLETCHER,
Washington, D.C.:

Strong sentiment here favors immediate but controlled inflation and grant of power to regulate gold content of dollar. Arm President with power to negotiate international agreement for more ample medium of exchange and stop disastrous struggle among nations for gold. Hope aroused by recent events and if disappointed, conditions will be much worse than formerly.

R. H. LIGGETT.
E. P. TALIAFERRO.
R. A. LIGGETT.

These gentlemen are prominent business men and bankers of Tampa. That is the kind of expression I am receiving on the subject. I think it is encouraging. I believe the people have absolute faith in the accomplishment of the President if we put this power in his hands.

Mr. ROBINSON of Arkansas. Mr. President, may I have the attention of the Senator from Oregon [Mr. MCNARY]? Some days ago it was announced by the Senator from Pennsylvania [Mr. REED] that in his opinion a vote could be reached on the pending amendment not later than Wednesday, which is tomorrow. I am going to ask unanimous consent that after the hour of 4 o'clock tomorrow debate be limited on the bill now before the Senate so that no Senator shall speak more than once or longer than 15 minutes on the bill or any amendment or motion that may be pending or offered or made with reference thereto.

The PRESIDING OFFICER. Is there objection?

Mr. MCNARY. Mr. President, I share the view of the Senator from Pennsylvania that a vote may be had tomorrow on the so-called "inflation amendment." I am advised by two Members on this side of the aisle, who are now absent on account of public business, that they would oppose and have asked me to oppose any consent agreement at this time for a limitation of debate.

I am as anxious as the able leader of the majority for a vote upon the amendment and also upon the bill. I want to cooperate with him to that extent. However, I realize the necessity of open debate, unlimited by any agreement of this kind. I know only of three other Senators on this side of the aisle who desire to discuss the amendment; but until the discussion proceeds tomorrow, and until those Members may have opportunity fully and freely to express themselves, I must at this time object to the request for unanimous consent submitted by the Senator from Arkansas.

The PRESIDING OFFICER. Objection is made.

Mr. FLETCHER. Mr. President, I desire to enter notice of a motion to reconsider the vote taken on last Saturday by which what is known as the "Wagner amendment" was agreed to and the vote by which the amendment known as the "Shipstead amendment" to the amendment of the Senator from New York [Mr. WAGNER] was agreed to. I merely desire to enter notice of that motion now.

The PRESIDING OFFICER. The notice of the motion will be entered.

Mr. CONNALLY. Mr. President, I should like to secure recognition so as to be able to speak tomorrow upon the convening of the Senate.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. CONNALLY. I yield now to the Senator from Arkansas.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to consider executive business.

REPORT OF COMMITTEE ON NAVAL AFFAIRS

The PRESIDING OFFICER. Reports of committees are in order.

Mr. TRAMMELL, from the Committee on Naval Affairs, reported favorably the nomination of Capt. Ernest J. King to be Chief of the Bureau of Aeronautics, in the Department of the Navy, with the rank of rear admiral, for a term of 4 years, which was ordered to be placed on the calendar.

GREAT LAKES-ST. LAWRENCE DEEP WATERWAY TREATY

The PRESIDING OFFICER. If there be no further reports of committees, the calendar is in order.

The legislative clerk announced Executive C, Seventy-second Congress, second session, a treaty between the United States and the Dominion of Canada for the completion of the Great Lakes-St. Lawrence deep waterway, signed on July 18, 1932, as first in order on the calendar.

Mr. VANDENBERG. Let that go over.

The PRESIDING OFFICER. The treaty will be passed over.

TREATY WITH MEXICO—RECTIFICATION OF THE RIO GRANDE

The legislative clerk read Executive E, Seventy-second Congress, second session, a convention between the United States of America and the United Mexican States for the rectification of the Rio Grande in the El Paso-Juarez Valley, signed at Mexico City on February 1, 1933.

Mr. McNARY. That may go over.

Mr. CONNALLY. Mr. President, was objection made to the ratification of the treaty?

The PRESIDING OFFICER. Objection was made.

Mr. McNARY. I objected in the absence of the ranking minority member of the Committee on Foreign Relations, the Senator from Idaho [Mr. BORAH]. I think in his absence no action should be taken upon the treaty.

Mr. CONNALLY. Let me say that we are very anxious to have the treaty ratified. It has been unanimously reported by the committee. If I had known that we were going to have an executive session, I would have communicated with the Senator from Idaho.

Mr. REED. Mr. President, I happen to be a member of that committee. So far as I know, no member of the Foreign Relations Committee is opposed to the ratification of the treaty.

Mr. McNARY. In view of that statement, the Senator from Pennsylvania being a member of the committee, I withdraw my objection.

Mr. REED. It is within the power of any Senator to move for reconsideration in case my statement should be incorrect.

Mr. ROBINSON of Arkansas. I may add to what has been said by the Senator from Pennsylvania that the Senator from Idaho [Mr. BORAH] was present when the treaty was ordered to be reported, and indicated his acquiescence.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the treaty, which had been reported from the Committee on Foreign Relations with an amendment.

The amendment was, in the last line of article V, to strike out "November" and in lieu thereof to insert "March", so as to make the treaty read:

CONVENTION BETWEEN THE UNITED STATES OF AMERICA AND THE UNITED MEXICAN STATES FOR THE RECTIFICATION OF THE RIO GRANDE (RIO BRAVO DEL NORTE) IN THE EL PASO-JUAREZ VALLEY

The United States of America and the United Mexican States having taken into consideration the studies and engineering plans carried by the International Boundary Commission, and specially directed to relieve the towns and agricultural lands located within the El Paso-Juarez Valley from flood dangers, and securing at the same time the stabilization of the international boundary line, which, owing to the present meandering nature of the river it has not been possible to hold within the mean line of its channel; and fully conscious of the great importance involved in this matter, both from a local point of view as well as from a good international understanding, have resolved to undertake, in common agreement and cooperation, the necessary works as provided in Minute 129 (dated July 31, 1930) of the International Boundary Commission, approved by the two Governments in the manner provided by treaty; and in order to give legal and final form to the project, have named as their plenipotentiaries:

The President of the United States of America, J. Reuben Clark, Jr., Ambassador Extraordinary and Plenipotentiary of the United States of America to Mexico; and

The President of the United Mexican States, Doctor José Manuel Puig Cassauranc, Secretary of State for Foreign Affairs;

Who, after having communicated their respective full powers and having found them in due and proper form, have agreed on the following articles:

I

The Government of the United States of America and the Government of the United Mexican States have agreed to carry out the Rio Grande rectification works provided for in Minute 129 of the International Boundary Commission and annexes thereto, approved by both Governments, in that part of the river beginning at the point of intersection of the present river channel with the located line as shown in map, exhibit No. 2 of Minute 129 of said Commission (said intersection being south of Monument 15 of the boundary polygon of Córdoba Island) and ending at Box Canyon.

The terms of this convention and of Minute 129 shall apply exclusively to river rectification within the limits above set out.

The two Governments shall study such further minutes and regulations as may be submitted by the International Boundary Commission and, finding them acceptable, shall approve same in order to carry out the material execution of the works in accordance with the terms of this Convention. The works shall be begun after this Convention becomes effective.

II

For the execution of the works there shall be followed the procedure outlined in the technical study of the project. The works shall be begun and shall be carried on primarily from the lower end, but at the same time and for reasons of necessity work may be carried on in the upper sections of the valley.

III

In consideration of the difference existing in the benefits derived by each of the contracting countries by the rectification works, the proratable cost of the works will be defrayed by both Governments in the proportion of eighty-eight per cent (88%) by the United States of America and of twelve per cent (12%) by the United Mexican States.

IV

The direction and inspection of the works shall be under the International Boundary Commission, each Government employing for the construction of that portion of the work it undertakes, the agency that in accordance with its administrative organization should carry on the work.

V

The International Boundary Commission shall survey the ground to be used as the right of way to be occupied by the rectified channel, as well as the parts to be cut from both sides of said channel. Within thirty days after a cut has been made, it shall mark the boundaries on the ground, there being a strict superficial compensation in total of the areas taken from each country. Once the corresponding maps have been prepared, the Commission shall eliminate these areas from the provisions of Article II of the Convention of November 12, 1884, in similar manner to that adopted in the Convention of March 20, 1905, for the elimination of bancos.

VI

For the sole purpose of equalizing areas, the axis of the rectified channel shall be the international boundary line. The parcels of land that, as a result of these cuts or of merely taking the new axis of the channel as the boundary line, shall remain on the American side of the axis of the rectified channel shall be the territory and property of the United States of America, and the territory and property of the United Mexican States those on the opposite side, each Government mutually surrendering in favor of the other acquired rights over such parcels.

In the completed rectified river channel—both in its normal and constructed sections—and in any completed portion thereof, the permanent international boundary shall be the middle of the deepest channel of the river within such rectified river channel.

VII

Lands within the rectified channel, as well as those which, upon segregation, pass from the territory of one country to that of the other, shall be acquired in full ownership by the Government in whose territory said lands are at the present time; and the lands passing as provided in Article V hereof, from one country to the other, shall pass to each Government respectively in absolute sovereignty and ownership, and without encumbrance of any kind, and without private national titles.

VIII

The construction of works shall not confer on the contracting parties any property rights in or any jurisdiction over the territory of the other. The completed work shall constitute part of the territory and shall be the property of the country within which it lies.

Each Government shall respectively secure title, control, and jurisdiction of its half of the flood channel, from the axis of that channel to the outer edge of the acquired right of way on its own side, as this channel is described and mapped in the International Boundary Commission Minute number 129, and the maps, plans, and specifications attached thereto, which Minute, maps, plans, and specifications are attached hereto and made a part of this Convention. Each Government shall permanently retain full title, control, and jurisdiction of that part of the flood channel constructed as described, from the deepest channel of the running water in the rectified channel to the outer edge of such acquired right of way.

IX

Construction shall be suspended upon request of either Government, if it be proved that the works are being constructed outside of the conditions herein stipulated or fixed in the approved plan.

X

In the event there be presented private or national claims for the construction or maintenance of the rectified channel, or for causes connected with the works of rectification, each Government shall assume and adjust such claims as arise within its own territory.

XI

The International Boundary Commission is charged hereafter with the maintenance and preservation of the rectified channel. To this end the Commission shall submit, for the approval of both Governments, the regulations that should be issued to make effective said maintenance.

XII

Both Governments bind themselves to exempt from import duties all materials, implements, equipment, and supplies intended for the works, and passing from one country to the other.

XIII

The present Convention is drawn up both in the English and Spanish languages.

XIV

The present Convention shall be ratified by the High Contracting Parties in accordance with their respective laws, and the ratifications shall be exchanged in the City of Washington as soon as possible. This Convention will come into force from the date of the exchange of ratifications.

In witness whereof the Plenipotentiaries mentioned above have signed this Convention and have affixed their respective seals.

Done in duplicate at the City of Mexico this first day of February one thousand nine hundred and thirty-three.

[SEAL.] J. REUBEN CLARK, JR.
[SEAL.] PUIG

The amendment was agreed to.

The treaty was reported to the Senate as amended, and the amendment was concurred in.

The resolution of ratification was read, as follows:

Resolved (two thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of Executive E, Seventy-second Congress, second session, a convention between the United States of America and the United Mexican States for the rectification of the Rio Grande in the El Paso-Juarez Valley, signed at Mexico City on February 1, 1933, with the following amendment:

In the last line of article V strike out "November" and in place thereof insert "March."

The PRESIDING OFFICER (Mr. BRATTON in the chair). The question is, Will the Senate advise and consent to the ratification of the treaty as amended? [Putting the question.] Two thirds of the Senators present concurring therein, the resolution of ratification is adopted and the treaty as amended is ratified.

The PRESIDING OFFICER. If there are no further reports of committees, nominations are in order.

DEPARTMENT OF LABOR

The legislative clerk read the nomination of Daniel W. MacCormack, of New York, to be Commissioner General of Immigration.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. ROBINSON of Arkansas. Mr. President, if there is no objection, I ask that the President be notified of the confirmation of the nomination of Daniel W. MacCormack, of New York, to be Commissioner General of Immigration.

The PRESIDING OFFICER. Without objection, the President will be notified.

DEPARTMENT OF THE NAVY

The legislative clerk read the nomination of Christian J. Peoples to be Paymaster General and Chief, Bureau of Supplies and Accounts, with the rank of rear admiral, from April 29, 1933, for a term of 4 years.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

DEPARTMENT OF THE INTERIOR

The legislative clerk read the nomination of Theodore A. Walters, of Idaho, to be First Assistant Secretary, Department of the Interior.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Thomas F. Thomas, of Utah, to be registrar of the land office, Salt Lake City, Utah.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

DIPLOMATIC AND FOREIGN SERVICE

The legislative clerk read the nomination of James B. Young to be consul general.

The PRESIDING OFFICER. Without objection, the nomination is confirmed. That completes the calendar.

The Senate resumed legislative session.

ALLEGHENY RIVER BRIDGES, PENNSYLVANIA

Mr. SHEPPARD. From the Committee on Commerce I report back favorably, without amendment, the bill (H.R. 4332) granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge across the Allegheny River, at a point near the Forest-Venango county line, in Tionesta Township, and in the county of Forest, and in the Commonwealth of Pennsylvania. I ask unanimous consent for the present consideration of the bill.

There being no objection, the bill was read, considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the Commonwealth of Pennsylvania, to construct, maintain, and operate a free highway bridge, and approaches thereto across the Allegheny River, at a point suitable to the interests of navigation, near the Forest-Venango county line, in Tionesta Township, Forest County, in the Commonwealth of Pennsylvania, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters" approved March 23, 1906.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

Mr. SHEPPARD. From the Committee on Commerce, I also report back favorably without amendment the bill (H.R. 4225) granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge across the Allegheny River at or near Parkers Landing, in the county of Armstrong, Commonwealth of Pennsylvania. I ask unanimous consent for the present consideration of the bill.

There being no objection, the bill was read, considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge and approaches thereto across the Allegheny River, at a point suitable to the interests of navigation, at or near Parkers Landing, in the county of Armstrong, Commonwealth of Pennsylvania, in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

RECESS

Mr. ROBINSON of Arkansas. I move that the Senate stand in recess until 11 o'clock tomorrow morning.

Mr. REED. Mr. President, will not the Senator make it 12 o'clock?

Mr. ROBINSON of Arkansas. I cannot do so in view of our inability to secure an agreement to limit debate.

The motion was agreed to; and (at 5 o'clock and 27 minutes p.m.) the Senate took a recess until tomorrow, Wednesday, April 26, 1933, at 11 o'clock a.m.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 25 (legislative day of Apr. 17), 1933

CONSUL GENERAL

James B. Young to be consul general.

FIRST ASSISTANT SECRETARY OF INTERIOR

Theodore A. Walters to be First Assistant Secretary of the Interior.

COMMISSIONER GENERAL OF IMMIGRATION

Daniel W. MacCormack to be Commissioner General of Immigration.

REGISTER OF THE LAND OFFICE

Thomas F. Thomas to be register, land office, Salt Lake City, Utah.

PROMOTION IN THE NAVY

Christian J. Peoples to be Paymaster General and Chief, Bureau of Supplies and Accounts.

HOUSE OF REPRESENTATIVES

TUESDAY, APRIL 25, 1933

The House met at 12 o'clock noon.

The Reverend John Compton Ball, pastor of the Metropolitan Baptist Church, Washington, D.C., offered the following prayer:

O Thou Eternal God, we bow before Thee in recognition of Thy majesty and the wonders of Thy wisdom, the long-goings of Thy love, and we pray that Thy long-goings today may meet our shortcomings, that the union between our souls and Thyself may be complete, and that Thou mayest have Thy way with us in all that we say or think or do. We pray that Thy blessing rest upon the President of these United States, the Senate, and especially on this House in all its deliberations. Bless our Speaker and every Member, and in these trying times when we have so much to think about, so many important decisions to make, we pray, above all, for the guidance of Thy holy spirit. In the name of Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Horne, its enrolling clerk, announced that the Senate had passed, without amendment, a joint resolution of the House of the following title:

H.J.Res. 135. Joint resolution to amend section 2 of the act approved February 4, 1933, to provide for loans to farmers for crop production and harvesting during the year 1933, and for other purposes.

Mr. RANKIN. Mr. Speaker, I make the point of order there is no quorum present.

I withhold the point, Mr. Speaker, for the gentleman from Texas [Mr. SUMNERS] to submit a unanimous-consent request.

LEAVE OF ABSENCE

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent that Messrs. PERKINS and BROWNING may be excused from attendance upon the sessions of the House for 2 weeks. They will be absent attending to the public business.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

CALL OF THE HOUSE

Mr. RANKIN. Mr. Speaker, I renew my point of order that there is not a quorum present.

The SPEAKER. The Chair will count. [After counting.] One hundred and sixty-one Members present; not a quorum.

Mr. BYRNS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 20]

Bankhead	Cartwright	Ford	Montague
Beck	Celler	Gambrill	Muldowney
Blanton	Christianson	Gifford	Perkins
Brand	Cravens	Glover	Peterson
Britten	Crowther	Hoeppel	Sabath
Brooks	Ditter	Hornor	Scrugham
Brown, Ky.	Dowell	Kennedy, Md.	Waldron
Browning	Duncan, Mo.	Kennedy, N.Y.	Warren
Buckbee	Eagle	Kleberg	Wood, Ga.
Burke, Calif.	Englebright	Lamneck	
Cannon, Wis.	Fiesinger	Lindsay	

The SPEAKER. Three hundred and eighty-nine Members have answered to their names. A quorum is present.

On motion of Mr. BYRNS, further proceedings under the call were dispensed with.

MUSCLE SHOALS

Mr. McSWAIN. Mr. Speaker, I withdraw the reservation of a point of order I made yesterday on the motion to recommit; and now, Mr. Speaker, I move the previous question on the motion to recommit.

Mr. RANKIN. Mr. Speaker, will the gentleman withhold that a moment?

Mr. McSWAIN. I am very sorry I cannot. The House insists that we have action.

Mr. RANKIN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. RANKIN. Would it be permissible to ask unanimous consent at this point for a limited amount of time for each side, say 10 or 20 or 30 minutes to the side, to explain the difference between these two bills, the Norris bill, which I am offering in my motion to recommit, and the Hill bill, for which I am asking that the Norris bill be substituted?

The SPEAKER. If the previous question is ordered, it will be in order to ask unanimous consent to do that.

Mr. McSWAIN. I can save my friend's breath. I shall be obliged to object to the request.

Mr. RANKIN. I would like to save the gentleman from South Carolina some breath.

Mr. McSWAIN. I have not circularized the House, either.

Mr. RANKIN. I have. It was the only way I could get the facts before the Membership, as a result of the gag rule.

Mr. McSWAIN. And we will find out the truth about this before it is all over.

Mr. RANKIN. Yes; we will. I wish the House knew the facts now.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

Mr. RANKIN and Mr. SNELL demanded the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 68, nays 327, not voting 36, as follows:

[Roll No. 21]

YEAS—68

Arens	Eagle	McFarlane	Shoemaker
Ayers, Mont.	Fletcher	Mariand	Sinclair
Ayres, Kans.	Frear	Martin, Colo.	Smith, Wash.
Biermann	Gray	Meeks	Strong, Tex.
Bolleau	Henney	Monaghan	Sweeney
Cannon, Mo.	Hildebrandt	Moran	Taylor, Tenn.
Carpenter, Kans.	Hill, Knute	Morehead	Terrell
Carpenter, Nebr.	Howard	Mott	Utterback
Chase	Johnson, Minn.	Musselwhite	Wallgren
Collins, Miss.	Keller	Nesbit	Wearin
Crosser	Kvale	O'Malley	Weideman
Dickinson	Lambertson	Patman	West
Dies	Lee, Mo.	Pierce	White
Dirksen	Lemke	Rankin	Withrow
Disney	Lewis, Md.	Rogers, Okla.	Wood, Mo.
Dunn	Lozier	Shallenberger	Young
Durgan, Ind.	Lundeen	Shannon	Zioncheck

NAYS—327

Abernethy	Clarke, N.Y.	Fitzpatrick	Johnson, W.Va.
Adair	Cochran, Mo.	Flannagan	Jones
Adams	Cochran, Pa.	Focht	Kahn
Allen	Coffin	Ford	Kee
Allgood	Colden	Foss	Kelly, Ill.
Almon	Cole	Foulkes	Kelly, Pa.
Andrew, Mass.	Collins, Calif.	Fuller	Kemp
Andrews, N.Y.	Colmer	Fulmer	Kennedy, Md.
Arnold	Condon	Gasque	Kenney
Auf der Heide	Connery	Gavagan	Kerr
Bacharach	Connolly	Gibson	Kinzer
Bacon	Cooper, Ohio	Gilchrist	Kloeb
Bailey	Cooper, Tenn.	Gillespie	Kniffin
Bakewell	Corning	Gillette	Knutson
Beam	Cox	Goldsborough	Kocialkowski
Beedy	Cravens	Goodwin	Kopplemann
Beiter	Crosby	Goss	Kramer
Berlin	Cross	Granfield	Kurtz
Black	Crowe	Green	Lambeth
Blanchard	Crowther	Greenwood	Lamneck
Bland	Crump	Gregory	Lanham
Bloom	Culkin	Griffin	Lanzetta
Boehne	Cullen	Griswold	Larrabee
Boland	Cummings	Guyer	Lea, Calif.
Bolton	Darrow	Haines	Lehlbach
Boylan	Dear	Hamilton	Lehr
Brennan	Deen	Hancock, N.C.	Lesinski
Briggs	Delaney	Hancock, N.Y.	Lewis, Colo.
Britten	De Priest	Harlan	Lloyd
Brown, Mich.	DeRouen	Hart	Luce
Brumm	Dickstein	Harter	Ludlow
Brunner	Dingell	Hartley	McClintic
Buchanan	Ditter	Hastings	McCormack
Buck	Dobbins	Healey	McDuffie
Bulwinkle	Dockweiler	Hess	McFadden
Burch	Dondero	Higgins	McGrath
Burke, Nebr.	Douglass	Hill, Ala.	McGugin
Burnham	Doutrich	Hill, Sam B.	McKeown
Busby	Doxey	Hoeppel	McLean
Byrns	Drewry	Holdale	McLeod
Cady	Driver	Hollister	McMillan
Caldwell	Duffey	Holmes	McReynolds
Carden	Duncan, Mo.	Hooper	McSwain
Carley	Eaton	Hope	Major
Carter, Calif.	Edmonds	Huddleston	Maloney, Conn.
Carter, Wyo.	Eicher	Hughes	Maloney, La.
Cary	Ellzey, Miss.	Imhoff	Mansfield
Castellow	Eltse, Calif.	Jacobsen	Mapes
Cavicchia	Evans	James	Marshall
Chapman	Faddis	Jeffers	Martin, Mass.
Chavez	Farley	Jenckes	Martin, Oreg.
Church	Fernandez	Jenkins	May
Claiborne	Fish	Johnson, Okla.	Mead
Clark, N.C.	Fitzgibbons	Johnson, Tex.	Merritt
Millard	Ramsay	Simpson	Traeger
Miller	Ramspeck	Sirovich	Treadway
Milligan	Randolph	Smith, Va.	Truax
Mitchell	Ransley	Smith, W.Va.	Turner
Montet	Rayburn	Snell	Turpin
Moynihan	Reece	Snyder	Umstead
Muldowney	Reed, N.Y.	Somers, N.Y.	Underwood
Murdock	Reid, Ill.	Spence	Vinson, Ga.
Norton	Reilly	Stalker	Vinson, Ky.
O'Brien	Rich	Steagall	Wadsworth
O'Connell	Richards	Stokes	Walter
O'Connor	Richardson	Strong, Pa.	Watson
Oliver, Ala.	Robertson	Stubbs	Weaver
Oliver, N.Y.	Robinson	Studley	Welch
Owen	Rogers, Mass.	Sullivan	Werner
Palmisano	Rogers, N.H.	Sumners, Tex.	Whitley
Parker, Ga.	Romjue	Sutphin	Whittington
Parker, N.Y.	Rudd	Swank	Wigglesworth
Parks	Ruffin	Swick	Wilcox
Parsons	Sadowski	Taber	Williford
Peavey	Sanders	Tarver	Williams
Pettingill	Sandlin	Taylor, Colo.	Wilson
Peyser	Schaefer	Taylor, S.C.	Wolcott
Polk	Schuetz	Thom	Wolfenden
Pou	Schulte	Thomason, Tex.	Wolverton
Powers	Sears	Thompson, Ill.	Wood, Ga.
Prall	Secrest	Tinkham	Woodruff
Ragon	Seger	Tobey	

NOT VOTING—36

Bankhead	Cannon, Wis.	Gambrill	Perkins
Beck	Cartwright	Gifford	Peterson
Blanton	Celler	Glover	Sabath
Brand	Christianson	Hornor	Scrugham
Brooks	Darden	Kennedy, N.Y.	Sisson
Brown, Ky.	Doughton	Kleberg	Thurston
Browning	Dowell	Lindsay	Waldron
Buckbee	Englebright	McCarthy	Warren
Burke, Calif.	Fiesinger	Montague	Woodrum

So the motion to recommit was rejected.

The following pairs were announced:

Until further notice:

Mr. Blanton with Mr. Dowell.
Mr. Bankhead with Mr. Beck.
Mr. Warren with Mr. Perkins.
Mr. Brooks with Mr. Buckbee.
Mr. Fiesinger with Mr. Gifford.
Mr. Glover with Mr. Christianson.
Mr. Lindsay with Mr. Englebright.
Mr. Sabath with Mr. Waldron.
Mr. Burke of California with Mr. Thurston.
Mr. Browning with Mr. Sisson.
Mr. Kennedy of New York with Mr. Cannon of Wisconsin.
Mr. Doughton with Mr. Darden.
Mr. Kleberg with Mr. McCarthy.
Mr. Gambrill with Mr. Hornor.
Mr. Brown of Kentucky with Mr. Scrugham.
Mr. Cartwright with Mr. Montague.
Mr. Celler with Mr. Brand.

Mr. BYRNS. Mr. Speaker, the gentleman from California, Mr. BURKE, is unavoidably absent. If he were present he would vote "nay" on the motion to recommit, and "yea" on the passage of the bill.

Mr. OLIVER of Alabama. Mr. Speaker, my colleague, Mr. BANKHEAD, is absent on account of illness. If present, he would vote "no" on the motion to recommit and "aye" on the bill reported by the committee.

Mr. BYRNS. Mr. Speaker, my colleague, Mr. BROWNING, is absent on official business of the House. If present, he would vote "no" on the motion to recommit and "aye" on the passage of the bill.

Mr. COLLINS. Mr. Speaker, the gentleman from New York, Mr. KENNEDY, the gentleman from New York, Mr. CELLER, and the gentleman from New York, Mr. LINDSAY, are unavoidably absent. If present, they would vote "no" on the motion to recommit.

Mr. HANCOCK of North Carolina. Mr. Speaker, my colleague, Mr. WARREN, is unavoidably absent. If present, he would vote "no" on the motion to recommit.

Mr. DRIVER. Mr. Speaker, the gentleman from Arkansas, Mr. GLOVER, is unavoidably absent. If present, he would vote "no" on the motion to recommit.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

Mr. McSWAIN. And on that, Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 306, nays 92, answered "present" 2, not voting 32, as follows:

[Roll No. 22]

YEAS—306

Abernethy	Dingell	Kocialkowski	Reid, Ill.
Adair	Disney	Kopplemann	Reilly
Adams	Dobbins	Kramer	Richards
Allgood	Dockweiler	Kvale	Richardson
Almon	Douglass	Lambeth	Robertson
Arens	Doxey	Lamneck	Robinson
Arnold	Drewry	Lanham	Rogers, N.H.
Auf der Heide	Driver	Lanzetta	Rogers, Okla.
Ayers, Mont.	Duffey	Larrabee	Romjue
Ayres, Kans.	Duncan, Mo.	Lea, Calif.	Rudd
Bailey	Dunn	Lee, Mo.	Ruffin
Beam	Durgan, Ind.	Lehr	Sadowski
Beiter	Eagle	Lemke	Sanders
Berlin	Eicher	Lesinski	Sandlin
Biermann	Ellzey, Miss.	Lewis, Colo.	Schaefer
Black	Faddis	Lewis, Md.	Schuetz
Bland	Farley	Lloyd	Schulte
Bloom	Fernandez	Lozier	Sears
Boehne	Fitzgibbons	Ludlow	Secrest
Boileau	Fitzpatrick	Lundeen	Shallenberger
Boland	Flannagan	McCarthy	Shannon
Boylan	Fletcher	McClintic	Shoemaker
Brennan	Ford	McCormack	Sinclair
Briggs	Foulkes	McDuffie	Sirovich
Brown, Mich.	Frear	McFarlane	Smith, Va.
Brunner	Fuller	McGrath	Smith, Wash.
Buchanan	Fulmer	McKeown	Smith, W.Va.
Buck	Gasque	McMillan	Snyder
Bulwinkle	Gavagan	McReynolds	Somers, N.Y.
Burch	Gilchrist	McSwain	Spence
Burke, Nebr.	Gillespie	Major	Steagall
Busby	Gillette	Maloney, Conn.	Strong, Tex.
Byrns	Goldsborough	Maloney, La.	Stubbs
Cady	Granfield	Mansfield	Studley
Caldwell	Gray	Marland	Sullivan
Cannon, Mo.	Green	Martin, Colo.	Sumners, Tex.
Carden	Greenwood	Martin, Oreg.	Sutphin
Carley	Gregory	May	Swank
Carpenter, Kans.	Griffin	Mead	Sweeney
Carpenter, Nebr.	Griswold	Meeks	Tarver
Cartwright	Haines	Miller	Taylor, Colo.
Cary	Hamilton	Milligan	Taylor, S.C.
Castellow	Hancock, N.C.	Mitchell	Taylor, Tenn.
Chapman	Harlan	Monaghan	Thom
Chase	Hart	Montet	Thomason, Tex.
Chavez	Harter	Moran	Thompson, Ill.
Church	Hastings	Morehead	Traeger
Claiborne	Healey	Mott	Truax
Clark, N.C.	Henney	Murdock	Turner
Cochran, Mo.	Hildebrandt	Musselwhite	Umstead
Coffin	Hill, Ala.	Nesbit	Underwood
Colden	Hill, Knute	Norton	Vinson, Ga.
Cole	Hill, Sam B.	O'Brien	Vinson, Ky.
Collins, Calif.	Hoeppel	O'Connell	Wallgren
Collins, Miss.	Hoidale	O'Connor	Walter
Colmer	Howard	O'Malley	Wearin
Condon	Huddleston	Oliver, Ala.	Weaver
Connery	Hughes	Oliver, N.Y.	Weideman
Cooper, Tenn.	Imhoff	Owen	Welch
Corning	Jacobsen	Palmisano	Werner
Cox	Jeffers	Parker, Ga.	West
Cravens	Jenckes	Parks	White
Crosby	Johnson, Minn.	Parsons	Whittington
Cross	Johnson, Okla.	Patman	Wilcox
Crosser	Johnson, Tex.	Peavey	Willford
Crowe	Johnson, W.Va.	Pettengill	Williams
Crump	Jones	Peyser	Wilson
Cullen	Kee	Pierce	Withrow
Cummings	Keller	Polk	Wood, Ga.
Darden	Kelly, Ill.	Pou	Wood, Mo.
Dear	Kelly, Pa.	Prall	Woodruff
Deen	Kemp	Ragon	Woodrum
Delaney	Kennedy, Md.	Ramsay	Young
DeRouen	Kenney	Ramspeck	Zioncheck
Dickinson	Kerr	Randolph	The Speaker
Dickstein	Kloeb	Rayburn	
Dies	Kniffin	Reece	

NAYS—92

Allen	Ditter	Jenkins	Rich
Andrew, Mass.	Dondero	Kahn	Rogers, Mass.
Andrews, N.Y.	Doutrich	Kinzer	Seger
Bacharach	Eaton	Knutson	Simpson
Bacon	Edmonds	Kurtz	Snell
Bakewell	Eltse, Calif.	Lambertson	Stalker
Beedy	Evans	Lehlbach	Stokes
Blanchard	Fish	Luce	Strong, Pa.
Bolton	Focht	McFadden	Swick
Britten	Foss	McGugin	Taber
Brumm	Gibson	McLean	Terrell
Burnham	Goodwin	McLeod	Tinkham
Carter, Calif.	Goss	Mapes	Tobey
Carter, Wyo.	Guyer	Marshall	Treadway
Cavicchia	Hancock, N.Y.	Martin, Mass.	Turpin
Clarke, N.Y.	Hartley	Merritt	Utterback
Cochran, Pa.	Hess	Millard	Wadsworth
Connolly	Higgins	Moynihan	Watson
Cooper, Ohio	Hollister	Muldowney	Whitley
Culkin	Holmes	Parker, N.Y.	Wigglesworth
Darrow	Hooper	Powers	Wolcott
De Priest	Hope	Ransley	Wolfenden
Dirksen	James	Reed, N.Y.	Wolverton

ANSWERED "PRESENT"—2

Crowther	Rankin

NOT VOTING—32

Bankhead	Burke, Calif.	Gambrill	Perkins
Beck	Cannon, Wis.	Gifford	Peterson
Blanton	Celler	Glover	Sabath
Brand	Christianson	Hornor	Scrugham
Brooks	Doughton	Kennedy, N.Y.	Sisson
Brown, Ky.	Dowell	Kleberg	Thurston
Browning	Englebright	Lindsay	Waldron
Buckbee	Fiesinger	Montague	Warren

So the bill was passed.

The SPEAKER. The Clerk will call my name.

The Clerk called the name of Mr. RAINEY, and he answered "aye", as above recorded.

The following additional pairs were announced:

On the vote:

Mr. Doughton (for) with Mr. Crowther (against).
Mr. Bankhead (for) with Mr. Beck (against).
Mr. Warren (for) with Mr. Perkins (against).
Mr. Buckbee (for) with Mr. Englebright (against).
Mr. Glover (for) with Mr. Waldron (against).
Mr. Brooks (for) with Mr. McFadden (against).

Until further notice:

Mr. Blanton with Mr. Dowell.
Mr. Gambrill with Mr. Gifford.
Mr. Burke of California with Mr. Thurston.
Mr. Scrugham with Mr. Christianson.

Mr. CULLEN. Mr. Speaker, the following Members are unavoidably absent; if present, they would vote "aye" on the passage of the bill: Mr. SABATH, Mr. FIESINGER, Mr. CELLER, Mr. MONTAGUE, Mr. SISSON, Mr. BROWN of Kentucky, Mr. PETERSON, Mr. LINDSAY, Mr. BRAND, Mr. KENNEDY of New York, Mr. CANNON of Wisconsin, Mr. BROWNING, Mr. KLEBERG, and Mr. HORNOR.

Mr. CROWTHER. Mr. Speaker, on yesterday, expecting that the vote would be had that day, I had a pair with the gentleman from North Carolina, Mr. DOUGHTON. He is not present today, and I will allow that pair to stand and vote "present."

Mr. RANKIN. Mr. Speaker, under the statement I was compelled to make in order to gain recognition to offer my motion to recommit and substitute the Norris bill for the present measure, I am not permitted to vote for the bill. So I withhold my vote and answer "present."

The result of the vote was announced as above recorded.

On motion of Mr. MCSWAIN, a motion to reconsider the vote whereby the bill was passed was laid on the table.

EXTENSION OF REMARKS—MUSCLE SHOALS

Mr. MCSWAIN. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days to extend their own remarks on the bill.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. BOLTON. Mr. Speaker, it is my purpose to discuss only one of the many features of the bill creating the Tennessee Valley authority which is before us, and a feature to which apparently not much attention has been given. While it may not appear important at first glance, I believe a consideration of this subject and what is proposed will bear out my concern in the suggested legislation.

I have reference to the navigation features of the bill. The express purpose of the legislation, among other things, is to improve navigation in the Tennessee River, and to carry out that and other purposes there is created a body corporate by the name of the "Tennessee Valley Authority of the United States", with full rights and powers necessary for the transaction of the business of the corporation and to fulfill the provisions of the act.

The bill provides that this authority—

shall have power to acquire real estate for the construction of * * * navigation projects at any point along the Tennessee River or any of its tributaries * * * shall have power to construct * * * navigation projects in the Tennessee River.

And it is—

declared to be the policy * * * to provide cheaper navigation in the Tennessee River.

I have quoted from section 4 of the bill.

In section 17 it is stated:

In order to enable * * * the board to carry out the authority * * * conferred * * * it is authorized and empowered * * * to exercise the right of eminent domain.

Thus it is apparent that one of the functions of the authority is to provide for navigation on the Tennessee River, and in the absence of any provisions to the contrary is to have full responsibility for such improvement.

It is true in section 16 of the bill the Secretary of War is authorized to construct the Cove Creek Dam and provides such construction shall be not only for the purpose of "generation of electric power" but—

for the purpose of promoting navigation by increasing and regulating the flow of the Clinch River and the Tennessee River below.

Aside from this specific authorization and direction of the War Department for the improvement of Cove Creek Dam, all responsibility and authority for carrying out the navigation provisions of the act is vested entirely with the officials of the—

Tennessee Valley authority, an instrumentality and agency of the Government of the United States.

And just as it is apparent that the provisions of the act place the full responsibility for the development of navigation on the Tennessee River in the hands of the authority, to the same extent it can be judged the authority will proceed only in the interests of the Tennessee Valley. This, of course, means such development will be made with little regard for national plans of waterway development, of which it would have but meager knowledge and in which it would have only a secondary interest.

Now let us consider for a moment the policy which the Government has practiced in the past in the development of navigation. We are all familiar with the work of the Corps of Engineers of the United States Army and realize the principal duties of that branch of the Army in peace times are in flood control and rivers and harbors work throughout the country. For many years this navigation work has been intrusted to the Corps of Engineers, made up of highly trained officers, under a policy which has become more and more free from outside interference and which has developed a thorough understanding of the water-borne commerce requirements of the entire Nation and a consequent familiarity with this problem.

Since 1902, when the basic law for consideration and study of specific projects was adopted, the practice outlining the procedure for the study, report, and adoption of navigation projects has been much amplified and made more specific by legislation. Today the procedure for the adoption of a project requested of Congress for rivers and harbors work calls for a preliminary examination to be made by the engineer in charge of the district in which the project is located to ascertain the probable public usefulness of the proposed improvement. The report of the district engineer goes, in turn, for approval to the division engineer, the Board of Engineers for Rivers and Harbors, the Chief of Engineers, and the Secretary of War. If recommendations are favorable, an estimate of costs is authorized, and this follows the same route, finally being transmitted to Congress for authorization and appropriation if it is indicated the project can be advantageously carried forward. After authorization and appropriation by Congress, the work is then carried on by the same group which studied and recommended the improvement and is familiar with the problem in all its details.

It is under this procedure that the great activities of the Government in the development of navigation have been pursued for the past several years, and, contrary to criticisms which have been heard, this work has been done in a manner distinctly favorable to the Government in efficiency and in cost. When it is remembered this organization engaged in rivers and harbors work comprises about 50 districts spread throughout the country, the activities of the Engineers may well be considered an irreducible minimum of organization, as well as a maximum of efficiency in problems of this character.

Today our waterway development is carried on with the requirements of the country as a whole in mind in order that the ultimate development and improvement of our rivers and harbors may mean a uniform system of waterway transportation. The desirability for this policy of improvement is apparent, and the results to be obtained equally clear.

It is now proposed that the practice of many years of having all navigation projects throughout the country handled by one branch of our Government, and with one definite purpose in view, be disregarded by the legislation under discussion, and the Tennessee Valley authority be given full charge and responsibility for the development of one of our great waterways.

Irrespective of the fact that the engineers have studied the development of the Tennessee River for over 10 years, having expended over a million dollars in surveys and studies of this territory, regardless of the fact that Congress has approved of the project submitted by the War Department for the improvement of the river from Knoxville to its mouth, under plans submitted by the engineers, and has authorized $5,000,000 to be expended in accordance with those plans, this bill proposes to place the entire authority for the development of navigation in the Tennessee Valley in the hands of a newly constituted board to carry out in such a manner as that board deems proper, without an estimate or plan of what is contemplated, and without any instructions to conform to the general scheme of development of water-borne commerce. Further, all acts, or parts in conflict with this authority, are repealed, although it is only fair to say the able chairman of the Military Affairs Committee has limited such repeal so that it applies only so far as other acts conflict with operations proposed by this legislation.

It is this disregard of existing practice to which I desire to call attention and voice my objections to the unnecessary duplication of effort and expense at a time when we are calling for economy, as well as to the abandonment of past practice and experience and the general plan of development of our waterways.

We recently have had instances of proposed legislation under which authority placed by law on the Engineers and on Congress was attempted to be disregarded. Today we have an even more flagrant violation of this practice. The question naturally arises, what will result from this tendency? If similar activities, such as the Tennessee Valley Act, are proposed in other parts of the country, it is fair to assume this same policy of abandoning efforts for a unified system of development will be followed, with the result that in time the effectiveness of the Government, through the Corps of Engineers, in its supervision and administration of waterway development throughout the country and the desire for a unified system as a goal in waterway development will disappear.

I feel very strongly that this action would be disastrous to the waterway interests of the country and would bring a break-down of our general water-borne transportation system. I would urge all who have an interest in the furtherance of our inland waterway system, and those who believe in a general plan covering the entire country as the most practical and efficient procedure to give careful thought to this point, with a realization of what it may mean to the country in the future.

I regret that in the desire to create a new and untried instrumentality of our Government, it has been felt necessary to disregard functions and practices of the Government, which, by past performance, have proven their value and ability to render service in an able and efficient manner and which I believe should not be cast aside for something uneconomical and unsound.

Mr. LUDLOW. Mr. Speaker, I confess I look upon the bill now before the House, the so-called "Hill Muscle Shoals bill", with mixed emotions.

If this were a proposition to start the United States Government on such an enterprise as the one at Muscle Shoals, I would be found among those in opposition. I am not in favor of Government ownership, nor would I support any

movement to project the Government into any original enterprise of this character, such as the much-talked-of proposal that the Government shall take over and develop the Columbia Basin reclamation project. As far as I am concerned, Government ownership will end at Muscle Shoals.

I shall vote for this bill for two reasons, the first being that it is a part of President Roosevelt's program on which he hopes to rehabilitate the country economically and to bring back prosperity to a sorely distressed nation. As a representative of a constituency that believes in President Roosevelt and wishes him well in his patriotic efforts to restore confidence and prosperity, I conceive it to be my duty to uphold his hands, even to the extent of supporting some measures about which I may have misgivings, if my opposition would obstruct or handicap his general purpose, because I believe his general purpose is in every way commendable and praiseworthy.

The people of the congressional district which I have the honor to represent admire President Roosevelt for his splendid initiative and courage. There is no division between Republicans and Democrats on that score. They have adjourned politics in order to give the President the inspiration and support he so well deserves. The Indianapolis Star, one of the ablest newspapers in the United States and one of the fairest, expressed the universal thought in its leading editorial yesterday morning when it said:

> The country is standing squarely behind President Roosevelt in his efforts to cope with a serious economic and unemployment situation. The public may have doubts as to the merit of some proposals, but it is willing to accept the motive which has prompted them. * * * Attempts to improve conditions, however, seem preferable to continued drifting in the hope that betterment eventually will be forthcoming.

That editorial expresses the keynote of popular opinion about President Roosevelt. The people like him because he has initiative, because he has daring, because he does things in a courageous and big way. They know that he is human, and they expect him to make mistakes, but they believe that he is driving ahead in the direction that ultimately will lead to the salvation of the country.

President Roosevelt has said that he wants this Muscle Shoals bill passed and that if the authority which it conveys is granted he believes he can do a great deal of good for the country. He wants it to fit in with his general scheme of economic rehabilitation, as a link in the chain that leads toward recovery, and I believe it to be my duty to give to him the support he asks.

In the second place, I am for it because it simply provides for the development of property which the Government already owns and not for any new incursion into the realm of Government ownership. But someone may say, "Do you favor the entrance of Government into business?"

To that I reply, "I do not, but this is a case where the Government already has entered business."

The Government has long owned the property. It has put $150,000,000 into it. The question on which we are voting today is whether the plant shall be allowed to stand and rot or whether the Government shall salvage the holdings it already has by developing and operating the property so as to bring it out of the red and put it in condition to bring some returns to the people of the United States, who are the owners. While I would have much preferred that the property be leased, efforts in that direction always have met with failure, and that alternative is not now offered to us.

I have noted with interest that Representative JOSEPH B. SHANNON, of Missouri, chairman of the celebrated "Shannon committee", and the most outstanding exponent in the United States Congress of the doctrine that the Government shall stay out of business, is supporting this bill. He evidently feels as I do that in this particular case the Government should do something with its white elephant except to permit it to eat hay at the expense of the taxpayers, and perhaps Mr. SHANNON also shares the common desire to help President Roosevelt in carrying out his program.

Mr. RANDOLPH. Mr. Speaker, following the close of the World War the tabulated figures of the cost of Muscle Shoals disclosed that $150,000,000 had been spent of the money of American taxpayers.

President Woodrow Wilson had looked into the future, as the following words indicate:

> It is not merely a war-time measure—

He said in speaking of the Muscle Shoals project—

> When the need for battle munitions is ended we shall have the plant making fertilizer for our farmers.

But the years came and went with selfish interests robbing this Nation of a potential economic giant, and the longest dam in the world, with its accompanying nitrate plants, has, like the fictional giant from Gulliver's tales, remained prostrate while political pygmies tightened their cords of pettiness.

In the May issue of the American Magazine we are told vividly by Morris Markley of his visit to the ghostlike section of northern Alabama where Muscle Shoals lies. In his interviews with the natives he asked them the following question:

> "Suppose", I said, "that we could get the project going one way or another—power actually coming from the generators, and fertilizer from the nitrate plant. What would happen? What would it mean?"
>
> My friend thought for a moment. Then he said, "I think that cheaper power would stimulate all sorts of small local industries. Cheaper and better fertilizers would make the farmer's problem simpler.
>
> "One result of the operation of Muscle Shoals which, I think, would affect people everywhere in the country would be its influence on private power companies. You know, there's been a lot of talk about these companies. They have been accused of trying to monopolize the Nation's power resources, of using these resources for their own gain rather than for the benefit of the public, of charging unwarranted rates, and so on. Here in Muscle Shoals the Government has a great chance to show by comparison how far some of these charges are true, and to give the private companies an object lesson.
>
> "And we can't deny that it would be a wonderful thing for us here. It would put thousands of men to work. It would help us to get rid of that feeling of futility, of helplessness, that's come over us. You see, friend, it makes us folks pretty blue to remember all the energy and enthusiasm and human ingenuity which built Muscle Shoals—and to see all that enterprise thrown away. It makes us suspect that hard work and hard thinking don't count for much, after all.
>
> "Start Muscle Shoals to working, and you do more than improve property values, set men to work, stimulate business. You restore the faith of a whole people—the people living in this part of the world."

Passage today of this measure will breathe life into a dream that was dead, and that dream will become dynamic. Success of this legislation will bring back a vision that had vanished, and that vision will become vitalized.

Effective action will mark a new beginning in an epoch-making enterprise which will become a potent part of progressive America.

Mr. GILLESPIE. Mr. Speaker, it is folly for those who oppose this bill to argue now that the Government should be kept out of business, for the reason that the Government is already engaged in and is financing all kinds of private business enterprises.

The Government has been in the business of regulating railways since 1887.

From its beginning the Government has been expending millions on rivers, harbors, canals, and all manner of internal improvements.

The Government runs barges; it is in the shipping business; it is in the aviation business; it has been granting big appropriations, sometimes called "pork-barrel appropriations", for navy yards, Army posts, and so forth; it is in the school business; in the tariff business; in the farm business by way of the Federal Farm Board and many other business bureaus erected by acts of Congress.

The Government is in the business of building and controlling public highways; the Government has jurisdiction over post roads, and owns and operates our great and useful mail transportation system, and is directly engaged in

thousands of other business enterprises, and all in the interest of the people.

Why should anybody at this late time—too late—advocate that the Government should be kept out of business and the people's great Muscle Shoals turned over to a monopoly—the Power Trust, or private control of any kind?

The people have invested in Muscle Shoals the sum of 150 millions. It is bought and paid for and belongs to all of us.

Rugged individualism in America, like the law of supply and demand, has become a myth.

The law of supply and demand has been destroyed by man-made laws and differential privileges in the form of monopolies granted to favored individuals and groups.

There is no longer any free flow of commerce, because commerce is controlled by artificial man-made laws.

It started with Government regulation of railroads in 1887, when people on account of unfair freight and passenger tariffs and other abuses were compelled to turn to the Government for relief.

It was not the Socialist who got the Government into the business of running barges on some of its improved waterways.

The World War got the Government in the ship-subsidy business, and business men have clamored for mail subsidies, and certain groups have petitioned the Government to provide cheap money for shipbuilding.

Who is responsible for having the Government to send out drummers over the world to drum up business? These emissaries should be paid out of the capital of private enterprises, but the Government has been paying them; and then there is a Federal Trade Commission, and then there is the Tariff Commission and many other commissions and bureaus operated at Government expense.

Since it is a fact that the Government is actually in business, then why should it not operate for the benefit of all the people that great natural opportunity, Muscle Shoals? Why throw away 150 millions already invested in this enterprise pretending that you are keeping the Government out of business?

All must admit and none can deny that this plant would benefit the farmer by furnishing him cheap fertilizer and would benefit the artisan and workers and the general public as well if the Government operates and controls Muscle Shoals for the people.

I shall vote that way.

Mr. SMITH of Washington. Mr. Speaker, I will vote in favor of the motion to recommit in order to substitute the Norris bill for the pending bill.

In my campaign for election to this body, I stated to the people of my district that I favored the development of Muscle Shoals in the interests of all the people by the Federal Government, as advocated for many years by Senator GEORGE W. NORRIS, of Nebraska, and it has been my understanding, and still is, that this has also been the position of President Roosevelt. In every vote I have cast as a Member of this House, I have kept faith with the people who sent me here, and my vote on this roll call will accord squarely with the promises and pledges I made to them.

I have the highest regard for the gentleman from South Carolina [Mr. MCSWAIN] and for the author of this bill, the gentleman from Alabama [Mr. HILL], and if the motion to recommit does not prevail, which it probably will not, then I shall vote for their bill on its final passage, in the hope, however, that in the Senate the bill of that grand old leader in this long fight [Senator NORRIS] will be substituted. I also hope, Mr. Speaker, that this great project will be named Norris Shoals in his honor and that it will be speedily developed in the interests of all the people in the manner which has been advocated by him for more than a decade.

Mr. Speaker, I also commend our great Democratic President, Franklin D. Roosevelt, for the courageous and patriotic act he will perform when he signs the law, which has been vetoed by two former Republican Presidents. The American people from one end of the land to the other will rise up and call him blessed.

Mr. TERRELL. Mr. Speaker, I am sorry that I cannot go all the way with the Democrats of the House in supporting H.R. 5081, the Muscle Shoals proposition.

The whole theory of the republican form of government is gradually being undermined, and we are substituting therefor another theory which instead of leaving the individual free to work out his own destiny in the business world is gradually encroaching on the grounds of individual activity by projecting the Government into all lines of activity.

Regardless of whether this enterprise pays or not, the principle of putting the Government into private business is wrong, and I shall oppose all laws which attempt to put the Government further into private business. Past experience proves beyond question that the Government has lost money in all ventures into private business, and taking these experiences as an example we may be sure that the Government will lose millions of dollars in this enterprise. The law cannot determine in advance how much money should properly be spent on this enterprise, and the Government stands to lose hundreds of millions of dollars besides what has already been sunk in the project. The invariable policy of the Democratic Party has been against the Government's entering the field of private industry. The Democratic platform of 1932 said:

> We advocate the removal of Government from all fields of private enterprise except where necessary to develop public works and natural resources in the common interest.

What is the common interest is a debatable question.

The Government's proper function is to leave the people independent in their business transactions in all respects except to protect the weak against the strong by preventing a monopoly and prohibiting any form of coercion against individuals or weaker groups of citizens engaged in business.

I voted to recommit this bill in order to substitute the Norris bill for it for the reason that Senator NORRIS has studied the Muscle Shoals project more closely than any other Member of Congress; and if we must enact legislation of this character, I should prefer to have the law he approves.

I do not think the Government should make fertilizer or electric power in competition with private enterprises, nor do I think the Government should own and operate the railroads or other business concerns; but the Government is destined to own and operate the railroads or lose the money advanced them through the Reconstruction Finance Corporation. I prefer to lose this money and also lose the hundreds of millions of dollars already spent on Muscle Shoals rather than embark on the vast scale of industry now contemplated by this bill. The Government lost the only opportunity it ever had to test the feasibility of economic production of electric power and fertilizer for sale to the public when it refused to lease this property to Henry Ford, who would have spent all the money necessary to develop it and agreed to sell the fertilizer and power at a profit of 6 or 7 percent.

I would take the Government out of the private printing industry and every other private industry, if I could do it, and return to the simple form of government contemplated by the Constitution, and followed for a hundred years before branching out into untried fields of business ventures. Our Government in those days was simple and inexpensive and answered every governmental need of the citizens and has not been improved upon by recent vast expansion of operations in business and industry conducted by boards and bureaus far removed from the people. The Government cannot save the situation by issuing billions on interest-bearing bonds to carry on public works and place future generations under bondage, for the "borrower is servant to the lender."

It is my solemn prediction, not as a prophet, but as a student of history, that this Government will not stand in its present form and method of management 100 years longer. It cannot be saved unless we retrace our steps and return to a strict compliance with the Constitution in which the authority of the three separate departments of government, legislative, executive, and judicial, is recognized and rigidly

maintained and the authority of the States in all local matters is preserved inviolate.

HOME MORTGAGE RELIEF BILL

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent to have until midnight tonight to file a report on the home mortgage relief bill.

The SPEAKER. Is there objection?

There was no objection.

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent to take up the home mortgage relief bill tomorrow. The gentleman from Massachusetts [Mr. LUCE], the ranking minority member on the committee, does not seem to be present at the moment, but I am prepared to say for him that an hour for general debate upon the bill is satisfactory. I submit the request upon that basis.

The SPEAKER. The gentleman from Alabama asks unanimous consent that the home mortgage relief bill shall be in order tomorrow. Is there objection?

Mr. O'CONNOR. Mr. Speaker, I reserve the right to object. A matter may come in from the Rules Committee of an emergency nature, which may not take much time, but which we had in mind calling up tomorrow. I think we might well proceed with that before debate on the home mortgage relief bill.

Mr. STEAGALL. I had understood that it was the desire of the majority leader that we should give the right of way to the home mortgage relief bill tomorrow.

Mr. O'CONNOR. I might say to the gentleman that this matter was called to our attention just recently, and I discussed it with the majority leader a short time ago.

Mr. STEAGALL. It is quite satisfactory to me to have any proposition from the Rules Committee come first.

Mr. PETTENGILL. Mr. Speaker, have the hearings on the bill been printed?

Mr. STEAGALL. They have.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

Mr. WOLCOTT. Mr. Speaker, I reserve the right to object. By giving unanimous consent today to confine debate to 1 hour will we be estopped from asking unanimous consent to extend the time further?

Mr. STEAGALL. No; the gentleman would not be.

The SPEAKER. Is there objection?

Mr. BACON. Mr. Speaker, can the gentleman tell me whether this bill is to be brought up under a rule, or will there be opportunity to amend the bill?

Mr. STEAGALL. We expect to consider the bill under the general rules of the House, under the 5-minute rule.

Mr. McFADDEN. Mr. Speaker, do I understand the gentleman to say that amendments may be offered from the floor of the House?

Mr. STEAGALL. Oh, yes. The bill will be considered under the general rules of the House.

The SPEAKER. Is there objection to the request of the gentleman from Alabama? [After a pause.] The Chair hears none.

Mr. STEAGALL. Mr. Speaker, I now ask unanimous consent that general debate upon the bill continue for 1 hour, to be divided equally between the gentleman from Massachusetts [Mr. LUCE] and myself.

The SPEAKER. One hour on a side?

Mr. STEAGALL. One hour in all.

Mr. SNELL. Mr. Speaker, I reserve the right to object. I do not know whether that is agreeable to the gentleman from Massachusetts or not.

Mr. STEAGALL. I can assure the gentleman that it is agreeable to him.

Mr. SNELL. If it is agreeable to him, I would not want to object.

Mr. STEAGALL. It is. I discussed it with him a little while ago.

Mr. SNELL. There will be plenty of time under the 5-minute rule?

Mr. STEAGALL. Yes.

The SPEAKER. The gentleman from Alabama asks unanimous consent that general debate continue for 1 hour, to be equally divided between himself and the gentleman from Massachusetts. Is there objection?

Mr. McFADDEN. Mr. Speaker, I reserve the right to object in order to ask whether it is possible to get some time on this bill. With only half an hour on this side I do not see where any Members are going to have opportunity to discuss the bill at all.

Mr. STEAGALL. I stated to the House that I had discussed the matter of time with the minority ranking Member [Mr. LUCE].

Mr. McFADDEN. But there are other Members here who have some rights. Unless more time can be arranged, I shall object.

The SPEAKER. Is there objection?

Mr. McFADDEN. Mr. Speaker, I object.

Mr. STEAGALL. I have no objection to extending the time. I shall be very glad to meet the wishes of my friend from Pennsylvania.

Mr. GOSS. Do I understand that general debate is to be confined to the bill?

Mr. STEAGALL. Yes; I will put it that way.

Mr. COCHRAN of Missouri. Mr. Speaker, is the gentleman going to permit only half an hour on a side for the consideration of this bill?

Mr. STEAGALL. I am submitting that request now.

Mr. COCHRAN of Missouri. Mr. Speaker, we passed a bill in the last session which we were told was for the relief of the home owners. We created a home-loan bank, and what was it? It was nothing but a political fraud, and up to this hour not one single individual in this country has been able to get 5 cents from that home-loan bank to retire a mortgage. It was a bill for the relief of building-and-loan associations. The bill which is to be considered now should be a real relief bill for home owners in the large cities. We have given everything to the farmers, we have given everything to the corporations, but what have we done for the man who owns a little home in the city, representing his life savings. The bill should be worded so that that man can borrow money and save his home if it is necessary, and it should not be left to any board to say you can or you cannot borrow.

Mr. STEAGALL. Mr. Speaker, the purpose of this legislation is to accomplish the very thing that the gentleman has in mind.

Mr. COCHRAN of Missouri. I hope so, but the gentleman from Alabama stood on this floor and in answer to my question, as the RECORD will show, gave me that same assurance when the other bill was pending; but what happened? In the end all one could borrow was 40 percent of the value of his or her property. You do not have to go to the Government to borrow 40 percent of the value of your property. This is a most important measure, Mr. Speaker, and there should be more time for debate.

The SPEAKER. Is there objection?

Mr. COCHRAN of Missouri. I object, Mr. Speaker, unless the time is extended for more than 1 hour.

Mr. STEAGALL. I will make the time 2 hours if that is satisfactory.

Mr. COCHRAN of Missouri. Make it 2 hours and I shall not object.

Mr. STEAGALL. Very well.

The SPEAKER. The gentleman from Alabama asks unanimous consent that debate upon the home mortgage relief bill be limited to 2 hours, to be divided as indicated, between himself and the gentleman from Massachusetts, debate to be confined to the bill. Is there objection?

Mr. LANZETTA. Mr. Speaker, I object.

Mr. STEAGALL. Mr. Speaker, if the Speaker will permit, I submit the request that the home loan bank bill may be in order tomorrow.

The SPEAKER. That request has been granted. There has been objection to the request for 2 hours' general debate. Consent has been granted that the bill may be in order tomorrow, but no arrangement has been made as to time for general debate.

PAY OF UNITED STATES NAVAL ACADEMY GRADUATES

The SPEAKER. The Chair desires to make a statement to the House. The Chair at this point has promised to recognize the gentleman from Georgia [Mr. VINSON] for the purpose of calling up a bill, H.R. 5012, which seems to be a matter of public interest and an emergency. It affects the surplus graduates in this year's graduating class at Annapolis.

Mr. SNELL. But the gentleman from Georgia must ask unanimous consent for that?

The SPEAKER. Yes.

Mr. VINSON of Georgia. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H.R. 5012) to amend existing law in order to obviate the payment of 1 year's sea pay to surplus graduates of the Naval Academy, and I ask unanimous consent that the bill may be considered in the House as in the Committee of the Whole.

The Clerk read as follows:

Be it enacted, etc., That so much of the act of August 5, 1882 (22 Stat. 285, ch. 391), as is contained in the proviso at the end of section 1057, title 34, United States Code, is hereby amended by repealing the words "and 1 year's sea pay", so that the said proviso will read as follows: "*Provided*, That if there be a surplus of graduates, those who do not receive such appointments shall be given a certificate of graduation and an honorable discharge."

The SPEAKER. Is there objection to the request of the gentleman from Georgia [Mr. VINSON]?

There was no objection.

Mr. VINSON of Georgia. Mr. Speaker, the purpose of this bill is to change the present existing law by which sea pay of 1 year is given to midshipmen who do not receive commissions. Under the law today when a midshipman graduates at the academy and does not receive a commission, the Government pays him $780. The purpose of this bill is to repeal that provision of the law, due to the fact that 192 midshipmen will fail to receive their commissions. When they graduate and have been honorably discharged their retainer pay that they will receive amounts to about $1,000. So if this bill does not become effective between this date and May 26, every midshipman who does not get a commission will receive $1,000 retainer pay plus $780. This bill was considered by the committee and it was favorably reported, 18 to 1. It is recommended by the Budget and recommended by the Navy Department.

Mr. McCLINTIC. Will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. McCLINTIC. In order that the Members may have detailed information I should like the chairman to explain whether or not a midshipman, after he has been given an honorable discharge, under the terms of this bill will receive any kind of gratuity, annuity, or payment in the future?

Mr. VINSON of Georgia. He receives his retainer pay, which has been accumulated to his credit during the 4 years during which he has attended the academy, an amount in the neighborhood of a thousand dollars. He has no other claim on the Government.

Mr. Speaker, I wish to read from the committee report:

The Committee on Naval Affairs, to whom was referred the bill (H.R. 5012) to amend existing law in order to obviate the payment of 1 year's sea pay to surplus graduates of the Naval Academy, having had the same under consideration, report favorably thereon, without amendment, and recommend that the bill do pass.

The Naval Academy class of 1933 now contains 437 midshipmen. In accordance with the Act of May 6, 1932, not less than 50 percent of those graduating will be commissioned in the line of the Navy. In addition about 20 will be commissioned to fill vacancies in the Marine Corps and about 5 in the Supply Corps of the Navy. The remainder, about 192, cannot be commissioned, because there are no vacancies for them and they must be discharged to civil life.

The pay of a midshipman is $780 per annum, from which he must pay for his uniforms, textbooks, etc. During his 4 years at the Naval Academy not less than $960 is withheld from the pay of each midshipman for the purpose of providing him upon graduation with funds sufficient to buy the uniforms and equipment required by an ensign. In the case of a graduate who does not receive a commission the sum which has been withheld is paid to him. This will provide him with approximately $1,000 plus an excellent education which has been given to him by the Government.

The present situation is not at all analogous to that which obtained when the Act of August 5, 1882, was passed. At that time midshipmen performed 2 years' sea service after completing the 4 years at the Naval Academy before being commissioned as ensign. For those who did not receive a commission there was no such fund as the retainer pay which now provides each graduate who is not commissioned with a substantial sum upon his separation from the service. It would appear that the grant of 1 year's sea pay was intended to provide a nest egg which would enable him to make a start in civil life. Since the present-day midshipman upon discharge will receive about $1,000 from the Government, it does not seem unfair to deny him the additional gratuity of $780.

If this bill is enacted, it will result in a saving to the Government of some $156,000 for the current year and about the same amount for the next 2 or 3 fiscal years.

Mr. SHANNON. Will the gentleman yield to me?

Mr. VINSON of Georgia. I yield to the gentleman from Missouri [Mr. SHANNON].

Mr. SHANNON. This is not economy; this is a breach of contract.

I want to explain the operation of this law with respect to these boys, the best boys in the world, who accepted appointments at the hands of their Congressmen and went to Annapolis. If a boy is commissioned, upon his graduation he is paid a salary. The purpose of this law was to provide for those who, because the Navy does not need them, do not receive a commission. It serves as an equalizer between those who are commissioned and those who are not. For 4 years, these boys who are to be graduated in a few weeks have believed that upon their graduation they would receive either a commission or this pay. If you deprive them of the pay, after permitting them to believe for 4 years that they would receive it, I say to you you are liable to upset nine tenths of them in their examinations which are going on at this very moment. For 4 years they have believed they would get this money. Now, in the name of economy you want to deprive them of it. I say to you, nothing was ever as unfair as that. Those boys have had no notice of such action. An admiral appeared before the committee and said he could save this money. He is not saving it. He is taking it from 200 American boys by changing a law which has been in operation for 50 years. I want to read the act that this bill proposes to repeal. It is the Act of August 5, 1882, and provides:

That hereafter there shall be no appointment of cadet midshipmen or cadet engineers at the Naval Academy, but in lieu thereof naval cadets shall be appointed from each congressional district and at large, as now provided by law for cadet midshipmen, and all the undergraduates at the Naval Academy shall hereafter be designated and called "naval cadets"; and from those who complete the 6 years' course appointments shall hereafter be made as it is necessary to fill vacancies in the lower grades of the line and Engineer Corps of the Navy and of the Marine Corps; and if there be a surplus of graduates, those who do not receive such appointment shall be given a certificate of graduation, an honorable discharge, and 1 year's sea pay, as now provided by law for cadet midshipmen; and so much of section 1521 of the Revised Statutes as is inconsistent herewith is hereby repealed.

At the time of the passage of this act the course at the Naval Academy was 6 years—4 years at the Naval Academy and 2 years at sea as a passed midshipman—cadets or midshipmen not being commissioned in the service as ensigns until after they had completed the 2 years' service at sea. At present the course is but 4 years at the Naval Academy, the midshipmen being commissioned as ensigns upon graduation from the 4-year course.

That act specifically provides that—

Those who do not receive such appointment shall be given * * * 1 year's sea pay.

If this is an abuse, and if the law should be changed, then let the change go into effect in the future and do not make it applicable to those already in the academy.

Those who do not receive a commission upon their graduation will receive only this sum referred to by the gentleman from Georgia, which is the amount saved out of the allowance made to them. Those who are commissioned also receive this sum. The boy who is not commissioned is the one who will be discriminated against under the bill now under consideration.

Every midshipman who has been at the Naval Academy is fully aware of the provision of the Act of August 5, 1882,



authorizing the payment of 1 year's sea pay to him if he is graduated and there is no vacancy for him in the Navy or Marine Corps to which he can be commissioned. It would not be so bad if the law was so amended that it would only be applicable to the boys who enter the academy after the passage of the bill, but to apply it to the boys who will graduate in a month or two is unjust and unfair.

There was an implied contract between the Government and these boys that upon the completion of the 4-year course the boys would either be commissioned or would receive 1 year's sea pay. The boys have faithfully performed their part of this contract and are about to be graduated. Shall the Government, through the passage of this bill, fail to carry out its part of that contract? This bill is not only unfair but its effects are retroactive.

The courts have frequently held that where a student completes the course prescribed by a school, private or public, that school can be compelled, by mandamus, to issue to him a proper certificate. In the case of a boy entering the Naval Academy there is an agreement that upon the completion of the prescribed 4-year course there will be issued to him a certificate of graduation, and either a commission or an honorable discharge and 1 year's sea pay. The Naval Academy, as any other school, should perform its part of this agreement.

Mr. MOTT. Can the gentleman inform us whether the bill is a part of the President's economy program?

Mr. VINSON of Georgia. Mr. Speaker, will the gentleman yield?

Mr. SHANNON. I yield.

Mr. VINSON of Georgia. In reply I may state that it is sent to the committee by the Navy Department with a favorable recommendation. It is also included in a Budget message to Congress, including it in an appropriation bill.

Mr. MOTT. Does the gentleman know whether the President has approved it?

Mr. VINSON of Georgia. I do not know, but I presume when the Budget Director sends a matter to Congress it has the sanction of somebody in authority.

Mr. MOTT. The gentleman understands what I am trying to find out, which is whether this is a part of the President's economy program?

Mr. VINSON of Georgia. This is a part of the program to more economically manage the military affairs of the country.

Mr. SHANNON. I may say in answer to the gentleman from Oregon that I do not think the President ever heard of it. The President is being charged with a lot of things that are not correct. A man in his position could not possibly pass on everything. He has to trust to others. This matter originated with some admiral who wanted a transfer of funds, who probably has something else he wants to effect somewhere, and what could be more convenient than to take $150,000 from these boys?

I repeat again, you are in grave danger of doing something that not only will upset the boys on the eve of their examinations, but you are apt to send out 200 of them with a bitter feeling toward this Government for taking this money away from them. This is theft, nothing more nor less than theft, to take it away from these boys who graduate at this time.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. SHANNON. I yield.

Mr. RICH. Does not the gentleman think that when we educate these boys at Annapolis at an expense of approximately $16,000 each, give them 4 years' tuition, we have certainly given them a wonderful education and that they should be satisfied?

Mr. VINSON of Georgia. And $1,000 in addition.

[Here the gavel fell.]

Mr. SHANNON. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SHANNON: In line 10, after the word "discharge", insert "*Provided further*, That this act shall take effect July 1, 1936."

Mr. SHANNON. This amendment, Mr. Speaker, would make the change applicable to the boys who would be admitted to the academy in 1936. Those boys would have notice that this money will not be paid to them. But the boys now in the academy, who entered with the understanding and belief that they would receive this pay, would not be deprived of it.

Mr. VINSON of Georgia. Mr. Speaker, I rise in opposition to the amendment.

Mr. Speaker, I trust the House will vote down this amendment, because if it is adopted it will mean an additional expense between now and 1936 in the neighborhood of $500,000.

Let me call attention to the fact, as stated by the gentleman from Pennsylvania, that these boys are educated at the expense of the taxpayers. The average cost per capita of the boys at the Academy is from $10,000 to $12,000. In addition to this, we give every one of them $1,000 when he leaves the Academy without a commission.

I think the Government has been exceedingly generous to these boys who cannot get commissions due to the reason we have no vacant places in the Navy for additional officers.

Mr. Speaker, I ask that the amendment be voted down.

Mr. FULLER. Mr. Speaker, will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. FULLER. This money is not given to those boys who receive commissions?

Mr. VINSON of Georgia. In that case they go into the service and earn it.

Mr. FULLER. Now the effort is being made to take it away from these boys who have chosen the Navy as a life profession and devoted their efforts to obtaining an education for that profession. It is now sought to throw them out and not pay them what the Government owes them.

Mr. VINSON of Georgia. No. We give him $1,000 when he graduates without a commission. The proposal of the gentleman from Missouri is to give him $780 in addition to it. The committee and the department are opposed to giving him the $780 in addition.

Mr. FULLER. He still gets his $1,000, does he?

Mr. SHANNON. He gets approximately $1,000, but that is simply the unexpended balance of his allowance at the rate of $780 a year. Out of his yearly allowance of $780 is taken the cost of his uniforms, equipment, food, and incidental expenses, and the difference between such actual expenses and the allowance is permitted to accumulate and is paid to the boy when he is graduated from the Academy. This is true of those who receive a commission as well as those who do not.

Mr. O'MALLEY. Mr. Speaker, will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. O'MALLEY. Is not this $1,000 the graduate receives who does not get a commission taken out of his own salary?

Mr. VINSON of Georgia. Not at all.

Mr. SHANNON. Yes.

Mr. VINSON of Georgia. He gets no salary at the Academy. He is educated and maintained at the expense of the Government.

Mr. O'MALLEY. That is his allowance?

Mr. VINSON of Georgia. That is his allowance.

Mr. BEEDY. Mr. Speaker, will the gentleman yield?

Mr. VINSON of Georgia. Yes.

Mr. BEEDY. Does not the gentleman think this great country might find a more honorable way to economize than to break faith with these youngsters who for 4 years have assumed that their Government, through the Navy Department, would carry out the traditions of the Navy and deal squarely with them?

I want to economize, but I hesitate to support this kind of economy.

Mr. VINSON of Georgia. I may say to the gentleman from Maine there is no contract between the Government and any officer of the Army or Navy. It is entirely discretionary. Congress at any time may change their compensation.

Mr. BEEDY. I realize that, but does not the gentleman think we are under the strongest kind of moral obligation not to do this?

Mr. VINSON of Georgia. I think this about it. I think when the Government has taxed its people to educate these boys at an expenditure of approximately $13,000 per boy, and then he fails to get a commission because the Government has no need for him, and then the Government gives him $1,000, the Government has been exceedingly generous; and to give him $780 additional, with economic conditions as they are today, I think would be extravagance on the part of the Government.

Mr. McCORMACK. Will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. McCORMACK. I am interested in the last remark of the gentleman. Why does the Government educate these boys?

Mr. VINSON of Georgia. They educate them for the reason that they want to put them in the Navy whenever there are vacancies in the Navy.

Mr. McCORMACK. In other words, it is a part of the development of our national defense.

Mr. VINSON of Georgia. But we have no vacancies in the Navy, and what is the need of putting 192 additional officers in the Navy when there is no need for them?

Mr. McCORMACK. I am not completely in disagreement with my friend the gentleman from Georgia, but I was somewhat concerned about letting go into the RECORD the statement that these boys are receiving an education at the expense of the Government without having in the RECORD the further statement that they are educated as a part of our national defense.

Mr. VINSON of Georgia. Of course that is the purpose for which they are sent to the academy.

Mr. RICH. Will the gentleman yield?

Mr. VINSON of Georgia. Yes.

Mr. RICH. Does the gentleman think the taxpayers of the country would be satisfied to know that it is considered the right thing for Congress, under present economic conditions, to give these boys $1,000 additional in view of the fact they are being educated by the Government at an expense of nearly $15,000?

Mr. VINSON of Georgia. I do not.

Mr. LAMBERTSON. Will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. LAMBERTSON. Why not make this saving on further retirement of the older officers?

Mr. VINSON of Georgia. That is exactly what the Budget officials are doing, and I may state to the gentleman now that it is proposed to cut the Budget appropriation for the Navy in the neighborhood of $55,000,000, and there will be other economies that must necessarily be made.

[Here the gavel fell.]

Mr. SHANNON. Mr. Speaker, I ask unanimous consent to proceed for 2 additional minutes.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. SHANNON. I will ask the chairman of the committee to state whether or not these boys were permitted to present their side of the case to the committee, and if it would not have been considered bad form for them to seek an opportunity to present their side of the case? I should also like to ask the gentleman if he does not believe that every boy in the Naval Academy at this moment considers that he has an equitable claim on the Government for this money?

Mr. VINSON of Georgia. I do not agree with the last statement at all.

Mr. Speaker, I ask for a vote.

Mr. SHANNON. Answer my first statement.

Mr. VINSON of Georgia. I ask for a vote, Mr. Speaker.

The SPEAKER. The question is on the amendment offered by the gentleman from Missouri [Mr. SHANNON].

The question was taken; and on a division (demanded by Mr. SHANNON) there were—ayes 64, noes 106.

So the amendment was rejected.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and on a division (demanded by Mr. KVALE) there were—ayes 123, noes 47.

So the bill was passed.

On motion of Mr. VINSON of Georgia, a motion to reconsider the vote by which the bill was passed was laid on the table.

ST. LAWRENCE WATERWAY

Mr. O'CONNOR. Mr. Speaker, I call up House Resolution 112, a privileged resolution, from the Committee on Rules.

The Clerk read as follows:

Resolved, That immediately upon the adoption of this resolution the House shall proceed to the consideration of House Joint Resolution 157, and all points of order against said joint resolution shall be considered as waived. That after general debate, which shall be confined to the joint resolution and shall continue not to exceed 1 hour, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the previous question shall be considered as ordered on the joint resolution to final passage without intervening motion except one motion to recommit.

Mr. O'CONNOR. Mr. Speaker, I yield 30 minutes of the time to the gentleman from Pennsylvania [Mr. RANSLEY].

Mr. BULWINKLE. Mr. Speaker, may I ask the gentleman whether there will be a roll call on this measure this afternoon?

Mr. O'CONNOR. I cannot answer that question. There may well be a vote this afternoon.

Mr. BULWINKLE. I should like to ask the chairman of the committee that question.

Mr. PARKER of New York. Mr. Speaker, I shall demand a roll call on the passage of the measure.

Mr. RAYBURN. Mr. Speaker, I think what the gentleman from North Carolina [Mr. BULWINKLE] is interested in, as well as several other gentlemen, is this: The rule, in all probability, will be debated for an hour, the bill will be debated for an hour, and the gentlemen are wondering whether the roll call would go over until tomorrow.

Mr. PARKER of New York. I shall not object to that.

Mr. RAYBURN. That is entirely agreeable to me.

Mr. SNELL. Is this a political engagement?

Mr. RAYBURN. Partially so; yes.

Mr. BULWINKLE. Then it is understood, Mr. Speaker, the vote will go over until tomorrow.

Mr. O'CONNOR. Mr. Speaker, this rule is brought in at the request of the Committee on Interstate and Foreign Commerce for the purpose of considering the resolution to provide for the proportion that the State of New York shall pay toward the cost of maintaining the St. Lawrence waterway.

Under the rule general debate will continue for 1 hour. The resolution will not be read for amendment and no points of order will lie against the resolution.

That is the form of rule requested by the committee, and we bring it to you in that shape.

As I understand it, the treaty between the United States and Canada with reference to the St. Lawrence waterway was signed July 18, 1932, and the ratification is now pending in the Senate.

In 1931 the State of New York created the Power Authority of the State of New York, when President Roosevelt was Governor. By unanimous vote of both houses of the legislature there was delegated to this corporate political entity the right to enter into contracts for the development of the St. Lawrence River in the interest of the State of New York.

In the development of the St. Lawrence waterway all the power sites are on the New York side and in the State of New York. The cost to the Federal Government is several hundred million dollars as its share of the cost of the development of the waterway for navigation and for power.

The Federal Government has entered into an agreement with the State of New York whereby the State shall use all the power developed on the New York side and contribute

to the cost of the navigation and power development. As I understand it, that cost will be about $89,000,000.

Mr. TARVER. Will the gentleman yield?

Mr. O'CONNOR. Not for an intricate question that I may not be able to answer.

Mr. TARVER. I am asking this for information. The gentleman stated that the cost would be several hundred million dollars to the Federal Government. Can the gentleman make the statement a little more definite so that we may be advised how much it is going to cost the Federal Government?

Mr. O'CONNOR. I am sorry but I cannot answer that. I understand the total cost to the United States is about $275,000,000. This resolution merely provides in advance of the ratification of the treaty that New York shall pay in accordance with the agreement for the use of the power developed on the New York side of the river. If the treaty is not ratified, the agreement is of no effect. If it is ratified, this resolution fixes in advance of the ratification the cost that has been agreed upon that the State of New York shall pay to the Federal Government.

Mr. EDMONDS. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. EDMONDS. Why do you bring this up now, when the treaty has not been ratified; why the hurry?

Mr. O'CONNOR. The Rules Committee was informed that there was an immediate need for the resolution, and I shall yield to the gentleman from Texas [Mr. RAYBURN], the chairman of the committee, to answer that question.

Mr. RAYBURN. The reason for reporting the matter now is to have this fixed between the United States Government and the State of New York so that they would know that it would be in effect if the treaty were ratified, and not wait until after the ratification.

Mr. EDMONDS. Will the gentleman kindly tell me whether it is not in effect an attempt upon the part of the House authorities to impress upon the Senate that the House is in favor of this measure?

Mr. RAYBURN. I do not know anything about the treaty; I never have read it. I do not think this has one thing on earth to do with the treaty. I think it is a matter of settling these rights as between the Federal Government and the State of New York so that they will know what their rights are when the treaty is under consideration.

Mr. EDMONDS. I do not see the use of settling any rights, when they have not any rights.

Mr. O'CONNOR. Mr. Speaker, all this discussion will be brought out in detail in debate upon the resolution. Just now this is a discussion on the rule. It does not go to the merits of the resolution.

Mr. CULKIN. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. CULKIN. In line with the questions asked by my colleague, the passage of this resolution will enable the United States Government to know what the amount of its disbursement will be for the construction of this waterway; is not that true?

Mr. O'CONNOR. It will show what proportion of that cost New York will bear, and will determine that in advance. As I understand it, such a procedure is nothing exceptional.

Mr. DOUGLASS. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. DOUGLASS. In order to inform the Chairman of the Committee on Interstate and Foreign Commerce that we in New England are decidedly opposed to this St. Lawrence waterway project, and we are very much afraid that the adoption of this resolution before the treaty is accepted by the Senate will place this House in the attitude of approving the treaty. Does not the gentleman feel that by our action here today in the approval of this resolution we are practically, as the gentleman from Pennsylvania suggested, putting the House in the position of approving the ratification of the treaty?

Mr. RAYBURN. That is not my thought and I do not think it is the thought of the majority of the Committee on Interstate and Foreign Commerce.

Mr. DOUGLASS. Does not the gentleman think it will have that psychological effect?

Mr. RAYBURN. I cannot search the minds of other men. It does not appeal to me in that light.

Mr. O'CONNOR. Mr. Speaker, I might say that I know of several members of another body who will vote for this resolution who presently have no intention of voting for the ratification of the treaty, and the RECORD might well show that what we do here today is not to be taken in any sense as being in favor of the treaty at present pending in the other body.

Mr. DOUGLASS. The gentleman understands that the House will not have any chance or any constitutional right to vote on the treaty. That being the case, I want to know, and I want a definite answer, why, before that treaty is approved by the Senate, we in the House have to act in this manner? Why cannot we wait until that treaty is approved, if it is to be approved—and I hope that it will not be.

Mr. RAYBURN. I can state to the gentleman in a few words why the Committee on Interstate and Foreign Commerce considered this matter. It was a direct request, enclosing this resolution, in a letter from the President of the United States. I do not know anything about the controversy in New York and New England with reference to this matter. I have stated what I feel about it, however.

Mr. WEIDEMAN. Mr. Speaker, will the gentleman yield in order that I might ask the Chairman of the Committee on Interstate and Foreign Commerce another question?

Mr. O'CONNOR. Very well, but this is the last question to which I shall yield as to the merits of the resolution.

Mr. WEIDEMAN. The gentleman is familiar with the treaty. In the original treaty, from a report sent out by, I think it is, the Power Authority of the State of New York, it was stated that the Aluminum Co. of America had a 25-percent diversion at a certain point in the river, the cost of the improvement to be paid for by this Government, guaranteeing a permanent flow of 25-percent diversion at that point. Does the gentleman know whether that is still in the treaty?

Mr. RAYBURN. I do not know anything about the treaty. I have never read it.

Mr. CULKIN. I will say to the gentleman that that provision has been eliminated.

Mr. O'CONNOR. Mr. Speaker, I am informed that the administration is in favor of the present passage of this resolution, and for sufficient reasons, in advance of the treaty. I know that the administration of the State of New York thinks it advantageous that these rights be fixed now and that the proportion be fixed in advance of the treaty.

Mr. McGUGIN. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. McGUGIN. The gentleman seems to be discussing the resolution. I am wondering whether in the course of the gentleman's remarks he will be good enough to enlighten us why it is necessary to bring in this resolution under this rule. I thought the gentleman was going to discuss the rule. The rule has a provision that we cannot even offer an amendment to the resolution.

Mr. O'CONNOR. I state again, as I said the other day in respect to this type of rule, that the particular form was requested by the legislative committee, the Committee on Interstate and Foreign Commerce, and there was no protest before the Rules Committee as to the form of the rule by Mr. McGUGIN's Republican colleagues on the committee. Therefore, the Rules Committee did what it was asked to do by the standing committee of the House.

Mr. PARKER of New York. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. PARKER of New York. What good would it have done if we had protested?

Mr. O'CONNOR. Well, the gentleman from New York [Mr. PARKER] was before the Rules Committee, and we did not hear him protest.

Mr. Speaker, I ask unanimous consent to insert at this point as a part of my remarks a letter from the Power Authority of the State of New York with reference to this matter.

The SPEAKER. Is there objection?

There was no objection.

THE POWER AUTHORITY OF THE STATE OF NEW YORK,
New York City, April 22, 1933.

Hon. JOHN J. O'CONNOR,
House of Representatives, Washington, D.C.

MY DEAR CONGRESSMAN: The trustees of the power authority respectfully direct your attention to the importance to the people of the State of New York of the joint resolution, House Joint Resolution 157, which will be considered by the House under special rule on Monday, April 24.

The enactment of this resolution will mark the culmination of a long contest on the part of the people of our State for the right to utilize the great natural power resources of the St. Lawrence River. It will aid the homes, farms, and small businesses throughout the State to secure cheaper and more abundant electricity.

Under the law, enacted by the unanimous vote of both branches of the State legislature, approved by Governor Roosevelt April 27, 1931, the power authority is charged with the duty of carrying out the State's policy as defined in that act. The law specifically authorizes the power authority "to apply to Congress for legislation, or take such other action in the premises as it may deem necessary or advisable, in the furtherance of the project and for the protection of its rights and those of the State."

The law further directs the power authority to proceed immediately, in cooperation with the Federal Government and the proper Canadian authorities, to develop the International Rapids section of the St. Lawrence River. It imposes upon the trustees the duty of maintaining this power development as the inalienable possession of the people of the State.

The joint resolution which will come before you on Monday, April 24, specifically carries out this provision of the law of the State. It gives effect to a joint recommendation agreed upon during the last administration, under date of February 7, 1933, by the United States Army engineers and the power authority. It is confined to determining the ownership of the water power to be developed on the St. Lawrence River within the boundaries of the State of New York and fixing the division of the cost of the works as between the Federal Government and the State.

The joint resolution was introduced in both branches of Congress as an administration measure, but it is nonpartisan in character. It has the support of Representative SNELL, of New York, and other leading Republicans, as well as Democrats. Last Wednesday Senator WAGNER and Senator COPELAND, of New York, assured the trustees of the power authority that they would support this resolution in the Senate. The agreement which it embodies has the endorsement of Governor Lehman.

The resolution will enable the power authority to proceed under the State law to develop the water power within the boundaries of New York for distribution to domestic and rural consumers at the lowest possible rates.

Your attention is particularly directed to the fact that the issue involved in this joint resolution, i.e., State development of St. Lawrence power in the interest of low electric rates, has been a vital one in the State of New York for more than 20 years. The last three chief executives of the State—Governors Smith, Roosevelt, and Lehman—have made the public development of St. Lawrence power by the State one of the principal features of their economic programs.

Today the people of the State are demanding lower electric rates. The Board of Estimate of the City of New York has just voted unanimously to seek a reduction in utility rates in the city. Such a movement is under way in numerous other communities. Development of St. Lawrence power will create an abundant supply of electricity which can be so distributed as to assure lower rates throughout the State.

The purpose of the resolution is to protect and safeguard the rights of New York if the St. Lawrence Treaty is ratified. If it is not ratified, the joint resolution will be of no force or effect. A vote for the resolution does not, therefore, involve any commitment whatever with respect to the treaty. Its adoption will, however, for the first time give full Federal recognition to the right for which New York has been contending for a quarter of a century.

Whatever may be your attitude toward the treaty, therefore, we should be failing in our duty under the laws of New York if we did not urge you to support the resolution.

Very truly yours,

THE POWER AUTHORITY OF THE STATE OF NEW YORK,
By DELOS M. COSGROVE, *Vice Chairman.*

Mr. DOUGLASS. Has the gentleman the letter from the President he received with regard to this matter?

Mr. O'CONNOR. No; I have never seen that letter.

Mr. WEIDEMAN. Will the gentleman yield for a question?

Mr. O'CONNOR. I yield.

Mr. WEIDEMAN. Does the gentleman know what the effect of the ratification of this treaty and the development of the St. Lawrence waterway will be upon water diversion in the Great Lakes; for instance, the Sanitary District of Chicago?

Mr. O'CONNOR. I have no knowledge of that subject whatever.

Mr. Speaker, I reserve the balance of my time.

Mr. RANSLEY. Mr. Speaker, I yield 15 minutes to the gentleman from New York [Mr. SNELL].

Mr. SNELL. Mr. Speaker, I am going to take my time on the rule for discussion of the resolution itself and I would like to proceed for a few moments without interruption, and then if I have any time remaining I shall be glad to answer any questions that anyone cares to propound.

In order to intelligently discuss this situation I think it is proper that I should give a little history or background to show why this resolution is before us at the present time.

There has been a legal controversy between the State of New York and the Federal Government for at least 25 years, to my knowledge, relative to the rights of the State of New York in the rapids section, or where power can be developed, of the international boundary stream—the St. Lawrence River. That has not only been a controversial subject between the Federal Government and the State government but it has been a matter of politics in our own State for a great many years. About 3 years ago various men of both political parties became more sensible, and we definitely agreed upon a power policy for our State. The result was the establishment of the power authority of the State, and two of the principal objects were, first, to apply to Congress for legislation, or take such other action in the premises as it may deem necessary or advisable in furtherance of the project and for the protection of its rights and those of the State. This resolution here presented is for the protection of the rights of the State. Secondly, the power authority is directed to proceed immediately in cooperation with the Federal Government and the proper Canadian authorities to develop the international rapids section of the St. Lawrence River. The power authority of the State represents the citizens of the State of New York, and that authority was set up by the unanimous vote of both branches of our legislature.

While some of my friends may try to raise the issue that this action is not approved by our people, yet right there is definite proof of it. The power authority was set up for this special purpose. That legislation was passed by unanimous vote of both parties in both houses of the legislature.

As a result of practically 2 years' negotiations, conferences, and meetings of all kinds, the engineers of the War Department of the Federal Government and the engineers of the State of New York, the State Department of the Federal Government, and the power authority of our State have come to a unanimous agreement for determining the rights of the State of New York in this power situation. I will go into the definite rights a little later; but up to the present time, in private conversation or in the public press, I have never heard a single man criticize the terms of this agreement. So far as I know, it is absolutely fair to the Federal Government and fair to the State of New York. Furthermore, there is nothing political or partisan about it, as this agreement defining these rights has been approved by the State Department of two administrations and had the approval and support of President Hoover and, I am informed, has the whole-hearted support of President Roosevelt. When you consider the fact that a sovereign State and the Federal Government have been in controversy for 25 years and the legal representatives of both parties come to an amicable solution of the problem and a solution that is fair and just and right, it seems to me it is incumbent upon the Congress to ratify that agreement when they are in perfect agreement, and that is all we want you to do at the present time. We have enough controversial matters left to decide at a later time.

Let us see just exactly what the resolution provides, so that there can be no mistake on the part of Members of the House. It is a very short and very simple resolution. It consists of only two paragraphs.

Mr. PATMAN. Will the gentleman yield?

Mr. SNELL. Not just now. Later I will yield if I have time.

The first paragraph simply provides that the prior use of all the waters of the St. Lawrence River within the boundaries of the United States is necessary for the proper regulation of commerce and the improvement of navigation. That simply says that the State of New York agrees to the contention that the Federal Government has always made in regard to navigable streams. So there can be no question as to the first part of the resolution.

Now, I wish Members would listen carefully to this second provision, because I want you to understand perfectly what is in it and all there is in it. The second section provides that in the event of the ratification of the Great Lakes-St. Lawrence Deep Waterway Treaty and the construction of the works provided therein, the Power Authority of the State of New York, as the accredited agency of the State and in accordance with the policy set forth in the act creating said power authority, shall be entitled to use for the generation of hydroelectric power all of the United States' share of the flow of the water in the international rapids section of the St. Lawrence River, subject to the prior use of such water under the treaty for the purpose of navigation and the operation of reservoirs, canals, and locks, and shall have title to the power houses and works appurtenant thereto upon the United States side, and so forth. It also further provides that no part of the United States' share of the water in the international rapids section of the St. Lawrence River shall be diverted for the benefit of any person or private corporation, nor shall the use of any part of said water or the rights pertaining to said water be sold, leased, or otherwise alienated to any person or private corporation for the generation of hydroelectric power.

In other words, the second resolve of this resolution simply provides that the State of New York, if the treaty is ratified, shall have the power that we claim belongs to the State of New York, by paying the Federal Government the cost of developing that power. Furthermore, that the title to this power shall remain for all time in the power authority, for the benefit of the people of the State of New York. That is all there is in this resolution. There is nothing hidden or covered up. It just settles a legal controversy in an amicable manner.

Now I want to explain just what this power authority is, so you will understand the whole proposition. This power authority was created under chapter 772 of the Laws of the State of New York, approved by Governor Roosevelt on April 27, 1931, and unanimously adopted by both branches of the legislature. The State set up the power authority as a corporate municipal instrumentality of the State, charging it with the development and control of the St. Lawrence power for the benefit of domestic and rural consumers through the distribution of hydroelectric energy at the lowest possible rates. The power authority is a body corporate and politic, a political subdivision of the State, exercising governmental and publical powers, perpetual in duration, and capable of suing and being sued.

The statute further provides that the natural resources of the St. Lawrence River available for creation and development of hydroelectric power shall always remain inalienable to, and the ownership, possession, and control thereof shall always be vested in the people of the State of New York.

Mr. Speaker, I should like to insert in my remarks at this point the law setting up the power authority. It is very short.

Mr. Speaker, I ask unanimous consent to extend my remarks in the manner indicated.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The matter referred to follows:

Chapter 772 of the Laws of 1931, creating the power authority provides as follows:

"SECTION 1. That part of the St. Lawrence River within the boundaries of the State of New York is hereby declared to be a natural resource of the State for the use and development of commerce and navigation * * * and for the creation and development of hydroelectric power.

"SEC. 2. For the purpose of effectuating the policy declared in section 1 and of improving the St. Lawrence River as an instrumentality of commerce and navigation and developing the hydroelectric power resources thereof, there is hereby created a corporate municipal instrumentality of the State to be known as 'The Power Authority of the State of New York.'

"SEC. 5. Forthwith upon the appointment and organization of the trustees * * * the power authority, in cooperation with the proper Canadian authorities and those of the United States * * * shall proceed with the improvement and development of the international rapids section * * * for the aid and benefit of commerce and navigation and for the development of the hydroelectric power inherent therein. The power authority is authorized and directed:

"(1) To cooperate with the appropriate agencies and officials of the United States Government to the end that any project undertaken under the authority of this act shall be consistent with and in aid of the plan of the United States for the improvement of commerce and navigation along the St. Lawrence River, and shall be so planned and constructed as to be adaptable to the plans of the United States therefor so that the necessary channels, locks, and canals and other navigational facilities may be constructed and installed by the United States in, through, and as a part of the said project.

"(2) Negotiate with the appropriate Canadian authorities and agencies respecting the improvement and development of * * * the St. Lawrence River for the aid and benefit of commerce and navigation and the development of the hydroelectric power therefrom * * *. Such negotiations and agreements shall be conducted and concluded with due regard to the position of the United States in respect to international agreements and any such agreements as may be reached with Canadian authorities or agencies may be submitted by the power authority to Congress for its approval, if it be advised that such approval is necessary or desirable.

"(5) To develop, maintain, manage and operate that part of the project owned or controlled by it in such manner as to give effect to the policy hereby declared, namely, that the said project shall be in all respects for the aid and improvement and benefit of commerce and navigation in, through, along, and past the St. Lawrence River and the International Rapids section thereof, and that in the development of hydroelectric power therefrom the said project shall be considered primarily as for the benefit of the people of the State as a whole and particularly the domestic and rural consumers * * *.

"(7) * * * The Power Authority is specifically authorized to undertake the construction of said project in one or more steps as it may find economically desirable or advantageous and as it may agree with the appropriate Canadian and United States authorities.

"SEC. 6. The State of New York hereby consents to the occupation and use by the Power Authority of any and all property of the State * * * within the International Rapids section * * *, and hereby vests the Power Authority with and delegates to it the right to exercise any and every right and power of the State in connection therewith, * * * provided that such consent and delegation of power shall not permit the infringement or limit or prevent the future improvement of the navigability of the International Rapids section of the said river, consistent with the maintenance of this project, but on the contrary, the project shall be such as will improve and benefit commerce and navigation therein. * * *.

"SEC. 7. It is hereby found and declared that the project authorized by this act is for the aid and improvement of commerce and navigation, and that such aid and improvement of commerce and the development, sale, and distribution of hydroelectric power is in all respects for the benefit of the people of the State of New York for the improvement of their health and welfare and material prosperity and is a public purpose, * * *."

Mr. SNELL. Let me now explain the agreement this resolution puts in force. It is a joint recommendation of the Power Authority of the State of New York and the Board of Engineers of the War Department, dated February 7, 1933, by which $89,726,000 of the cost of the works in the International Rapids section of the St. Lawrence River will be assumed by the Power Authority of the State of New York. This will reduce the United States half of the cost of the works in this section of the river forming the boundary between the Province of Ontario and the State of New York from $137,371,000 to $47,845,000, or a reduction of 65 percent, representing the amount the State of New York will pay for this power.

This joint resolution allocates the cost on a basis which will permit the Power Authority of New York to compete on an equal footing with the Hydroelectric Commission of Ontario. It will make available 720,000 firm horsepower of electricity to rural and domestic consumers and to American industry in one of the most populous sections of this country, a part of the country that now has a developed market.

The adoption of the joint resolution will greatly reduce Federal costs and afford the United States the same advantage now held by Canada in determining capital expenditure and defining a policy for the development of water power; and it should be done in advance of the ratification of the treaty. The Dominion Government of Canada has already reached an agreement with the Province of Ontario authorizing the Hydroelectric Commission of this Province to conduct the power project on the Canadian side of the river under practically the same terms as those proposed between the United States Government and the State of New York. They are doing it in advance of the settlement of the treaty.

The question of the need for doing this may be raised. You must understand that this is the largest unit of undeveloped power in the northeastern part of the United States, and, as far as I know, it is the largest undeveloped unit of firm horsepower in continental United States.

One reason for doing this is that during the last 20 years many important American industries have been induced to locate plants in Canada because of an almost unlimited supply of cheap hydroelectric power available there. The migration of American industries has caused great economic loss to the United States. It has involved the transfer of millions of dollars of American capital to Canada, loss of employment to thousands of American citizens, and shrinkage of the American market for American food products.

If you look over the history of this whole situation, you will find that the opposition of the Province of Quebec to the development of the St. Lawrence River has always been frankly based upon a desire that the movement of American industry shall be allowed to continue.

In addressing the Quebec Legislature on January 13, 1932, Premier Taschereau said:

> The pressing need of the United States is for power. Do you think we are ever going to get industrial development in the Province of Quebec by permitting the United States what she needs now for the development of her own industries? I have seen many captains of industry, so called, and they all tell me that same thing; keep your hydro power at home, and you will have American capital going into your Province for the development of industries and your Province will profit and progress.

The entire Nation is interested in preventing further migration of industries to any foreign country. It inevitably results in loss of taxes to the Federal Government, loss of employment to American workers, and loss of markets for the products of our farms. The people of every State of the Union, as well as those of the State of New York, are vitally interested in this problem and want to do what they can to halt the outflow of American wealth for the development of industries in the Canadian Provinces.

Another reason why this resolution should be adopted is that it is directly in line with the declared policy of the Federal Government that States and municipalities shall be granted preference in connection with the development and operation of water-power sites over which the Federal Government asserts control under the commerce clause of the Constitution.

This policy was embodied in the Federal Water Power Act of 1920, and has repeatedly received congressional approval in legislation applying to particular water-power projects.

I want to call to your attention further and have you keep in mind the fact that the agreement entered into was between the engineers of both parties, and, as far as I am able to find out, it is absolutely fair to both parties. No one has ever raised any objection to it. It is based on practical considerations and principles of equity rather than legal technicalities.

In closing I simply want to say it is the only large undeveloped natural resource available for power generation in the northeastern section of the United States, the most highly industrialized and densely populated section of the country.

The adoption of the joint resolution utilizes the public agency provided by a sovereign State for the disposition of the power to be developed in that State. It will perpetually safeguard the public rights in the St. Lawrence River and provide an abundant supply of hydroelectric energy at the lowest possible cost for the benefit of rural and domestic consumers.

I now yield to the gentleman from Kentucky.

Mr. MAY. I want to call attention to the phraseology of the last proviso in the bill.

I may say, Mr. Speaker, I am very much in favor of the resolution and believe it is the proper thing for the Government to turn this over to the power authority, but in the study of the power-authority legislation of the State of New York, in the consideration of the Tennessee authority bill, there was a great deal of attention paid to the various provisions with respect to this matter. Technically construed, I believe the last proviso here will defeat, in a way, the object of the resolution. In line 23 of page 3 it is provided that none of the water of the St. Lawrence River shall be diverted for the benefit of any person or private corporation, nor shall the use of any part of said water or the rights pertaining to said water be sold, leased, or otherwise alienated to any person or private corporation for the generation of hydroelectric power. I think there ought to be an exception or a further provision that this shall not be done except under the authority of the Power Authority of the State of New York.

Mr. SNELL. Under the law setting up the Power Authority of the State of New York, I think they cannot go any further than this. They can never do anything that alienates the title to this property from the authority or the citizens of the State of New York.

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield the gentleman 5 additional minutes.

Mr. MAY. If I may make one further observation, I think it ought to be unquestioned here that the Power Authority of the State of New York will control this matter.

Mr. SNELL. Absolutely; that is the basis of the whole proposition.

Mr. MAY. And a contract by which it would be permitted to manufacture hydroelectric power at these stations and then distribute it and sell it might be in conflict with the provisions which provide that the rights or the use of the water shall not be diverted.

Mr. SNELL. I do not want to take up all my time on this question, and I may say that this has been gone over very carefully by the engineers of the Federal Government and the engineers of the power authority, and I know the gentlemen on the power authority from the State of New York have given it most careful and well-considered attention and their heart is in this, and I believe the phraseology is correct.

Mr. MAY. But the legal phraseology may not be understood by the engineers.

Mr. SNELL. We had engineers and legal men also consider the matter, and I may say that the vice chairman of this power authority is one of the best attorneys in the State of New York. Unfortunately he happens to be a Democrat.

Mr. DINGELL. Will the gentleman yield?

Mr. SNELL. I yield.

Mr. DINGELL. It is a conceded fact that the State of Michigan, as a watershed, yields most of the water involved here. What are the rights of Michigan, which is a great industrial State, insofar as taking part in the distribution of power?

Mr. SNELL. The gentleman has asked me a question I cannot answer.

Mr. DINGELL. It is unanswerable.

Mr. SNELL. I do not think it has anything to do with this proposition at the present time, for we are now dealing only with the water power in or adjacent to New York State.

Mr. DINGELL. Is it possible for the Commission established by the State of New York to divert a part of this power to the State of Michigan?

Mr. SNELL. They could sell it to the State of Michigan or the State of Massachusetts or the State of Pennsylvania.

I know of no restrictions. They will sell it at the best price possible.

Mr. DINGELL. That is exactly what I wanted to know.

Mr. SNELL. They can sell it to anybody who wants it, and can pay for it.

Mr. EDMONDS. Will the gentleman yield?

Mr. SNELL. I yield.

Mr. EDMONDS. I have no objection myself to the treaty between New York and the United States. I think the question before us today is why it is brought up at the present time and what is the necessity for it now.

Mr. SNELL. Now is the time that the Federal Government and the State of New York are in entire agreement. They have been arguing this question for 25 years; and whenever you get two parties as important as a sovereign State and the Federal Government in agreement, that is the time to nail the matter down.

Mr. EDMONDS. Will they not be in agreement 30 days from now?

Mr. SNELL. I do not know, but they have this agreement now and I may say also that there is nothing partisan or political about this agreement. It was entered into by a Republican administration, and it has been approved by a Democratic administration. It had the approval of President Hoover, and it has the enthusiastic approval of President Roosevelt.

Mr. EDMONDS. As I have told the gentleman, I have no objection to it, but I do not understand the bringing up of the question at the present time.

Mr. SNELL. The time to determine these rights is when the parties are in agreement; and if they do ratify the treaty, the first question that is going to come up is with respect to the rights of the State of New York, and it should be determined now when we are in agreement about it, and then one of the hurdles of this important economic question will be settled.

Mr. EDMONDS. How long has it been since they have agreed upon it?

Mr. SNELL. Within the past week or 10 days.

Mr. EDMONDS. No; it has been longer than that.

Mr. SNELL. Well, it may be a little longer, but it has been just a short time.

Mr. EDMONDS. It was printed in a document here a month ago.

Mr. SNELL. The original agreement was made by a former State administration, but it was not entirely consummated at that time. It has been gone over and rechecked by the present administration, and they finally agreed on it, and about week before last final action was taken.

Mr. EDMONDS. The gentleman means the present administration of New York, and does not mean the present administration here?

Mr. SNELL. I mean the present administration here in Washington has approved this resolution.

Mr. CULKIN. Will the gentleman yield?

Mr. SNELL. Yes.

Mr. CULKIN. Is not one of the reasons this matter is brought up now due to the fact that the President of the United States sent a letter to the chairman of the Committee on Interstate and Foreign Commerce?

Mr. SNELL. That is one of the reasons; yes.

Mr. ANDREWS of New York. Does the gentleman really believe it is essential that this resolution should be passed now before we know definitely whether the Senate is going to ratify the treaty?

Mr. SNELL. I think it is of great importance to the State of New York to have this question decided once and for all, and the unanimous vote of your own legislature said that this is what they wanted done, and that is what they set up this authority for.

Mr. PATMAN. Will the gentleman yield?

Mr. SNELL. Yes.

Mr. PATMAN. I expect to support this resolution, but I should like to ask the gentleman this question: Has any treaty or agreement given or attempted to give to the Aluminum Co. of America any franchise or right in connection with this waterway which would be at public expense?

Mr. SNELL. Absolutely not, as far as I know. I know that our power authority would not be in favor of it.

Mr. PATMAN. Will the gentleman yield?

Mr. SNELL. I yield to the gentleman.

Mr. PATMAN. Has the gentleman noticed the report that the Aluminum Co. of America would profit considerably by this development?

Mr. SNELL. I do not understand how they would profit in any way.

Mr. McDUFFIE. Will the gentleman yield?

Mr. SNELL. I yield.

Mr. McDUFFIE. May I ask the gentleman what this project will cost the taxpayers of this country in the development of the St. Lawrence River?

Mr. SNELL. The total cost of waterway from Duluth to Montreal is $543,429,000, and United States pays one half of the total.

Mr. McDUFFIE. That is outside of the expenditure of the State of New York?

Mr. SNELL. Oh, no; that is the total cost of the entire contemplated development.

Mr. McDUFFIE. I asked the gentleman the total cost of the project.

Mr. SNELL. That is the total cost, and the cost of the international section we are considering today is $274,742,000 for power and navigation. Of this last amount the United States will pay $137,371,000, but in turn will collect from the State of New York $89,726,000, which will leave for the Federal Government only $47,645,000 for its cost in the international section of the river.

Mr. McDUFFIE. Those are the figures that have been agreed upon?

Mr. SNELL. They have been agreed upon by both parties.

Mr. McDUFFIE. When were they arrived at?

Mr. SNELL. The estimate of cost was made in 1926, and it can be done for less now. I am told at least 25 percent less.

Mr. O'MALLEY. Will the gentleman yield?

Mr. SNELL. I yield.

Mr. O'MALLEY. The resolution seeks to determine the rate that New York shall pay in advance of the ratification of the treaty. There are other States affected by the ratification of this treaty. Why not determine those figures now?

Mr. SNELL. I know of no other State that has any water-power problem, and that is all we are dealing with today.

Mr. O'MALLEY. My State will be affected.

Mr. SNELL. In what way and what does your State want?

Mr. O'MALLEY. To determine its rights on the diversion of water.

Mr. SNELL. Mr. Speaker, in this brief statement I have tried to put plainly before the House the very simple problem we have before us; that is, that the State of New York and the Federal Government have agreed and defined the rights of both parties, in and to the water power to be developed in the international section of the St. Lawrence River, and I honestly believe it in the interest of all parties concerned for Congress to now pass this resolution ratifying and approving this agreement. [Applause.]

Mr. O'CONNOR. Mr. Speaker, I yield 5 minutes to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN of Missouri. Mr. Speaker, in casting my vote for this resolution I want the RECORD to show that I am not voting on the merits of the treaty. This is a good resolution. It must be when the gentleman from New York [Mr. SNELL], the minority leader, and the gentleman from New York [Mr. O'CONNOR] are agreed. [Laughter.]

A vote for this resolution must not be construed as endorsing the treaty.

The part of the resolution that is pleasing to me is the proviso on page 3. As I understand it, if the canal is constructed the waters of the International Rapids section will

always be preserved for the people, never to be sold or leased to individuals or a corporation.

Mr. GOSS. Will the gentleman yield?

Mr. COCHRAN of Missouri. I yield.

Mr. GOSS. I call the gentleman's attention to the language of the proviso:

> That no part of the United States' share of the water in the International Rapids section on the St. Lawrence River shall be diverted for the benefit of any person or private corporation, nor shall the use of any part of said water or the rights pertaining to said water be sold, leased, or otherwise alienated to any person or private corporation for the generation of hydroelectric power.

It excludes them from the benefit of it.

Mr. COCHRAN of Missouri. That is just exactly what I said. I said that this is for the benefit of all the people. Is not that correct?

Mr. GOSS. I do not think so.

Mr. COCHRAN of Missouri. Then I shall ask the gentleman from New York [Mr. SNELL] what is meant by this proviso starting in line 21. Does it mean that the Power Authority of New York will forevermore control the waters for power purposes and cannot lease the power to corporations? It will hold it for the benefit of the people?

Mr. SNELL. The title to this power plant and all the works must forever remain in the power authority, which represents the people, the citizens of the State of New York.

Mr. COCHRAN of Missouri. That is exactly what I stated, and that is the reason I propose to vote for the resolution. [Applause.]

As to the canal or the treaty, I confess I know little about it. The people of the section of the country where I come from have had some experience with one canal. It is impossible to estimate the damage to the great Mississippi Valley that has resulted from the construction of the Panama Canal. The amount of commerce that has been lost to my city, St. Louis, cannot be estimated, and as I said, though I know little about this project, I think that, too, is going to interfere with our commerce. It is going to be beneficial to a certain section of the country, but it is going to injure the Middle West, and I think a careful study will so disclose to anyone.

Mr. CULKIN. Is not the theory of this canal largely based upon the proposition that its construction will equalize matters for the Middle West and offset the damages done by the Panama Canal construction?

Mr. COCHRAN of Missouri. That was the story that we were told about the Panama Canal, but what was the result?

Mr. CULKIN. But it was inevitable that the Panama Canal would hurt the interior of the country. This, however, affords the Middle West an outlet through the Great Lakes to the sea, and brings the sea 1,000 miles inland. It is bound to reduce carrying charges in the western country.

Mr. COCHRAN of Missouri. In my estimation it will result in that the leading metropolis of the United States in the future will be in Chicago. Commerce will stop there, it will be Chicago that will probably secure more benefit than any other section.

Mr. CULKIN. I think the gentleman differs from all other economists on this question.

Mr. COCHRAN of Missouri. Probably so, but I know that the people of my city have been before the Senate Committee on Foreign Relations opposing the ratification of the treaty. The Panama Canal and I might also say, the intercoastal canals in Texas, have taken many millions of tons of commerce away from my city. Freight is diverted through the canal from the East to West and West to East. Before the construction of the canal the freight came through our section of the country. We could ship years ago in competition with the East and West to any part of the country, but now we are at a great disadvantage. We have lost our trade territory.

Again I say my vote is not an endorsement of the treaty but in supporting this resolution I feel if the treaty is ratified then we will save the power sites for the general public. If this resolution is not passed and the treaty ratified no telling what will happen. [Applause.]

The SPEAKER. The time of the gentleman from Missouri has expired.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. PARKER].

Mr. PARKER of New York. Mr. Speaker, the gentleman from New York [Mr. SNELL], has given you a very good picture of what has happened. I am a New Yorker, and far be it from me to say anything that would be detrimental to New York State. This agreement that was made is as advantageous to New York as any treaty that could possibly be made. The average cost of horsepower produced under this treaty will be $9.11. The Aluminum Co. of America are paying at Messina, just above where this power starts, $15 per horsepower on a 20-year agreement. If that is not a good deal for New York, then I do not know what is, but my proposition is that this agreement has no place before the House of Representatives at this time or until the treaty has been ratified. There is no more reason for our sitting here today or tomorrow and passing this resolution than there is for trying to lift ourselves by our bootstraps because it is entirely dependent upon the ratification of the St. Lawrence Canal Treaty.

Some of you gentlemen do not know what the St. Lawrence Canal Treaty carries with it. Let me read to you part of section 3 of the St. Lawrence Canal Treaty.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. PARKER of New York. Yes.

Mr. SNELL. The gentleman does not intend to give the House the impression that that treaty is before it at the present time?

Mr. PARKER of New York. I do not.

Mr. SNELL. Why not confine yourself to the matter before the House.

Mr. PARKER of New York. Will the gentleman give me time to lead up to my argument?

Mr. SNELL. That is not an answer to the question.

Mr. PARKER of New York. Of course, it is not directly, but it is decidedly so indirectly. The Federal Government is to pay for all the improvements, for every dollar of improvement in the Canadian rapids. The Canadian Government, of course, is to build its own power houses, but the Federal Government is to pay absolutely all the expenses, and when you get over the Canadian line the treaty provides:

> That insofar as is possible in respect to the works to be constructed by the Commission the party thereof within Canadian territory or an equivalent proportion of the total of the works, shall be executed by the Canadian engineers and by Canadian labor.

And paid for by American money! In answer to the gentleman from New York as to why I say that, let me say that the treaty between Canada and the United States has not as yet been ratified.

It is before the Senate, and if you will take the trouble to read the CONGRESSIONAL RECORD you will find that the Democratic Party in the Senate has been polled as to their attitude on the ratification of the treaty. That was brought out the other day in debate by Senator LONG.

The SPEAKER pro tempore. The time of the gentleman from New York [Mr. PARKER] has expired.

Mr. O'CONNOR. Mr. Speaker, I yield to the gentleman from New York 2 additional minutes.

Mr. PARKER of New York. In the debate, in which Senator LONG said the Democratic Members of the Senate were being polled on this proposition, exception was taken by the Senator from Illinois, but the chairman of the Foreign Affairs Committee got up and acknowledged they were being polled, and said that the Senator from Illinois was incorrect.

Now, the reason this resolution is before us, advantageous as it may be to New York, is solely and simply for the effect it will have on the other body in the ratification of the treaty that is before the other body. Why? Because New York State agrees to appropriate $89,000,000 toward the completion of the canal, which brings the Federal appropriation down to $186,000,000 instead of $257,000,000. It is very much easier to ratify a treaty in the Senate carrying an appropria-

tion of $168,000,000 than a treaty carrying an appropriation of $257,000,000.

The SPEAKER pro tempore. The time of the gentleman from New York has again expired.

Mr. O'CONNOR. Mr. Speaker, I yield 5 minutes to the gentleman from West Virginia [Mr. RAMSAY].

Mr. RAMSAY. Mr. Speaker, I do not know much about treaties with New York. I am not interested in that; but, coming from a State where we have potentialities in water power, having in two of our rivers very nearly a million horsepower, we are interested in the great principle that underlies this bill—that is, that the water power of the Union and of every State shall remain the property of the people. That is the great principle in this bill that tends to carry out the last platform of the Democratic Party and the Republican Party that water power should be conserved in the interest of and for the people. As I say, we have nearly a million horsepower in two of our rivers in West Virginia. We have practically all the water power in the Appalachians. Today our legislature is considering the passage of a law modeled after the famous law of New York that will forever place all water power in the interest of the people of West Virginia.

We have had quite an experience in West Virginia on water power. A few years ago our legislature passed a water-power bill, and after the bill was passed somebody wrote into the bill a provision that took all the rights away from the people and placed them in some water-power interest of West Virginia. If it had not been for the Supreme Court of West Virginia which took that provision out, we would not today be much interested in the welfare of this project.

Mr. EDMONDS. Will the gentleman yield?

Mr. RAMSAY. I yield.

Mr. EDMONDS. The gentleman's State is a coal State, is it not?

Mr. RAMSAY. Yes; and we have water power, too.

Mr. EDMONDS. Of course the gentleman realizes that every horsepower displaces from 3 to 5 tons of coal annually?

Mr. RAMSAY. I know that one of the great water powers in my State is a few miles back of Morgantown on the Cheat River, on what is known as Cheat Lake, and that the mountainside there is teeming with coal all around it. They develop their power with water power because they can do it vastly cheaper than they can by the consumption of coal.

Mr. EDMONDS. The gentleman will then agree that he is willing to give up coal mining to get water power?

Mr. RAMSAY. I am not willing to give up our coal interests, no; but I want to preserve the water-power interests in favor of my people in my State. I do not want the people of my State to pay three times as much for electricity as they ought to pay, and as they are doing now. In Canada you can buy electricity for one third what we are paying in West Virginia, where the gentleman claims we have coal in every hill and water power in every rill.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. RAMSAY. I yield.

Mr. WEIDEMAN. In other words, Canada has some advantage on us in the matter of selling this water power, and we are not giving them labor advantages in this very treaty? In other words, every bit of this canal that is to be built on Canadian waters is to be built by Canadian labor, but when it comes to the American territory, there is equal division of labor. Is the gentleman in favor of that?

Mr. RAMSAY. Canada has the advantage of us because the Government of Canada has developed the water powers, while in America we have been willing to turn them over to private interests.

Mr. CULKIN. Will the gentleman yield?

Mr. RAMSAY. I yield.

Mr. CULKIN. Replying to the inference left by the gentleman from Michigan [Mr. WEIDEMAN], it is a fact that the last President of the United States and the present President, Mr. Roosevelt, who is intimately familiar with this problem, were and are definitely in favor of this treaty.

Mr. RAMSAY. I understand that. I do not know much about that, but I do know that both the Democratic Party and the Republican Party in their last conventions were pledged to the conservation of these rights in the interest of the people for all time.

Mr. COOPER of Ohio. Will the gentleman yield?

Mr. RAMSAY. I yield.

Mr. COOPER of Ohio. The bill we are considering today has nothing at all to do with the treaty?

Mr. RAMSAY. I am not discussing the treaty.

Mr. COOPER of Ohio. But the gentleman from New York spoke about the treaty, and this bill has nothing to do with the treaty whatsoever.

Mr. RAMSAY. Of course, the gentleman from Ohio [Mr. COOPER] is correct. Congress has nothing whatever in the world to do with the treaty that is now being sought to be made between Canada and the United States as to the extension of the improvements in the St. Lawrence waterway. That question is one for the President, with the consent of the United States Senate, to settle, and I believe we in the House have confidence that the President and the United States Senate will not permit the interests of the United States and the State of New York to suffer in the settlement of this treaty. The treaty question in this issue is injected as a mere blind and as an excuse to oppose the extension of this great waterway, which will mean so much to the people of the United States. Not only is it carrying out the well-known campaign issue of the President of the United States, but it is carrying out the great principle that the water powers of the United States shall be conserved for and in the interests of the people.

The gentleman from Pennsylvania [Mr. EDMONDS] has said that the development of every horsepower of electricity will displace from 3 to 5 tons of coal annually. Even if this be true, the water powers of the various States are sure to be developed and are sought to be developed. The great hydroelectric power interests are straining every nerve and doing everything within their power to secure control of the great undeveloped water powers in my State.

I can see little difference in the production of coal whether this electricity be developed by special interest or by the State itself. In either way it will have the same effect upon the mining of coal, but it will have a vastly different effect upon the interests of the people.

The electrical rates in West Virginia today are probably the highest that are charged in America, yet we have untold power going to waste that could develop sufficient electricity to supply every legitimate interest in the State, and that would develop the State and cause cities to spring up in the valleys that are now used for waste lands or for farms. It would and could develop such power at an extremely low cost.

Last year while I was in Ontario, Canada, I met a gentleman who claimed to be a cousin of the president of the greatest steel industry in my district, Mr. Follansbee. He claimed that while he was still an American he lived in Ontario because he could buy his electricity and everything else much more cheaply than he could in the United States, and claimed that he was buying electricity for domestic use at 2 cents per kilowatt-hour. In my own State I believe the average cost for domestic consumption is around 7 cents per kilowatt-hour.

I have spoken of the water power that can be developed in the Cheat River and along the New River, yet these are not all the water powers located within the State. The Black Falls, of Tucker County, is one of the finest sites for the development of water power in America, which is located in nearly the exact center of the State. The Potomac and Southern Branch of the Potomac also have potentialities. In fact, West Virginia is blessed with more water power than all of the other States in the Appalachian chain of mountains put together. Therefore I am interested in this great principle of the development of water power in the interest for and on behalf of the people, knowing full well that the adoption of this measure and the measure that we adopted

yesterday for the development of Muscle Shoals will awaken my people in West Virginia to the urgent need and necessity of requiring their legislature to take some action that will preserve and develop these great natural resources for and on their behalf.

The SPEAKER pro tempore. The time of the gentleman from West Virginia [Mr. RAMSAY] has expired.

Mr. O'CONNOR. Mr. Speaker, I yield 3 minutes to the gentleman from Michigan [Mr. DINGELL].

Mr. DINGELL. Mr. Speaker, we in Michigan are very much interested in the development of the St. Lawrence deep waterway. I want to say at this time that the average person resident in the United States, particularly in the eastern seaboard, is not familiar with the amount of benefit that will accrue to the people of the Central West and the agricultural interests of the Northwest, and I may include St. Louis in the area that will benefit. St. Louis need not worry over possible detrimental effect. We can also assure my colleague from Missouri that Great Lakes shipping will not ask for any subsidy, as was necessary to maintain the Mississippi-Warrior Barge Line. Michigan's prosperity will radiate to the Middle West and will engulf St. Louis. I predict—and I base my prediction upon figures secured from reliable sources—that within a few years after the development of the St. Lawrence deep waterway this river will become the greatest artery of commerce in the world.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. DINGELL. I yield.

Mr. WEIDEMAN. What single thing has the city of Detroit to export through a seaway at this time?

Mr. DINGELL. The gentleman had better post himself on facts. Detroit is still one of America's great ports of outlet, for the city of Detroit has automobiles, stoves, pharmaceutical products, adding machines, paints, malleable iron, machinery, and scores of other products to export. The State of Michigan has copper, iron ore, and steel that await cheap water transportation.

Mr. WEIDEMAN. Does not the gentleman know that Mr. Ford has built an automobile plant in England; and does he not know General Motors has a plant in England and a plant in Germany? Mr. Ford makes his tractors so cheap in Ireland that he ships them back to this country and sells them cheaper than we can manufacture them here. [Applause.] Does not the gentleman know we have not one single thing in the city of Detroit or the State of Michigan to export?

Mr. DINGELL. Is the gentleman arguing with me, making a speech on my time allotment, or playing politics?

Mr. WEIDEMAN. I am interrogating the gentleman.

Mr. DINGELL. I realize your questions are made because they are going into the RECORD, and I want to call your attention to what the waterway will mean to Detroit. I am sorry because I have allotted to me the brief span of 3 minutes, and it would require an hour of recitation to enumerate the many products Detroit and Michigan have for export.

Before going further into this subject let me correct my colleague as regards Ford and his tractors. Their manufacture has long ago been discontinued in Ireland. So that question affords no basis for debate. However, the gentleman will recall my prophecy after the St. Lawrence is deepened.

Within the next 20 years Detroit will be the third largest city in the United States and one of the world's foremost ports. It is for that reason that the eastern seaboard and the southern portion of the United States have heretofore opposed this plan. They fear the effect upon their own ports. As a matter of fact the chief opposition will come from a certain city which fears that the rail center will be shifted to Detroit in the event the Tidewater Congress plan of deepening the St. Lawrence is completed.

The farmers, the iron mines, the copper mines, the automobile industry of Michigan will benefit. The automobile industry of Michigan will ship more cheaply our automobiles into France, England, and other nations where trade barriers at present keep them out.

I say frankly we need not fear what result this may have on Detroit. If we are well informed on the subject, we know it means a great deal toward reviving the greatest manufacturing center in the world to its former greatness, and no Detroiter should get up here and attack this bill. This is the biggest single thing that can happen to benefit Detroit real estate, Detroit taxpayers, and the people of Michigan.

Mr. WEIDEMAN. Mr. Speaker, will the gentleman yield?

Mr. DINGELL. Not to let the gentleman play politics and ask irrelevant questions. I am dealing with matters of economics and of statesmanship which affect our constituencies. The city of Detroit will become the greatest port outside of possibly New York in less than 5 years following the completion of this international highway.

Mr. WEIDEMAN. Does the gentleman realize he is covering a lot of territory?

Mr. DINGELL. Yes, I do; but here my colleague does not. I am voting for the St. Lawrence waterway.

[Here the gavel fell.]

Mr. O'CONNOR. Mr. Speaker, I yield 1 minute to the gentleman from Wisconsin [Mr. O'MALLEY].

Mr. O'MALLEY. Mr. Speaker, I object particularly to bringing this resolution in at this time, because it seeks to determine the rights of the State of New York in the benefits of the St. Lawrence waterway in advance of the ratification of the treaty.

If we adopt the rule, we are prevented from amending this resolution to determine and protect the rights of other States affected by the Great Lakes-St. Lawrence waterway. [Applause.]

My particular State is just as much interested in the St. Lawrence waterway as the State of New York, and it has just as much justification to have its rights determined in advance of the ratification of the treaty as the State of New York has.

This is no time for the consideration of this resolution.

If the House passes it, notice is served on the Senate that the House is in favor of the Great Lakes-St. Lawrence Waterway Treaty. If we defeat it, the action likewise serves notice on the other body that we do not particularly favor the St. Lawrence Waterway Treaty and the ratification of that treaty.

I believe this rule should be defeated, because this resolution has no place at this time in this legislative body.

Mr. WEIDEMAN. Mr. Speaker, will the gentleman yield for a question?

Mr. O'MALLEY. I yield.

Mr. WEIDEMAN. This rule could be brought up for consideration just as well after the ratification of the treaty as now.

Mr. O'MALLEY. Absolutely.

Mr. WEIDEMAN. Did the gentleman ever hear of a law being passed to determine the rights of people before the law which gives them the rights is even passed?

Mr. O'MALLEY. Never before.

[Here the gavel fell.]

The SPEAKER. All time has expired.

Mr. O'CONNOR. Mr. Speaker, before I move the previous question I should like to announce that there will be a meeting of the Rules Committee immediately.

Mr. Speaker, I move the previous question on the adoption of the rule.

The question was taken; and on a division (demanded by Mr. DOUGLASS) there were—ayes 53, noes 22.

So the previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution.

Mr. DE PRIEST. Mr. Speaker, I make the point of order there is not a quorum present.

Mr. RAYBURN. Mr. Speaker, will the gentleman withhold his point of no quorum for a moment?

Mr. DE PRIEST. I will reserve the point for a moment.

Mr. RAYBURN. If the point of no quorum is insisted upon I shall feel obliged, in order to keep faith with many

Members who were assured the joint resolution would not be voted on today, to move that the House adjourn. This might inconvenience a great many of the Members who are here and might inconvenience the leadership in its program. However, if the point of no quorum is insisted upon, I shall move that the House adjourn, in order that we may keep faith with the Members who went away.

Mr. O'CONNOR. Mr. Speaker, there was an understanding with the leadership on both sides of the House that no vote would be had on the joint resolution today; that the vote would go over until tomorrow.

Mr. DE PRIEST. Mr. Speaker, in view of the agreement that the joint resolution would not be voted upon today, I withdraw the point of no quorum.

The resolution was agreed to.

The Clerk read as follows:

Joint resolution providing for the use of the water of the St. Lawrence River for the generation of power by the State of New York under and in accordance with the provisions of the Great Lakes-St. Lawrence Deep Waterway Treaty between the United States and Canada

Whereas the Great Lakes-St. Lawrence Deep Waterway Treaty between the United States and Canada, signed at Washington, July 18, 1932, has been favorably reported by the Committee on Foreign Relations and is now before the Senate of the United States for ratification; and

Whereas the treaty provides for the improvement of navigation from the interior of the Continent of North America through the Great Lakes and the St. Lawrence River to the sea, with the development of the waterpower incidental thereto; and

Whereas it is desirable that, prior to the ratification of said treaty, there should be a definite allocation of the power to be developed on the United States side of the International Rapids section of the St. Lawrence River and a determination of the division of the cost of the works in that section for navigation and power; and

Whereas the State of New York, recognizing the superior rights and authority of the Federal Government with respect to navigation, has presented substantial claims to the power to be developed by the flow of the water of the St. Lawrence River within its boundaries and, by act of its legislature, has created the Power Authority of the State of New York as a corporate municipal instrumentality charged with the development and control of the power for the benefit of domestic and rural consumers through distribution at the lowest possible rates; and

Whereas the Committee on Foreign Relations, in reporting the treaty to the Senate, has recommended that the State of New York should be accorded the power upon the payment of so much of the total cost of the improvement therein as is justly allocatable to power development; and

Whereas the United States engineers and the Power Authority of the State of New York have, as a result of a series of conferences, entered into a joint recommendation with respect to the allocation of cost of the works in the international rapids section of the St. Lawrence River for power and navigation, which is embodied in a memorandum dated February 7, 1933: Therefore be it

Resolved, etc., That the prior use of all the waters of the St. Lawrence River within the boundaries of the United States is necessary for the proper regulation of commerce and the improvement of navigation; and be it further

Resolved, That in the event of the ratification of the Great Lakes-St. Lawrence Deep Waterway Treaty and the construction of the works provided therein, the Power Authority of the State of New York, as the accredited agency of the State and in accordance with the policy set forth in the act creating said Power Authority, shall be entitled to use for the generation of hydroelectric power all of the United States' share of the flow of the water in the international rapids section of the St. Lawrence River, subject to the prior use of such water under the treaty for the purposes of navigation and the operation of reservoirs, canals, and locks, and shall have title to the power houses and works appurtenant thereto upon the United States side, together with the lands upon which they are situated, in consideration of the payment of its share of the cost as determined in the joint memorandum above referred to: *Provided*, That no part of the United States' share of the water in the international rapids section of the St. Lawrence River shall be diverted for the benefit of any person or private corporation, nor shall the use of any part of said water or the rights pertaining to said water be sold, leased, or otherwise alienated to any person or private corporation for the generation of hydroelectric power.

Mr. PARKER of New York. Mr. Speaker, I yield myself 5 minutes to complete my argument.

To tie up this resolution we are discussing with the treaty, I want to repeat that the State of New York is to furnish $89,000,000 of the money, which will expedite the ratification of the treaty on the other side of the Capitol, as you all know, and this is the sole purpose of bringing up the resolution at this time, because there is no New Yorker who is foolish enough to oppose the resolution on the face of the resolution itself.

New York is getting a good proposition out of this; but if the House of Representatives goes on record as favoring any part of the St. Lawrence waterway, as you all know, it will certainly have a bearing and an effect on the gentlemen at the other side of the Capitol.

Now, let us come to the commercial part of this for a moment. Every single dollar's worth of freight that goes over the St. Lawrence Canal more than is now exported from the port of Montreal comes from where? It comes from every single port from Portland, Maine, to Galveston, Tex. It comes out of the American public and comes out of the American ports, and, besides all this, it restricts very materially the water that you gentlemen want down in the Mississippi River, in the so-called "Chicago Drainage Canal", to complete your improvement there, and makes that absolutely impossible.

Mr. CULKIN. Will the gentleman yield?

Mr. PARKER of New York. I have not time to yield now and must decline.

The gentleman from New York spoke of Montreal. The treaty specifically provides that there shall be two levels of water, one above Montreal and one at Montreal, so as not to interfere in the slightest with the commerce of Montreal. In other words, if there ever was a one-sided bargain made, we have made it in this treaty, I believe, because there is not a port, as I have said, from Portland, Maine, to Galveston, Tex., on the Atlantic coast that is not going to be seriously affected if the St. Lawrence waterway goes through and is a practical success. I have very grave doubts that it will ever be a success.

Mr. DOUGLASS. Will the gentleman yield for a question there?

Mr. PARKER of New York. Yes.

Mr. DOUGLASS. Is the gentleman willing that all ports on the Atlantic coast should be destroyed for the benefit of the St. Lawrence Canal?

Mr. PARKER of New York. My remarks were just the opposite.

Mr. DOUGLASS. The gentleman said they would be seriously affected. They would be seriously affected by the loss of business, would they not?

Mr. PARKER of New York. Yes.

Mr. DOUGLASS. And does the gentleman approve of that?

Mr. PARKER of New York. That is what I meant to imply and what I protested against. I am against this resolution.

Mr. DOUGLASS. I am glad of that.

Mr. PARKER of New York. I am very sorry that I have not made myself plain. There is not a port on the Atlantic seaboard or in the Mississippi Valley that will not be very seriously hurt by the adoption of the treaty, and this is the first step toward adopting the treaty.

Mr. DOUGLASS. I agree with the gentleman.

Mr. PARKER of New York. We might just as well get down to cases and understand what we are doing. There is a reason for bringing this resolution in here now.

[Here the gavel fell.]

Mr. PARKER of New York. I yield myself 2 more minutes.

The reason for bringing this resolution in here at this time and passing it through the House, as I understand you will undoubtedly do, because with your overwhelming majority you can force it through, is to have an effect on the other body and bring about a ratification of the St. Lawrence Treaty.

Mr. HOLMES. The gentleman has called attention to the fact that the State of New York is going to contribute $89,000,000 to this project.

Mr. PARKER of New York. Yes.

Mr. HOLMES. What is the share of the Federal Government toward the cost of completing this entire work—about $168,000,000?

Mr. PARKER of New York. If we should pay 50-50, our national expense would be $256,000,000, and with the contribution of $89,000,000, or practically $90,000,000 from New York State, the Federal appropriation is $168,000,000, and that is why I say this is put through to affect the attitude of gentlemen on the other side of the Capitol.

Mr. CULKIN. Will the gentleman now do me the courtesy to yield?

Mr. PARKER of New York. Yes.

Mr. CULKIN. Is it not a fact that there would be a further reduction on construction costs of 25 percent? Does the gentleman know that that is the fact?

Mr. PARKER of New York. You mean under the estimates?

Mr. CULKIN. Yes; under the estimates.

Mr. PARKER of New York. No; I do not.

Mr. CULKIN. Well, that is the fact.

Mr. PARKER of New York. I do not think so.

Mr. CULKIN. This type of construction at the present time is being built at 50 percent of the estimates, so that 25 percent is a conservative figure and will save something like $40,000,000 additional.

Mr. PARKER of New York. Suppose it does; the proportion of contribution between the Federal Government and the State remains the same.

Mr. GOSS. May I ask the gentleman if he does not think it is a significant fact that the gentleman from Tennessee [Mr. MCREYNOLDS], chairman of the Committee on Foreign Affairs of the House, introduced this bill? I mean significant as far as its effect with respect to the treaty on the Foreign Relations Committee of the Senate is concerned.

Mr. PARKER of New York. No one could have been more emphatic than myself in saying that I believe the sole purpose of this resolution is to effect a ratification of the treaty.

[Here the gavel fell.]

Mr. RAYBURN. Mr. Speaker, I yield myself 1 minute. It was thought by the people who were responsible for this resolution that it should go to the Committee on Foreign Affairs, but that committee did not have jurisdiction. That is the only reason that I can give. Now, I yield 10 minutes to the gentleman from Michigan [Mr. MAPES].

Mr. MAPES. Mr. Speaker, the effect of the passage of this resolution will be to give effect to a joint recommendation or agreement between the United States Engineers and the Power Authority of the State of New York, dated February 7, 1933, allocating the cost of the construction of the Great Lakes deep waterway over the so-called "international section" of the St. Lawrence River between the United States and the State of New York.

It should be kept in mind that this resolution has no effect at all unless the treaty between Canada and the United States for the improvement of this waterway is subsequently ratified by the Senate. It is only effective in case the treaty is ratified.

The recommendation of the engineers of the Federal Government and the Power Authority of the State of New York has two features in it. It fixes the amount the State of New York shall pay toward the expense of the waterway for the water-power rights on the American side of the river and it settles for all time the right of the State of New York, through the power authority, to control the water-power development on the American side of the river. In other words, it provides very definitely that private water-power interests cannot acquire or develop any of the hydro-electric power on the American side of the river after the improvement or construction of this waterway.

Mr. PARKER of New York. Will the gentleman yield?

Mr. MAPES. I yield.

Mr. PARKER of New York. Does the gentleman mean to say that the Federal Government and the State of New York cannot change the treaty any time they wish?

Mr. MAPES. The United States and Canada could change the treaty if they saw fit to do so, and it would take the affirmative action of the Congress and the Legislature of the State of New York to change this agreement after it has been adopted or entered into by both parties.

Mr. PARKER of New York. That is what I mean.

Mr. MAPES. They could change it if they saw fit, but it would take a definite statutory enactment by the Federal Government and the State of New York to do so.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. MAPES. I am sorry, I have not the time. The direct money benefit to the United States by the adoption of this resolution will be $89,000,000, plus. In other words, the State of New York agrees to contribute that amount to the cost of the waterway if we adopt this resolution.

My colleague from New York [Mr. PARKER] argues that the adoption of this resolution will assist the ratification of the treaty in the Senate. That may be. I do not know; but if it does, it seems to me a wise thing to do. It certainly can do no harm. It binds the State of New York to contribute $89,000,000 toward the expense of the improvement of this waterway. Why should not the Federal Government take advantage of it.

Mr. DOUGLASS. Will the gentleman yield?

Mr. MAPES. I cannot yield, for I have only a short time. I am for this resolution. I voted to report it in the Committee on Interstate and Foreign Commerce. But I want to call attention to one feature of the agreement which it proposes to put into effect.

The resolution was introduced and referred to the Committee on Interstate and Foreign Commerce, and some of us did not have a chance to study it carefully before hearings were had upon it. I have been looking over the hearings before the Senate committee since the hearings were held before the House committee, and I want to call attention to one feature of the agreement between the Federal Government and the State of New York which I think ought to be corrected before the resolution becomes effective.

Paragraph 5 of that agreement says:

> In the event that the State of New York elects, the United States assumes responsibility for the construction of the works in their entirety at a cost to New York representing the sum of the costs above set forth, or a total of $89,726,000, provided that if the actual cost be less than this amount, New York will receive the benefit of the said savings.

The estimates were based on 1926 prices, and upon cross-examination General Pillsbury, the Assistant Chief of Engineers, said that he thought there was no question but that the actual cost of the improvement would be less than the $89,000,000. In that event the State of New York would get some reduction. But there is no provision in the recommendation of the engineers—and this is the point I wish to call attention to—for a situation which would arise if the cost of the New York share should prove to be more than $89,000,000. The agreement does not require the State of New York to stand its proportionate share of the increased cost in that event, as it ought to do. In the hearings before the Senate committee the junior Senator from Michigan [Mr. VANDENBERG] asked General Pillsbury this question:

> Senator VANDENBERG. Then we guarantee the upset price of even the power works which are to be executed within the control of the State of New York.
>
> General PILLSBURY. We can safely do that on the basis of present currency values.
>
> Senator GLENN. But you do not know what will happen to present currency values before this is completed.

On page 1017 of the Senate hearings General Pillsbury reiterated:

> The estimates in this report are really very conservative indeed. I see no reason why there should be an excess, unless there is a depreciation of the currency.

Inflation of the currency becomes more and more threatening, and it may be that $89,000,000 will not represent New York's proportionate cost of the improvement when the work is done. I think before this agreement is finally ratified in the Senate there ought to be some provision taking care of that situation.

Some reference has been made here this afternoon to the Aluminum Co. of America and its rights to the water power along the St. Lawrence River. I read from the statement

of Delos M. Cosgrove, vice chairman of the Power Authority of the Port of New York, in his testimony before the House Committee on Interstate and Foreign Commerce on Thursday of last week, April 20, 1933:

> During the past 20 years many important American industries have been induced to locate plants in Canada because of the almost unlimited supply of cheap hydroelectric power available there.
>
> Foremost among these is the Aluminum Co. of America, which built a huge plant and power development in the Province of Quebec.
>
> This migration of American industries has caused great loss to the United States. It has involved the transfer of millions of dollars of American capital to Canada, loss of employment to thousands of American workingmen, and shrinkage of the American market for food and other products.
>
> The opposition of the Province of Quebec to the development of the water power of the St. Lawrence River within the State of New York is frankly based upon a desire that this movement of American industry to Canada shall continue.

The witness then went on to quote from a statement of Premier Taschereau, of the Quebec Legislature, which the gentleman from New York [Mr. SNELL] quoted here this afternoon, to establish the fact that that is the attitude of the Province of Quebec toward this improvement. Premier Taschereau said:

> The pressing need of the United States is for power. Do you think we are ever going to get industrial development in the Province of Quebec by permitting the United States what she needs now for the development of her own industries? I have seen many captains of industry, so called, and they all tell me the same thing: "Keep your hydro power at home and you will have American capital going into your Province for the development of industries, and your Province will profit and progress."

This is not a sectional matter. As stated in the report of the Senate committee, "The enterprise is in the very strictest sense national in its scope."

It comes with poor grace for those interested in Atlantic and other ports to oppose the passage of this resolution on the ground that it will injure their ports, in view of the assistance they have received from the Federal Government.

Quoting again from the report of the Committee on Foreign Relations of the Senate:

> Philadelphia is 80 nautical miles from the open sea and has $52,000,000 of Government money spent toward the improvement of that stretch of water leading up to its docks. Organizations in the city of Baltimore sent briefs in opposition to the treaty. It has had $13,500,000 from the Federal Treasury to enable it to secure the preeminence it has attained as an ocean port. $58,393,978 of the national revenues to which the States tributary to the Great Lakes have contributed have gone into the improvement of New York Harbor. Albany and Buffalo have had, respectively, $18,000,000 and $8,600,000.

The SPEAKER pro tempore (Mr. ADAIR). The time of the gentleman from Michigan has expired.

Mr. RAYBURN. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. CULKIN].

Mr. CULKIN. Mr. Speaker, considerable curiosity has been evidenced here today as to the reason why this resolution has been brought forward at this time. The distinguished Chairman of the Interstate and Foreign Commerce Committee gave answer to that when he stated that it was being brought forward by reason of the fact that the President of the United States had sent a letter to him as chairman and asked him to progress this matter. That should count largely in this situation, especially by reason of the fact that the New York Power Authority is the child of the President of the United States.

EFFECT OF RESOLUTION

The pending resolution, H.J.Res. 157, simply protects and safeguards the rights of the people of the State of New York if the St. Lawrence Treaty is ratified by the Senate. Congress by the adoption of this resolution admits the title of New York State to this power. Nor is this admission obtained without consideration. By virtue of negotiations between the New York Power Authority and the Federal Government the sum of $89,726,000 has been allocated as New York State's share of the construction cost. This amount has been approved by the United States engineers and accepted by the New York Power Authority as its proper and just share of the expense of the construction of the St. Lawrence Seaway. The total cost to both countries for this seaway is $543,429,000. The total American cost of this construction is $272,453,000. From this should be deducted New York State's contribution to construction, to wit, $89,726,000. Therefore, the total cost to the United States for this seaway is $182,727,000. It should be stated in that connection that the actual cost of this construction, under existing prices will, in the opinion of the engineers, probably be 25 percent less than the estimated figure. Deducting 25 percent from $182,727,000 leaves $137,045,223 as the probable total cost to the United States. The wild talk of America's share of this enterprise running into $1,000,000,000 is absurd and unjustified.

It is necessary and advisable that the House pass this resolution so that when the Senate comes to consider the treaty it will know approximately what the American disbursement will be.

WHAT THIS SEAWAY IS

The construction of this seaway contemplates the improvement of the St. Lawrence River and the connecting waters between the Great Lakes so as to permit ocean-going ships to pass without breaking cargo from the sea to the remotest Lake ports. It will extend the ocean 1,000 miles westward into the very heart of the continent.

Mr. McDUFFIE. Will the gentleman yield?

Mr. CULKIN. I do not have much time, but I will be glad to yield to the gentleman for a question.

Mr. McDUFFIE. I want to clear up a matter in my own mind. Is the gentleman referring to the cost of that stretch of the stream which is the international boundary?

Mr. CULKIN. I refer to the entire cost of the seaway. I would say I do not refer to the present construction between Tibbetts Point and Ogdensburg, but I refer to the entire future cost of the seaway.

Mr. McDUFFIE. Those figures are very much under the figures that were submitted to our committee, which ran between $750,000,000 and $1,000,000,000.

Mr. CULKIN. To be frank, I have taken those figures not from the hearings but from a pamphlet which was published by the Great Lakes & St. Lawrence Waterway Association, and I assume they are authentic.

INTERIOR MAROONED

Senate Document No. 183, Sixty-ninth Congress, second session, summarizes the necessity for this seaway. It relates that the construction of a shipway of sufficient depth to admit ocean vessels from the Atlantic to the Great Lakes will lessen the economic handicaps of adverse transportation costs to the vast area in the interior of the American Continent. This area embraces more than 22 States. Within this area there are more than 40,000,000 people, who gain their livelihood through agricultural production and manufacturing. The people of these inland sections have had their progress retarded both from a manufacturing and agricultural standpoint by handicaps in transportation.

The building of the Panama Canal left them marooned in the interior of the continent. It placed on them unfair handicaps in matters of transportation. There can be no disagreement that the people in these inland areas are entitled to relief.

NEW ENGLAND'S ATTITUDE

I call the attention of the House to the Report of the Joint New England-St. Lawrence Waterway Committee, composed of political leaders, leading engineers, and publicists from seven New England States. This group found that the opening of such a waterway would be beneficial rather than detrimental, because it opens to New England industries a new and cheap transportation artery; because it results in the saving of cuts in food supplies; because it has no possible adverse effect on the railroads. This committee finally placed itself definitely on record for the consummation of a treaty with Canada and urged upon all New England local and national representatives the desirability of their full cooperation in every reasonable manner to bring this about.

SMALL EFFECT ON NEW YORK

The claim is made in some circles that it will affect the commercial destinies of New York State. Of course, this is true to a small degree, but the fact is that New York State, through the acquisition of the water power, will be fully reimbursed through that medium.

SENATOR WALSH STATED THE CASE

In a speech delivered before the Boston (Mass.) Chamber of Commerce on April 12, 1928, by the late Senator Walsh, of Montana, he stated:

With the marvelous development of the West, a development that has no parallel in history, the desire to see opened to general navigation the route by which the waters draining into the Great Lakes find their way into the ocean has become insistent. It is not alone the States whose territory lies in part within the basin of the St. Lawrence but as well all those beyond as far as the Rocky Mountains, whose products find an outlet through the Lake ports, that have a direct concern in this great enterprise.

RAILROAD RATES PROHIBITIVE

It is undeniable that railroad rates for bulk commodities have become prohibitive. The only hope for the agricultural group in Midwestern America is through water-borne transportation, where the cost of carrying the products of the farm is thoroughly minimized. This affects not only the farmer of the West but the manufacturer of the East. The construction of this seaway will solve one of the major problems that now vex the western farmer. This low-cost transportation will be reflected in savings to the farmer and will result in increased comforts and an opportunity for him and his family.

Now is the time to build the St. Lawrence Seaway. Canada is ready and construction costs are extremely low. It will offer labor for the unemployed. Most of all, it will aid in removing the economic inequality from which the Western States now suffer. It will do this without appreciable injury to any locality. The passage of this pending resolution will help this great cause on its way. I very much trust this House will act favorably on this resolution. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from New York [Mr. CULKIN] has expired.

Mr. PARKER of New York. Mr. Speaker, I yield 5 minutes to the gentleman from Indiana [Mr. PETTENGILL].

Mr. PETTENGILL. Mr. Speaker, if the Senate of the United States had already ratified the St. Lawrence Waterway Treaty I would vote freely and readily for this resolution, and I take it if that were already an accomplished fact there would not be 10 votes in this House against the resolution under those circumstances. We would all be glad in that case to have New York get the power in the St. Lawrence River, and in that case we would all be glad to have the United States Government receive the $90,000,000 from the State of New York. There is therefore no necessity for passing this resolution at this time. If the St. Lawrence Waterway Treaty is ratified, this resolution will be readily agreed upon by the House; and it therefore is offered at this time only for the purpose of bringing pressure to bear on the United States Senate in the exercise of its constitutional functions.

Recently the Wagner bill came to the House, and objection was made that that was a revenue bill and did not properly arise in the Senate. In the same way I think this resolution does not properly arise in this House at this time. It can have no other effect except to be used as an argument by the proponents of the St. Lawrence waterway when the discussion comes up in the Senate that they should ratify the waterway treaty.

Mr. CULKIN. Will the gentleman yield?

Mr. PETTENGILL. I yield.

Mr. CULKIN. The gentleman differs with his leader, the President of the United States, on that proposition?

Mr. PETTENGILL. I do not know what reason the President of the United States has in asking for this resolution at this time, if it is true that he in fact does ask for it.

Mr. CULKIN. In any event, the gentleman differs with him.

Mr. PETTENGILL. The President of the United States has not a more loyal supporter in this House than I, but in this particular instance I think the Senate of the United States should take action on the treaty before we are called upon to pass upon the matter.

Mr. FISH. Is it not true that the President of the United States is a human being, and he cannot give his entire time to these matters?

Mr. PETTENGILL. I agree to that.

Now, who gets the benefit of the reduced freight rates to Europe as the result of the building of this waterway? Does the American producer get the benefit or does the European consumer get the benefit of the reduced freight rates? That is a question that cannot be answered definitely. It all depends upon the question whether in the terminal market it is a buyer's market at the time the freight arrives or whether it is a seller's market at that time.

In 1929 the American railroads reduced the cost of transporting wheat to the Atlantic seaboard for foreign export, in order to help the wheat situation, and immediately in the Liverpool market, Argentine and Austrialian wheat was reduced in the same amount that the freight rates were reduced in the United States, so that the benefit of the freight reduction and the loss of railroad revenues went to the European consumer and not to the American wheat grower. That could readily apply and would no doubt generally apply with reference to reduced water freight rates on wheat originating in Duluth or automobiles originating in Detroit, South Bend, Cleveland, or Buffalo.

I want to ask another question, If after we have built this seaway through Canadian territory, in large part with our money, what is then to prevent Great Britain from putting a tariff on American wheat and excluding it from the Liverpool market and letting Canadian wheat go over this seaway, built with our money, free of charge? What is to prevent her doing that? If she does do it, we become the international boobs of the world. What is to prevent her putting a tariff upon automobiles made in Detroit, after we have built the seaway, and allow Canadian-made automobiles to go freely to the English market over a seaway built with our money, contributed in part by the American automobile manufacturers?

Mr. EDMONDS. That is exactly what Great Britain has done by the Ottawa compact. She has put a duty on American wheat and allows Canadian wheat, if shipped through Montreal, to go in without duty; but if that same Canadian wheat is brought down to New York or Philadelphia and shipped, then she puts a duty on it.

Mr. PETTENGILL. I am very much afraid that this seaway will be another illustration of that old adage that we never lost a war or won a conference. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from Indiana [Mr. PETTENGILL] has expired.

Mr. RAYBURN. Mr. Speaker, I yield 5 minutes to the gentleman from Tennessee [Mr. MCREYNOLDS].

Mr. MCREYNOLDS. Mr. Speaker, judging from the remarks made a few moments ago as to what might occur, anything might occur; some things will not occur, and within the realm of ordinary experience certain things may reasonably be expected to occur. It is just a case of setting up straw men only to knock them down.

It seems to me the Members of the House should be big enough to try to develop the United States as a whole instead of looking at their own special interests. There is plenty here for everybody, from the East coast to the West coast, and from the North to the South.

During the administration of President Roosevelt as Governor of the State of New York in 1931, a bill was passed and became a law providing for the Power Commission of New York, so they could protect for the people of that State practically the only great natural resource left in that section. It was specifically for the purpose of looking after the great power interests along the St. Lawrence River.

The opening of the St. Lawrence River is bound to benefit all those Western States which face on the Great Lakes. It means a 27-foot waterway from the Lakes to the ocean, which will benefit the States of Indiana, Ohio, Illinois, Michigan, Wisconsin, and Minnesota, and give them a

straight waterway to the ocean. Yet some Members in this House are willing to oppose this bill because they feel it might affect Massachusetts or somebody down on the eastern coast.

The rapids where these dams are to be built is the place where the power will be developed; and the Federal Government entered into an agreement, by consent of Congress giving them the power to ratify, with the Power Commission of New York, so that they might stand their portion of this expense and that the great State of New York might have this power at its command, that it might not fall into the hands of private interests.

When Franklin Roosevelt was Governor of the State of New York he was interested in this matter. He is interested in it today as the President of the United States.

The treaty between this country and Canada was signed last July. One week prior to that time Canada entered into an agreement with the Province of Ontario by which that Province was allowed the power rights on the Canadian side of the river. The resolution we are now considering is merely for the purpose of allowing the Federal Government to trade with the State of New York, giving that State the rights she is entitled to, at a cost of $89,700,000 in round figures. It cuts this amount from the expense to the Federal Government, it keeps the power rights in the hands of the people of New York, and settles the question as to whether or not the Federal Government or the State of New York shall be entitled to the power rights along the St. Lawrence River which, you know, is an unsettled question.

Personally, I feel, from a reading of the record and the hearings before the Senate, that this resolution ought to pass. While it is not a part of the treaty, yet it is an auxiliary to the treaty enabling this Government, or the commissioners who represent this Government, to know what expense this Government will be put to if the treaty is signed. This resolution is an administration measure, otherwise it would not be considered at this time. [Applause.]

[Here the gavel fell.]

Mr. PARKER of New York. Mr. Speaker, I yield 4 minutes to the gentleman from New York [Mr. BEITER].

Mr. BEITER. Mr. Speaker and Members of the House, before proceeding with a narrative of my own thoughts on this subject let me quote a portion of an editorial of the Buffalo Courier Express of March 27, 1933:

> The St. Lawrence seaway, if built, will tremendously affect the entire American continent for generations to come. Unless it means the radical realignment of the Nation's industries, the opening of new transportation channels, and the closing of old ones, then surely there is no justification in building it at all.
>
> It would, of course, do just that. It would mean killing certain industries and revivifying others. Whole communities that draw their economic sustenance from the present distribution of economic forces would wither, others that could profit by a new alignment would blossom.
>
> This newspaper has opposed the St. Lawrence waterway. It has believed, and it still believes, that it represents bad economics. For all of our admiration for Mr. Roosevelt, we cannot change that opinion.
>
> We think the cost would not be a "few hundred millions", as its proponents have contended, but more than a billion dollars; and that opinion is based upon the most careful calculations of competent engineers. Other millions would have to be spent by Great Lakes cities to dredge harbors to the depth required for ocean-going vessels.

Perhaps everyone here knows more about the St. Lawrence waterway than I do, a subject which has been so extensively discussed during the seventy-second session of Congress and so ably explained to you by the Foreign Relations Committee.

The Government has a rather limited number of ways for disbursing funds to create employment. It would build a dam to irrigate unneeded fields, to compete with and close down a nearby power plant or to improve the navigation of a stream to put a locomotive engineer out of a job. It may build a highway or a waterway to weaken a railroad in its ability to meet its tax assessments. And on top of all, in many of these activities, it lowers the taxing ability of many hard-pressed States, cities, and towns through the removal of power-plant earnings or the placing of real estate outside of a taxable classification.

As taxpayers and loyal American citizens we should protest emphatically the construction of the St. Lawrence waterway on the ground that at this time, when our Nation should practice strictest economy in balancing the National Budget, it would represent the absolutely unwarranted expenditure of a billion dollars without any known good to the citizens of this country.

A large operator, operating a fleet of 18 large vessels in the upper Lakes trade and 25 "canalers" in the St. Lawrence trade, paints a picture of the marvelous efficiency of the Great Lakes fleet, and with this as a background, concludes:

> • • • a very small percentage of the great commerce of the Lakes will utilize the St. Lawrence River, if completed • • • the savings, if any, would be out of proportion to the stupendous cost that is estimated and reported in the public press.

The Lake Carriers' Association expressed its disapproval of the development when, on November 10, the executive committee passed the following resolution:

> *Resolved*, That the vessel interests represented by the Lake Carriers' Association are opposed to the proposed improvement of the St. Lawrence waterway for reasons which will be compiled and submitted to our general counsel for his further consideration and preparations for presentation in Government hearings at Washington.

In compliance with this resolution, representatives of the association appeared on November 16, 1932, before the subcommittee of the Senate Committee on Foreign Relations in opposition to the project.

The St. Lawrence Waterway Treaty will presumably lead to the construction of a shipway from the head of the Lakes to the port of Montreal, to which port sea-going vessels may now enter. This proposed construction of a shipway involves a 27-foot channel for sea-going ships. There is to be a collateral development of power. Expenses of construction and maintenance and the collateral power developed are to be shared by the Dominion of Canada and the United States.

Those millions, plus additional millions for upkeep and maintenance, would have to come out of the pockets of American and Canadian taxpayers. They would represent a direct subsidy to shipping—not to all shipping but to certain favored classes of shipping.

Operations thereon will be in competition with, and will divert traffic from, rail carriers during 6½ or 7 months of the year when operating costs are lowest, but will require the railroads to provide maximum facilities during the winter months, when operating costs are at a maximum. Notwithstanding this diversion, the obligation to handle the traffic during a part of the year will necessitate the keeping of the railroad plant at a maximum efficiency during the entire year.

The Joint Board of Engineers estimates that the entire cost of the proposed 27-foot channel, including the proposed power development, will be $543,429,000 and that the share to be borne by the United States will be $272,453,000.

It is estimated that of this total amount the expenditures for power development in the international section of the St. Lawrence River will represent something over $100,000,000, one half of which is to be paid by the United States.

The project is estimated to require from 7 to 10 years for construction; an 8-year period is the general official estimate. For this period no allowance is made for interest on the money required for construction. Assuming that the entire amount will be invested only half of the period, or 4 years, and that the interest charge would be at the rate of 4 percent per annum, there would be an additional interest charge on the $543,429,000 amounting to $86,948,640, or an additional charge to the United States of $43,592,480.

There are seven important harbors on the Great Lakes within the United States, namely, Duluth-Superior, Chicago-Milwaukee, Detroit, Toledo, Cleveland, and Buffalo. It has been estimated that there must be expended at least $25,000,000 each on these seven harbors, making an aggregate of $175,000,000 to be expended by the United States.

These estimates of costs do not include annual charges after completion nor do they include the necessity of the construction of docks.

The joint board of engineers report outlines a complete development of the power resources of the river by the construction of additional power works with an inflated capacity of approximately 5,000,000 horsepower, at a total cost of from $620,000,000 to $650,000,000.

The existing water-power and steam plants in the section of the United States which could be economically reached from the St. Lawrence territory by the transmission lines are quite adequate to meet the industrial development for many years to come.

The power production contemplated cannot be counted upon to liquidate the canal outlay. The value of hydroelectric power has in the last 10 years heavily depreciated, owing to the remarkable developments in efficiency of steam-power electric plants. So there is not likely to be a market for power in the large cities which have steam plants located at tidewater. In substance, the Government would be engaging in a most hazardous power speculation when the taxpayers of the Nation are already overburdened as a result of the enormous increase in recent years of Government services and public improvements, Federal, State, and local. As a temporary work-relief measure the St. Lawrence appears in no better light. Nobody knows definitely how much labor would be employed. But it is definitely known that Canadian labor would profit more than American labor.

Only 115 miles of the route, from Prescott to Cornwall, is in international territory. The rest of the route is entirely within the Dominion. Obviously, Canadian labor only would be used for work within the Dominion. American labor, presumably, would have to share opportunities for employment in the international section.

We should oppose the expenditures of public funds for the St. Lawrence project. It is not economically sound. [Applause.]

Mr. PARKER of New York. Mr. Speaker, I yield 1 minute to the gentleman from New York [Mr. MEAD].

Mr. RAYBURN. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. MEAD].

Mr. MEAD. Mr. Speaker, the statement has been made on the floor that this measure is being rushed through in order to secure support for the treaty in the Senate. Whether or not that statement is correct, it seems to have considerable merit in it.

We ought to keep this treaty issue free from complications. We ought to allow the Senate to act upon the treaty independently. We should not pass this legislation and distort the issue. [Applause.] We should keep the House free to act at a later date when the Senate has reached its determination.

The debate naturally precipitates a discussion of this international question, and we ought to refrain from any such discussion until we know what is really in the treaty. If the treaty is ratified—and I for one do not believe it will be—then the House can intelligently take up this question and dispose of it properly.

I want to appeal to the Members of the House to vote down this legislation until it comes to us in its logical order. Leave the Senate free to act upon the treaty without either suggestion or interference from us. We ought to consider, first of all, the injury which will result from the ratification of a treaty such as the Senate is now considering. We may present our views to the Senate committee and then wait until the treaty is disposed of before passing this resolution. It has been explained that this seaway will injure every seaport on the Atlantic coast from Portland, Maine, to Norfolk, Va. Have we estimated the loss to our railroads, many of which are now on the verge of bankruptcy? Why do we loan the roads large sums of money on the one hand and destroy them with such competition on the other?

Do you realize that the best merchant marine under our flag on the Great Lakes and along the Atlantic coast will be forced to compete with foreign ships to the injury of our vessels, our commerce, and our seamen? Do these injuries outweigh the benefits? We should not consider this bill until an unbiased economic survey of the entire matter is completed and in our possession. This power question will be given consideration at the proper time. The State of New York will also be given proper consideration. We need not fear that either our national administration or the State administration will turn over to the private power interests the great power resources of the St. Lawrence. This question will be taken care of and the power will be given to the Power Authority of the State of New York for the benefit of all the people.

Let me remind you, Mr. Speaker, that Canada placed a preferential tariff of 6 cents a bushel on Canadian wheat going through the Lakes for English markets. This was not only an embargo; it was a boycott against the United States. When we, with our people's money, construct this seaway we aid this boycott. I do not think we should be a party to any effort of this kind, because it is detrimental to our general welfare. Before we spend our taxpayers' money in Canada we ought to see to it that the rivers, harbors, and the lakes of our own land are properly developed and improved. [Applause.]

Before we pass any legislation bearing on the general subject of the St. Lawrence seaway, or before the Senate itself acts upon the treaty, we should have an official unbiased economic survey made of this entire project. This survey should take into consideration the cost of the enterprise, the electrical energy which can be developed, the effect this project will have upon our ships and shipping on the Great Lakes, the losses which may result to our railroads and to our North Atlantic seaports, and such other questions as will necessarily be affected as a result of the ratification of this treaty. Not only is it necessary for the Congress to have the estimated benefits which will result from the opening of this seaway, but we must also be in possession of such injuries as will result in a necessary readjustment of present-day transportation facilities. It must be remembered in any consideration given to this subject that the question is a two-sided one, and unless the benefits outweigh the evils the United States should never be a party to this contract.

I would further suggest that the proposed economic survey consider the following objections advanced in opposition to the ratification of the proposed treaty: First, the St. Lawrence River is 90 percent a Canadian river; second, only 10 percent of the grain that may be exported through this seaway would be American grain; third, less than 5 percent of the ocean-going ships engaged in the transportation of grain would be American owned; fourth, less than 20 percent of the water power capable of development would be on American soil; fifth, two thirds of the new money invested in this enterprise would be American money; sixth, due to weather conditions this seaway is closed as much as 6 months a year; seventh, experts in this type of construction have estimated the cost of the project to be approximately $1,000,000,000; eighth, the treaty internationalizes Lake Michigan, which is an American lake wholly within the United States; ninth, the treaty does not provide sufficient diversion for the Mississippi River channel or the Chicago drainage canal.

How can a saving of from 8 to 10 cents a bushel on grain transported be made when the present rate is less than 5 cents from Duluth to Montreal? What will be the effect resulting from the opening of this seaway to our American seaman? Why was Canada credited with the $128,000,000 spent in constructing the Welland Canal over 15 years ago? What will the total estimated damages to our railroads, our seaports, our canals, and our mills, elevators, terminals, be as a result of the necessary readjustment which will take place if the St. Lawrence canal is opened?

[Here the gavel fell.]

Mr. PARKER of New York. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Speaker, I am an unrepentant, unreconstructed, and unashamed Republican, and I am not given to throwing bouquets at my Democratic colleagues, but I would advise them to follow the intelligent advice of my good friend from New York [Mr. MEAD], who has just spoken and



with whom I served in the State legislature some 20 years ago, as well as for many years in this House, and not listen to a lot of people who do not know anything about New York State, who come here and tell you what is for the benefit of the 11,000,000 people of our State.

I also want to congratulate the gentleman from Indiana [Mr. PETTENGILL], who made a highly intelligent speech on this subject. The gentleman is quite correct. If this resolution should come before us after the St. Lawrence Waterway Treaty had been ratified, there would not be a vote or a voice against it, but as it is today it is merely an attempt to coerce the Senate into ratifying the St. Lawrence waterway project.

I may say as a preface to the remarks I am about to make that I believe that every individual Member has a right to his own opinion and his own views, and I question the sincerity of none, but as far as I am concerned I am opposed to the entire St. Lawrence waterway project. I believe it is a political myth, a political football, and a political fraud from beginning to end, and that it will never help any farmer in any State of the Union, that there has never been since I have been in Congress any proposal that has come before the Congress that had so much propaganda back of it, so much subsidy, and so much false information.

Why, I am informed there are some 20 States of the middle West that have been so propagandized that even their State legislatures appropriate or have appropriated money to send lobbyists down here to Washington to tell us that the salvation of the western farmers and the wheatgrowers is the construction of the St. Lawrence canal, yet I am sure that if you study this problem you will find it will not help a single farmer to sell a single bushel of wheat to any foreign country in the world.

What does it do? It diverts the trade from Boston, from Providence, from New York, from Philadelphia, from Baltimore, from Norfolk, and from all the southern ports and sends it to Montreal and out through foreign bottoms to European nations. This is why we in New York, who built the Erie Canal at the expense of our own taxpayers, are naturally opposed to diverting trade from the greatest American port to a foreign port through use of Federal appropriations and the money of American taxpayers.

I am not discussing this bill, I am discussing the ultimate question of whether we will build the St. Lawrence ship canal or not. It is preposterous to call upon the taxpayers of the State of New York, who put up 30 percent of all the taxes for everything that is done by the Federal Government in this country, to now put up 30 percent of the money to build the St. Lawrence ship canal to divert trade from Buffalo, Rochester, Syracuse, Albany, and the city of New York. This is why we who are from New York think this proposition ought to be faced with the facts, that it is against the interest of 30,000,000 consumers in the East and ruinous to American export and import trade.

Mr. O'CONNOR. Will the gentleman yield?

Mr. FISH. I cannot yield in 5 minutes.

I hold in my hand a statement issued by a Toronto newspaper, in which it is stated that Canadian labor and Canadian materials will be used, and in which it is also stated that Chicago will be checked and Lake Michigan internationalized, all for the advantage of whom? For the American farmer? No. This is entirely for the benefit of Canada and the Canadians, and I think I know as much about this subject as anyone, because I spend a month or two every year on the St. Lawrence River at Murray Bay. I know it is not feasible or practicable to ship American wheat through Canada in competition with the preferential rates and the preferential treatment agreed upon at the Ottawa Conference.

[Here the gavel fell.]

Mr. PARKER of New York. I yield the gentleman 1 additional minute.

Mr. O'CONNOR. Will the gentleman yield?

Mr. FISH. I cannot yield in 1 minute.

I know this canal is not feasible. I know that during the summer the river is fog-bound twice a week and I know that during the winter it is ice-bound. I know if it were feasible, and so do you, the shipping interests out of the city of New York would have moved up to Montreal long ago.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. FISH. I cannot yield, but I will say this. The State represented by the gentleman from Minnesota and his associates has used the St. Lawrence waterway as a political issue for years and years. They have been elected on the proposition that the St. Lawrence ocean-ship canal is the way to save the western farmers. They have gone through political campaign after political campaign, making glowing promises of immediate prosperity and untold wealth. The farmers have been deceived and I say now that if this canal goes through it will not benefit a single American farmer but it will help to destroy the eastern ports of the United States of America and further reduce traffic on American railroads and American ships. How can it benefit the wheat or grain farmers, who originally were propagandized into honestly believing that the St. Lawrence waterway would provide substantially cheaper freight rates to Europe, but whose eyes have been opened in recent years to the fact that it was nothing but a political myth? Its chief advocate, Herbert Hoover, did not carry a single one of these Middle Western States. Why, it is stated that the western farmer will save 10 cents a bushel in freight rates to Europe, when the actual total cost of ocean transportation is 10 cents a bushel. If the Congress favors an ocean-ship canal to the Great Lakes it should be an American canal, built by American money and American labor via the Hudson River to Oswego, on Lake Ontario.

Such a canal would be advantageous to both the western producer of grain and raw material and to the eastern manufacturer and consumer. Ninety percent of the market for western farm products is in the eastern seaboard States, and anything that detracts from their prosperity will lessen their buying power of foodstuffs from the Western States.

Mr. PARKER of New York. Mr. Speaker, I yield 3 minutes to the gentleman from Massachusetts [Mr. DOUGLASS].

Mr. DOUGLASS. Mr. Speaker and Members of the House, I have no apology to make to the chairman of the Foreign Relations Committee for the defense of the interests of the State I have the honor to represent in this House. I should be remiss in my duty if I did not defend the interests of the port of Boston, which I have the honor to represent.

There is no doubt—and the debate here shows it—that the real purpose of this resolution is to make a psychological development in favor of the ratification of the St. Lawrence Waterway Treaty in the Senate.

One of my brother Members accuses me of a selfish, sectional interest. He comes from a western State. I come from an eastern State. But in my opposition to the building of the St. Lawrence canal I believe I am serving the interests of both East and West. When this St. Lawrence waterway question was debated in the last session of Congress the whole argument in its favor was that it would obtain cheaper freight rates across the sea for the products of the farms in the West.

By the ratification of the treaty you will practically destroy the commerce of the whole Atlantic coast. After the United States has spent a half a billion dollars for this new construction, which ought to be done mostly by Canada, remember the St. Lawrence River will still be controlled by Great Britain and not in the interest of the American merchant marine.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. DOUGLASS. No; I cannot yield; I have not the time. There is no question but what the port of Boston in recent years has lost much commerce to other ports in America. With that I find no fault, because the business is going to Americans, but when we find that the business of our port is going to go in foreign bottoms, then we earnestly protest.

The State of Massachusetts, in part represented by me in this debate, is fighting and will continue to fight for the best interests of Western States. Gentlemen, you cannot destroy the commerce of the Atlantic coast and have prosperity in the West. We in Massachusetts and New England

have been helping enact your farm bill. Now, if we are generous with you in respect to raising the prices of your commodities through inflation, then you ought not to destroy our commerce along the Atlantic coast. [Applause.]

[Here the gavel fell.]

Mr. PARKER of New York. Mr. Speaker, I yield 3 minutes to the gentleman from Ohio [Mr. LAMNECK].

Mr. LAMNECK. Mr. Speaker, ladies and gentlemen of the House, I come from Columbus, Ohio, an inland city, and I cannot for the life of me see how the St. Lawrence waterway is going to help the Buckeye State.

The reason I am against the bill and against this resolution is because it is mixing up the St. Lawrence deep-waterway issue with another matter in the hope that it will influence the Senate to ratify the treaty with Canada. I am opposed, too, because 90 percent of the improvement is in Canadian territory. I am opposed to it because 90 percent of the grain that will go through the canal will be Canadian grain. As far as I am concerned, I do not want to make any contract with foreign countries which I do not have to.

The cost will be at least $1,000,000,000. The interest on this debt will be a sufficient amount to pay all freight charges on all wheat and cotton shipped to foreign countries in any one year for a generation.

The farmer of the great West has been led to believe that his chances of selling his products in foreign countries will be greatly enhanced by the building of the St. Lawrence waterway. Nothing is further from the truth. The improvement, if made, will create a competition which will make it more difficult to sell.

I have not heard any discussion here of the effect that this legislation is going to have on the railroads. The gentleman from Texas [Mr. RAYBURN], chairman of the committee, knows there is a bill before this Congress to cancel a charge against the railroads amounting to about $360,000,000, which was accumulated under the Interstate Commerce Act. Why are we going to do that? To help the railroads. I understand the administration has a bill that is supposed to help the railroads. A dictator is going to be appointed, who will have the power to eliminate all competing lines, who will fire men, reduce salaries, deflate capital in the railroads, and here we are going to the St. Lawrence waterway to spend a billion dollars to build up a competitor. The waterway can only operate 7 months of the year. I suppose the railroads will then be called on to function when business is poor, but in good weather the foreign ships will take the business.

If we are going to help the railroads, do not build up a competitor at the expense of the taxpayers in order to do it. What about the effect on the manufacturers located in the interior? We are going to put foreign commerce right at their door on foreign boats at the expense of the taxpayers of America. You are going to move the main port of America to Montreal. That is what you will do, just as sure as you pass this bill, and those cities located on the Great Lakes that think they are going to be benefited a great deal by this legislation are going to be mistaken. Take, for instance, Lake Michigan. We have to go into an agreement that Lake Michigan from now on is supposed to be an international lake, not an American lake. What effect is it going to have on Chicago, Detroit, Milwaukee, and some other cities? [Applause.]

The SPEAKER. The time of the gentleman from Ohio has expired.

Mr. RAYBURN. Mr. Speaker, this bill has taken a most peculiar and apparently unselfish turn in some ways. Here are my friends from New York, who have always tried to bring about legislation that would benefit New York, probably to the injury of Boston and Philadelphia and the other Atlantic ports, now vitally interested in protecting the port of Boston, the port of Philadelphia, the port of Baltimore, and all of the others up and down the Atlantic coast. I live 400 miles from navigable water. If I had been voting a selfish vote all the years that I have been in Congress, I would not have voted under the argument made here today to take money away from my people to develop a river and harbor in some other section of the country or even in my own State. I think this about this question, and I try to think it about all others. I have supported every river and harbor measure that has been presented in the 20 years that I have been a Member of Congress, not because the money was going to be spent, any part of it, in the district that I represent, or any of it within 400 miles of where I live. I have supported these river and harbor improvements because I have thought that they would help the whole country at large, and in doing that I would be doing a great thing for the people of the country. If it is a good thing for the country to develop the harbor of Galveston or Houston or Mobile or Philadelphia or Boston, then it should be a good thing for the country to develop this waterway on the St. Lawrence, and some of our friends here who have talked about selfishness say, Why should we do this thing, which has been propagandized by 20 States? Why should not Minnesota, why should not Wisconsin, why should not Illinois and Indiana and Ohio and those States be brought closer to water than they are?

Mr. McDUFFIE. Mr. Speaker, will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. McDUFFIE. The gentleman has been very generous in casting his vote for river and harbor improvements and the development of our commerce, and what I want the gentleman to talk about this afternoon is as to why this resolution should be presented to this House before the ratification of the treaty by the Senate of the United States.

Mr. RAYBURN. I stated that awhile ago. I stated that in the report that was made; that this is an agreement which has been brought about, as the gentleman from New York [Mr. SNELL] says, after 20 years of negotiation, and I think we ought to nail it down now. I think that the rights of the State of New York and the rights of the Government of the United States in this matter should be determined before the treaty is ratified, and not before.

Mr. PARKER of New York. Mr. Speaker, will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. PARKER of New York. Simply to remind the gentleman that he is making exactly the argument that I did; that the resolution in question is not under discussion here, but it is the matter of the development of the St. Lawrence waterway.

Mr. RAYBURN. The resolution is the only thing under discussion.

Mr. PARKER of New York. But the gentleman is discussing the waterway.

Mr. RAYBURN. Yes; because I had to say something in reply to these gentlemen who do not talk about the resolution.

Mr. DE PRIEST. Mr. Speaker, will the gentleman yield?

Mr. RAYBURN. Yes.

Mr. DE PRIEST. What effect will this so-called "treaty" have upon the Chicago drainage system and the Mississippi River improvements?

Mr. RAYBURN. I do not know. I am not passing on the terms of the treaty.

Mr. DE PRIEST. Does not the treaty provide that the commission appointed by the United States and Canada shall control the supply of water of Lake Michigan and make it an international lake instead of a private lake? Lake Michigan does not touch one inch of Canadian land.

Mr. RAYBURN. I do not know about that. I do not know anything about the treaty. I have never read the treaty.

Mr. DE PRIEST. It will be detrimental to the Mississippi waterway proposition.

Mr. RAYBURN. I am not arguing the treaty at all. I am arguing this matter, as the gentleman from New York [Mr. SNELL] says, and nailing down this agreement while we have an opportunity to do it.

Mr. CULKIN. Will the gentleman yield?

Mr. RAYBURN. I yield.

Mr. CULKIN. May I say in regard to the query of the gentleman from Illinois [Mr. DE PRIEST] that this treaty

provides that the diversion at Chicago shall be as fixed by the decision of the Supreme Court of the United States?

Mr. DE PRIEST. Until when? Nineteen hundred and thirty-eight, is it not?

Mr. CULKIN. Forever; unless the treaty is modified.

The SPEAKER. The time of the gentleman from Texas [Mr. RAYBURN] has expired. All time has expired.

CLAIMS OF PAN AMERICAN PETROLEUM CO. AND RICHFIELD OIL CO. OF CALIFORNIA

Mr. O'CONNOR, from the Committee on Rules, submitted the following privileged report from that committee (H.Res. 119, Rept. No. 53) on Senate Joint Resolution 13:

House Resolution 119

Resolved, That immediately upon the adoption of this resolution, it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of S.J.Res. 13, a resolution "Authorizing the Attorney General, with the concurrence of the Secretary of the Navy, to release claims of the United States upon certain assets of the Pan American Petroleum Co. and the Richfield Oil Co. of California and others in connection with collections upon a certain judgment in favor of the United States against the Pan American Petroleum Co. heretofore duly entered."

After general debate, which shall be confined to the resolution and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Public Lands, the resolution shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the resolution for amendment, the Committee shall rise and report the resolution to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the resolution and the amendments thereto to final passage, without intervening motion, except one motion to recommit.

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that the Committee on the Public Lands may have until midnight to file a report on the resolution, S.J.Res. 13.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee [Mr. BYRNS]?

There was no objection.

THE PARCEL POST

Mr. MEAD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a speech by Hon. HARRY L. HAINES, of the Committee on the Post Office and Post Roads, delivered in Washington a few days ago.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. MEAD]?

There was no objection.

Mr. MEAD. Mr. Speaker, under the leave to extend my remarks in the RECORD I include the following radio address of Hon. HARRY L. HAINES, of Pennsylvania, member of the House Committee on the Post Office and Post Roads, delivered during the National Broadcasting Co. farm-and-home hour, April 13, 1933:

Ladies and gentlemen of the radio audience, permit me to express my appreciation for the courtesy extended to me upon this occasion and the hope that what I may have to say will be helpful to my fellow Americans.

I want to speak to you about the greatest business organization in the Government—an organization that can serve all our people more efficiently if all of us are willing to cooperate. I refer to your great post-office system, the greatest in the entire world. I want to address myself particularly to the service of Parcel Post and what it means to you of the farm-and-home hour.

Organized in 1913 and handling more than 600,000,000 parcels the first year, and which has grown to the enormous amount of more than a billion parcels being handled each year, and its ability to handle another billion without much additional cost to the service; in fact, its growth will mean a reduced cost to the patrons if they will avail themselves of the opportunities that are presented to our people. Parcel post comprises mail exceeding 8 ounces in weight and includes merchandise, farm and factory products, seeds, plants, books, circulars, and printed matter not embraced in other classes of mail. We now have more than 43,000 rural routes through which parcels are delivered, and than the personnel of which there is no finer body of men in our Nation, rendering that service with a smile, penetrating every part of this country, making it possible for our people in the most remote places to deal with their fellow citizens everywhere. I want to pay my tribute to that fine group of postal employees who have so unselfishly made it possible for all our people to enjoy every convenience of this modern day. This same servant who delivers your mail to you will deliver for you, so that this offers opportunities for every citizen to build a business for himself and having a transportation service unequaled in the conduct of your business. I know there are many of our people who believe that Parcel Post gives a monopoly to our large mail-order houses only, but permit me to say that the same service that is rendered for the large corporation can be rendered for you, no matter how small and insignificant you might consider your business.

There is a thrill in the mailman's whistle, for millions of men and women watch and wait for him every day with hope and longing in their hearts. As a boy I recall the thrill that came to me when the little package was delivered by the postmaster in my home town, even before the days of Parcel Post, and that same thrill is in the heart of the boy of today who may have made his first adventure in the field of commerce.

What does Parcel Post have to offer to those of us who live in rural United States? It gives us an opportunity to reach the markets of the country; in our large cities, in our smaller towns, and even to those of our fellow citizens who live in the smaller communities. The possibilities offered by the Parcel Post System was quickly realized by our merchants and business men in the cities, but we of the rural sections have not been awake to the many advantages and opportunities it offered to us. The farmer who is alive to the present-day situation can build for himself a market even under the present economic depression. There are millions of our people anxious to trade with you, wanting to buy the product of your efforts, willing to pay you that middleman's profit that is now denied to you, happy to have the fresh vegetables and the farm products that are not always to be had in our larger centers of population.

Parcel Post offers an equal advantage to the small-town merchant that is offered to the mail-order house. Thousands of small-town merchants have built up a fine business for themselves by taking advantage of this system of transportation, but business men must be alive today and realize that the business practices and policies of the last decade will not fit into the present scheme of trade. To do a successful parcel-post business the merchant must be prepared to box up the merchandise in a neat package, addressed with a sticker or shipping tag that can also carry his advertisement, and by keeping his name before the public becomes well known. Your customers want to deal with you if you deliver promptly, parcel carefully wrapped up and addressed, all of which means so much in the conduct of any business. If you are careless in addressing your packages and send out an unsightly parcel, you cannot expect to make a favorable impression with your trade. Let me ask you, have you anything to sell? If you have, there is a buyer for your goods somewhere, and the best and cheapest salesman in all the world is the postman. He is trustworthy, he delivers your package on time, in good condition, even collects your money for you in advance of the delivery of the package, for which a small additional charge is made. Mr. Farmer, have you ever given any thought to selling your products direct to the consumer?

You say that you cannot do it—have you tried? You may live near a town of some considerable size. It is not difficult to procure the names of prominent people in any community. Your telephone directory gives you the names of many fine citizens. Have you ever thought of addressing a post card or a letter to a list of prospective customers, listing therein or thereon what you have to offer? It is so simple that it requires no abundance of education to do this. Many of our great merchant princes were men of limited education, but they had an idea—they developed that idea—they had faith in themselves—they were honest in the representation of their merchandise or product—they built a reputation because of the service and quality of their product. You can do this.

You can go to your local printer and he will help you write up your letter or card, and a few dollars invested in the United States mails may mean the beginning of a profitable business; and what might be an unprofitable farm can be developed into a going business.

The next step is to buy attractive containers, so that your parcel will have a nice, clean appearance when it is delivered to your customer. You can send 70 pounds in one parcel. Do you know that there are many homes in our cities that would like to buy their vegetables by parcel post? Some ladies have built a business by the product of their own kitchens. Parcel Post offers unlimited opportunities to develop such a business, for in our larger centers of population people are anxious to buy the farmer's cakes and pies. One man in a large city had a losing delicatessen business. He conceived the idea of wrapping his meats in cellophane and displaying this new idea in his windows. Now he has a business, built in a short period of time, employing four meat cutters, where he formerly had no one but himself cutting meat. The meat was the same, but the manner of presenting it to the trade made it inviting to all who looked into his window. Today he uses parcel post and mails his meat to people who have a delicatessen store right in their own neighborhood. Parcel post has enabled him to build a fine clientele, and what one man can do is possible for the other. I know a cigar dealer in a nearby city that mails cigars from coast to coast—people buying standard brands and having them mailed by parcel post from a distant city when the same cigars could have been purchased just around the corner. Parcel Post has meant much to this merchant, and it can mean as much to any merchant by the practice of honest methods and the solicitation on the part of the man who has something to sell. I have heard it said that the building of so many good roads takes business away from the small merchant because of the automobile and good roads leading into the towns. These roads run in both directions, and the opportunity that is given to the

city merchant is also given to the small-town merchant, but he must be awake and do business in the modern way.

Parcel Post offers every advantage to the small merchant, for it enables him to buy goods more frequently; he can buy in smaller quantities and is assured wonderful delivery because of this great system. The Post Office Department is not in competition with any other business in offering this service to our taxpayers, but, on the contrary, is making a great contribution to business in what it has to offer. Without this service our great host of fine people living in the rural sections would not have the privileges they now have, and I want to appeal to our people throughout the Nation to patronize this service, and in recommending the service I feel that I am not injuring any other business, for there is no competition in the parcel-post business. There are thousands of inland communities which cannot be reached by our railroads or other transportation facilities. The Parcel Post Service is daily—every day; it is dependable and it is indispensable in our modern method of trading. It is the creator of markets. It makes a market for every product—for every man, woman, or business enterprise that wants to develop. Without a doubt the system has helped our great mail-order houses, but that is no reason for you to feel that it cannot help you, for if it made potential business for these larger concerns, it can help you in an humble way to start and build for yourself. I have one ambition in this talk to you, my unseen audience, and that is to inspire my farmer friends to give much thought to the great service Parcel Post can be to them. I know our farmers are greatly disturbed these days because of the economic ills that now so completely beset them on every side, and yet I know farmers who are making money, are happy, know nothing about the ills that others say they are experiencing. An investigation will reveal the cause, and that is these men have applied themselves to the modern method of business. They are not living as they did 50 years ago, neither are they attempting to do business as they did 50 years ago. These are days when the very souls of men are being tried, and yet these are days when these very souls can emerge triumphant by the application of modern methods of marketing their products.

Talk this matter over with your nearest postmaster. He can give you full information and will be glad to help you. If you want additional information, write to the Post Office Department, Director of Parcel Post, Washington, D.C.

The next time you receive that package delivered to you by the mailman, please consider how easy it would be for you to sell your product the same way. If millions of pairs of stockings are mailed in parcel post, millions of fresh eggs from the farm to the consumer in the metropolis can likewise be mailed.

The modern way practiced by the farmer will result in emancipating him from despondency to the thrill that comes in the accomplishment of that which was not thought possible.

It has been a pleasure for me to give you this message, and I trust that you will remember that parcel post is your own business, for you are a part of this great Government, so that any success in this service is a benefit to all our people.

Mr. GOSS. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. GOSS. Under the agreement on the bill with reference to the St. Lawrence Treaty reached this afternoon, would it be in order for any Member so desiring to make a motion to recommit tomorrow morning before a vote is taken?

The SPEAKER. A motion to recommit will be in order after a third reading of the bill. If it reaches that stage today, it will be in order at that time.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. TAYLOR of Tennessee, for 4 days, on account of important business.

To Mr. KLEBERG, for 1 day, on account of important business.

To Mr. SISSON, for today, on account of official business.

To Mr. BROOKS, for 3 days, on account of illness.

To Mr. WILLFORD, for 3 days, on account of important business.

To Mr. FIESINGER, indefinitely, on account of illness.

To Mr. RUDD, for the remainder of the week, on account of death in family.

GREAT LAKES-ST. LAWRENCE DEEP WATERWAY TREATY

The SPEAKER. The question is on the engrossment and third reading of the resolution.

The resolution was ordered to be engrossed and read a third time, and was read the third time.

Mr. PARKER of New York. Mr. Speaker, I have a motion to recommit the resolution.

The SPEAKER. Is the gentleman opposed to the resolution?

Mr. PARKER of New York. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion of the gentleman from New York [Mr. PARKER].

The Clerk read as follows:

Mr. PARKER of New York moves to recommit the resolution to the Committee on Interstate and Foreign Commerce with instructions to that committee to report the same back to the House forthwith with the following amendment:

"At the end of the resolution insert '*Provided*, That the passage of this resolution shall be in no way construed as an expression of the attitude of the House as to the merits of the proposed treaty between the United States and Canada.'"

Mr. SNELL. I understand that is just offered for the information of the House and it will go over until tomorrow.

ADJOURNMENT

Mr. RAYBURN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly the House (at 4 o'clock and 12 minutes p.m.) adjourned until tomorrow, April 26, 1933, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

28. Under clause 2 of rule XXIV a communication from the President of the United States, transmitting a supplemental estimate of appropriation pertaining to the legislative establishment, House of Representatives, for the fiscal year 1933, in the sum of $1,200, was taken from the Speaker's table and referred to the Committee on Appropriations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. DICKSTEIN: Committee on Immigration and Naturalization. H.R. 3519. A bill to exempt from the quota parents of citizens of the United States, and for other purposes; with amendment (Rept. No. 52). Referred to the House Calendar.

Mr. O'CONNOR: Committee on Rules. House Resolution 119. Resolution providing for the consideration of Senate Joint Resolution 13, a joint resolution authorizing the Attorney General, with the concurrence of the Secretary of the Navy, to release claims of the United States upon certain assets of the Pan American Petroleum Co. and the Richfield Oil Co. of California and others in connection with collections upon a certain judgment in favor of the United States against the Pan American Petroleum Co. heretofore duly entered; without amendment (Rept. No. 53). Referred to the House Calendar.

Mr. FULLER: Committee on the Public Lands. Senate Joint Resolution 13. Joint resolution authorizing the Attorney General, with the concurrence of the Secretary of the Navy, to release claims of the United States upon certain assets of the Pan American Petroleum Co. and the Richfield Oil Co. of California and others in connection with collections upon a certain judgment in favor of the United States against the Pan American Petroleum Co. heretofore duly entered; without amendment (Rept. No. 54). Referred to the Committee of the Whole House on the state of the Union.

Mr. STEAGALL: Committee on Banking and Currency. H.R. 5240. A bill to provide emergency relief with respect to home-mortgage indebtedness, to refinance home mortgages, to extend relief to the owners of homes occupied by them and who are unable to amortize their debt elsewhere, to amend the Federal Home Loan Bank Act, to increase the market for obligations of the United States, and for other purposes; without amendment (Rept. No. 55). Referred to the Committee of the Whole House on the state of the Union.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Pensions was discharged from the consideration of the bill (H.R. 5067) granting an increase of pension to Fidelia L. Mitchell, and the same was referred to the Committee on Invalid Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. LEWIS of Maryland: A bill (H.R. 5232) giving the protection of the law to the worker's right to work and to a just share of the employment available; forming trade associations to stabilize business and to provide unemployment insurance, etc.; and imposing certain excise taxes, with privilege drawback; to the Committee on Ways and Means.

By Mr. WHITE: A bill (H.R. 5233) to preserve and protect the gold standard through the establishment of an auxiliary monetary reserve of silver and the issuance of silver certificates payable in their gold-value equivalent and under such regulations as will provide protection to the gold standard and operate to restore and stabilize commodity prices; to the Committee on Coinage, Weights, and Measures.

By Mr. McCORMACK: A bill (H.R. 5234) to authorize the Reconstruction Finance Corporation to make loans to aid the fishing industry; to the Committee on Banking and Currency.

By Mr. BUCK: A bill (H.R. 5235) amending the Shipping Act, 1916, as amended, for the purpose of further regulating common carriers by water; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. MORAN: A bill (H.R. 5236) for the conservation of lobsters, to regulate interstate transportation of lobsters, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. TRUAX: A bill (H.R. 5237) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto, approved March 3, 1933; to restore confidence and prevent revolution by farmers and home owners by providing for a suspension of real-estate foreclosures for a period of 1 year; to the Committee on the Judiciary.

By Mr. CELLER: A bill (H.R. 5238) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

By Mr. WHITE: A bill (H.R. 5239) to extend the provisions of the act entitled "An act to extend the period of time during which final proof may be offered by homestead entrymen", approved May 13, 1932, to desert-land entrymen, and for other purposes; to the Committee on the Public Lands.

By Mr. STEAGALL: A bill (H.R. 5240) to provide emergency relief with respect to home-mortgage indebtedness, to refinance home mortgages, to extend relief to the owners of homes occupied by them and who are unable to amortize their debt elsewhere, to amend the Federal Home Loan Bank Act, to increase the market for obligations of the United States, and for other purposes; to the Committee of the Whole House on the state of the Union.

By Mr. O'CONNOR: Resolution (H.Res. 119) providing for the consideration of Senate Joint Resolution 13, a joint resolution authorizing the Attorney General, with the concurrence of the Secretary of the Navy, to release claims of the United States upon certain assets of the Pan American Petroleum Co. and the Richfield Oil Co. of California and others in connection with collections upon a certain judgment in favor of the United States against the Pan American Petroleum Co. heretofore duly entered; to the Committee on Rules.

By Mr. DIES: Joint resolution (H.J.Res. 163) to abolish a judicial district; to the Committee on the Judiciary.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial memorializing the Congress of the United States to include adequate appropriations for the continued efficient maintenance of supervision of oil, gas, coal, and nonmetallic minerals operations by the mineral leasing division of the United States Geological Survey; to the Committee on the Public Lands.

Also, memorial of the Legislature of the Territory of Hawaii, memorializing Congress to authorize $4,000,000 to be expended by the highway engineer upon plans and specifications approved by the Secretary of Agriculture of the United States; to the Committee on Banking and Currency.

Also, memorial of the Legislature of the State of California, memorializing Congress to adopt legislation with reference to manufacture of arms, munitions, and implements of war; to the Committee on Foreign Affairs.

Also, memorial of the Legislature of the State of California, memorializing Congress to enact a moratorium on foreclosures of real-property mortgages and on sales under deeds of trust in real property; to the Committee on Banking and Currency.

Also, memorial of the Legislature of the State of Arizona, memorializing Congress to increase national currency; to the Committee on Banking and Currency.

Also, memorial of the Legislature of the Territory of Hawaii, memorializing Congress to enact legislation for the acceptance, by the Bureau of Immigration of the Department of Labor of the United States, of certificates of Hawaiian birth as prima-facie evidence of the fact as set forth in such certificates of birth in the Territory of Hawaii; to the Committee on Immigration and Naturalization.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLACK: A bill (H.R. 5241) to authorize the settlement, allowance, and payment of certain claims, and for other purposes; to the Committee on Claims.

Also, a bill (H.R. 5242) for the relief of William C. Campbell; to the Committee on Claims.

Also, a bill (H.R. 5243) to provide for the reimbursement of Guillermo Medina, hydrographic surveyor, for the value of personal effects lost in the capsizing of a Navy whaleboat off Galera Island, Gulf of Panama; to the Committee on Claims.

Also, a bill (H.R. 5244) authorizing adjustment of the claim of the Wilmot Castle Co.; to the Committee on Claims.

Also, a bill (H.R. 5245) to authorize the settlement of individual claims of military personnel for damages to and loss of private property incident to the training, practice, operation, or maintenance of the Army; to the Committee on Claims.

Also, a bill (H.R. 5246) for the relief of L. E. Geary; to the Committee on Claims.

Also, a bill (H.R. 5247) authorizing adjustment of the claim of the Adelphia Bank & Trust Co. of Philadelphia; to the Committee on Claims.

By Mr. BRUNNER: A bill (H.R. 5248) for the relief of Walter C. Morris; to the Committee on Claims.

By Mr. CANNON of Wisconsin: A bill (H.R. 5249) for the relief of Henry A. Moody; to the Committee on Military Affairs.

Also, a bill (H.R. 5250) granting a pension to William Gary; to the Committee on Pensions.

By Mr. CAVICCHIA: A bill (H.R. 5251) for the relief of Frederick H. Huff; to the Committee on Military Affairs.

By Mr. COLLINS of California: A bill (H.R. 5252) for the relief of Richard M. Thompson; to the Committee on Claims.

By Mr. DIMOND: A bill (H.R. 5253) granting an increase of pension to James H. Anderson; to the Committee on Pensions.

By Mr. HARLAN: A bill (H.R. 5254) for the relief of Charles J. Naudascher; to the Committee on Military Affairs.

By Mr. LEHR: A bill (H.R. 5255) granting a pension to Elizabeth K. Hack; to the Committee on Invalid Pensions.

By Mr. LEWIS of Maryland: A bill (H.R. 5256) granting a pension to Golda Stump Darr; to the Committee on Pensions.

By Mr. SHANNON: A bill (H.R. 5257) granting a pension to Mattie Harris; to the Committee on Invalid Pensions.

By Mr. SMITH of Washington: A bill (H.R. 5258) for the relief of Emanuel Wallin; to the Committee on the Public Lands.

By Mr. WEAVER: A bill (H.R. 5259) granting an increase of pension to Lindsey Smith; to the Committee on Pensions.

By Mr. WILCOX: A bill (H.R. 5260) for the relief of the legal representatives of the estate of Paul Arnau; to the Committee on Claims.

Also, a bill (H.R. 5261) for the relief of Walter J. Bryson Paving Co.; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

703. By Mr. BEITER: Petition of Erie County Committee, American Legion Auxiliary, at Buffalo, N.Y., protesting movement to further limit national defense on the ground of economy, and urging that the appropriation for attendance of the National Guard in summer and armory drills be retained; to the Committee on Appropriations.

704. By Mr. CULLEN: Petition of Forest City Branch, No. 40, National Association of Letter Carriers, Cleveland, Ohio, protesting against ruling of W. E. Buffington, Comptroller, which they assert is a discrimination created through the application of the furlough plan during the present fiscal year and particularly injurious to the letter carriers; to the Committee on the Post Office and Post Roads.

705. By Mr. HOWARD: Resolution adopted by the Nebraska State Legislature, petitioning the Congress of the United States to promote, initiate, and support any legislation for the purpose of requiring all motor-vehicle fuels to contain ethyl alcohol in a volume of not less than 10 percent of the mixture; to the Committee on Agriculture.

706. Also, resolution submitted by the House of Representatives of the Nebraska State Legislature, petitioning and memorializing the Congress of the United States to enact uniform Federal corporation laws; to the Committee on Ways and Means.

707. By Mr. JOHNSON of Texas: Petition of A. J. Patton, of Corsicana, Tex., opposing House bill 3769; to the Committee on Interstate and Foreign Commerce.

708. By Mr. HOWARD: Resolution adopted by the Senate and House of Representatives of the Nebraska State Legislature, memorializing the Secretary of Agriculture of the United States to take steps to reduce rates and fees charged for services rendered shippers and patrons of the Union Stock Yards Co., Omaha, Nebr.; to the Committee on Agriculture.

709. By Mr. LINDSAY: Petition of Actors Equity Association, New York City, urging support of House Resolution 95; to the Committee on Interstate and Foreign Commerce.

710. Also, petition of National Cooperative Council, Washington, D.C., favoring rise in commodity prices by means of change in the monetary system; to the Committee on Agriculture.

711. Also, petition of Brooklyn Eastern District Terminal, New York, urging defeat of the Crosser bill, H.R. 4876; to the Committee on Interstate and Foreign Commerce.

712. Also, petition of Greater New York Savings Bank, William Obermeyer, president, Brooklyn, N.Y., opposing publicity of loans made by Reconstruction Finance Corporation; to the Committee on Banking and Currency.

713. By Mr. LUNDEEN: Petition of the Legislature of the State of Minnesota, resolving that the rates of interest as provided for in the bill, H.R. 4795, are too high to be of sufficient value to the farmers of Minnesota at this time, and urging the Congress of the United States to lower the interest rate provided for in this bill to 3 percent per annum; to the Committee on Agriculture.

714. Also, petition of the Legislature of the State of Minnesota, requesting that the United States Department of Agriculture cause a reduction in the yardage fees and feed charges of at least 30 percent of the present prices, and that the commission fees of commission firms operating in the terminal markets of the State of Minnesota be likewise reduced at least 15 percent of the present charges; to the Committee on Agriculture.

715. By Mr. MEAD: Petition of Niagara County (N.Y.) American Legion, opposing Soviet recognition by the United States, Army cuts, and proposed discontinuance of the Veterans' Administrative office at Buffalo, N.Y.; to the Committee on Foreign Affairs.

716. By Mr. RUDD: Petition of Actors Equity Association, New York City, favoring the passage of the Sirovich House Resolution 95, to create a committee to investigate motion-picture industry; to the Committee on Interstate and Foreign Commerce.

717. Also, petition of William Obermeyer, president Greater New York Savings Bank, favoring legislation to eliminate publicity of loans made by the Reconstruction Finance Corporation; to the Committee on Banking and Currency.

718. Also, petition of Custom House Employees' Association, opposing the compulsory retirement; to the Committee on Appropriations.

719. Also, petition of Brooklyn Eastern District Terminal, Brooklyn, N.Y., opposing the passage of the Crosser bill, H.R. 4876; to the Committee on Interstate and Foreign Commerce.

720. By Mr. SWICK: Petition of National Tube Co., of Ellwood City, Lawrence County, Pa., and 12 employees thereof, including George W. Wilson, secretary of the Foreman's Club, urging defeat or liberal modification of the Black 30-hour bill; to the Committee on the Judiciary.

721. Also, petition of L. D. Reilly, J. D. Walker, P. G. Carr, and Alex W. Johns, all of Ambridge, Beaver County, Pa., urging the defeat of the Black 30-hour bill; to the Committee on the Judiciary.

722. Also, petition of D. S. Pyle, manager; H. R. Grovenster, master mechanic; Charles Watkins, roller; and Ralph Donaldson, of the Shenango Works, American Sheet & Tin Plate Co., New Castle, Pa., urging the defeat of the Black 30-hour bill; to the Committee on the Judiciary.

723. Also, petition of Beaver Falls Chamber of Commerce, Beaver Falls, Beaver County, Pa., urging the defeat of the Black 30-hour bill; to the Committee on the Judiciary.

724. By Mr. TRAEGER: Petition of the Council of the City of San Jose, Calif., dated April 10, 1933, requesting that the U.S. frigate *Constitution* remain at the port of San Francisco for a period of not less than 1 year; to the Committee on Naval Affairs.

725. By Mr. WEIDEMAN: Memorial of State of Michigan, Fifty-seventh Legislature, regular session of 1933, urging the United States Congress to reflate the dollar, and that the Congress of the United States reclaim its function under the Constitution, namely, to coin money and regulate the value thereof; to the Committee on Banking and Currency.

726. By Mr. WHITE: Memorial of the Legislature of the State of Idaho, memorializing Congress to enact into law Senate bill 1043, to confer upon the States of Montana, Wyoming, and Idaho the right to tax, for State and county purposes, persons, copartnerships, and corporations and their property within that portion of the Yellowstone National Park which lies within the boundary lines of said States; to the Committee on Ways and Means.

727. By the SPEAKER: Petition of the city of El Segundo, Calif., relative to the recognition of municipal bonds of such standard to be eligible to permit the Government to issue currency on the same; to the Committee on Banking and Currency.

728. Also, petition of Quincy, Mass., endorsing April 30, 1933, as President's Day; to the Committee on the Judiciary.

SENATE

WEDNESDAY, APRIL 26, 1933

(Legislative day of Monday, Apr. 17, 1933)

The Senate met at 11 o'clock a.m., on the expiration of the recess.

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Kean	Reed
Ashurst	Costigan	Kendrick	Reynolds
Austin	Couzens	Keyes	Robinson, Ark.
Bachman	Cutting	King	Robinson, Ind.
Bailey	Dickinson	La Follette	Russell
Bankhead	Dieterich	Lewis	Sheppard
Barbour	Dill	Logan	Shipstead
Barkley	Duffy	Lonergan	Smith
Black	Erickson	Long	Steiwer
Bone	Fess	McAdoo	Stephens
Borah	Fletcher	McCarran	Thomas, Okla.
Bratton	Frazier	McGill	Thomas, Utah
Brown	George	McNary	Townsend
Bulkley	Glass	Metcalf	Trammell
Bulow	Goldsborough	Murphy	Tydings
Byrd	Gore	Neely	Vandenberg
Byrnes	Hale	Norbeck	Van Nuys
Capper	Harrison	Norris	Wagner
Caraway	Hastings	Nye	Walcott
Carey	Hatfield	Overton	Walsh
Clark	Hayden	Patterson	Wheeler
Connally	Hebert	Pittman	White
Coolidge	Johnson	Pope	

Mr. BACHMAN. I desire to announce the absence of my colleague [Mr. McKELLAR] by reason of the death of his brother, Mr. R. L. McKellar.

The VICE PRESIDENT. Ninety-one Senators having answered to their names, a quorum is present.

FUNCTIONS OF THE WAR DEPARTMENT (S.DOC. NO. 44)

The VICE PRESIDENT laid before the Senate a letter from the Secretary of War, submitting, pursuant to Senate Resolution 351, Seventy-second Congress, a report showing the functions and activities conducted under the jurisdiction of the War Department, the statutory authority therefor, and the total expenditures thereon, and also a list of employees receiving compensation of $5,000 or more per annum (omitting military personnel), which, with the accompanying statements, was ordered to lie on the table and to be printed.

FUNCTIONS OF INTERSTATE COMMERCE COMMISSION (S.DOC. NO. 45)

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Interstate Commerce Commission, submitting, pursuant to Senate Resolution 351, Seventy-second Congress, a report showing the functions and activities conducted under the jurisdiction of the Interstate Commerce Commission, the statutory authority therefor, and the total annual expenditures of the Commission for the fiscal year ended June 30, 1932, and also a list of employees receiving compensation at the rate of $5,000 or more per annum, which, with the accompanying statements, was ordered to lie on the table and to be printed.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint resolution of the Legislature of the State of Wisconsin, which was referred to the Committee on Appropriations:

STATE OF WISCONSIN.

Joint resolution relating to a reduction in the expenditures for prohibition enforcement

Whereas the people of the United States in the last general election registered their dissatisfaction with the policy of prohibition in a most emphatic manner and left no doubt of their wish for the repeal of prohibition; and

Whereas there is every reason to believe that the Seventy-third Congress will submit to the several States an amendment to the Constitution of the United States which will repeal the eighteenth amendment; and

Whereas $8,000,000 per year are now expended on the enforcement of prohibition, which represents a waste of public funds, particularly in view of the fact that the policy of prohibition will, in all probability, be completely abandoned in the near future: Therefore be it

Resolved by the assembly (the senate concurring), That the Legislature of Wisconsin hereby respectfully memorializes the Congress of the United States to reduce immediately the appropriations for the enforcement of the prohibition law by at least one half and to similarly reduce the number of prohibition agents and other Federal employees engaged in the futile attempt to enforce the prohibition law; be it further

Resolved, That properly attested copies of this resolution be transmitted to both Houses of the Congress of the United States and to each Wisconsin Member thereof.

THOMAS J. O'MALLEY,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.
C. T. YOUNG,
Speaker of the Assembly.
JOHN J. SLOCUM,
Chief Clerk of the Assembly.

The VICE PRESIDENT also laid before the Senate the following joint resolution of the Legislature of the State of Wisconsin, which was ordered to lie on the table:

STATE OF WISCONSIN.

Joint resolution relating to the ratification of the treaty between the United States and Canada for the construction of the St. Lawrence waterway and appropriation of money by Congress for the completion of said project

Whereas President Roosevelt has outlined and recommended to Congress a comprehensive plan for national legislation to provide a work program of construction projects of large proportions for the employment of labor and consumption of materials and thus substantially assist in the recovery from the existing economic conditions; and

Whereas there exists an executed treaty between the United States and Canada, subject to the ratification by the United States Senate, for the construction of locks and the deepening and improvement of the St. Lawrence River to provide deep-water navigation between the Great Lakes and the Atlantic Ocean, which project during construction will employ a vast amount of labor and materials; and

Whereas the opening of the St. Lawrence River to deep-water navigation and world trade will in a large measure restore and maintain the prosperity and growth of many States of the Union which were placed at a trade, transportation, and economic disadvantage by the opening of the Panama Canal, and will affect to their advancement and rehabilitation more than 40,000,000 of people of this Republic; and

Whereas such an emergency and economic crisis exists that immediate ratification of said treaty should be brought about and work upon said project be commenced:

Resolved by the assembly (the senate concurring), That Franklin D. Roosevelt, President of the United States, be, and he is hereby, respectfully requested to immediately urge upon the United States Senate the early ratification of the treaty between the United States and Canada for the construction of the St. Lawrence waterway, and that the President present to Congress his recommendation for an immediate appropriation of money sufficient to complete said project; be it further

Resolved, That properly attested copies of this joint resolution be forwarded to Franklin D. Roosevelt, President of the United States, Hon. KEY PITTMAN, Chairman of the Foreign Relations Committee of the Senate, and to the United States Senators and Representatives of this State.

THOMAS J. O'MALLEY,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.
C. T. YOUNG,
Speaker of the Assembly.
JOHN J. SLOCUM,
Chief Clerk of the Assembly.

The VICE PRESIDENT also laid before the Senate five petitions and a letter in the nature of a petition from sundry citizens in the State of Louisiana, also a letter in the nature of a petition from a citizen of the State of Texas, praying for a senatorial investigation of alleged acts and conduct of Hon. HUEY P. LONG, a Senator from the State of Louisiana, which were referred to the Committee on the Judiciary.

He also laid before the Senate a memorial numerously signed, and four letters in the nature of memorials from sundry citizens, all in the State of Louisiana, endorsing Hon. HUEY P. LONG, a Senator from the State of Louisiana, condemning attacks made upon him, and remonstrating against a senatorial investigation of his alleged acts and conduct, which were referred to the Committee on the Judiciary.

Mr. TYDINGS presented a resolution adopted by Dorchester Post, No. 91, the American Legion, Dorchester County, Md., favoring the construction of a sea-level canal to connect the Great Choptank River and Little Choptank River at or near Lloyds, in the Neck District of Dorchester County, Md., which was referred to the Committee on Commerce.

He also presented a resolution adopted by the Western Maryland National Farm Loan Association, Rockville, Md., favoring reduction in interest rates on farm mortgages, and also tax reduction, which was ordered to lie on the table.

He also presented a resolution adopted at a meeting held under the auspices of the Pampanga Civic Union, San Fernando, Pampanga, P.I., favoring the granting of immediate independence to the Philippine Islands, which was ordered to lie on the table.

REPORT OF THE JUDICIARY COMMITTEE

Mr. LONG, from the Committee on the Judiciary, to which was referred the bill (S. 687) providing for the establishment of a term of the District Court of the United States for the Southern District of Florida at Orlando, Fla., reported it without amendment and submitted a report (No. 45) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. McNARY:

A bill (S. 1536) giving credit for water charges paid on damaged land; to the Committee on Irrigation and Reclamation.

By Mr. WALCOTT:

A bill (S. 1537) for the relief of the Phoenix State Bank & Trust Co., successors to State Bank & Trust Co., formerly State Bank of Hartford, Conn.; to the Committee on Claims.

By Mr. HEBERT:

A bill (S. 1538) authorizing persons, firms, corporations, associations, or societies to file bills of interpleader, or bills in the nature of interpleader; to the Committee on the Judiciary.

By Mr. WAGNER:

A bill (S. 1539) to amend section 13 of the Federal Reserve Act, as amended, with respect to rediscount powers of Federal Reserve banks; to the Committee on Banking and Currency.

SUPERVISION OF FOREIGN SECURITIES—AMENDMENT

Mr. JOHNSON submitted an amendment intended to be proposed by him to the bill (S. 882) to provide for the more effective supervision of foreign commercial transactions, and for other purposes, and to any other bill providing for the supervision of foreign securities, which was ordered to lie on the table and to be printed.

RELIEF OF AGRICULTURE—AMENDMENTS

Mr. NORBECK and Mr. TYDINGS each submitted an amendment intended to be proposed by them, respectively, to House bill 3835, the farm relief bill, which were ordered to lie on the table and to be printed.

PAYMENT OF WORLD WAR ADJUSTED-COMPENSATION CERTIFICATES

Mr. ROBINSON of Indiana submitted an amendment intended to be proposed by him to the so-called "Thomas amendment" to House bill 3835, the agricultural relief bill, which was ordered to lie on the table and to be printed.

LAND-BANK LOANS—STATEMENT BY W. B. DOAK

Mr. FRAZIER. Mr. President, I ask unanimous consent to have printed in the RECORD a statement by a Virginia farmer, W. B. Doak, of Clifton Station, Va., who is a member of a land-bank loan association, setting forth his ideas on land-bank loans.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

LET COOPERATION UNTANGLE OUR "TANGLED WEB OF FARM FINANCE"

Assuming a false premise, we invariably arrive at wrong conclusions. Practically all dissertations on rural credits by business men, bankers, and even some who consider themselves agriculturists set a kodak too close to get the whole picture. One end or side of an animal is distorted or enlarged out of proportion because the photographer failed to get far enough back to gain the proper perspective. In other words, they begin with the state of mind and affairs at the time of the Federal Farm Loan Act (1916) while money lending had been encouraged and enabled by many pieces of State and Federal legislation to impose on farming for a century, and the National Bank Act of 1863 completely disqualified the farmers' best security—land—in obtaining loans. Meanwhile, all the land produced went at world-wide prices while city products were boosted by trusts and protected by tariffs.

The difference between these two ways of establishing values constitutes the wealth that built and fed our cities. Having thrown into these rapidly growing centers the labor of himself, his wife, and children, and the virgin forests and fertility of a continent, the farmer found himself in 1912 paying 8½ percent on a $6,000,000,000 mortgage on his land. This makes no allowance either for his or the tenant's loans, credit, or chattel mortgage. (See report from President Taft's Commission. Further and still stronger was the report of President Roosevelt's Country Life Commission.)

Some now say, with the Federal Farm Board and its Cooperative Marketing Act or other measures to help the farmer in mind, that nothing has been or can be done either for or against him. Only natural laws, supply and demand, govern. On the contrary, we find that even in legislation like the Federal Farm Loan Act, nominally for the farmers' welfare, vested and antagonistic interests have not only been introduced but given special privileges—witness the joint-stock land banks.

Let us approach this agrarian crisis and the bicentennial as George Washington would. Our industry, based upon land and its products, gave birth to the Nation, nurtured it in childhood, furnished the bulk of its exports—wheat, meat, cotton, timber, and tobacco—up to the Civil War, and still supplies (in proportion to men employed) more products to turn the balance of trade in our favor than any other. The "Father of his Country" was right when he wrote, "It will not be doubted that with reference either to individual or national welfare, agriculture is of primary importance." Let us beg of you to give serious and sincere consideration to the rest of his wise and patriotic injunction. "As nations increase in population and other circumstances of maturity, this truth becomes more apparent and renders the cultivation of the soil more and more an object of public interest." The trend in all times and peoples has been for cities to belittle, ignore, and override the country. Our Nation, as he foresaw, will prove no exception to the rule. Both sacred and profane history established beyond question the truth in his injunction.

Again he says, "I will spare no reasonable expense that will contribute to the improvement of my farms, for nothing pleases me better."

Lincoln declared, "If there be conflict between agriculture and other interests these other interests must yield because agriculture is of greater importance."

When great cities had come to be, as they thought, in their most independent position and best able to domineer over the land, its inhabitants, and products, such places were right then near their downfall. "When ye are gathered together in your cities, I will send the conqueror, I will send the pestilence, but I will remember the land." (Leviticus, ch. xxvi.) Let all who question this consider Tokio and Yokohama.

I could quote many more eminent philosophers, historians, and political economists, but we rest our case on George Washington, A. Lincoln, Lord Bacon, and Moses.

(Refer to series in Nation's Business, by Editor Thorpe, on "Our Tangled Web of Farm Finance.")

Having taken you back almost to Genesis, we will move our camera up to the point where national banks were created by ipse dixit of the Federal Government, giving private citizens a whole bunch of special privileges. First and worst, it bestowed on them a Government function, that of issuing money. Second, by allowing them to take money on deposit, the Government permitted them to charge borrowers 6 percent for what the bank paid Tom, Dick, and Harry nothing. Kept within bounds, this method of money lending is a measurably safe and very profitable business, but whoever knew Shylocks to keep within bounds? Where, when were lenders ever satisfied?

An English philosopher, Lord Bacon, declared that only "fertile fields, busy workshops, and easy communication" were essential to prosperity in state and nation. Athwart these currents of trade lies a sinister shadow, that of the professional banker manipulating price trends and markets by means of an asset currency, bank credits and exchange. "All that tread the globe are but a handful to the tribes that slumber in its bosom"—who farmed, wrought in metals and textiles—"went down to the sea in ships" to exchange products with other lands centuries before banks were organized or paper money thought of. We could still swap wheat and corn, cattle and hogs, wool and cotton for shirts and shoes, wire and wagons, any goods we need for our comfort or necessity without any circulation medium, be it gold, silver, or paper money. Federal Farm Board does exchange wheat for coffee. Yet we hear the banks have to carry the farmer! Bah! When this diagnosis is correct, we will find it necessary to cut out a cancer. No fair-minded person can follow for 25 years investigations ordered by Congress through both of its Banking and Currency Committees and lectures read them by Comptrollers of the Currency without being driven to the conclusion that professional banking is an outlaw. From the Pujo

Commission (when cross-questioning brought an admission from a prominent banker "there is no law we cannot overreach or outwit") down to this winter's overhauling by Senator GLASS' subcommittee, there has been constant and willful violation of laws enacted to protect investors and depositors. Although the Federal Reserve Act specifically forbade such use of reserve money, it developed that one member bank in New York had been allowed to use more Federal Reserve funds for gambling in stocks than all the banks west of the Mississippi River could get for legitimate purposes. The Bank of the United States flaunted in gold letters "Member of the Federal Reserve System" for 2 years after it was known to be both crooked and insolvent. Huge aggregations of the people's money, swelling the coffers of member banks in New York were used to speculate in foreign bonds and junior mortgages on domestic real estate until so inflated these were practically worthless. Then they were unloaded on little-town banks, through affiliates tempted by old 10 percent and inveigled into shady investments by pride and greed for big salaries. Meanwhile a million farms and farmers have been sacrificed on this altar of Mammon. Their little loans called, driving land, livestock and crop values nearly to the vanishing point.

In stating "bonds of Federal land banks and debentures of Federal intermediate credit banks are in good shape. But the obligations of many joint-stock banks are a reproach to the Government under whose iron-clad assurance they were first marketed", you make a fair comparison and pay cooperation and our national farm-loan associations a well-merited tribute. For both the farmer are cooperative while the joints are private, profit-seeking, stock-control banks and have been subject (as I predicted when thrust into our rural credit system they would be) to the customary manipulation and exploitation incident to the inherent temptations and vices with which high finance carries on the stock-control project.

In other respects your correspondent falls far short of painting a complete picture of this land-bank situation. You draw the inference that Government initiative and bureaucratic control are to blame for the joint-stocks having made such a bad record.

The investing public owes cooperation and our national farm loan association a vote of thanks and a square deal for having provided an investment both more stable and more profitable than that of even Government paper. No bondholder has ever had to wait on his Federal interest any longer than necessary to clip the coupon. Congress made each land bank responsible for all losses by the others. We farmers have in this way shouldered a burden equivalent to a Nation-wide guaranty of bank deposits. In other words, before the investor loses anything each farmer-member in the United States loses everything. We do not complain of this because this was in the law. We do object, however, to having losses to pay through our land bank of Baltimore taking in the foreign territory of Puerto Rico later without our knowledge and consent.

We, the National Farm Loan Association members, owners of the whole land-bank system, also insist on a reckoning for several million dollars of our farmers' money—not Government money—spent by men and in cities which never took a single share of stock in them. The Federal Land Bank of New Orleans could not do a thing for its farmers, drowned by the flood, but it misused nearly one half million dollars ($464,000) or more of farmers' money on a building in that city.

We call your attention to the United States Senate bill (S. 5542) introduced by Senator Hollis on May 12, 1914. The caption states that one of its objects is "to provide a method for applying Postal Savings deposits to the public welfare." There is no mention whatever made of joint-stock banks in this bill. By reading it you will be convinced that the joint subcommittee of Congress had reported out favorably a rural credit system entirely and purely cooperative. You are in error in having so influential an organ for publicity as the Nation's Business create an impression that private banking was first proposed by this committee of the Senate and House. There was not a baker's dozen in either House but were convinced by this time of the grave necessity for land-bank legislation. Many also felt the need of a national personal credits act. This bill would have passed that session of the Congress but for the lobbying and bitter opposition from money lenders. If it had got under way before the war, a still brighter chapter would have been written.

On January 5, 1916, Mr. Hollis introduced the bill S. 2986 with amendments. The "Postal Savings clause" had been stricken out and the joint-stock land banks introduced. This bill, as did the one of 1914, S. 5542, almost began with the National Farm Loan Associations. The very same heading was carried all the way through these years of controversy and agitation. Hence the common contention that we, the cooperators or farmers, butted into a previous organization in order to set up our National Federal loan associations and Federal land banks along with theirs is not in keeping with the facts. The advantages and the need of a Nation-wide, long-time, amortized farm-loan plan had been urged upon every known financial institution for at least 15 years. Farmers everywhere were plagued by forfeitures, renewals, exorbitant bonuses and fees, and double taxation with no real chance to pay out as we have under the amortization plan.

It is significant that the joint committee of Congress was unanimous in making its rural credits bill purely cooperative and that it continued to put cooperation first in the face of bitter, able, and determined opposition. Furthermore, this committee provided for a constant and dependable flow of cash into the system from the Nation's long-time investment funds of the people and a share in Postal Savings. Strong and general sentiment developed in favor of going much further; that is, the Federal Government should makes 3-percent loans direct to the farmer. With call money now at 2 percent and commodities securing advances at 3 and 4 percent, for farmers to pay 5 and 6 percent on superior collateral is 40 or 50 percent more than capital is worth. To be called on to pay half as much again as anything is worth—particularly where that charge goes on day and night like this interest, for 40 years—exceeds the bounds of reason.

Will two wrongs now make it right? In other words, the joint stocks having come into our midst by the cow-bird detour, does the Nation's Business think they should be granted another batch of special favors? For remember, no trust can prosper without advantages in which the rest do not share. The Federal Farm Loan Act placed no restrictions whatever on the amount, place, or purpose of the loans by joint stocks, whereas very positive limits were placed on national farm-loan associations in all three ways. Purposes "(a), (b), (c), (d), and for no other" were plainly specified, and very properly so, for authorities on this old and generally successful set of banks call such the cornerstones of the structure.

National farm-loan associations tend naturally to segregate and emphasize private property in home development and ownership into family size farms which is typically American, democratic, and helpful. These associations will in my judgment, furthermore, assert themselves in permanent tenure of land and constitute our most efficient weapon against the grave and growing menace of rural tenantry.

The Federal Farm Loan Board, in charging off thousands of farms against National Farm Loan Association funds in the hands of Federal land banks acted much more harshly with us than with the joint stocks. Farmers belonging to the cooperative or Federal land-bank division report rougher treatment than farmers in the joint stock with regard to foreclosure. The reason is that directors in the Federals own no stock and so can lose nothing. On the other hand, directors in the joints stand a good chance to lose some of their own money by forced sales.

But we are loth to admit that the American people do not still believe in fair play. There has been plenty of the opposite "foul play" in land-bank manipulation and management. January 1918 Liberty loans were 97 and going lower; Federal land-bank bonds were 106 and going higher. Secretary of the Treasury ordered our bonds off the market. The Federal Farm Loan Board agreed, provided the Treasury would subscribe $183,000,000—its loan—commitments and amend the law in order to allow them to retain control of the system.

The Federal Farm Loan Board was given temporary control by the Federal Farm Loan Act which required them to call an election when $100,000 of Government money had been retired by subscriptions in stock from national farm-loan associations. Then "six were to be elected by and be representative of national farm-loan associations; the other three to be appointed by Federal Farm Loan Board to represent the public interest." The second section of this "blankety blank" farce (hereinbefore so-called by our friend the Senator from South Dakota) was sent down the line Sunday, March 4, 1923, when title 3 was slipped in and "sneaked through" the United States Senate as an amendment to an amendment of the Federal Farm Loan Act, depriving farmers of their property rights to the Federal land banks under the Constitution. A mugwump make-up was substituted whereunder the Board appoints 3, the associations elect 3, the Board chooses another out of 3 we name. This has resulted the way the Federal Farm Loan Board planned and predicted, or, as you say, "the Federal land banks are run from Washington."

The Federal Farm Loan Board claims credit for the success of the system attributable to its supervision. Why then the failure among joint stocks? They are also blessed by Federal Farm Loan Board supervision. The reasons why our cooperative banks and loan associations have made a so much better record are many and inherent. This superiority the American Rural Credits Committee to Europe in 1913 found universal. The joint subcommittee of the House and Senate, following such information and advice, necessarily reported out a cooperative system. But for the prejudiced, ex parte, and unpatriotic influence of the professional money lender of cooperative land banks in the United States would have got under way long before the war, and a very different and still better chapter would have been written.

Considering that we got off to a slow start, were handicapped by "politics, bureaucracy, and red tape", will you not concede the farmers' cooperative has made a wonderfully successful record? In fact, you do admit our success. Your criticism which hurts us most is that practically all our loans have gone to established farmers. We have been of little help to tenants and young men in acquiring farms and buildings for new homes. This letter will be worth its space if nothing more is accomplished than to liberalize our loan limits. We find no precedent in the rural-credit system in any other country of the world for the Federal Farm Loan Act requirement that no loan shall exceed "20 percent of the permanent insured improvements and 50 percent on the land." Where men have hired out or rented land and saved money to buy a farm, they should be allowed to start with less than 30 percent on the buildings and 50 percent on land.

It is not that farmers are more honest or better workers than bankers. The difference is due to the cooperative system in which it is almost impossible for any stockholder or director to manipulate either stock or bonds to his own profit or advantage. What little stock each farmer owns in his loan association can neither be hypothecated nor transferred. When the Federal Farm Loan

Act is followed, there will be no undivided surplus and profits or other big accumulations of money. Only the legal reserve will be maintained. That spokesman for the Nation's Business calls the manipulation of stocks and bonds in the "joints" a disgrace (even after allowing both for the depression and drought) is evidence of the folly of ever including them in the farm-loan system.

As I predicted promoters of the joint stocks would not be able to resist the temptation to exploit this new banking corporation, congressional inquiry reveals the usual deceit and fraud. Our cooperative permits no stock control; neither can our stock be either hypothecated or transferred. We can gain nothing by its manipulation, so why manipulate? But we have lost much in prestige and actual selling value in our bonds by being thrown with such intimate contact into the same system with these "joints." The public often fails to think and discriminate concerning reports that a land bank that fails to meet payments is thrown into receivership.

It will contribute greatly to our peace of mind, also to national existence and security should the Nation's Business succeed in setting this rightful position of ours forth so clearly that there will be no future doubt or question as to whom these 4,700 national farm loan associations (with their clearing houses, the 12 Federal land banks) belong to; furthermore, that we the farmer shareholding owners propose to run 'em and run 'em right—in that "fear of the Lord which is the beginning of wisdom."

All the power and prestige in our Federal Department of Agriculture could not start a local credit union in Indiana, with the aid of the worst drought and bank collapse in history. Why? One reason at least is that money lenders were making loans at 3½ percent per month—just 42 percent interest a year. A Comptroller of the Currency furnished proof that hundreds of national banks were charging usury. Senators stated during an investigation that banks managed to prevent local business men and farmers from securing capital when rediscounts were low enough to interfere with their notion of money values.

Then farm-loan associations have gone into every county in the United States, bringing relief from impossible burdens in the past and present and hope for the future. They took capital into back country, poor country, dry country, at low and uniform rates of interest. Heretofore money-lending agencies would pick and choose (and joints do yet) for rich soil in the best farming sections—for instance, if lending all beyond the 100th meridian, high and impossible charges were made.

We fought this 16-year struggle for our very existence, under constant attack by forces without and traitors within the system—other banks have profited by the use of $20,000,000,000 of farm-money deposits. Nevertheless these State and National bank failures have reached 30 times the number in proportion and much more in amount than our Federal farm-loan associations have. Furthermore, in our case—from the standpoint of the public—none. Because our Federal land banks advanced the money to cover anticipated defaults. No investors ever waited a day for a single dollar due him. Hence we defy any fair-minded person to investigate our cooperative method for carrying on rural credits with his or her conclusion that it has brought help and courage to farmers everywhere, safety to investors, and credit to the Nation.

Agriculture is entitled to divorce and alimony from banking.

W. B. DOAK,
CLIFTON STATION, VA., *April 10, 1933.*

CLIFTON, VA., *April 10, 1933.*

1. Premium on bonds and interest (see last par. sec. 12, Federal Farm Loan Act)	$25,000,000
2. 6 or 7 percent on $65,000,000 stock, minus dividends paid, $30,000,000	20,000,000
3. Bank buildings, furniture, fixtures, plus interest	5,000,000
4. Cost of supervision from 1923 to 1930 and division of examinations since (2, 3, and 4 pars. Federal Farm Loan Act, as amended by sec. 302)	5,500,000
5. Due associations on one fourth of the 1-percent spread between bond rate and mortgage rate, less fees paid Secretary of the Treasury, approximately (3d par., sec. 9, Federal Farm Loan Act)	27,000,000
6. Losses on Puerto Rico (and loans outside continental United States) (sec. 4, first sentence, Federal Farm Loan Act)	1,000,000
7. Losses on illegal loans charged to us through the taking over of joint-stock land banks (sec. 12, par. 3, first and second sentences, Federal Farm Loan Act)	83,500,000

This statement is not claimed to be either complete or exact. We have tried to get more information without success.

W. B. DOAK.

CLIFTON STATION, VA., *April 14, 1933.*

This is our answer to claim of joint-stock land banks for $100,000,000 direct Federal subsidy. Their contention that the cooperatives, or national farm loan associations, got $125,000,000 from last Congress in like manner is absolutely false. The truth is, while we did get something the amount which can be charged to cooperating farmers from this fund is practically less than one half of $125,000,000, and does not equal our claim for cash advances and damage by illegal uses of our system. By some of which the joint stocks themselves have benefited to the extent of many millions of dollars.

W. B. DOAK.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed a bill (H.R. 5012) to amend existing law in order to obviate the payment of 1 year's sea pay to surplus graduates of the Naval Academy, in which it requested the concurrence of the Senate.

ENROLLED JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled joint resolution (H.J.Res. 135) to amend section 2 of the act approved February 4, 1933, to provide for loans to farmers for crop production and harvesting during the year 1933, and for other purposes, and it was signed by the Vice President.

RELIEF OF AGRICULTURE

The Senate resumed the consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

The VICE PRESIDENT. The question is on the amendment of the Senator from Montana [Mr. WHEELER] to the amendment of the Senator from Oklahoma [Mr. THOMAS].

Mr. CONNALLY. Mr. President, the debate on the so-called "Thomas amendment" has progressed to a point where I assume most Senators have already arrived at a conclusion in their own minds as to what their course shall be. I have no disposition to unduly consume the time of the Senate; but, in view of the vigorous assaults made by a number of Senators on the provision of the amendment which permits a reduction in the gold content of the dollar, and for the reason that I have on one or two previous occasions suggested the advisability of reducing the gold content of the dollar, I shall take the liberty this morning to submit some remarks to the Senate on some of the questions involved in the bill.

Mr. President, I do not apprehend from the passage of this measure all the benefits which those who are most vigorous in its support hopefully anticipate; neither do I share the fears of the distinguished Senator from Pennsylvania [Mr. REED] and other Senators who view with alarm and point out with a vivid imagination untold perils which they fancy will be visited upon the country and upon the world by the passage of the proposed legislation.

The Senator from Pennsylvania in predicting the evils and perils that, according to his fears, will flow from this measure and action thereunder, exhibits an imagination as vivid as lightning. Aggressive and adroit in attack as he is resourceful in his imagination, he proceeds to analyze and destroy the imaginary evils and perils, which never in fact existed.

Mr. President, for 3½ years the United States has been in the grip of a panic the like of which has not been known in modern times. I shall not weary the Senate in detailing the conditions that have been forced upon the United States by the processes of economic forces, some of them world-wide, because the debate has already disclosed them. But I desire to suggest to Senators that during the past 3½ years we have tried, under the leadership of the past administration and now under the leadership of the present administration, a number of governmental remedies for the depression and for the panic under which our people are suffering.

First we tried the Farm Board put forward by Mr. Hoover. When I speak of Mr. Hoover I speak without rancor and without bitterness. We tried the Farm Board. What was its purpose? The purpose of the Farm Board was to raise the value of the agricultural dollar, to decrease the dollar of every man who buys agricultural products, to decrease the gold content, if you please, of the dollar of the man who would buy or consume agricultural commodities. That remedy failed.

Then we were told by the last administration, led in large measure by the Senator from Pennsylvania himself, that the remedy for America's depression lay in lifting the tariff barriers a little higher and yet higher; so the Senate and the Congress passed the tariff bill, and after the enactment of that measure we saw the forces of depression and panic climb over the tariff wall. We saw the tide of disaster sweep over the dikes which they said they had erected, and submerge the commerce and business and industry of America and drive them to depths more tragic and more distressing than ever before. We all remember that on the floor of the Senate the then Republican leader, Mr. Watson, former senior Senator from Indiana, predicted that within 30 days after the enactment of the Smoot-Hawley tariff bill prosperity would return, smoke would again issue from the chimneys of factories, and business would revive.

That prophecy, of course, was not only unfulfilled, but the decline continued to still lower levels.

Then we were told as another remedy that the Hoover moratorium on European debts would have a tremendous effect in the revival of business. We tried that, and the forces of depression, the forces of despair, the army of lowered prices went marching on and on and on, and no relief came.

Then we were told, under the leadership again of the Senator from Pennsylvania, that the Reconstruction Finance Corporation would solve the problem. What was its purpose? Its purpose was inflation, inflation of credit, pumping more money into the industries and into the banks and into the business of the United States. We now know what a melancholy plan of relief that has proved to be.

Mr. President, every major remedy offered under the last administration has come to naught. We are now under a new administration. Under the leadership of President Roosevelt we are undertaking to grapple with these economic forces and, so far as the Government is able to do so, to arrest them, to overcome them, and to adjust the financial and economic forces of the Nation.

Mr. President, whatever may be said by those who disagree with President Roosevelt, they must admit that he has courage, that he has decision, that he is undertaking to solve these vexing problems. When Senators express the thought that the bill contains a tremendous grant of power, I do not question their statement. It does contain a tremendous grant of power. But let me say, Mr. President, that the responsibility of the President is great, the task before him is tremendous in the negotiations with foreign powers, and the task being great, being imminent, requiring quick action and quick decision, the grant of power must be commensurate with the task.

We have long since learned that as a nation we cannot live alone. We have long since learned that war debts, foreign trade, money, and currency tie us up with Europe and with the rest of the world. The World Economic Conference is soon to be called. I note in the press this morning that the date has already been fixed for June 12, only a little more than 40 days away. It has been called because statesmen of the world recognize that in this modern world no nation can economically live alone. The President of the United States, when he or his representatives go to that conference, must be armed with large powers and, of course, will carry with those powers a large degree of responsibility. Therefore, Mr. President, I shall support the pending measure.

Mr. President, the Senator from Pennsylvania [Mr. REED] and others have attacked the measure and have held forth the fear that it provides for a money that is unsound and that in its wake will follow an era of inflation comparable to that which took place during the time of the French Revolution, during the time following the World War in Germany, and in other countries of the world. In section 34 of the Thomas amendment, on page 2, it is provided that "action under this section is necessary in order to regulate and maintain the parity of currency issues of the United States." In other words, one of the purposes of this particular section is to enjoin upon the President and those who administer the act to maintain parity between the various currency issues of the United States. What is that to do? That is to maintain the value of paper and gold and other currencies upon a parity. The powers delegated under the bill are to be so administered as to maintain a sound currency and sound money.

Mr. President, it is said that under subsection (a) of section 34, $3,000,000,000 of inflation would result. Let me invite the attention of the Senate to the facts about subsection (a), relating to open-market operations. The Federal Reserve Board has heretofore, under the last administration, undertaken the same character of operations as are directed in subsection (a). The Federal Reserve Board went into the market for the purchase and sale of Government securities for what purpose? To stabilize, so they thought, prices and currency and to aid the Government in the sale of its bonds and securities.

Let me suggest to the Senator from Pennsylvania and others that under the open-market operations, even though the purchase of bonds be made by Federal Reserve notes, those notes still will be covered by a gold reserve, just as is other currency issued by the Federal Reserve banks. They all have gold reserves, and the Federal Reserve banks are not going to deplete those gold reserves. Whatever currency they issue for the purchase of bonds will be protected by the gold reserves under the existing law.

Mr. REED. Mr. President——

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Pennsylvania?

Mr. CONNALLY. I yield.

Mr. REED. The Thomas amendment contains a provision that takes away all penalty for failure to maintain the gold reserve.

Mr. CONNALLY. That is true; but it does not take away the power of the Federal Reserve Board and it does not take away the power of the 12 governors of the banks. Does the Senator from Pennsylvania entertain any fear that the 12 governors of the Reserve banks will voluntarily commit suicide of their banks? They will not permit their gold reserves to fall to a dangerous point, and the bill does not give the President the power to force them to do so. The inflation under subsection (a) of section 34 is no inflation at all so long as a proper ratio between the gold reserve and money issued is preserved. Additional currency may be issued by the Federal Reserve banks under existing law.

The Senator from Pennsylvania on yesterday admitted that we have a sufficient gold reserve in the United States today to permit the issuance of $10,000,000,000 of currency. Is not that true?

Mr. REED. Four billions additional, ten billions in all.

Mr. CONNALLY. How much currency and money have we outstanding?

Mr. REED. About four billions and sixty or seventy-odd millions.

Mr. CONNALLY. That is gold. How much currency and money have we outstanding?

Mr. REED. I misspoke myself. Six billions and sixty or seventy odd millions.

Mr. CONNALLY. Exactly. The figures which I last saw were six billions and three hundred millions. So, according to the admission of the Senator from Pennsylvania, we have now a margin of $4,000,000,000 which could be issued by the Federal Reserve banks or by the Treasury and still have a 40 percent gold reserve in the Treasury and in the Federal Reserve banks. Yet with that tremendous margin the Senator from Pennsylvania and other Senators fear to issue any additional reserve notes or United States currency.

Mr. REED. Mr. President, will the Senator permit a question?

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Pennsylvania?

Mr. CONNALLY. I am glad to yield.

Mr. REED. That being so, and the present law authorizing an additional 4 billions of sound currency, why pass this provision and why suspend the reserve requirements, as the Thomas amendment would do?

Mr. CONNALLY. The Senator from Pennsylvania is not accurate when he says it suspends the reserve requirements. It does suspend the tax on the issuance of Federal Reserve notes when the gold reserve falls below 40 percent, but it does not repeal the law which lays the injunction upon the Federal Reserve Board and the Secretary of the Treasury and the President of the United States and everybody else to maintain an adequate and sufficient gold reserve. The Senator admits that we could issue today $4,000,000,000 of good currency which would be sound money, he says, and yet he denounces this particular provision of the bill which provides for that very thing, and provides for the possible issuance of only $3,000,000,000 by the Federal Reserve banks instead of $4,000,000,000.

Mr. REED. Mr. President——

Mr. CONNALLY. I yield.

Mr. REED. Unless I annoy the Senator by interrupting him——

Mr. CONNALLY. Not at all. The Senator does not annoy me, and I am very glad to yield to him.

Mr. REED. I stated, perhaps while the Senator was not in the Chamber, that I regarded this provision about which he is speaking as the least offensive part of the Thomas amendment, and that, standing by itself, I should not oppose it. I addressed my objections entirely to the 50 percent depreciation in the gold content of the dollar, and to the unlimited coinage of silver, and to the greenback section.

Mr. CONNALLY. I so understood the Senator, that this is the least objectionable; but, being the least objectionable, it is still objectionable to the Senator.

Mr. REED. And I hope the Senator from Texas will do better than did the Senator from Mississippi [Mr. HARRISON] yesterday. The Senator from Mississippi said he was going to discuss the bill, but he spent so much time denouncing me personally that he did not have time even to mention the free coinage of silver or the 50 percent reduction in gold content. I hope the Senator from Texas will cover those points.

Mr. CONNALLY. I hope the Senator's suggestion that I discuss the bill has not been aroused by what I have said heretofore.

Mr. REED. Not in the least. The Senator is talking directly to the point. The Senator from Mississippi did not.

Mr. CONNALLY. I thank the Senator; but the Senator said he hoped I would discuss the bill, and I thought I had been doing so.

Mr. REED. The Senator was discussing the bill. I am hoping he will discuss the greenback feature, the debasing of the gold content——

Mr. CONNALLY. I shall.

Mr. REED. And the free coinage of silver.

Mr. CONNALLY. The Senator is giving me a larger order than I intended to take, because of the limitations of time; but the Senator is against all of this bill. He says that this particular section is the least objectionable. I want to be fair to the Senator, and I have no disposition to make any personal reference to him; but it is absolutely necessary that I refer to the Senator in the course of this debate, because he is the leader of the forces in opposition to this bill and has made the most extensive arguments against it.

Mr. REED. I must beg the Senator's pardon. I did not mean to imply that I was taking offense at anything that he said. I think the Senator is talking directly to the point, and I am glad he is, because so far nobody has undertaken to defend the three sections of which I speak.

Mr. CONNALLY. Now, let me ask the Senator a question. The Senator, then, really has very little objection to the issuance of $4,000,000,000 of new currency. It is only the method to which he objects?

Mr. REED. I do not like to see the reserve requirement suspended by taking off that tax.

Mr. CONNALLY. But if we could expand the currency to the amount of $4,000,000,000 without impairing the reserve requirements, how are we going to impair them by expanding the currency $3,000,000,000?

Mr. REED. We would not.

Mr. CONNALLY. So section 34 (a) has not the seeds of evil in it that the Senator anticipates?

Mr. REED. The only objection I see to that section is the provision suspending the tax on the deficiency in the reserve.

Mr. CONNALLY. So the Senator, after all, is not as fearful of this section as I thought he was. But, Mr. President, the Senator also observed the other day that he thought the embargo on shipments of gold was a wise measure. He agrees to that; and yet when the Government did that, with the Senator's approval, we reduced the gold dollar 8 cents in every market in Europe. The Senator's soul is outraged by anybody's suggesting that we lower the value of the dollar here; but we did lower the value of the dollar in every foreign capital on earth, and we lowered the value of the obligation of every creditor on earth who held a United States obligation, whether of a citizen or of the Government.

Mr. REED. Will the Senator permit one more interruption?

Mr. CONNALLY. I shall be glad to do so.

Mr. REED. I do not want by my silence to seem to agree with that statement. I do not think the gold embargo would have affected exchange more than very slightly. The gold embargo put on on April 4 had no appreciable effect on exchange. What drove down the dollar in foreign exchange was the threat of inflation. It was generally understood through the world that this latest gold embargo was the first step in an inflation of the American currency. That is what affected the exchanges.

Mr. CONNALLY. But all settlements abroad are made in gold, are they not?

Mr. REED. Not now, since the embargo.

Mr. CONNALLY. No; but normally they are made in gold, of course.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield to the Senator.

Mr. ROBINSON of Arkansas. I thank the Senator from Texas. I should like to ask the Senator from Pennsylvania a question.

Assuming that a great commercial nation—for instance, Great Britain—should seek to stabilize her pound sterling at $3.50 or $3.75, what would be the course, in the opinion of the Senator from Pennsylvania, necessary to be taken by the United States in order to avoid and avert those disadvantages which are assumed generally to arise when currencies are depreciated?

Mr. REED. Mr. President, the injury that we have suffered from the action of British exchange has lain chiefly in the uncertainty in its fluctuations. If British exchange were stabilized at $3.50 to the pound——

Mr. ROBINSON of Arkansas. Or $3.75.

Mr. REED. Or $3.75 or $3 or $2.50; if it were stabilized there and fixed at that point, with gold value at that point, things would soon adjust themselves. The abnormality of the present situation is that the pound is unstable, and that the British have followed the policy of selling the pound and buying the dollar and keeping an artificial relationship.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Texas permit one more question?

Mr. CONNALLY. I yield.

Mr. ROBINSON of Arkansas. What would be the effect on the foreign commerce and the domestic commerce of the United States if Great Britain stabilized her pound sterling at $3.50, and the United States were on the present gold basis? What would be the effect on the foreign and the domestic commerce of the United States?

Mr. REED. It would be very advantageous to have the British pound stabilized on a gold basis at any level—$3.50 or any other.

Mr. ROBINSON of Arkansas. At 3 cents, for instance?

Mr. REED. Any price.

Mr. ROBINSON of Arkansas. The Senator, then, feels that stabilization, rather than the point of stabilization, is the essential thing?

Mr. REED. Yes.

Mr. ROBINSON of Arkansas. And that it does not matter to the United States at what point Great Britain, for illustration, stabilizes her currency, so that she accomplishes that end. The United States would still maintain its currency and compete with Great Britain in international trade on the present basis of our currency, without regard to whatever depreciation Great Britain might take in her currency, so long as she stabilized it at some point?

Mr. REED. Yes, Mr. President. The transition is painful; the period of adjustment is painful; but once she stabilizes, the result is just the same as it was when France stabilized.

While the franc was dodging around, going down to discount as far as 90 percent, France had a great advantage over us in all of those elements of commerce in which we were competing; but the moment she stabilized the franc at an 80 percent discount—at 3.91—then just so soon she began to lose the advantage that she had enjoyed. The important thing is the stabilization on the gold basis. What hurts us now is the fact that the pound fluctuates and is being artificially depressed by the action of the exchange stabilization fund in Great Britain.

This morning's newspapers carry the announcement that that fund is to be increased to £500,000,000, which is evidently an effort on the part of Great Britain to arm herself against any similar exchange stabilization operation from this side. What is threatened at the moment is a duel between the British Exchequer and American Treasury, each trying to depreciate the value of its own money in foreign exchange.

Mr. ROBINSON of Arkansas. Will the Senator yield at that point? I think the Senator's last statement is true.

Mr. REED. And that is where President Roosevelt is doing such excellent work for the United States, in getting in touch with the representatives of the British Government and trying to come to a sane and fair agreement to avoid that kind of a duel.

Mr. ROBINSON of Arkansas. Is there any way in which a race for depreciation of currencies may be avoided except by international arrangement or agreement?

Mr. REED. I think not; and I approve very cordially what the President is doing to prevent it.

Mr. ROBINSON of Arkansas. Very well. Then if the British pound sterling should be stabilized at $3.50, the Senator thinks it would not make any difference to American trade; that we should go on without any change in our standard dollar, and that we would be able to meet the fair competition of Great Britain on the present basis of our dollar?

Mr. REED. I think so. I should rather see it stabilized at about $4, because the adjustment would not take so long.

Mr. ROBINSON of Arkansas. Yes; but we cannot control with certainty the point at which stabilization will take place.

Mr. REED. No; that requires agreement.

Mr. ROBINSON of Arkansas. And the admission that there is a point at which we should like to see the pound sterling stabilized is also an admission that it is a matter of concern and interest and effect to us.

Mr. REED. Oh, yes!

Mr. ROBINSON of Arkansas. Beyond doubt.

Mr. REED. Because it diminishes the duration of the period of adjustment, the closer we can get the pound up to parity.

Mr. ROBINSON of Arkansas. But, more than that, when a country cheapens its money, history shows that the immediate effect is to increase its exports; it sells more; and to decrease its imports; it buys less in foreign markets.

Mr. REED. That is true; but——

Mr. ROBINSON of Arkansas. Then, does not the Senator think that in order to effectuate a proper and fair stabilization of both currencies and exchange, an international agreement is essential?

Mr. REED. Oh, yes; I quite agree. Now, let me add one sentence to that.

Mr. ROBINSON of Arkansas. I thank the Senator from Texas for yielding to me.

Mr. REED. The pound has been selling at about 30 percent discount from its normal value for about a year now.

It is a year and a half since Britain went off the gold standard. She has already begun to lose the trade advantages which she got from her first depreciation of her currency. Today, the advantage that she is getting from the $3.50 pound is very much less than it was a year ago. These things adjust themselves in time, and that is why I say that the vital thing for us is to have the pound stabilized on a gold basis. It is of only secondary importance at what point between $3.50 and $4 it is stabilized.

Mr. ROBINSON of Arkansas. Yes; but it is of importance.

Mr. REED. Oh, certainly; because the adjustment is easier. The higher the stabilization point, the simpler is the adjustment, the shorter the period of adjustment, but that is of very secondary importance compared with getting a stabilization.

I ought to apologize to the Senator from Texas. I have talked too long.

Mr. CONNALLY. Mr. President, the Senator has admitted a strong argument in favor of the gold-content clause of this amendment. The Senator admits that the only way in which the currencies of Europe can be stabilized is through an international agreement in the economic conference or in some other conference. If that be desirable for the United States, if that be desirable for Europe, and the only method by which it can be reached is through an international agreement, why not arm the President of the United States, when he enters the economic conference, with the power to make that sort of an agreement, and make it not only with reference to a fixed ratio of gold in European countries but in the gold dollar of the United States? Does the Senator apprehend that Europe is going to give us relief from our own conditions? If the American people secure relief in this world condition, it must be through the American people and the American Government.

Oh, but the Senator from Pennsylvania says that the matter will work itself out, no matter at what figure the stabilization of the British pound or the French franc or the standard money unit of any other foreign country is fixed. The condition here in the United States will work out some day or other if we let it alone, but the result will be that during the process of working out it will deflate values of the people of the United States, and when deflation is complete a new set of owners will own the property of the United States.

What is the matter with values? The dollar measured in the wholesale index price of commodities in February of this year was $1.67. In other words, the gold dollar was worth $1.67, measured in all industrial commodities in the United States. The dollar measured in farm products was worth $2.40 last February. What is the reason for that condition? We have just as much wealth as we ever had; our farms are just as fertile, our agriculturists are just as industrious, our industrial concerns have the same plants now they had in 1929; bonds and stocks and securities are backed by the same mortgages by which they were backed in 1929. Yet their value has been deflated. Why? Not because they are any less productive but because, measured in terms of the gold dollar, when converted into money they have not the same value they had before. The gold content of the dollar is the only commodity on earth that I know anything about that is fixed absolutely by law. Twenty-three grains of gold are worth a dollar at the mint. Regardless of whether the supply of gold in the world goes up or whether the supply of gold in the world goes down, the 23 grains are still worth a dollar.

I am wondering why it would be desirable to revalue the British pound at $4 and not to revalue the gold dollar at all. If we are going to put things back on the gold standard, why not put the pound back at $4.86? The Senator says it does

not make any difference where we place it, so why disturb the old ratio? Put it back at $4.86. Yet he admits that it should be revalued, and should be revalued at $4, instead of $4.86. Why is that a good argument for England and not a good argument for the United States?

Mr. President, liquidation will finally result in the United States. This condition will work itself out here, just as the Senator from Pennsylvania says it will work itself out in Europe, but he admits that the process of readjustment, the process of liquidation, will be painful. Of course it will be painful. It will be painful to the people who are being liquidated, whose values are destroyed, whose farms are lost, the value of whose industrial stocks is destroyed, and that is what we are trying to prevent, in a way, through the measure now pending before the Senate.

Mr. LONG. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. LONG. I suggest the absence of a quorum.

Mr. CONNALLY. I thank the Senator, but I should not want to disturb Senators who are not interested.

Mr. President, I was discussing a moment ago section 34 (a). The Senator from Pennsylvania admits that, after all, section 34 (a) is not so bad, that it only provides for an inflation of $3,000,000,000, when, as a matter of fact, we can safely inflate four billion and preserve a 40 percent gold reserve. The Senator from Pennsylvania suggested that I discuss subdivision (b), with reference to the issuance of United States Treasury notes.

Mr. President, I make no pretentions of being a financial expert or knowing anything about banking, but I want to observe that I understand that inflation can be brought about in a number of ways. It may be brought about by the issuance of more currency. It may be brought about by increasing bank credits. It may be brought about by the issuance of Government bonds, thereby inflating credit throughout the whole country.

It is proposed here, as to greenbacks, that if the other plan is not successful the President may authorize the issuance of $3,000,000,000 in Treasury notes, not more than 3 billion. It directs him in no degree. He may cause to be issued not exceeding $3,000,000,000. For what reason? That $3,000,000,000 can be employed only for the purchase of outstanding bonds, for no other purpose whatever, under this measure. If by the issuance of $3,000,000,000 of Treasury notes, non-interesting-bearing, the Government can retire $3,000,000,000 of interest-bearing bonds, there will, in effect, be no increase in inflation.

Mr. LOGAN. Mr. President——

The PRESIDING OFFICER (Mr. POPE in the chair). Does the Senator from Texas yield to the Senator from Kentucky?

Mr. CONNALLY. I yield.

Mr. LOGAN. Did I understand the Senator to say that if these Treasury notes should be issued, they could be issued for no other purpose except to retire outstanding bonds? I was under the impression, without looking again at the measure, that the Government could use them to pay current expenses, governmental obligations, as well as to purchase bonds.

Mr. CONNALLY. For no other purpose.

Mr. LOGAN. To purchase bonds, and for no other purpose?

Mr. CONNALLY. That is the way I recollect it. I shall read it to the Senator. It is found on page 3, section 1:

> (1) To direct the Secretary of the Treasury to cause to be issued, in such amount or amounts as he may from time to time order, United States notes, as provided in the act entitled "An act to authorize the issue of United States notes and for the redemption or funding thereof and for funding the floating debt of the United States", approved February 25, 1862.

That is the Greenback Act, to which the Senator from Pennsylvania referred.

Mr. BYRNES. Mr. President, will the Senator yield to me?

Mr. CONNALLY. I yield.

Mr. BYRNES. The statement of the Senator from Texas is correct. I think the confusion in the mind of the Senator from Kentucky is caused by the fact that the original Thomas amendment did provide that the notes might be used for the payment of current obligations, but the amendment as it is now drawn provides as the Senator from Texas has stated.

Mr. LOGAN. Perhaps I was confused by the original amendment, which I read. As I understand the Senator now, these Treasury notes could be used for no purpose except for the purchase of outstanding Government bonds.

Mr. CONNALLY. I shall read the provision to the Senator. I have located the language. I quote the language of the amendment:

> But notes issued under this subsection shall be issued only for the purpose of meeting maturing Federal obligations to repay sums borrowed by the United States and for purchasing United States bonds and other interest-bearing obligations of the United States.

Mr. LOGAN. Would not maturing obligations take care of current expenses?

Mr. CONNALLY. How is that?

Mr. LOGAN. Maturing obligations would cover current expenses.

Mr. CONNALLY. I assumed it meant bonds or certificates of indebtedness, which would be the same thing as a bond.

Mr. LOGAN. If there were a contract for the erection of a building in the sum of $100,000, or some other sum, as the payments became due they would be maturing obligations, it seems to me.

Mr. CONNALLY. The Senator might be technically right, but I think the whole context of the amendment shows that the purpose is to issue this additional currency for the purpose of affecting the bond market and taking care of outstanding obligations in the form of bonds, and to hold up the price of bonds by buying them in the open market.

Mr. LOGAN. Pensions, for instance, due each month would be maturing obligations.

Mr. CONNALLY. Let me read this again.

Mr. BYRNES. Mr. President, if the Senator will read the proviso, I think he will find that it will throw light on the matter.

Mr. CONNALLY. Let me read it:

> *Provided*, That when any such notes are used for such purpose the bond or other obligation so acquired or taken up shall be retired and canceled.

That would indicate that the purpose was to be limited to the payment of maturing obligations in the form of bonds or certificates of indebtedness. But let me suggest to the Senator that that is really a distinction without a difference, for the reason that the Government already has authority, under the general law, to issue bonds or certificates of indebtedness, and secure money with which to meet its current obligations.

Mr. LOGAN. Mr. President, what I am interested in, if the Senator will bear with me, is this: Why should the Government issue bonds to obtain money to pay current obligations, and then issue these 90-day Treasury notes to take up the same bonds which had been issued? I do not see why in the first place they cannot use these Treasury notes to retire obligations without issuing bonds and then buying back the bonds.

Mr. CONNALLY. The Senator may be correct about that. The point of my argument is not so much about the actual operations, but it is to show that there would not be any increase, or any appreciable increase, by the process of inflation.

Mr. LOGAN. That is very true.

Mr. CONNALLY. That is what I am trying to point out, in order to meet the argument of the Senator from Pennsylvania.

Mr. LOGAN. Every time a Treasury note is issued, it will cancel an outstanding obligation of the United States, regardless of what the nature of that obligation may be.

Mr. CONNALLY. Exactly.

Mr. LOGAN. And so the outstanding indebtedness will not be increased except by the Treasury notes themselves.

Mr. CONNALLY. Exactly.

Mr. SMITH. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. SMITH. An outstanding bond is drawing interest which the taxpayers are paying. If these Treasury notes, as indicated by the Senator from Kentucky, are issued in lieu of interest-bearing bonds, the Treasury notes being non-interest-bearing, the party who held the bonds and who received the Treasury notes would get no interest. The taxpayers save the interest. The individual who held the bonds and now has the Treasury notes must find an investment, and in finding that investment he very likely will put his money into a tax-paying investment and inflate the currency to that amount, because the bonds are not in the form of distributable currency but the Treasury notes are. We would stop the payment of interest on the bonds, we would get taxes on the investment made, and to that degree it would inflate the currency if not increase the number of dollars.

Mr. CONNALLY. Mr. President, of course the Senator from South Carolina and the Senator from Kentucky are both right in their assumptions. Whenever the $3,000,000,000 of Treasury notes are issued, they can only be employed in the payment of outstanding obligations, so the point which I was undertaking to suggest was that it is not a scheme of wild inflation, because the Government will not owe any more when the process is completed than it owes at the beginning. If the bondholder forfeits his bond and accepts in payment these Treasury notes, of course the bond will be canceled, and the payment of interest will be discontinued.

It may be suggested that the bondholder will not surrender his gold bond and accept a Treasury note in payment. Of course he has the privilege of declining until gold is tendered, but under the provisions of this measure and under the tariff act of 1900, the Secretary of the Treasury is required to maintain the parity of all money issued by the United States, and the chances are that the bondholders will surrender their bonds and will accept the new Treasury issues, on the theory that they would be equal in current value to gold; and thereby the interest on outstanding obligations will be decreased.

Mr. LONG. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. LONG. Before the Senator leaves the point he was discussing, about the solvency of the Treasury in connection with the note issues as compared with bonds, I want to make this further observation: The Senator is correct in what he has said, and for the further reason that today, when we pay 4 percent on the bonds, the principal remains, the Treasury owes just as much money, but when we pay 4 percent on the notes, we are retiring the obligations of the Treasury that much.

Mr. CONNALLY. The Senator of course is correct in the view that if the bond is surrendered and canceled, the payment of interest is discontinued, and that charge on the Treasury is relieved. I understand how an unlimited issue of Treasury notes would go to protest, if there were not a sufficient gold reserve to maintain them; but under this provision the Federal Treasury and the President will be governed by conditions which will not warrant the issue of these Treasury notes in case the reserve becomes depleted.

Now, Mr. President, I want to discuss the other question which was raised by the Senator from Pennsylvania.

Mr. FESS. Mr. President, will the Senator from Texas yield before he leaves the question he has been discussing?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Ohio?

Mr. CONNALLY. I yield.

Mr. FESS. The Senator from Texas was discussing the proviso on page 4, and he made the suggestion that there would not be an unlimited issuance of Treasury notes. I note that there is a limit of $3,000,000,000.

Mr. CONNALLY. The Senator from Ohio evidently misunderstood the Senator from Texas. I said that I could understand how the issuance of an unlimited amount of Treasury notes would force them to decline in value if the gold reserve were depleted, but I also said that the President, in the issuance of such notes, of course, would be controlled by the consideration of always maintaining a sufficient gold reserve to protect the outstanding notes.

Mr. FESS. But the difficulty is that these notes are to be issued under the act of 1862, which provided for no gold reserve.

Mr. CONNALLY. But we have a gold reserve, let me say to the Senator, in the Treasury now against the greenbacks which are still outstanding under the act of 1862.

Mr. FESS. But these Treasury notes are to be issued under the act of 1862 and the greenbacks were provided for in the Resumption Act of 1879. What I do not understand is why the holder of a bond who is offered the amount of his bond in the form of these Treasury notes should give up a bond that is redeemable in gold on its face and take a Government promise without any redemption element in it.

Mr. CONNALLY. If the Senator from Ohio had listened to the Senator from Texas a moment ago, he would have heard that Senator say that he could understand how the bondholder might decline to surrender his bond unless he were paid in gold. If he should decline, why, of course, that would be his affair and he could wait until such other time as the Government made other arrangements; but under the Parity Act of 1900, which requires the Secretary of the Treasury to maintain the parity of currency with gold, and under the duty of the Secretary of the Treasury to maintain a sufficient gold reserve in the Treasury to do that, I said that the bondholder would probably take the currency notes on the theory that he would get a dollar's worth of money for his bond.

Mr. FESS. Let me see whether or not I understand the Senator from Texas. When the bond is redeemed by this new issue the bond is canceled?

Mr. CONNALLY. That is correct.

Mr. FESS. The bond is not paid out of taxes, but it is paid out of a new Government issue. The Government issue does not represent any wealth; it merely represents the promise of the Government. The Senator from Texas is probably a bondholder, and there are thousands of others who bought bonds under the direction of the distinguished Senator from Virginia [Mr. GLASS], who now sits in the Chamber and who was then the Secretary of the Treasury, in the course of a great campaign for the sale of bonds; thousands upon thousands of people who are not usually bondholders purchased bonds, and many of them still have them. So it is not a matter that simply affects the usual bondholder, but it affects the great multitude of citizens who in the war days bought those bonds. The thing that disturbs me is the requirement of the release of a bond that is on its face redeemable in gold for a new issue, for a Government credit, which has no redemption feature in it at all, under a measure which is even broader than the act of 1862. In other words, if the Senator will read the last four lines of the amendment on page 4, he will find that:

> Such notes and all other coins and currencies heretofore or hereafter coined or issued by or under the authority of the United States shall be legal tender for all debts, public and private.

The Greenback Act never went so far as that. The greenback was made a legal tender for all debts except interest on the public debt and customs duties, as the Senator from Texas knows, but here it is proposed to make these Treasury notes equivalent to money with nothing back of them except the credit of the Government.

Mr. CONNALLY. Let me say to the Senator from Ohio that I am trying now to show that the issuance of the $3,000,000,000 would not be undue inflation, and I shall discuss the legal-tender features a little later, if the Senator will pardon me; but so far as this particular section is concerned, there is no requirement that a man must take this new money in payment of his bond. It is provided that these notes shall be used in the purchase of maturing obligations. The holder is not required to sell unless he so desires. If a holder of the bonds does not want to take the new notes,

he has his recourse; he does not need to do it; he may go into the courts and have that question determined.

Nobody knows what the Supreme Court will decide upon the legal-tender question so far as gold is concerned. It has decided, as the Senator well knows, in the *Legal Tender cases* that the Congress has the power or did have the power—and I suppose it still has it—under the act of February 25, 1862, to issue greenbacks and to make them tenderable in payment of all prior debts as well as all future debts where the contract simply called for the payment of money without stipulating a particular character of money. I expect to discuss that question just a little later, if the Senator from Ohio will pardon me.

Mr. President, it was suggested a little while ago that it would be desirable for European countries to go back on the gold standard and fix some definite ratio as to their currency, and as to their gold standard; and it was also suggested that the United States in entering that conference, in behalf of our own interest and in behalf of world trade, would find it desirable and wise to revalue our own dollar and fix a different ratio for its gold content.

Mr. President, Great Britain has already, by going off the gold standard, reduced the value of the British pound measured in gold. It is still a pound in Great Britain, but when it goes out into the world it is a pound of about 70 cents on the dollar. England took that action voluntarily. She established an exchange-equalization fund of $750,000,000 for the purpose of stabilizing or "pegging" the pound at a particular figure. How did she employ that fund?

When the dollar seemed to decline Great Britain bought dollars on the international exchange and forced the dollar up and thereby forced the pound down. And our own Government under the last administration and under the last Secretary of the Treasury, unwittingly, perhaps—I do not charge otherwise—aided that very process. They wanted to keep the dollar high in foreign exchanges, and by keeping the dollar high they were driving down the prices of commodities in the United States and were aiding foreign countries which were on a depreciated-currency basis to whip the United States in every avenue of world trade.

Senators are outraged by the idea of decreasing the gold content of the gold dollar. They will not do directly what they are willing to do indirectly. Every process of inflation, whether by the increased use of silver or by the issuance of paper money, has for its purpose the cheapening of the dollar. Why is it desirable to inflate? It is because we want to bring the value of the dollar down. Senators who will willingly do that thing indirectly will not agree to do it directly by reducing the quantity of gold in the dollar. Which is the most direct, the most speedy method? Whatever is done with relation to international exchange and money, if it is to be done at all, should be done quickly, and it ought to be done decisively.

Any method of inflation, whether by the issuance of paper or the issuance of silver, will be a long process because it will be indirect; but when the gold content of the dollar is lowered there is done immediately what Senators profess they want to do indirectly at some future date. And the international economic conference, if it restabilizes foreign currencies and American money at any particular ratio, ought to do it instantaneously, so as to start again the revival of prices, the revival of business, and put the world back again on the highroad to success and prosperity.

Mr. President, when paper money is issued and made redeemable in gold, the value of that paper dollar is tied to the 23 grains of gold in the gold dollar. We may by the issuance of a great amount of paper money for the time being reduce its value; it may decline, as the Senator from Ohio has suggested, as did the greenbacks in 1862, and when that dollar is spent only 50 cents may be obtained for it unless it is supported by a gold reserve; but when the Treasury is called upon to redeem that dollar, it is necessary to redeem it in 23 grains of gold—dear money, hard money, money of a higher value, and that money comes out of the Treasury of the United States.

The Senator from Oklahoma on Monday, I believe it was, pointed out that in interest and in redemption the Government had lost $800,000,000 in the process of issuing greenbacks under the act of 1862, but by reducing the gold content of the dollar we would make every dollar just as sound as every other dollar, and we would only take something out of the inflated, out of the bloated, out of the unsound and unhealthy dollar with which we are trading today.

Mr. President, Senators say that it is unwise to reduce the gold content of the dollar because they assert that we cannot make by law a legal tender of the proposed new dollar for the payment of preexisting debts. That is the question raised by the Senator from Ohio. I quite frankly admit that there is a grave constitutional question involved as to whether the Supreme Court would uphold an act of Congress making the depreciated gold dollar legal tender in payment of obligations theretofore made which stipulated for the payment of dollars in gold of the then present weight and fineness; I am not prepared to say what the Supreme Court would determine with reference to that question; but, Mr. President, I am prepared to say that the issuance of money is a function of government. No individual has the power to determine what money is; no corporation, under the Constitution, is granted the authority or power to say what shall be money. The power to determine what is money is a governmental function alone, and under our Constitution it has been clearly given to the Federal Government in that particular clause which says—

> Congress shall have power to coin money and regulate the value thereof—

Not, Mr. President, to fix the value, but to "regulate the value", and by "regulate" is meant the power to change the value as measured in other commodities, as measured in other forms of property, because money has no relation except in comparison with other commodities.

Mr. President, I make the further contention that since the Government alone can determine what is money and since the Government alone can regulate its value, unless the Government has the power to say that that particular kind of money which it ordains is tenderable in the payment of debts, then the power of the Government to say what is money falls and is of no weight whatever.

What is money? Money is a measure of exchange value. If private individuals can, by contract, fix the measure of money, determine the character of money which shall be paid on their contracts, then the power of the Government to say what shall be money falls to the ground. We have legal tender acts in this country. They are incorporated in this particular measure, making certain kinds of money legal tender. All of them fall to the ground if private individuals can by contract say what shall be a legal tender or what shall not be a legal tender.

Mr. President, in 1862, as pointed out by the Senator from Ohio [Mr. FESS], an act was passed providing for the issuance of greenbacks. Under that act greenbacks at one time fell to as low as 35 cents on the dollar because they had no gold reserve back of them, because it was not known whether they would ever be redeemed, and the act providing for their redemption was not passed until 1878. Of course, they fell below gold. But that act provided that those paper dollars should be legal tender in payment of all debts, public and private, except interest on the public debt and receipts at the custom houses. A long line of decisions of the Supreme Court followed with reference to whether or not those issues of notes were tenderable in the case of preexisting debts.

I want to be fair with the Senate with relation to the question of the power of Congress over the gold dollar, and for that reason I want to make reference to the case of *Bronson v. Rodes*, in Seventh Wallace. That was a case construing the Greenback Act. In that case a contract made before the passage of the act stipulated that payment should be made in gold and silver coin. The contract itself called for



payment in gold and silver coin. The court held that the contract could not be discharged by the tender of greenbacks issued under the act of 1862.

Again, in the case of *Butler* v. *Horwitz* (7 Wall.) it was similarly held that a rent contract could not be discharged by the payment of currency when that contract called for payment in coin. Another case to the same effect was *Dewing* v. *Spears* (11 Wall.).

But in a later case, Hepburn against Griswold, in an opinion by Chief Justice Chase, it was held that the Greenback Act of 1862 was invalid insofar as it provided for the discharge of prior existing debts by the tender of greenbacks. It was predicated upon the theory that before the passage of that act the only kinds of money in existence were gold and silver coins. Chief Justice Chase held that coin was expressed in the contract just as though it had been written there because the parties contemplated the payment in coin, although there was no express provision to that effect in the contract.

But, Mr. President, the case of Hepburn against Griswold was later overruled, and it was held in the *Legal Tender cases*, in Twelfth Wallace, that under the simple power to borrow money the United States Government had the implied power to print greenbacks and to make them legal tender for the payment of all debts, both those contracted before the passage of that act and those contracted after the passage of the act. The opinion did not discuss the question of whether an issue of greenbacks could be tendered in payment of contracts calling for coin. That question was not raised. But the argument in that case is just as applicable to the case of a contract payable in coin as to one payable in lawful money.

Let me quote very briefly to the Senate from the *Legal Tender cases—Knox* v. *Lee* and *Parker* v. *Davis* (12 Wall. 457):

> It is true that under the acts a debtor, who became such before they were passed, may discharge his debt with the notes authorized by them, and the creditor is compellable to receive such notes in discharge of his claim. But whether the obligation of contract is thereby weakened can be determined only after considering what was the contract obligation. It was not a duty to pay gold or silver, or the kind of money recognized by law at the time when the contract was made, nor was it a duty to pay money of equal intrinsic value in the market. * * * There is a well-recognized distinction between the expectation of the parties to a contract and the duty imposed by it. * * * But the obligation of a contract to pay money is to pay that which the law shall recognize as money when the payment is to be made. * * *
>
> No one ever doubted that a debt of $1,000—

I want Senators to bear this in mind. This is a comment of the Supreme Court on the act of 1834, which did reduce the gold content of the dollar. By act of Congress 6 cents were taken from the gold dollar by the act of 1834, and the Supreme Court in the *Legal Tender cases* commented on that fact as follows:

> No one ever doubted that a debt of $1,000, contracted before 1834, could be paid by 100 eagles coined after that year, though they contained no more gold than 94 eagles such as were coined when the contract was made; and this, not because of the intrinsic value of the coin, but because of its legal value. * * * Every contract for the payment of money, simply, is necessarily subject to constitutional power of the Government over the currency, whatever that power may be, and the obligation of the parties is, therefore, assumed with reference to that power.

In other words, Mr. President, when the Constitution gives the Congress the power to coin money and regulate the value thereof, every man dealing with his fellow man or with the Government does so with knowledge of the sovereign power of the Congress to change the value of the dollar whenever the Congress may see fit to do so. Does he not deal in subordination to that sovereign power of the Government which is to regulate and thereby change the value of the dollar?

Mr. HEBERT. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Rhode Island?

Mr. CONNALLY. I yield.

Mr. HEBERT. I was interested in the observation which the Senator just made about fixing the value of the dollar by act of Congress. I wonder if the Senator has given any thought to what would happen in the case of those obligations of prior issue containing a provision that they are payable in gold of the present standard of weight and fineness?

Mr. CONNALLY. I am going to come to that in a moment.

Mr. HEBERT. I hope the Senator will do so.

Mr. CONNALLY. I stated a moment ago quite frankly that I am not prepared to contend that there is not a very serious constitutional question involved. I, of course, do not know what the Supreme Court would decide about that, but the only way for the Supreme Court to get a chance to decide is for the Congress to exercise its power and then let the court determine the matter. There is no question that Congress has the power to decrease the gold content of the dollar. It then becomes a question for each citizen to determine as between himself and some other citizen their contractual rights in view of that new statute. We cannot litigate every contract here in the Senate. All the Senate can do is to perform its duty as it sees it, either by reduction of the gold content of the dollar as it sees fit or by increase of the gold content of the dollar, and then each citizen is relegated to the courts to find where that places him with respect to some particular contract.

Mr. HEBERT. Mr. President, will the Senator yield further?

The PRESIDING OFFICER. Does the Senator from Texas yield further to the Senator from Rhode Island?

Mr. CONNALLY. I am glad to yield.

Mr. HEBERT. It impresses me that in such cases the contractual relations between the parties would be controlling. In other words, if the holder of one of those obligations refuses to accept the new gold dollar he would be wholly within his rights, and if called upon to pay in accordance with the bond, then the debtor would have to find two of the new dollars to take the place of the one which the creditor loaned to the man who borrowed it.

Mr. CONNALLY. I understand the point quite clearly. Does the Senator acknowledge that the Government has the power to enact a law fixing the legal tender in the payment of debts?

Mr. HEBERT. I think that is contained in the Constitution.

Mr. CONNALLY. If that be true, if Congress has the power to fix the legal tender for the payment of debts, how can private individuals annul that power of the Congress by fixing their own contract which prohibits the legal tender in the payment of debts?

Mr. HEBERT. I think the Senator begs the question. He has in mind, I assume, contracts to be made in the future. I had in mind contracts made in the past, where the values have been fixed between the parties. Surely the Congress would not abrogate the obligation of contracts. It has not done so in the past.

Mr. CONNALLY. I am coming to that in a moment, and I am going to show that Congress has abrogated contracts and does abrogate contracts every year that it passes a bill.

Mr. ADAMS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Colorado?

Mr. CONNALLY. I am glad to yield.

Mr. ADAMS. May I ask the Senator a question to straighten out the matter in my own mind a little? I gather that the Senator was considering in part the doubtful question of the right of Congress to force a creditor to accept a different medium of payment than the obligation calls for. My inquiry is this: Assume that Congress has the power—that the United States under the inflation provision would have the power to take a $20 gold piece and divide in two equal parts and make each of those parts a $20 gold piece. The Government has issued its bond calling for the payment of a thousand dollars of gold. Is it a moral thing for the Federal Government, conceding its authority, to say "While I took from you who purchased the bond a

thousand dollars in gold, I will pay you back only $500 in gold by weight?" I am disturbed about the morals of it.

Mr. CONNALLY. I shall say to the Senator that in a speech I made here in January I discussed that particular matter. I said there and then that in the case of Government obligations I was not prepared to say that I would favor the Government's forcing creditors to accept the new dollar, for this reason:

Of course, the assumption of the Senator that the Government got gold from the person who bought its bonds is an assumption without any basis in fact, except, perhaps, in a few instances. We do not deal in gold. We deal in the current money of the country, which under the Parity Act is supposed to be kept to the level of gold. But there is this consideration that distinguishes Government obligations from private obligations:

When the Government issues a bond payable in gold of the present standard of weight and fineness, the Government enters into a contract with its citizens. The Government, being sovereign, perhaps could violate that contract; but the Government is itself a party to the contract, and therefore I am not prepared to urge that it ought to violate its own contract by the exercise of its sovereign power. So far as I am concerned, I am prepared to take the position that I am willing in the case of Government issues already made, payable in gold of the present standard of weight and fineness, that the Government should pay its bondholders every ounce of gold that those contracts call for; but I do not admit that there would be any great immorality in a different course, because the dollar which the Government obtained from the bondholder, when it got it, measured in other commodities—measured in real estate, in commodities, in produce of the farms, in human labor, and all other elements—probably was not worth more than 60 cents of the present dollar.

Mr. ADAMS. Mr. President, may I interrupt again?

Mr. CONNALLY. I shall be very glad to yield to the Senator.

Mr. ADAMS. The Government has compelled all citizens to bring their gold to the Government. That is, there is no outstanding gold lawfully held. Now the Government, by this proposal, doubles the purchasing power of its own gold which it has gathered in from the citizen.

Mr. CONNALLY. That is true.

Mr. ADAMS. If I have a $20 bill, the Government has a $20 gold piece standing today on a parity. When we have passed this part of the bill, the Government's $20 gold piece then will buy twice what my $20 bill will buy.

Mr. CONNALLY. Nominally; yes.

Mr. GLASS. Mr. President——

Mr. CONNALLY. Let me ask the Senator from Colorado a question. Is the Senator from Colorado in favor of the free coinage of silver?

Mr. ADAMS. Yes, sir; I am.

Mr. CONNALLY. The Senator is willing, then, by law to double the value of silver over night, and give every man who has a dollar's worth of silver $2, and make the rest of us pay for it; but he is not willing to let the Government pay its obligations in a dollar measured in the same standard of other values that that dollar was measured in when we got it.

Mr. ADAMS. I will say to the Senator from Texas that I am not willing to have my Government do what I think is the dishonest thing of increasing the value of its money and decreasing the value of your money.

Mr. CONNALLY. Let me ask the Senator another question. Why is he in favor of the free coinage of silver?

Mr. ADAMS. I will tell the Senator why.

Mr. CONNALLY. To cheapen the dollar.

Mr. ADAMS. Not at all.

Mr. CONNALLY. It is to cheapen the dollar, is it not? He wants to cheapen the present value of the dollar.

Mr. ADAMS. I want to increase the purchasing power of the world. I want to increase the exports of America. I want to make usable the silver of the Orient and the silver of South America so that they may buy our manufactured goods. We have been battling over this situation for one reason. Why? We have said that gold has appreciated, have we not?

Mr. CONNALLY. Yes.

Mr. ADAMS. Our complaint is that gold has appreciated. This portion of the bill does not depreciate gold. It leaves gold just where it is now.

Mr. CONNALLY. Oh, no! It really raises the price of gold so far as gold itself is concerned, but it depreciates the gold dollar by taking some of the gold out of it.

Mr. ADAMS. That is it exactly. It depreciates the gold dollar but leaves gold itself standing at the same high pinnacle that has caused us our trouble.

Mr. CONNALLY. No; everything is measured in the dollar here. All our debts are measured in dollars. What good is the gold itself, except as a standard of measurement? Whenever we cut part of the gold out of a dollar, we, of course, theoretically increase the price of gold, because gold will buy more dollars than it will now; but the intrinsic value of a grain of gold remains the same. There is just the same amount of gold in the world now as there was yesterday, and there will be just the same amount of gold after this bill is passed as there is today. It does not change the value of gold in the markets of the world one iota. It simply changes the standard by cutting down the number of grains of gold in a dollar. It thereby cheapens the gold dollar but makes gold worth more at the mint, because, instead of taking 23 grains to the mint and getting a dollar, you probably will be able to take 17 or 18 grains to the mint and get a dollar.

Does that answer the Senator?

Mr. ADAMS. Except this: I think the Senator is absolutely correct in saying that the gold grain stands as it did, but the gold dollar is depreciated. Along with the depreciation of the gold dollar and the maintenance of the commodity value of gold goes a depreciation of every credit obligation in America.

Mr. CONNALLY. That is true.

Mr. ADAMS. Every savings-bank deposit, every insurance policy, everything is depreciated. Assuming that the Government exercises its authority to reduce the gold content of the dollar 50 percent, it reduces by 50 percent the value of every obligation that every creditor holds in this land.

Mr. CONNALLY. The Senator is correct if he is going to accept a measure based purely on gold, but if values ought to bear some fair relationship to each other, if my property ought to be measured in somewhat the same ratio that the Senator's property is, then he is wrong.

The Senator admitted a moment ago that the dollar had increased in value. He said the dollar was too high, that it had appreciated; and yet he is insisting upon keeping all contracts based on a dollar which he says is too high and unfair in its enhancement. He proposes to rectify it by issuing more silver money. When we issue more silver money, we theoretically pull down the value of gold, and we raise up appreciably the value of silver. The depreciation of the gold in a dollar will lift the price of silver to the very same inverse extent as the gold in the dollar is depreciated, because silver as a commodity will rise in the markets of the world to the same extent that we reduce the gold in the dollar.

I am trying to help the Senator from Colorado. We shall make more progress toward lifting the price of silver by decreasing the gold in a dollar than we shall by incorporating 16-to-1 provisions in this bill.

Mr. GLASS. Mr. President, will the Senator permit an interruption?

Mr. CONNALLY. I shall.

Mr. GLASS. The Senator has stated that gold is not paid to the Government of the United States in exchange for its bonds.

Mr. CONNALLY. I said not in large measure.

Mr. GLASS. And that is quite true. Ordinarily we do not transact business with gold but on gold.

Mr. CONNALLY. That is correct.

Mr. GLASS. Therefore, I submit to the Senator, that when a citizen buys a bond of the United States the primary basis of the transaction is the good faith of the Nation, which he respects. Does the Senator think that citizen could any longer entertain any good faith in his Nation if it should repudiate one half of its textual obligation? And does the Senator think it is a moral transaction?

Mr. CONNALLY. Mr. President, the Senator evidently was not here when I had the colloquy with the Senator from Colorado [Mr. ADAMS].

Mr. GLASS. Yes, I was; and I was utterly amazed and distressed to hear the Senator say that he was somewhat doubtful on that point.

Mr. CONNALLY. Oh, no! The Senator, if he heard me accurately, heard me say that I was not prepared to say that the Government ought to force its creditors, its bondholders, to take the depreciated gold dollar.

Mr. GLASS. Why is the Senator not prepared to say that?

Mr. CONNALLY. I shall explain to the Senator if he will give me a moment. I shall show him why.

The Government, when it issues a bond to one of its citizens, is a party to the contract; and if it provides in that bond that the citizen shall receive so many grains of gold, or so many dollars of the present standard of weight and fineness, I am willing that the Government should redeem that promise.

Let me say further to the Senator that the reason why I say that I doubt the authority of the Government to do anything else is this:

The courts have held that when one Congress passes an act, and under that act the Government makes a contract with a citizen, a future Congress cannot disturb that contract. The Senator is familiar with that.

Mr. GLASS. Yes.

Mr. CONNALLY. That being true, and the outstanding gold bonds having been issued under former acts of Congress, I am not prepared to say that this Congress could, if it wanted to, make those contracts payable in a different standard of gold dollars.

Mr. LOGAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Kentucky?

Mr. CONNALLY. I yield.

Mr. LOGAN. It seems to me, if the Senator will allow me a suggestion, that whenever a bond is issued by the Government and is purchased by one of its citizens, the transaction is based upon the good faith of the Government in carrying out its promises.

Mr. CONNALLY. That is right.

Mr. LOGAN. I know of nothing that would prevent the Congress of the United States from saying that it will not pay any of those bonds, because no citizen could bring a suit against the Government of the United States without the consent of the Congress.

Mr. CONNALLY. That is true.

Mr. LOGAN. I suggest to the Senator, however, that if the Government issues a bond for $1,000, payable in gold, under the decision in the *Legal Tender cases*, it appears that the Congress, in view of the constitutional provision, would have the right to change the value of the dollar—that is, to change the gold content—and the bondholder would have to accept it.

When the contract goes further, however, and provides not only that he shall be paid so many dollars in gold but that it shall be gold of a certain weight and fineness, then it seems to me that the Congress could not escape, through the means of any law that might be enacted, the payment of the exact weight in gold called for. The holder of the bond would have an election, as it were, as to whether he would accept gold at a legal value as money, or whether he would accept it at a certain weight as a commodity.

Therefore, if the Senator will allow me to make the suggestion, I agree with him that it is very doubtful whether it would be possible for Congress to allow the Government to escape legally from a contract where it had promised to pay gold dollars of 25.8 grains, 0.900 fine, by paying in any other commodity or any less weight of gold, although if it simply provided that it should pay in gold dollars I think the Senator is exactly correct, reasoning from the opinion of the Supreme Court in the *Legal Tender cases*, which I did not think were sound at the time. I have always thought it was unsound.

Mr. REED. Mr. President, will the Senator permit an interruption?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Pennsylvania?

Mr. CONNALLY. Just let me reply to the Senator from Kentucky first.

Allow me to say to the Senator that he and I are in complete agreement as to the statements he makes with respect to the bond and its provisions. If the bond simply provided for payment in gold and stopped there, then, under the Constitution, if the Government should so decide—and I am not prepared to say that it should so decide—it would have the legal power to make the new dollars, of less gold content, legal tender in payment of those obligations.

But where the Government is itself a party to the contract, and stipulates in the bond that it will repay the obligation in dollars of the present standard of weight and fineness, I quite agree that the Government might be charged with a breach of faith if it should exercise its sovereign power in deciding its own case and require the citizen to accept a lower gold content.

Suppose we do, however, pay the Government bonds, every dollar and every grain stipulated; we are no worse off than we are now. We have to pay them under existing law. How will it harm our situation if we go ahead and redeem every gold bond the Government has outstanding in gold of the present standard of weight and fineness? We have to do it anyway. But there is quite a different question involved when two citizens are concerned. There is quite a different question involved when two corporations are concerned, one owing, the other holding the gold bonds. They are not sovereigns; they are not the Government undertaking to deal with its own citizens.

When they make a contract stipulating that the bond must be discharged in dollars of a stipulated standard of weight and fineness, they make that contract with their eyes wide open, knowing that the Congress of the United States has—not alone today, but has had from the beginning—the power to regulate the value of that money and change it whenever conditions warrant it.

Are there no moralities with respect to values except as to the value of gold? Is there no morality involved in the question of a government which permits its citizens to have their values destroyed? When we come to gold, gold alone is God; gold alone is the idol before which these gentlemen worship.

Mr. REED. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. REED. Do I correctly understand the Senator, then, as saying that it is his opinion that Congress has power to impair an existing contract to pay in gold of the present standard of weight and fineness?

Mr. CONNALLY. If the Senator had honored me with his presence a little while ago, I would not have to repeat what I have already said.

Mr. REED. I am sorry. I was called from the floor.

Mr. CONNALLY. Senators who have heard my statement will not desire that I repeat what I have already suggested.

Mr. REED. I will not ask the Senator to repeat it.

Mr. CONNALLY. I stated to the Senate in the opening of my remarks that there was a very grave constitutional question involved, but I was undertaking by analogy and be analysis of the *Legal Tender cases* to point out what I thought were the considerations which might operate on the court in holding that Congress, under its sovereign power to regulate the value of money, might provide that a dollar of a lower gold content might be a legal tender as a contract stipulating for payment in dollars of the present standard of weight and fineness.

Let me say to the distinguished Senator from Pennsylvania that an English court within the last 2 months has decided that very question, and has held that contracts made for payment in British pounds of a certain standard of weight and fineness could be discharged by payment in British paper pounds, since England went off the gold standard.

Mr. REED. Of course, the difference is obvious, in that they have no constitutional limitation.

Mr. CONNALLY. They have an unwritten constitution, which probably is more inflexible, in some ways, than our own. The Senator does not mean to contend that Congress cannot abrogate contracts, does he?

Mr. REED. Congress can abrogate contracts, but it cannot violate the due process of law provision. Regardless of the legal discussion, I gather that the Senator feels that it is at least a matter of some doubt?

Mr. CONNALLY. I do. If the Senator has read the *Legal Tender cases*, he knows that there is some doubt, because it was decided in the *Legal Tender cases* that a contract made when there was no other money in existence except gold and silver coin, calling for the payment of dollars, could thereafter be discharged and liquidated by the tender of greenbacks, with no gold backing, merely a paper promise to pay, when those dollars were worth, measured in gold, only 35 cents.

Mr. REED. I am familiar with the arguments on both sides.

Mr. CONNALLY. Does the Senator regard that as an open question?

Mr. REED. I think the chances are that we lack the power, but I concede, and agree with the Senator, that there is some doubt about it.

Does the Senator know that the very pendency of this amendment has destroyed the market for municipal bonds? Nassau County, N.Y., the county just outside of Brooklyn, tried yesterday to sell an issue of municipal bonds, and did not get a single bid for them, all because of the doubt about what Congress is going to do to these existing gold contracts.

Mr. CONNALLY. May I suggest to the Senator that it probably was not so much the pendency of the amendment which had that effect as it was the speech of the Senator from Pennsylvania, occupying the responsible and eminent place which he does occupy, in predicting to the country and to the world that we were going to be plunged into the same kind of inflation which engulfed Germany, the same kind which was practiced in France during the Revolution, and the same kind, probably, practiced in Russia when rubles were worthless.

The Senator is not a man who favors wild agitators; he does not believe in communism, he does not believe in "reds." Nobody pays any attention to the communists and the reds when they speak from the soap boxes, but let me say to the Senator that when one who is as eminent as he, who has the attention of the United States to the extent that he has it, stands upon the floor of the United States Senate, with the occupants of the press gallery taking down his language, with the press of the country open to his utterances, and makes predictions of that kind, of course there is going to be a reaction, and I am sure that his prediction had more to do with the decline of municipal bonds than the mere pendency of this amendment.

Mr. President, municipal bonds have not been flourishing so far as I know since 1929. Why do we have the Reconstruction Finance Corporation? The cities and counties in every State of this Union are on their knees before the Reconstruction Finance Corporation begging them to finance their sewerage projects, and all other kinds of projects, because they cannot sell their bonds. That condition existed long before this amendment was offered in the Senate.

Mr. President, there has been a poor market for any kind of securities. The Federal Treasury has been the only bank that has been able to hand out coin, and that has not worked. That was one of the Senator's remedies for the present condition, but it has not worked, and it has not solved the problem. We are now undertaking measures to approach a solution of the problem, and the Senator from Pennsylvania is the chief objector. He stands in the highway with his sword drawn, and he says, "You shall not pass. We must go on along the road of liquidation. Let things alone. Let them foreclose their mortgages. Let municipal bonds go on down and down and down. Let values be destroyed. Stand still. Do nothing." That is the doctrine of the Senator from Pennsylvania.

Mr. WALCOTT. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. WALCOTT. Does the Senator understand the language of this amendment to permit the President to make more than one change in the gold content of the dollar?

Mr. CONNALLY. I do not. If I read it correctly, it is contemplated that he could make one change.

Mr. WALCOTT. I see nothing in the language of the amendment—and that is a very important point, it seems to me—which would indicate that he would be estopped from making more than one change.

Mr. CONNALLY. I do not agree with the Senator.

Mr. WALCOTT. It seems to me that he could make any number of changes, so long as they did not exceed 50 percent in the reduction of the content. If that is true, how is the Senator proposing to have the various bonds differentiated? Let us say that there is a period in the monetary history of the country of 6 months, or a year, or 2 years, with a 20-percent reduction in the value of the gold dollar, and Government bonds have to be issued on that basis, and other contracts, industrial contracts, have to be issued on that basis. Then, in another 6 months, or a year, another change is made, putting back 10 percent, or taking out 24 percent. How does the Senator propose to differentiate, even in the case of Federal bonds, unless they are serial bonds?

Mr. CONNALLY. I do not agree that the amendment contemplates that the President should change the gold content more than once. If the Senator wants me frankly to tell him what my view about it is, my view was incorporated in a bill which I introduced sometime ago, that once the content is changed, thereafter gold should be treated as a commodity and should not be coined, but should be kept in the Treasury, and the number of grains which would be paid in the redemption of a dollar would vary according to the commodity index of a thousand basic commodities of the United States. Gold will then seek its level as a commodity. It would be worth just what it is worth, and it would not, as it is today, be arbitrarily measured by a statute which provides that 23 grains of gold shall be worth a dollar, whether it is worth a dollar or not. Does that answer the Senator?

Mr. WALCOTT. Yes; but it raises another question. It is very important, it seems to me, to have a basis. I should like to go on with this for a moment.

Mr. CONNALLY. Let me say to the Senator that the question he is raising is that we could very easily stipulate the number of grains in the dollar.

Mr. WALCOTT. On the face of the bond.

Mr. CONNALLY. On the face of the bond, if he wanted to do it. Make it a part of the contract.

Mr. WALCOTT. That is the Irving Fisher plan, very largely.

Mr. CONNALLY. I mean, it could be stated in the contract, so many grains of gold, stated in the bond, if that is desired.

Mr. WALCOTT. Does not the Senator think that would lead to endless confusion as to dollars and as to the existence of industrial contracts during those intervals? How could there be any certainty in an industrial contract?

Mr. CONNALLY. I was distinguishing between Government contracts and private contracts. I do not believe that private individuals have any right to undertake to fix a standard of money by contract, and were I to have my way, I should enact a law providing that hereafter private individuals should not make contracts except in the standard, lawful money of the United States. That is what I would do. Then all contracts would be based, not upon gold or silver

or paper, but would be based upon whatever the Government said was lawful money at the time the contract was to be discharged.

That is what was in the minds of the makers of the Constitution. The makers of the Constitution did not say that Congress shall have the power to regulate only one kind of money and fix its value. It provides that Congress has the power to coin money and regulate its value, and to determine what is money. No one else except the Government has the function of saying what is money, and if private individuals can go out and contract that there must be so many grains of gold or so many grains of silver in a dollar, then they, and not the Government of the United States, are fixing the standard of value. They are ordaining their own particular kind of money, and they are nullifying the constitutional provision, which says that Congress, and Congress alone, shall determine the standard of money.

What is money? Money is that which the Government ordains as the medium of exchange. I cannot say what money is, the Senator from Connecticut has no right to say what money is, and yet, when we get together and contract for payment in a certain kind of money and so many grains of gold, we are determining what is money. The British case, to which I referred awhile ago, laid down the doctrine that a British contract payable in pounds of a certain standard of weight and fineness could be discharged by the payment of paper pounds, because under the British law that was money at the time the contract was discharged.

Mr. FLETCHER. Lawful money, sound money.

Mr. CONNALLY. Lawful money and sound money.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. SHIPSTEAD. The British Government has established what is called a stabilization board, and given them £150,000,000 with which to operate on foreign exchange, and so manage their currency. What is that if it is not regulating the value of its currency, determining the value of its currency?

Mr. CONNALLY. I may say to the Senator that I discussed that a little while ago.

Mr. SHIPSTEAD. May I ask the Senator a question?

Mr. CONNALLY. Certainly.

Mr. SHIPSTEAD. The Senator has said a great deal about the sanctity of contract today, and that has gone through this debate since the amendment was brought up, and possibly something may be said about it again.

The Senator is aware of the fact that gold certificates call for payment in gold. In the paper last night I noticed that an order had been issued to the effect that those who have gold certificates shall bring them to the Treasury, or to some bank, or be subject to a penalty of imprisonment or a fine of $10,000. In view of that fact, does not the Senator think we are wasting time when we talk about the sanctity of contract here?

Mr. CONNALLY. Mr. President, I will say to the Senator that Senators who voted for the emergency banking bill, which contained a provision making it a penal offense for any citizen having a gold certificate or gold money not to surrender it to the Treasury, are now among those who are holding up their hands in horror and saying that we must not revalue the gold dollar, because that would violate contracts. I shall not express my own opinion as to the legality, under the Constitution, of that act, which requires the citizen to surrender his gold coin under penalty of going to the penitentiary. I do not care to discuss that.

The reason I suggested a little while ago to the Senator from Virginia that I was prepared in the case of Government bonds to agree to the payment of every ounce of gold that the Government contracted to pay was that I wanted to draw a distinction between that kind of contracts and that kind of bonds and other bonds out among the people. But, Mr. President, regardless of whether we do that or we do not, we shall not be in any worse position if we do that than the one we now occupy. Those are matters that Congress can take care of after the revaluation of the dollar shall have been made; but it seems to me absolutely essential for the success of the economic conference that the President shall have the power to revalue the gold dollar by decreasing its value if the conference is to be of any effect.

I was quoting the *Legal Tender cases* when interrupted. Listen to this quotation from the decision in the *Legal Tender cases*, which partly answers the Senator from Pennsylvania—

> Every contract for the payment of money, simply, is necessarily subject to the constitutional power of the Government over the currency, whatever that power may be, and the obligation of the parties is, therefore, assumed with reference to that power.

In other words, the Supreme Court of the United States holds that when one citizen contracts with another, he contracts with knowledge of the power of Congress to regulate the value of money, and he assumes his contractual obligation in conformity with the suspended power of the Congress to cut down the value of the medium of exchange whenever it may see fit to do so.

Again quoting from the Supreme Court:

> By the act of June 28, 1834, a new regulation of the weight and value of gold coin was adopted, and about 6 percent was taken from the weight of each dollar. The effect of this—

I want Senators who are so outraged at the suggestion to bear witness—

> The effect of this was that all creditors were subjected to a corresponding loss. The debts then due became solvable with 6 percent less gold than was required to pay them before.

I will say to the Senator from Colorado that the court admits that this was a hardship, but the court said:

> It is not every hardship that is unjust, much less that is unconstitutional; and certainly it would be an anamoly for us to hold an act of Congress invalid merely because we might think its provisions harsh and unjust.

The court held constitutional in that case the Legal Tender Act of 1862, and held that paper dollars worth 35 cents could be tendered in payment of contracts made before the act was passed which contemplated the payment of gold and silver coin, though there was no stipulation to that effect.

Mr. WAGNER. Mr. President, will the Senator yield for a question?

Mr. CONNALLY. I yield.

Mr. WAGNER. Would it interrupt the Senator to ask him a question which, perhaps, has already been propounded?

Mr. CONNALLY. It will not interrupt me at all. I am glad to hear the Senator.

Mr. WAGNER. Is it the Senator's view that if the power were given to the President to reduce the gold content of the dollar, and should he exercise that power, that it would affect existing contracts?

Mr. CONNALLY. That is the question we have been discussing.

Mr. WAGNER. Either it does or it does not. I am not so much concerned with the constitutional question, because my view, from a reading of the *Legal Tender cases*, is that it is pretty definite that Congress has the power to reduce the gold content of the dollar——

Mr. CONNALLY. That is true.

Mr. WAGNER. As to whether we ought to do it or not is another question.

Mr. CONNALLY. That is another question.

Mr. WAGNER. But the thing I am concerned with, from a reading of the amendment, is whether, if the President shall exercise the power which we propose to confer upon him, it will affect outstanding contracts and outstanding obligations.

Mr. CONNALLY. I shall say to the Senator that the amendment does not, in terms, as I now recall it, make the new gold dollar a legal tender in the payment of debts. It provides that it shall be the standard unit of value. I shall read the provision.

> The President may fix the weight of the gold dollar in accordance with the ratio so agreed upon, and such gold dollar, the weight of which is so fixed, shall be the standard unit of value, and all forms of money issued or coined by the United States shall be maintained at a parity with this standard and it shall

be the duty of the Secretary of the Treasury to maintain such parity, but in no event shall the weight of the gold dollar be fixed so as to reduce its present weight by more than 50 percent.

While that fixes a new standard of value so far as the future is concerned, there is no specific provision in the amendment that makes the new dollar as such legal tender in the payment of all existing and preexisting debts.

Mr. WAGNER. Does not the Senator believe, in the interest of certainty, that it ought to be clearly set out in the proposed statute whether or not it will affect existing contracts?—because I think that is one of the vital things in this whole proposal.

Mr. CONNALLY. I will say to the Senator that I am discussing the amendment as it is; I was not undertaking to improve it or amend it. I shall ask the Senator from New York, who is a great lawyer——

Mr. WAGNER. I deny the soft impeachment.

Mr. CONNALLY. According to the Senator's view of the Constitution as construed in the *Legal Tender cases*, has he any doubt that Congress has the right to change the gold content of the dollar and make the new gold dollar legal tender?

Mr. WAGNER. I have not; nor have I any doubt that Congress can enact laws which will impair to that extent existing contracts.

Mr. CONNALLY. Exactly.

Mr. WAGNER. We do it in other cases; we provide for it in bankruptcy legislation.

Mr. CONNALLY. To be sure.

Mr. WAGNER. But that is not the question. The question is whether we ought to do it or not. I am not now referring to that question.

Mr. CONNALLY. I agree with the Senator.

Mr. WAGNER. But, in any event, the proposed law ought to be very clear, because it is an uncertainty which may raise havoc as to whether or not, if the President shall exercise the power conferred, his action can affect existing contracts, because, unless that power is specifically conferred by Congress, it will not affect existing contracts.

Mr. CONNALLY. That is right.

Mr. WAGNER. That was what the *Bronson case* decided.

Mr. CONNALLY. The Senator is correct about that.

Now let me call the Senator's attention to the fact——

Mr. SHIPSTEAD. Mr. President, will the Senator yield for a question?

Mr. CONNALLY. Yes; I shall yield in just a moment. Let me first answer the question of the Senator from New York. It may be significant, I do not know, that another section of this bill which has to do with the issuance of greenbacks provides that they shall be legal tender for all debts, public and private. I do not know why there was no provision made as to the new dollars of the revaluated type being tenderable in payment of past-due contracts.

Mr. ADAMS. Mr. President——

Mr. CONNALLY. I yield first to the Senator from Minnesota, who has been on his feet for some time.

Mr. SHIPSTEAD. Mr. President, in the case of a contract, even though entered into by the Government itself, even though it be a Government contract, if it should be shown that under certain circumstances its character might have the effect of threatening the public safety, does not the Senator think the Government would be justified in abrogating such a contract?

Mr. CONNALLY. Of course. The Government is sovereign, and it is vested with those powers which it is assumed it will exercise in self-preservation and in the preservation and safety of its people. Of course, being sovereign, the Government, if it wills, can do a great many things which probably we would not approve of, but it could do them if it so desired.

Mr. ADAMS. Mr. President——

Mr. CONNALLY. I yield to the Senator from Colorado.

Mr. ADAMS. Mr. President, may I intrude just one suggestion: It seems to me that there is possibly a confusion as to the contracts, between the Senator from New York and myself. It seems to me that there is no question at all as to the legal-tender quality of the gold coinage for all the purposes. That is established by statute, and, beyond question, I think the language even of this amendment is sufficient; but there are two classes of contracts, one which specifies the medium of payment and says it shall be gold coin of the prescribed standard of weight and fineness. The question is whether or not such contracts can be affected. The ordinary contracts which do not define the medium of payment, such as insurance policies, such as promissory notes, and such as deposits in the banks, would obviously be affected by this provision.

Mr. WAGNER. I only had in mind—and I thought we all understood the question sufficiently so that I did not have to reiterate it—the type of contract which provides for the payment of a certain amount in gold coin of a certain weight and fineness. Those contracts will be enforced unless we by law provide that, even in the case of those contracts, the other type of money is on a parity and must be accepted in place of the gold prescribed. That is what I had in mind, and that is all that was involved in the *Bronson case*.

Mr. CONNALLY. Mr. President, the Senator from New York is correct. The Constitution gives Congress the power to regulate the value of money, and, unless it affirmatively takes action to do that thing, of course, those contracts would not be affected which call for payment in gold of the present standard of weight and fineness; but if Congress does regulate the value of money and fixes a new standard of money and then affirmatively says that that particular kind of money shall be tenderable on preexisting contracts calling for payment in gold of a certain standard of weight and fineness to the contrary notwithstanding, then the question will be clearly presented; but the Congress has got to act affirmatively to bring that about, and the bill does not seem to contain such an affirmative statement.

Mr. BULKLEY. Mr. President——

Mr. CONNALLY. I yield.

Mr. BULKLEY. I was just going to ask the Senator if it is not clear that the language of the amendment now before us does not apply to contracts providing for payment in gold of a specific weight and fineness?

Mr. CONNALLY. I suggested to the Senator from New York a little while ago that it did not seem to the Senator from Texas that the language of the bill provided that the new dollars shall be legal tender in payment of preexisting debts calling for payment in gold of the present standard of weight and fineness.

Mr. WAGNER. Mr. President, will the Senator yield once more, and I will promise not to interrupt him again?

Mr. CONNALLY. I yield.

Mr. WAGNER. If that is so, and it does not affect existing contracts, can the Senator imagine what will happen to the municipalities of the country when they are called upon to meet their obligations? There will not be one of them that will be able to avoid bankruptcy.

Mr. CONNALLY. Of course, I shall say to the Senator that there will still be the same number of gold grains, there will still be the same amount of gold in the world as now, and those gold grains as such will have the same value after the passage of this measure as they had before.

Mr. WAGNER. That is true; but the taxes which they collect will be legal-tender money; and if we reduce the gold content of the dollar, more dollars will be required to pay the obligations of the municipalities.

Mr. CONNALLY. That is true.

Mr. WAGNER. And, in my opinion, there is not one of them that could stand that strain.

Mr. BULKLEY. Mr. President, may I suggest that in the earlier *Legal Tender case*, the case of Lane County against Oregon, it was held that an act similar to this did not apply to the States.

Mr. CONNALLY. It was held in the *Lane County case* that where a State provided by statute that its taxes should be collected in coin that the Paper Legal Tender Act did not apply; but that is not the same question that is involved here, because that was a coin contract.

Mr. President, I ask the pardon of the Senate for consuming so much time, but I want to quote right on this point a little further from one of the other *Legal Tender cases*. In the case of *Juilliard* v. *Greenman* (110 U.S.) the Court held—this is in point:

If, upon a just and fair interpretation of the whole Constitution, a particular power or authority appears to be vested in Congress—

And the power to regulate money is such a power—

it is no constitutional objection to its existence or to its exercise that the property or the contracts of individuals may be incidentally affected.

In other words, if Congress possesses the power to do a thing, it is no constitutional objection that its acts affect the contracts or property of private individuals.

So here, with Congress having the power to regulate the value of money, it cannot be complained that it violates the right of contract.

The power to make the notes of the Government a legal tender in payment of private debts being one of the powers belonging to sovereignty in other civilized nations, and not expressly withheld from the Congress by the Constitution, we are irresistibly impelled to the conclusion that the impressing upon the Treasury notes of the United States of the quality of being a legal tender in payment of private debts is an appropriate means, conducive and plainly adapted to the execution of the undoubted powers of Congress, consistent with the letter and spirit of the Constitution, and therefore, within the meaning of that instrument, necessary and proper for carrying into execution the powers vested by this Constitution in the Government of the United States.

Mr. President, so far as private contracts of individuals with each other, providing for the present standard of weight and fineness, according to my view, though it is not a closed question because the court may decide otherwise, Congress has the power to determine that the dollar shall be devaluated and that the new gold dollar shall be legal tender in the discharge of debts between individuals, regardless of the contractual clauses as to the present standard of weight and fineness.

Mr. REED. Mr. President, when the Senator speaks of the individual would he include States and counties and municipalities?

Mr. CONNALLY. I would unless their laws provided to the contrary, because the Federal Government was given by the States the power and right under the Constitution to fix and regulate the value of money, and the States were expressly prohibited by the Constitution from coining money or emitting bills of credit.

Mr. REED. Then if that is so, the gold-standard clause, which all those bonds contain, is quite meaningless. The effect of it is a promise to pay in dollars which the Congress may regulate from time to time. It means just the same whether we say we will pay a thousand dollars on a fixed date or whether we say we will pay a thousand dollars in gold of the present standard of weight and fineness. The meaning becomes the same.

Mr. CONNALLY. The meaning would be "lawful money." Whatever is the lawful money of the United States, that would be the money that would discharge that debt.

Mr. REED. What becomes of the credit of the States and the counties and cities while this power remains unexercised in the hands of the President? Would the Senator consider the lending of money to his own State of Texas and paying in good gold money for a State bond if the President of the United States had the power to pay him back in 50-cent dollars?

Mr. CONNALLY. Let me say to the Senator that nobody has any gold money now. They will not admit it if they have. Gold money is in the Treasury and in the Federal Reserve banks. The Senator voted for the bank bill which requires the citizen to turn his gold money over to the Government, did he not?

Mr. REED. The bill did not require it. It was the Executive order which would require it. Every outstanding Federal Reserve note is by its terms payable in gold. It is a governmental promise which for the time being we have suspended. We have not repudiated it. We have merely suspended it. It is to be assumed that the citizen considers that promise valid and his Federal Reserve note as sound money. He would hesitate a long time to lend those notes to the State of Texas or the State of Pennsylvania if the Congress and the President by future action had the power to pay him back in 50-cent dollars.

Mr. CONNALLY. The men who own those bonds of the States and counties now will never get the bonds repaid on the present basis of the valuation of commodities.

Mr. REED. Those who have Pennsylvania bonds will.

Mr. CONNALLY. I hope that is true. I hope they will all be repaid. I said on the present basis of the value of the commodities and on the present basis of the value of property. Many of them are in default now. They cannot pay the interest on many of them. How does the Senator contemplate the possibility of their discharging the bonds in full unless commodity prices and the prices of property enhance and increase?

Mr. President, I do not want Senators to draw the conclusion, as some of them no doubt do, that I favor the repudiation of the obligations of the Government. I have expressly stated here that I do not. I am perfectly willing the Government shall pay every bondholder every grain of gold stipulated in the contract. But I do hold to the theory that the Congress has the power to determine the standard of money and to regulate its value. I believe when the value of the gold dollar goes so high that it is unconscionable, compared with other commodities, the Government ought to exercise its power.

There is only $5,000,000,000 of gold in the United States. Senators speak about five billions of gold as if every man who loaned any money had gold. Why, Mr. President, suppose we decrease the value of the gold dollar 50 percent and appropriate $5,000,000,000 to repay the holders of the gold. We could well afford to do so, but based on that 5 billions of gold are 300 billions of property which is affected and which fluctuates according as gold goes up or down.

Mr. BLACK. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Alabama?

Mr. CONNALLY. I am glad to yield.

Mr. BLACK. A few moments ago a statement was made by the Senator from Pennsylvania in connection with the point which the Senator from Texas is presenting that I do not think should remain unchallenged. I want to invite the Senator's attention to it.

The Senator from Texas very properly called attention to the English case and the Senator from Pennsylvania assumed that by reason of the fact that England has no written constitution and we do have a written Constitution, that case would not apply. In order that it may be placed in the RECORD, let me say that the power the English Parliament has is to regulate the value of the currency. That is the power it exercises. It makes little difference whether it has that power by reason of the absence of a constitution or by reason of the presence of a constitution.

England had the power, without a constitution, to regulate the value of the currency. The courts have held that it properly did so. Congress has the right under the Constitution to regulate the value of the currency. The Senator from Texas, as I understand it, is arguing that the power is just as forceful and effective when given in a constitution as though it were given to the people without a constitution.

Mr. REED. Mr. President, if the Senator from Texas will permit me——

Mr. CONNALLY. I am glad to yield to the Senator from Pennsylvania.

Mr. REED. I think the Senator from Texas understood me all right, but I did not make myself clear to the Senator from Alabama. We are all agreed that Congress has the power to regulate the currency and the value of coins. Of course there is no doubt about that. The question is whether that power to regulate includes the power to impair the obligation of existing contracts. That is the only matter in which we have any doubt.

Mr. CONNALLY. I am coming to that. Let me say to the Senator from Pennsylvania and to the Senator from Alabama that the Senator from Alabama is correct in that Great Britain, under her system, has vested sovereign legislative power in the Parliament. The Senator from Pennsylvania is correct in that there is no written constitution which limits the power of Parliament. The Senator from Pennsylvania evidently meant to imply by that interjection that there is something in our written Constitution which limits the power of Congress to regulate money, which does not exist in the British system.

I want to invite the attention of the Senate to the fact that there is nothing in the Constitution of the United States which prohibits Congress from impairing the obligation of a contract. The prohibition in the Constitution is on the States. It provides that no State shall enact a law which impairs the obligation of contracts, but there is no such limitation of power as to the Congress. We have enacted laws from the beginning of our Government which do impair the obligation of contracts. Let me invite attention to an act for which the Senator from Pennsylvania voted during the last session of Congress.

We amended the bankruptcy law so that railroad companies who have maturing bonds, payable in gold of the present standard of weight and fineness, may now seek the protection of the bankruptcy courts and scale down their bonds from the present standard of weight and fineness and force their creditors to accept 50 cents or 25 cents on the dollar or whatever the court may determine the liquidation will finally produce. What does that do to a contract? Does that impair it? It not only impairs the contract between the railroad company and its bondholders but in some cases it wipes out the contract.

Of course, that is under the express grant of power. The Constitution expressly grants to Congress the power to enact bankruptcy laws, but it also expressly grants to Congress the power to regulate the value of money; and whenever the Congress possesses the direct power to do any particular thing the Supreme Court holds that in the exercise of that specific grant all contracts and all things fall before the exercise of that sovereign power. That is what the Supreme Court has held.

Mr. GLASS. Mr. President——

The PRESIDING OFFICER (Mr. BRATTON in the chair). Does the Senator from Texas yield to the Senator from Virginia?

Mr. CONNALLY. I am glad to yield to the Senator from Virginia.

Mr. GLASS. When a railroad or an individual either goes into bankruptcy, does not the railroad or the individual have to surrender all of the assets into the hands of a receiver?

Mr. CONNALLY. To be sure.

Mr. GLASS. The proposal involved here does not require the United States Government to surrender anything. It simply enables it to repudiate one half of its debts.

Mr. CONNALLY. I have twice tried to make clear to the Senate that I am not advocating that the Government shall force its creditors to accept the new gold dollars in payment of its bonds.

Mr. GLASS. That I understand.

Mr. CONNALLY. How does the Senator reach the conclusion that I am proposing to force the Government of the United States to do something?

Mr. GLASS. I am not saying that the Senator is undertaking to force the Government to do something. I am saying that the proposal now before us authorizes the Government to do that.

Another question I should like to ask the Senator, if I may. The Senator dwells upon the fact that there is nothing in the Constitution that prohibits the Federal Government from impairing the obligation of a contract, but there is something in the Constitution that prohibits the States from enacting a law that would impair the obligation of a contract. Why does the Senator from Texas imagine that was put in the Constitution, that limitation upon the power of sovereign States? Was it not because the central Government regarded an act of that sort as utterly immoral?

Mr. CONNALLY. I do not know that it was on the grounds of morality.

Mr. GLASS. It was on the ground of common honesty, at any rate.

Mr. CONNALLY. There are many considerations. For instance, the Federal Government might desire to protect the citizens of Virginia against any law of my State which might discriminate as between his citizen and a citizen of my State. There are all sorts of considerations that might have entered into that question. But let me make a suggestion to the Senator from Virginia. He seems to think that because the Constitution prohibits the States from enacting laws which may impair the obligation of contracts, it is thereby implied that the Federal Government cannot do it. The same care, the same wisdom, the same caution that caused the convention to insert that clause in the Constitution as to the States would have prompted them, if they had so desired, to limit similarly the Federal Government; but they did not do it.

Mr. GLASS. I imagine that the implication was so obvious that it was not necessary.

Mr. WAGNER. Mr. President, as a matter of fact I think the record of the convention will show that there was a resolution offered to incorporate in the Constitution a provision that the Federal Government should not enact legislation to impair the obligation of contracts, and it was defeated in the convention.

Mr. CONNALLY. I thank the Senator from New York.

Mr. REED. Mr. President, will the Senator permit me to suggest that it is provided in the fifth amendment to the Constitution that no person shall be deprived of property without due process of law? I think that an act impairing the obligation of an existing contract would violate that amendment.

Mr. WAGNER. Mr. President, the language in the case of Lee against Knox is quite to the contrary—that it is not a fair assumption to say that under all circumstances Congress has not the right to impair the obligation of an existing contract.

Mr. CONNALLY. Let me say to the Senate that this is the test of whether Congress has the right to abrogate a contract or impair one:

The Constitution defines what Congress may do. If it grants to Congress the right to do a certain thing, then Congress may do that thing, and all contracts and other obstructions of private citizens must give way. What is the philosophy of it? The philosophy of it is that the constitutional grant to Congress of power to do a certain thing is a sovereign grant of power, and if private individuals could by contract prevent the execution of that power, there would be no use of Congress having such a power. Every right and contract must give way, provided Congress is exercising a clear grant of power in doing some particular thing, and all incidental things must give way. That is the test.

Mr. LOGAN. Mr. President——

Mr. CONNALLY. I yield.

Mr. LOGAN. It it not true, though, that the makers of the Constitution assumed and had a right to assume that the Government of the United States will always be a gentleman in dealing with its citizens in relation to any contract that it might make, and for that reason there is no provision in the Constitution which forbids the repudiation of a contract? But does not the Senator think that it was because the repudiation of a contract, or the failure to perform it exactly as made by the Government, was unthinkable?

Mr. BORAH. Mr. President——

Mr. CONNALLY. I yield to the Senator from Idaho.

Mr. BORAH. If the Senator is correct in that view, why the fifth amendment? That was put in for the very purpose of preventing the Government from encroaching upon the rights of the citizen.

Mr. LOGAN. Let me say that that was at a later date; and the idea of the Government's being a gentleman did not hold out as long as it should. [Laughter.]

Mr. GORE and Mr. BARKLEY addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Texas yield; and if so, to whom?

Mr. CONNALLY. Just a moment. Let me say to the junior Senator from Kentucky that if that doctrine were true—if Congress could not pass any law which, in its incidental effects, impaired a contract—the Federal power would be paralyzed. The power of the Government would be paralyzed.

Take the taxing power. Congress has the power to levy taxation. Chief Justice Marshall held, in the case of *McCulloch* against *Maryland*, that when that power was exercised it could be exercised, if need be, to the point of destroying any agency upon which it was levied.

Mr. LOGAN. Mr. President, will the Senator allow me to interrupt him just on that point? Then I am done.

Mr. CONNALLY. I yield.

Mr. LOGAN. I desire to suggest to the Senator that Congress cannot pass a law impairing the obligation of a contract; but Congress has a right to assume that whenever a contract is made, the provision of the Constitution relating thereto becomes a part of the contract, and that it is entered into with the understanding that the contract may be modified by Congress. That is not a repudiation of a contract, if we view it in that light.

Mr. CONNALLY. It is an impairment, though.

Mr. LOGAN. No; it is not an impairment of a contract, because the constitutional provision is a part of the contract, and the contract therefore provides that Congress may change it. Consequently, it is not an impairment of the contract.

Mr. BARKLEY. Mr. President——

Mr. CONNALLY. I yield to the senior Senator from Kentucky.

Mr. BARKLEY. If I understand the force of this provision about the impairment of contracts, it does not attempt to prohibit a State from dealing with its own contracts in such a way as it may see proper; but, aside from that, if the Federal Government is to be literally construed as not having any power to pass a law impairing the obligation of a contract, it would be impossible, and always would have been impossible, for Congress to have passed a general bankruptcy law——

Mr. CONNALLY. To be sure.

Mr. BARKLEY. Which not only impairs but in many cases discharges absolutely without payment the obligation of a contract. So that we cannot place upon the Federal Government the same literal interpretation of the implication resulting from that prohibition against the States that might seem analogous.

Mr. CONNALLY. Mr. President, the Supreme Court has passed on this question. Let me read just a line or two from the Supreme Court.

In the *Sinking Fund cases* (99 U.S. 700, 718) it was said:

> The United States is not included within the constitutional prohibition which prevents States from passing laws impairing the obligation of contracts (but equally with the States they are prohibited from depriving persons or corporations of property without due process of law).

Let me quote the case of *Hepburn* v. *Griswold* (8 Wall. 602, 623). This is the *Legal Tender case*, the one that held the Legal Tender Act unconstitutional. Here is what the Supreme Court under Chief Justice Chase, said:

> Congress has express power to enact bankrupt laws, and we do not say that a law made in the execution of any other express power, which, incidentally only, impairs the obligation of a contract, can be held to be unconstitutional for that reason.

In *Mitchell* v. *Clark* (110 U.S. 633, 643) it was said:

> It is no sound objection to an act of Congress that it interferes with the validity of contracts, for no provision of the Constitution prohibits Congress from doing this, as it does the States; and where the question of the power of Congress arises, as in the *Legal Tender cases*, and in bankruptcy cases, it does not depend upon the incidental effect of its exercise on contracts, but on the existence of the power itself.

Mr. BLACK. Mr. President, will the Senator yield?

Mr. CONNALLY. Just a moment.

So, Mr. President, it all goes back to the proposition that if Congress is acting under an express power to do a certain thing, all incidental matters must fall before that power, including contracts between private individuals. So, in this case, when Congress exercises the express grant of power to regulate the value of money, and does regulate the value of money by revaluing the gold dollar, its action cannot be annulled by a man rushing frantically forward and saying, "Wait a minute! Congress has the power to revalue money; Congress has the power to regulate the value of money, but you cannot do that. Bill Jones has a mortgage over here at the bank, on a spotted yearling, for $40; and it is provided that it can be paid only in gold dollars of the present standard of weight and fineness."

Why, Mr. President, it is absurd, it is ridiculous to assume that private individuals, by making a contract, can oust the Federal Government from the exercise of its sovereign powers. The question as to whether Bill Jones will have to pay the $40 in gold money of the old or the new issue is not to be decided here. That is to be decided in the courts after the Congress acts.

Mr. BLACK. Mr. President, will the Senator yield now?

Mr. GORE. Mr. President——

Mr. CONNALLY. I yield to the Senator from Alabama.

Mr. BLACK. The Senator's argument is very clear and explicit; and the cases, of course, sustain absolutely the position he has announced. May I call his attention to the fact that those cases and all the others say that the law of the land, whether the Constitution or otherwise, is a part of the contract.

Mr. CONNALLY. To be sure.

Mr. BLACK. And when a contract is made to pay a certain amount of gold money, it is the same as though there were added to the agreement to pay, to the contract itself, this statement:

> *Provided, however,* That this obligation can be discharged by paying the amount of gold fixed by Congress under its constitutional power.

Mr. CONNALLY. At the time of payment.

Mr. BLACK. Certainly.

Mr. CONNALLY. To be sure. The Senator is correct in the statement of that proposition.

Mr. GORE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Oklahoma?

Mr. CONNALLY. I yield for a question.

Mr. GORE. I was wondering if this might have any bearing on the Senator's reasoning and conclusion:

Under the power to regulate the value of money the Senator insists that Congress can cut down the number of grains in a gold dollar.

Mr. CONNALLY. No; the Senator does not insist on that. The Senator admitted, early in the debate, that it was a serious constitutional question, and it was not a closed one. The Senator is simply pointing out what he thinks is the power of Congress. That is my contention, but I am not taking the position that it is at all a clear question. It is open to question. I do not know what the Supreme Court would decide.

Mr. GORE. The point was, as I understood the Senator—I may have misunderstood him—that Congress could, as an incident to its power to regulate the value of money, reduce the weight of the gold dollar——

Mr. CONNALLY. That is right.

Mr. GORE. So that a given amount of gold would buy twice as much; and he cited the instance of the yearling. I was wondering this: If Congress should destroy one half the yearlings in the United States, the price of the other yearlings would go up. Does the Senator think the Congress could do that by way of regulating the purchasing power of money? It would have the same effect. Would you hold that to be merely incidental to the power to regulate the value of money?

Mr. CONNALLY. No; the Senator from Texas was not discussing yearlings except incidentally. He was merely insisting that, if Congress decided to revalue the gold dollar, a fellow with a yearling contract could not butt the Government out of the way and say, "You cannot change it because I have a mortgage on a yearling, and it is payable in dollars of the present standard of weight and fineness."

Mr. GORE. Undoubtedly Congress, by giving the legal-tender power to gold, can give added value to a diminished number of grains in the dollar.

Mr. CONNALLY. That is true.

Mr. GORE. But it could bring about the same effect, the same reaction on the purchasing power of money, by destroying the property of the country, except by such destruction of property it would decrease rather than increase the purchasing power of gold.

Mr. CONNALLY. I will answer the Senator if he desires me to do so.

The Senator from Texas is not trying to destroy any property. What is property? Property is houses, farms, food, the products of our fields. That is wealth. That is property. Gold is just a commodity, except for the use of gold by the Government as money. Gold has no more value than any other useful article in trade or commerce; but governments, by using gold as money, have created a demand for it which artificially has raised its value beyond what it would have as a commodity.

The trouble with gold today is that by the action of Great Britain in putting India on the gold standard, and other governmental action, gold has gone up to a ratio or to a value higher than is fair and just to other commodities. We have just as much other wealth as before, but when we convert that wealth into money—and that is the only way we can do business—it does not get the value that it formerly did; and therefore, instead of undertaking to regulate all commodities, one at a time, the Senator from Texas is trying to regulate the value of money, and thereby regulate the value of everything that is measured in money.

Mr. BARKLEY. Mr. President——

Mr. CONNALLY. I yield to the Senator from Kentucky.

Mr. BARKLEY. Of course, all of this is complicated legally and financially and economically, so that nobody can say that he has mastered it, or that he has the last word on the subject. Just thinking out loud for a moment about it, however, it occurs to me that if it be contended that Congress never can change by regulation, as the expression is used in the Constitution, the weight and fineness and content of a gold dollar because there may be outstanding contracts which might by implication be violated or impaired, then there never could be a time in the history of the Nation when Congress could deal with that subject, because contracts that were entered into immediately after the present standard of weight and fineness was established a hundred years ago, if they still were in existence, or any new contracts made since that time, or that might hereafter be made, that were still unperformed, would operate to prevent Congress from ever exercising the power given it by the Constitution, even in a thousand years.

Mr. CONWAY. The Senator is correct. The *Legal Tender cases* held that a contract entered into before the law was enacted, for the payment of a dollar, could be discharged by the payment of a paper dollar worth 35 cents. Nobody disputes that that is the decision of the Supreme Court. Yet Senators say that while that could be done, it would be unconstitutional to pay that contract in a 90-cent gold dollar. It is all right and constitutional to clip off 65 cents worth of a dollar with a paper dollar, but if Congress undertook to reduce the gold content by 10 percent, a man who had a contract calling for the full amount could not be paid by giving him 90 percent of its value.

Mr. LONG. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Louisiana?

Mr. CONNALLY. I yield.

Mr. LONG. I just want to ask the Senator his opinion on this matter. We have $44,000,000,000 of outstanding Government obligations payable in gold of the present standard of weight and fineness. We have only $4,000,000,000 worth of gold, in round figures, with which to pay them. Could it be said that the $44,000,000,000 worth of bonds being payable in gold, the law would require the absurdity that we had to pay them with $4,000,000,000 of gold?

Mr. CONNALLY. The Senator points out, of course, a physical impossibility. If all the holders of bonds payable in gold should demand payment at once, they could not be paid, but experience has taught us that they do not all do that at the same time.

Mr. REED. Mr. President, what is to prevent the Government's buying back the gold in the market from the first comers in order to pay the second comers?

Mr. CONNALLY. We would have to issue some more bonds, of course.

Mr. LONG. Suppose the first comers did not want the bonds?

Mr. CONNALLY. After all, it is not the actual gold, it is the gold as a measure of value, and that is where the power of Congress comes in, in that Congress has the power to determine the measure of value.

Now, Mr. President, I want to conclude.

Mr. LEWIS. Mr. President, will the Senator yield to me a moment?

Mr. CONNALLY. I yield.

Mr. LEWIS. I should like to call the attention of the able Senator from Texas to the fact that it was by an act of Parliament, in the time of Sir Robert Peel, who tendered the act which became afterward known and is now recognized as the Peel Act, under which there were prescribed the number of grains of gold that should constitute a pound, and the value of the pound, as such, was then created by act of Parliament.

Thereafter the United States, in prescribing the matter of the gold dollar, merely copied the system prevailing in England, and gave to so much gold, making a dollar, a value by the declaration of the act of Congress. Therefore, if the declaration of an act of Congress could give value to the American gold dollar, as the declaration of the act of Parliament, at the time of Sir Robert Peel, gave the value to the pound, what is the basis for the doctrine that the same authority which by law created value cannot likewise qualify that value by lifting a lesser quantity to the same value?

Mr. CONNALLY. I thank the Senator. The Senator has stated the proposition much more clearly than the Senator from Texas possibly could have stated it.

It is a sovereign grant of power to fix the value of the dollar, and therefore regulate it, which means, of course, whenever Congress sees fit to do so, to change the value by reducing the number of grains, or by increasing the number of grains.

Mr. President, just a word to those Senators who insist on the sanctity of a contract, no matter what the object of the contract may be. This is what the Supreme Court said:

> Nor can it be truly asserted that Congress may not by its action indirectly impair the obligation of contracts, if by the expression he meant rendering contracts fruitless or partially fruitless. Directly it may, confessedly, by passing a bankrupt act, embracing past as well as future transactions. This is obliterating contracts entirely. So it may relieve parties from their apparent obligations indirectly in a multitude of ways. It may declare war.

O Mr. President, it may declare war, and when it declares war it may draft human lives and may send them out onto the battlefield, because incidental to the power to declare war is the power to make war, and incidental to the power to make war is the power to draft soldiers. But Senators contend that while it may take your body or mine and send it to the battlefield under a direct grant to make war, it cannot cut 5 cents off a gold dollar, because somebody has a contract requiring payment in so many grains. Yet the rule is identically the same.

Mr. GORE. Mr. President, will the Senator yield?

Mr. CONNALLY. In just a moment. In the one case Congress is acting under its direct power to make war, in the other case it is acting under its direct power to coin money and to regulate the value thereof. When it acts in either capacity, all values in the way must give way.

I yield first to the Senator from Nebraska, as he asked me to yield first.

Mr. NORRIS. I was going to ask the Senator, assuming the proposition now to be that, instead of decreasing the amount of gold in the dollar, it was a proposal to increase it. What would these people then claim under their contracts providing for payment in gold of the present standard of weight and fineness?

Mr. CONNALLY. Most of them, when the contracts became due, would demand payment in the lawful money at the time of payment. Of course, the power to make connotes the power to increase as well as to decrease.

Now, just one other statement, and then I will yield to the Senator from Oklahoma. I quote further from the Supreme Court:

> It may declare war, or, even in peace, pass nonintercourse acts, or direct an embargo. All such measures may, and must operate seriously upon existing contracts, and may not merely hinder but relieve the parties to such contracts entirely from performance. It is, then, clear that the powers of Congress may be exerted, though the effect of such exertion may be in one case to annul and in other cases to impair the obligation of contracts.

Is there anything clearer in the English language than that statement? Congress, exercising the power which it has a right to exercise, may incidentally annul contracts and impair them. They must give way.

I wonder where the Senator from Pennsylvania has gone?

Mr. REED. I came over here on the Democratic side, in order to be closer to the Senator.

Mr. CONNALLY. I want to quote the Supreme Court further. I saw the words "a new tariff" in the Supreme Court decision, and I wanted to quote that decision. The Supreme Court stated:

> A new tariff, an embargo, a draft, or a war may inevitably bring upon individuals great losses; may, indeed, render valuable property almost valueless. They may destroy the worth of contracts. But whoever supposed that, because of this, a tariff could not be changed, or a nonintercourse act, or an embargo be enacted, or a war be declared?

Mr. President, there is the constitutional authority, as clear as the sunlight, that when Congress acts under express power, contracts of individuals must go down before it. The Senator will grant our right to enact a tariff law, because ever since the depreciated currencies of Europe have been in force, the Senator from Pennsylvania has been insisting that we ought to enact another tariff law, to build the tariff up higher and higher and yet higher. He is willing to increase the values of people who manufacture goods in the United States by a tariff law, and make people pay more for them. He is willing to cheapen the dollar in that respect, but he is not willing to cheapen it in a clear exercise of constitutional congressional power.

Mr. REED. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. REED. The very bill which is the pending business in the Senate provides for a practical doubling of the tariffs on all foodstuffs, yet the Senator from Texas is going to vote for it, and I am going to vote against it.

Mr. CONNALLY. Very well. Does the Senator deny that we have the power to do that?

Mr. REED. Not at all.

Mr. CONNALLY. The Senator does not deny the power of Congress to increase the tariff. Suppose I have a contract with some man in Europe providing for the delivery of certain goods in the United States at a certain time, and before those goods have been introduced into this country the tariff is raised, and there is nothing in the contract providing for that. What happens? Is not that contract impaired? Is not that contract affected by the action of the Government in passing a tariff law? But would anybody say that on that account the tariff law was unconstitutional? Would anybody say that two individuals, by entering into a contract, could prevent the enactment of a tariff law? Does not every tariff law that is passed affect the contracts of importers and exporters, affect the people here at home who have contracts for the output of their factories, when their costs of production are changed or varied? Does that not incidentally affect all such contracts? But the acts are not thereby declared unconstitutional.

I want to quote now from one other case, the case of *Nortz* v. *Miller* (285 Fed.), in which the court said:

> "Congress can, and often has, without impinging upon any constitutional guaranty, impaired the obligation of contracts which, when made, were binding upon the parties thereto." The prohibition of laws impairing the obligation of contracts is expressly directed at State action and does not apply to Congress, which may pass laws directly, or indirectly, impairing the obligation of contracts.

Mr. President, at this point I ask unanimous consent to insert in the RECORD a copy of the English decision to which I adverted earlier in my remarks, holding that a gold contract providing for payment in gold pounds of a certain weight and fineness may be discharged by the payment of British paper pounds, lawful money at the time of the payment.

The PRESIDING OFFICER. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

[From the Law Times (London), vol. 175, no. 4696, Saturday, Apr. 1, 1933, p. 251]

COURT OF APPEAL

RE SOCIETE INTERCOMMUNALE BELGE D'ELECTRICITE

FEIST *v.* THE COMPANY

(Lord Hanworth, M.R., Lawrence and Romer, L.JJ., Feb. 15, 16, and Mar. 17)

Foreign bond—Construction—Contended that terms of bond were to pay 100 pounds in gold coin or sterling value of gold coin on a particular date—Whether such terms enforceable—Whether promise to pay 100 pounds or some unascertained sum—100 pounds payable in any form which was legal tender

Adjourned summons. The plaintiff, who was the holder of a 5½-percent gold bond for 100 pounds, part of an issue of 500,000 pounds in 100-pound bonds, made by a Belgian company on the 25th of September, 1928, asked for a declaration that on the true construction of the provisions of the bond the principal and interest when due either were repayable in gold coin of the United Kingdom of or equal to the standard of weight and fineness existing on the 1st of September 1928, or in the alternative the defendant company when the principal and interest became repayable were bound to pay in sterling such sum as would be sufficient to buy in the market on the day of payment gold coin of the United Kingdom which would be of the same fineness and weight as would be sufficient to discharge the company's liability if the payment fell due on 1st of September 1928. The provisions of the bond were, inter alia, that the principal and interest when due were repayable in sterling in gold coin of the United Kingdom of or equal to the standard of weight and fineness existing on 1st of September 1928, but it was contended by the defendants that, as 100 pounds with interest was repayable, the obligation was satisfied by the tender of the 100 pounds and interest in whatever happened to be the form of legal tender when such 100 pounds and interest became due. A condition of the bond was that it was to be construed according to the law of England, and the parties submitted to the jurisdiction of the English courts; and the other material condition was that the bonds should constitute the direct and unconditional liability of the company in sterling in gold coin of the United Kingdom. Held by Farwell, J. (174 L.T. Jour. 367), that the bond was for the repayment of 100 pounds with interest and not for the repayment of some unascertained sum. As regarded the contention that the 100 pounds with interest was payable in gold currency, no doubt that appeared on the literal construction of the document to be true; nevertheless, the plaintiff could not insist on the obligation being fulfilled in that way, and the defendants were entitled to satisfy the obligation by tendering 100 pounds with interest in any form which happened to be legal tender in England at the time when the money became payable, and there would be a declaration to that effect. The plaintiff appealed.

Held, dismissing the appeal, that the words "in sterling" denoted the standard currency of this country, for the contract was to be interpreted according to English law. The law of England had withdrawn gold from circulation, and in 1928 the issue of notes was given again to the Bank of England in denominations of £1 and 10s., and those were made legal tender. Under the express terms of the material statutes the plaintiff was legally bound to accept bank notes in payment of the moneys secured by the bond. The company had agreed to pay the debt and interest in gold coin, but the legislature had said that it might lawfully be discharged by tendering bank notes.

(Counsel: for the appellant, A. T. Miller, K.C., Lionel Cohen, K.C., and C. J. Radcliffe; for the respondent company, Gavin T.

Simonds, K.C., and H. S. Buckmaster. Solicitors: For the appellant, Allen and Overy; for the respondent company, Stephenson, Harwood, and Tatham.)

Mr. CONNALLY. Does the Senator from Oklahoma desire to ask me a question?

Mr. GORE. Yes. I agree with the Senator that Congress may pass an act which incidentally impairs the obligation of contracts. Congress may directly impair the obligation of contracts under the bankruptcy powers. I have never felt, in view of the fifth amendment, that Congress could make a frontal attack or a direct attack on a contract, otherwise than through the bankruptcy powers.

The Senator used an apt illustration and he came to the direct point that the Government could, under the war power, take a human being and send him to war, perhaps send him to his death. That is true. Does the Senator think that, under the war power, Congress can confiscate property?

Mr. CONNALLY. No; because of an express prohibition. If there were an express prohibition in the Constitution that Congress could not impair the obligation of a contract, there might be some comparison between the Senator's position and mine.

Mr. GORE. I am sorry to hear the Senator say that. The Senator from Idaho asked a few minutes ago why the fifth amendment was inserted in the Constitution at all. There was an historic contest on that proposition.

Mr. CONNALLY. Mr. President, will the Senator pardon me? I want to conclude. I yield for a question, but not for extended remarks.

Mr. GORE. Very well. I will put it in the form of a question.

A State government possesses all legislative powers which are not denied to it either by its own constitution or by the Federal Constitution. Congress has no legislative power except such as is vested in it by the Constitution of the United States, either expressly or by implication. That is true, is it not?

The challenge that there is no clause in the Constitution which prohibits Congress from impairing the obligation of contracts leads us nowhere. Congress has only such powers as are granted it, either expressly or by implication.

I was going to mention the controversy as to implied powers between Hamilton on the one side and Jefferson and Madison on the other, Jefferson and Madison insisting on the first 10 amendments as a bill of rights to protect the citizen against the arbitrary exercise of power. Hamilton insisted that a bill of rights was unnecessary. I ask the Senator, as I was unfortunately absent when he began, did the Senator comment on the decision by the World Court rendered July 12, 1929, holding that the gold clause in international contracts was valid and had to be observed?

Mr. CONNALLY. The Senator did not.

Mr. GORE. I hold the decision in my hand, holding that Brazil and Yugoslavia were bound to make payment in gold or its equivalent.

Mr. CONNALLY. With all due respect to the Senator, I yielded only for a question. I want to conclude. I do not care to have published in the middle of my remarks this decision of the World Court, if the Senator will please excuse me.

Why, of course; but, Mr. President, answering the statement of the Senator from Oklahoma, in which he said that Congress had no power except that which is expressly delegated to it, I will say there is no conflict between that position and the one which the Senator from Texas occupies when he says that Congress has been expressly granted the power to regulate the value of money; and when it regulates the value of money if in doing so some man's contract is affected, under the holdings of the Supreme Court, such contracts must give way, because it is the action of a sovereign government under an express power.

Mr. President, I want to conclude. I beg the Senate's pardon for consuming so much of its time.

Mr. President, I started out to endeavor to demonstrate that the Senator from Pennsylvania and others were in error when they undertook to hold up this amendment as providing for wholesale inflation. I ventured to suggest that the first section provided for only $3,000,000,000 expansion, when, under the present gold reserve, we might expand $4,000,000,000 and still have a sufficient Federal gold reserve. However, Mr. President, referring to what the Senator from Oklahoma said a minute ago about a decision of the World Court on the gold standard—I have not read the decision—I drew from what the Senator said that the World Court, and international authorities, regard gold and gold settlements as the heart of international finance; and that is true.

We are about to enter an economic conference; the President already is discussing with statesmen of Europe the settlement of currency questions, arrangements with reference to war debts, perhaps, foreign trade, tariffs, and commerce. May I say to Senators that money and currency are the heart of all these other questions. The pending amendment is a grant of power to the President in order to arm him so that when he enters that conference, if it shall be desirable to have Europe return to a gold standard—and the Senator from Pennsylvania admits that it is desirable to have that result accomplished—the President of the United States may have the power to enter into agreements with foreign nations whereby, if they return to the gold standard on a lower ratio of gold for their currencies, the United States may revalue its own gold dollar in a measure somewhat comparable to the standards of foreign nations. So far as the consequences that might follow are concerned, we can take care of them here at home. Let me say to the Senator from Virginia that Government obligations can still be paid in full when the Congress comes to settle the results after the revaluation of the gold dollar. A man who has a contract requiring the payment of gold in grains of standard weight and fineness is not deprived of any right which he may have, for he still has the forum of the courts; he may go into the courts, and, if his contract is still valid, he may have that contract enforced.

Mr. President, simply because we have not revalued the gold dollar in the immediate past is no reason, when we are now confronted with the wisdom and the desirability of reducing the value of the gold dollar, why Congress should be so timid and so afraid as not to do that which is required by the public interest.

Mr. President, we have been in the grip of this depression for nearly 4 years. Instead of conditions improving, they have been growing more bitter and more distressing from day to day. In this tragic era, to whom are the people of the United States to look for redemption? Are we going to look to European nations that by the reduction of their own currencies have won our trade, that by the instability of their currencies are disturbing our transactions? Mr. President, the people of the United States are looking to Congress and are looking to the President to take those steps which will be in the national interest, and I believe——

Mr. GORE rose.

Mr. CONNALLY. I yield to the Senator from Oklahoma for a question.

Mr. GORE. I think the Senator's answer to my question was correct when he said that Congress could not confiscate property even in time of war. His answer was in effect to cite an express prohibition that no person shall be deprived of property without due process of law. I do not think the courts have passed directly on the point I am about to mention, and, for that reason, I propound it to the Senator: Suppose that I had bought from the Senator a number of yearlings, to which he referred awhile ago, and had given him my note for $1,000—I have considered contracts as property—does the Senator think that Congress could pass a law providing that that $1,000 contract could be paid off with $500?

Mr. CONNALLY. No. The Senator from Texas thinks that the contract calling for the payment of $1,000 can be paid in $1,000 of a value fixed by Congress between the date of the making of the contract and the time of its payment. That is what the Senator from Texas says.

Mr. GORE. The Congress cannot directly provide that a $1,000 contract may be liquidated with $500, but it may do so by cutting the amount of gold in two. I think the Senator is right where the contract does not stipulate that the payment shall be made in gold of the present weight and fineness; there is no doubt about that, but I doubt the power where the contract calls for payment in gold coin of standard weight and fineness. That is the point of law which I raise and which I believe the Court has settled.

Mr. CONNALLY. The Senator confuses bullion contracts—and that is what the English decision held—with dollar contracts. If I make a contract for the payment of so many dollars, payment can be discharged with so many dollars, while if I make a contract for so many grains of gold, it can only be discharged by the payment of so many grains of gold. A contract, however, cannot be both a bullion contract and a dollar contract; it must be one or the other.

Mr. GORE. The Supreme Court, in the case of Bronson against Rhodes, I believe, did say that.

Mr. CONNALLY. If the Senator had been here, I quoted from the *Bronson case* in the opening of my remarks. I am not trying to delude the Senate.

Mr. GORE. I assume that in the second set of *Legal Tender cases*, the case of Lee against Knox and in the case of Parker against Davis, in Twelfth Wallace—

Mr. CONNALLY. I have read both of them to the Senate.

Mr. GORE. Did the Senator read to the Senate another case decided at the same session of the Supreme Court in which Mr. Justice Bradley, who had concurred in the opinion in the *Legal Tender cases*, dissented because, he said, the argument in the case of Treblecox against Wilson was contrary to the doctrine which he had laid down in the *Legal Tender cases* bearing upon this very point at the same term of the court. The case of Treblecox against Wilson involved a contract payable in gold of standard weight and fineness. The court sustained the contract in spite of the then recent legal-tender decisions.

Mr. CONNALLY. I will say to the Senator that I did not read that particular decision, but I read to the Senate every pertinent decision in the *Legal Tender cases*. I did not read the dissenting opinions. If the Senator had been here honoring me with his presence, I should not now have to repeat what I have said to the Senate, much to my own embarrassment and much to the annoyance and weariness of the Senate.

Now, Mr. President, in conclusion let me say that of course the pending amendment contains a tremendous grant of power to the President. I am not going to discuss the constitutional aspects of that question, but, Mr. President, the task before the President is a gigantic one. He must have tremendous power to meet the responsibilities which rest upon him; and after these agreements shall have been made, let Senators be not afraid. Congress will still be here in Washington; the Constitution will still remain in force; the courts will still be sitting, and Senators need have no fear that any substantial right or privilege of any American citizen guaranteed by the Constitution will be deprived him.

Mr. President, this is an effort of the Congress and of the President to do something toward recovery. For 4 years we have followed the leadership of the Senator from Pennsylvania and his colleagues under the last administration. We followed many will-o'-the-wisps, and we became lost in the bogs and swamps. Now that the administration has changed, now that we have a leader who has vision and courage and a program, a leader in whom the people of the United States have confidence, let not the Congress stand in the way; let us arm the President with sufficient power to go to the economic conference and bring back some tangible result and offer to the people of the United States a highway out of the morasses of panic and suffering and depression with which they are now surrounded.

Mr. DILL. Mr. President, will the Senator yield?

Mr. CONNALLY. I am through.

Mr. DILL. I want to ask the Senator a question.

Mr. CONNALLY. Very well, I yield.

Mr. DILL. Does not the Senator think it would be wise to bestow the power also to increase the gold content of the dollar, as well as to decrease it?

Mr. CONNALLY. The Senator from Texas would say "yes" if this were to be a continuing power, but in the present attitude of the world, the Senator from Texas cannot conceive why there should be any increase in the gold content of the dollar.

Mr. DILL. Of course, if we decrease it, we make gold more valuable; we double the value of gold?

Mr. CONNALLY. We double it by statute, but we leave the value of gold as a commodity where it is now. It will be the same at the mint. At the mint it will be worth more in dollars, but it will not affect any other currency; it will not affect any commodity; it will merely buy more dollars; that is all.

Mr. DILL. It seems to me the trouble today is that gold is too high, and if we decrease gold we make it even higher.

Mr. CONNALLY. Let me say that the Senator confuses gold with the gold dollar. The gold dollar is high, but whether the gold dollar has 23 grains or 16 grains does not change the amount of gold in the world. As a commodity, robbed of its status as a dollar, it will remain just the same; it will be worth just as much in British pounds and French francs and German marks. We will take 23 grains of gold and we will make a dollar and a half, we will say, but the gold itself will have the same intrinsic value; it will merely buy more dollars because dollars are merely a fiction; a dollar is a symbol; it is simply a certain amount of money which the Government says is a dollar.

Mr. DILL. Mr. President, will the Senator yield further?

Mr. CONNALLY. I yield.

Mr. DILL. What is now the value of gold per ounce?

Mr. CONNALLY. It is worth $20.67.

Mr. DILL. What will it be worth if we double it or increase it by 50 percent?

Mr. CONNALLY. In dollars it will be worth 50 percent more.

Mr. DILL. It will be worth twice as much more. If one had a $20 gold piece he could then get two $20 gold pieces.

Mr. CONNALLY. I thought the Senator said if we increased it—

Mr. DILL. No; if we decreased it.

Mr. CONNALLY. If we decreased it 50 percent, of course, the gold would be worth two $10 gold pieces instead of one $10 gold piece.

Mr. DILL. Yes; we would have doubled the value in dollars.

Mr. CONNALLY. We would have doubled the number of dollars, but we would not have changed the intrinsic value of gold.

Mr. DILL. And when the world is suffering from the high price of gold the Senator wants to make it higher.

Mr. CONNALLY. What does the Senator want to do about silver?

Mr. DILL. I want to increase its price so as to bring it more nearly to the value of gold.

Mr. CONNALLY. The Senator wants to increase the price of silver. When we cut the gold dollar in two we will raise the price of silver just twice.

Mr. DILL. It will take twice as much silver to buy it.

Mr. CONNALLY. Oh, no. Here is a 50-cent piece. We will assume it is a gold dollar; we cut that gold dollar in half, and make each half a gold dollar. Is there any more gold when we get through than when we started? The amount of gold is the same; we merely have 2 dollars. When we cut the dollar in two we have made a dollar worth 50 cents in gold, whereas formerly it was worth a dollar in gold.

I yield the floor, Mr. President.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States, submitting several nominations, were communicated to the Senate by Mr. Latta, one of his secretaries.

HOUSE BILL REFERRED

The bill (H.R. 5012) to amend existing law in order to obviate the payment of 1 year's sea pay to surplus graduates of the Naval Academy was read twice by its title and referred to the Committee on Naval Affairs.

RELIEF OF AGRICULTURE

The Senate resumed the consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

Mr. VANDENBERG obtained the floor.

Mr. ROBINSON of Indiana. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Indiana?

Mr. VANDENBERG. I yield.

Mr. ROBINSON of Indiana. I do not desire now to take the time of the Senate, and I shall not attempt to discuss the amendment which I now propose to offer, except to say that untold thousands of veterans of various wars of the country and their dependents find themselves at this moment in dire need and distress.

The perfectly indefensible legislation that was enacted at the request of the President, known as the "economy bill", will, of course, ultimately have to be repealed and the great wrong done the thousands of veterans and their families must be righted. Otherwise the Nation will continue to be on the downgrade. It never can be on the upgrade until that wrong is righted. A nation that deals ungenerously and unfairly with its defenders can never succeed, and so that wrong must be righted. But in the meantime we must look after the economic needs of the people who have been wronged.

Therefore I am offering an amendment, now that we are about to have plenty of money, providing for the immediate payment of the adjusted-service certificates, commonly called the bonus, to be paid under subsection (b) (1) of section 34, providing that the President may direct the issuance of $3,000,000,000 in Treasury notes, but not increasing that authorization. I shall discuss the amendment at length at the proper time. Meanwhile I send it to the desk and ask that it be printed and lie on the table.

I am very grateful to the Senator from Michigan for yielding.

The PRESIDING OFFICER. The amendment submitted by the Senator from Indiana will be printed and lie on the table.

Mr. VANDENBERG. Mr. President, in respect to the pending problem which is generally described as the philosophy of inflation, my own view at the moment runs to neither of the extremes which have been submitted thus far in the debate.

Mr. JOHNSON. Mr. President, may I ask the Senator to yield so that a quorum may be called?

Mr. VANDENBERG. I thank the Senator for his courtesy. I am quite happy to proceed for the RECORD. However, I yield to the Senator from California.

Mr. JOHNSON. I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator from California suggests the absence of a quorum. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Carey	Hale	McNary
Ashurst	Clark	Harrison	Metcalf
Austin	Connally	Hastings	Murphy
Bachman	Coolidge	Hatfield	Neely
Bailey	Copeland	Hayden	Norbeck
Bankhead	Costigan	Hebert	Norris
Barbour	Couzens	Johnson	Nye
Barkley	Cutting	Kean	Overton
Black	Dickinson	Kendrick	Patterson
Bone	Dill	Keyes	Pittman
Borah	Duffy	King	Pope
Bratton	Erickson	La Follette	Reed
Brown	Fess	Lewis	Reynolds
Bulkley	Fletcher	Logan	Robinson, Ark.
Bulow	Frazier	Lonergan	Robinson, Ind.
Byrd	George	Long	Russell
Byrnes	Glass	McAdoo	Sheppard
Capper	Goldsborough	McCarran	Shipstead
Caraway	Gore	McGill	Smith
Steiwer	Townsend	Van Nuys	Wheeler
Stephens	Trammell	Wagner	White
Thomas, Okla.	Tydings	Walcott	
Thomas, Utah	Vandenberg	Walsh	

The PRESIDING OFFICER. Ninety-one Senators having answered to their names, a quorum is present. The Senator from Michigan has the floor.

Mr. VANDENBERG. Mr. President, my view of the existing problem now confronting the Senate in respect to the proposed inflation program runs to neither of the two extremes that have been submitted. Upon the one hand, I decline to reject the entire potential inflation program. This is no hour for static attitudes. On the other hand, I decline to embrace that section of the program which involves an unconscionable surrender of congressional power to an executive dictator and a needless threat against the precise stabilities which the inflation program contemplates.

I concede, Mr. President, the existence of an emergency. I am not at all sure that it is not just as much of an emergency as 1862 which produced the Monetary Act of 1862 and which we are in a degree about to paraphrase. I concede the existence of a disparity in respect to the relationship between debtor and creditor which cannot be left any longer exclusively to the natural law. I concede that except as there may be successful legislative contribution to this economic situation promptly, it is entirely possible that we confront not only bankrupt individuals by the millions, not only bankrupt corporations by the millions, not only bankrupt municipalities, but bankrupt States. Today's relentless deflation of citizens and commerce and banks and communities must stop. We are at the zero hour.

In the face of a situation of that character I decline to entrench myself against all experiment and adventure. The things that we have attempted thus far have not succeeded. New efforts must persist until success is found. There is a new administration in Washington which has a clear mandate to make its own attempts to proceed by a different course. I propose so far as it is humanly possible and except as my conscience rejects certain elements, to permit the new physicians to write their own prescriptions.

I shall submit to the Senate, Mr. President, the view that we are justified in permitting this potential inflation program to proceed down to that point in the amendment where it is proposed to permit the President of the United States, if, as, and when he pleases, responding to his own individual wish or whim or his own personal judgment and always upon his own unsupported initiative, to rule or ruin the value and the volume of the gold dollar and therefore the monetary system of the United States. Indeed it is amazingly proposed even to let him launch us upon the free and unlimited coinage of silver at any ratio which suits his fancy.

I shall submit that we are justified in approving the pending amendment provided this despotic and wholly dangerous section is deleted.

I shall submit, Mr. President, that this section is indefensible as a delegation of power which is entirely too close an analogy and too suggestive of what has happened to dead democracies all around the globe during the past decade of rising tyrannies and languishing liberties.

I shall submit that it is a needless crime because the balance of the potential inflationary program, in the purview of the best authorities I can find in this country, is sufficient to achieve our ends.

I shall submit that this vital power, the so-called "gold section" of the bill, is not only unnecessary, not only unconscionable, not only probably unconstitutional, but that it also serves to defeat the very purpose of the balance of the bill, first because it creates a status of perpetual uncertainty in respect to the standards of value upon which American business shall be done and, secondly, because it casts a shadow upon the faith and credit of the United States in respect to its monetary contracts, and casts that shadow at the precise moment when under the other so-called "greenback section" of the bill we are going to ask the American people to trust the faith and credit of the United

States, backed by nothing else, as they have not trusted it since 1862.

From my point of view, this one section of the bill dealing with the Presidential authority and the gold and free-silver sections of the law is wholly at war with the balance of the pending inflationary proposal, wholly at war with the spirit and the genius of American institutions, wholly at war with our responsibilities, and wholly at war with the best welfare of the American people.

Mr. President, so far as the other powers for inflation are concerned that are involved in this bill, there is often a chance for formidable argument against them. But there is better reason for argument in their favor. It seems to me that the position is defensible in respect to every section of the proposal except the one which I shall undertake to identify as objectionable.

I think there is universal agreement that the recent embargo upon American gold and the decision to permit the American dollar to take its own course in international exchange, was a wholesome, helpful, useful, worth-while thing; and I think there is universal agreement that the President acted with great wisdom in that decision. I unequivocally support him in it. It renews our first opportunity in many months at fair competition for the world's trade.

It seems to me that the specific provisions for inflation in the pending amendment, one by one, can be similarly defended as useful and potential contributions to the existing situation. Certainly the price trend of commodities can be stimulated by legislation affecting the currency, although it is well known, from my view, believing as I do in the velocity theory rather than in the volume theory of currency, that we are neglecting to serve the primary impulse when we deal first with physical currency instead of with bank-credit currency. In other words, our problem is not so much to create currency as it is to put currency to work. That means a normal banking function.

I shall not expand that argument this afternoon. I spoke upon it in the Senate again last week. It is my feeling that bank-credit currency is 15 times as important as physical currency, because 15 times as much business is done with bank credit in the form of checks and the like as with physical money. So far as an economic resurrection for America is concerned, we would do far better to start our program with a liberalized Federal Reserve policy in respect to banking, and with emergency money to release frozen bank deposits to the depositors, and with a Federal warrant behind bank deposits, so as to create that confidence out of which renewed commercial activity and commercial credit and bank-credit currency must flow. Like Cato speaking everlastingly of Carthage, I say again that bank-deposit insurance, by Federal warrant, will do more for America than any other single aid. In passing I quote a recent observation by Thomas Nixon Carter, professor of political economy at Harvard University:

> Credit will not expand again until confidence is restored. Confidence will not return until people believe that their money is safe when in a bank or when invested. They will not have confidence in banks until the Government guarantees bank deposits. That is a drastic measure, but nothing short of that will do.

Again, Professor Carter says:

> If the Government would do these two obviously right things—namely, guarantee bank deposits and subsidize gold production—it would not be necessary to do the many futile things they are now trying to do. The depression will end when we have a banking system in which depositors cannot lose their savings and when there is gold enough on the market to make it cheaper and the prices of other things higher in terms of gold.

I associate myself with that opinion. But the administration in its wisdom has concluded, for the present, to launch experiments in physical currency instead of bank-credit currency; and I repeat my willingness to go along with rational inflation for whatever it may be worth.

I concede—who can deny it?—that there will be utility in legislation in respect to the commodity-price index, and thus in respect to breaking this vicious deflation circle that has us in its paralyzing grip. But make no mistake. There are victims of inflation even as of deflation. Rising prices will not be offset by rising wages. Fixed incomes will all suffer in their buying power. Increased cost of living is not an unmixed benediction. Even controlled inflation has its jeopardies. Still, we must break the vicious circle. The "new deal" would try this weapon. So be it.

When we come to this amendment I do not see how anybody can complain against the first permission included in subsection (a) respecting a total of $3,000,000,000 in open-market operations, and in the direct purchase by the Federal Reserve Board of obligations of the United States Government—yes; including even a suspension of the penalties against a reduction of the 40-percent gold cover. I agree to that. I am happy to go along with it.

If this particular proposition fails to produce the desired results, I shall not seriously quarrel with the subsequent provision permitting the issuance of United States notes to a total not exceeding $3,000,000,000 for the purpose of purchasing and retiring an equivalent amount of United States bonds. This is an emergency. It is an emergency in the precise analogy of 1862, when the original so-called "Greenback Act" was passed. It is not the type of thing I would voluntarily embrace—by no manner of means; nor would I embrace it without the most utterly solemn warning that that which is controlled inflation in the first instance may easily become uncontrolled inflation day after tomorrow, and that the precise door which is opened in this precise section may well be the door that opens upon subsequent uncontrolled inflation unless there is a sterner caliber of decision and judgment here than there has usually been in any other nation or any other parliament that ever tried it. But I submit that it is something of a paradox to entrench our fears against so-called "greenbacks" when we contemplate a variety of far less valuable scrip in circulation locally in many sections of the country.

Mr. HASTINGS. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. HASTINGS. Does the Senator see any particular merit in limiting that section to $3,000,000,000?

Mr. VANDENBERG. Well, yes, Mr. President; I see this merit: It is the merit of sending the whole problem of inflation back to the Congress for a renewed expression of its judgment if the permitted volume is insufficient. I want renewed judgment exercised in respect to this section of the law, because I repeat that there could be nothing more menacing than the iniation of uncontrolled inflation. The more checks and balances the better. We want all the advantages which we can get from controlled inflation. We want to arm ourselves against the disadvantages. I look for real advantages and real hope and real aid so long as inflation is controlled. I look for disaster if the control falters or fails. My warning to the administration is an integral part of my approval of this section of the bill.

Rash friends of reckless inflation may brush aside the experience of the German Republic and say that it has no place in this debate, because no such tragedy is contemplated by us as we embark upon this adventure. But, Mr. President, I am sure there was nobody sitting in the German Parliament who ever contemplated when they first launched printing-press money that within 4 or 5 years they would have printed 418 quintillion marks—and that is 418 with 18 ciphers after it—and that nobody over there contemplated that the ultimate stabilization would have to be upon the amazing and devastating basis of one trillion to one.

There always is menace so long as you have started down the road to inflation under this type and character of inflation. But we must choose today between relative evils, and there is no evil comparable with a continuation of existing grief and woe and disintegration. The best protection in the world that we can have, if we embrace this recourse, is to understand baldly, as we start upon it, precisely what the responsibilities are, precisely how and why there has to be stern repression, or that which is controlled today will be uncontrolled tomorrow. Today's tonic will be tomorrow's poison.

I remember listening a year ago to a Member of Congress testifying before the Commerce Committee in respect to some great river project. After he had outlined this magnificent undertaking I said to him:

"How do you propose to pay for it?"

He said, "Why, we will print the money."

"Do you mean just print it?"

"Yes; just print it."

"Well, after you have started the presses, why do you stop with just half a billion dollars for this project?"

"Oh", he said, "I would not."

"Well, how much more would you print?"

"Oh, I would print two and a half billion more to pay the bonus."

"Well, would you stop there?"

"No; I would print five billion more for public building projects."

"Well, would you stop there?"

"No; I would print a couple of billion more to pay the current Federal deficit."

"Well, would you stop there?"

"Well", he said, "I will tell you, I am not much of an economist and I do not know where it would be wise to stop." [Laughter.]

There is an illustration of the menace. That is the way controlled inflation easily runs on into the danger zone. I voted a few days ago for the so-called "Frazier bill", as a philosophy of action, because it not only offered mortgage relief to the hard-pressed farmer but also, and particularly, because it proposed to tie inflated money to the land. The land may fluctuate in value, but it does not disappear. I prefer currency tied to things instead of to human fallibilities. But if we recognize the danger in the course we are invited here to take, we may avoid it. At any rate no danger could exceed that of a failure to arrest the contemporary economic degeneration in the United States.

Mr. President, I did not quote the Commerce Committee episode in any invidious aspect at all. It was a perfectly frank and honest expression of a perfectly frank and honest viewpoint. That is the danger of these viewpoints. They are frank and they are honest; and too frequently, when once controlled inflation has been undertaken, these viewpoints are willing to proceed step by step on into uncontrolled inflation. Except as that warning were laid upon the bar of the Senate and laid upon the conscience of the country, it would be utterly dangerous to proceed under the section to which I advert. But I say again that if controlled inflation is the process by which this new administration, unequivocally commanded to this job last November, proposes to try to save the situation, I propose to permit them, so far as I conscientiously can, to proceed under the prescription which they desire; and I concede that there is large advantage in the thing that is proposed, provided we can have the assurance that we do not overshoot the mark. In other words, it is not merely the length of the step which challenges our attention; it is particularly the direction of it which must call us to account.

So, I say, I am willing to proceed under these sections of this proposed inflation program. I am perfectly willing to agree to that additional section of the program which contemplates the acceptance of certain amounts of silver on account of foreign war-debt installments. Anything obtained upon that account is worth while; and there should be no serious problem regarding silver coinage, and silver certificates based thereon, as a further element of controlled inflation. Certainly I agree to any program which encourages the international stabilization of gold or silver, or both.

I am perfectly confident that the international stabilization of silver would be of incalculable advantage to the export trade of the United States. I was told in China 2 years ago, by a man of dependable judgment, that the pacification of China and the international stabilization of silver would represent $2,000,000,000 a year of new export trade to the United States alone. That is 50 percent of all our export trade today. I am eager to encourage the approaching World Economic Conference in respect to this international stabilization of gold and of silver, or of one or of both. Anything that we can do by way of encouragement I am prepared, so far as I am concerned, to undertake to do. In the final analysis, if all of these things have failed and there is no other recourse left, I shall have no horror in approaching the question of revaluing the gold dollar in the United States for the purpose of overcoming this insufferable disparity between debtor and creditor, so long as we confront it upon our own responsibility as legislators under the Constitution.

Mr. DICKINSON. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield to the Senator.

Mr. DICKINSON. Right there the question of whether or not we can have an international agreement is a most interesting question. It seems to me that one of the things we ought to think about is, in case an international agreement cannot be reached, then whither are we drifting?

I should like to read here a short paragraph from Garet Garrett's article in the Saturday Evening Post of April 15, which I think fits into the picture suggested by the Senator from Michigan.

The PRESIDING OFFICER. Does the Senator yield for that purpose?

Mr. VANDENBERG. Briefly. I desire to conclude as soon as I can.

Mr. DICKINSON. This is just a short paragraph.

> There is nothing sacred about the gold standard. But, again, this is not a struggle over any principle of money. It is a struggle for power.
>
> Suppose it were agreed to debase the American dollar. To what level should it be debased? To the level of the pound sterling or to the much lower level of the Japanese yen? Suppose we should debase it only to the level of the pound sterling. Then suppose the British Treasury should further debase the pound sterling, as it has already threatened to do, and suppose the Japanese should further debase the yen. That way lies a competitive debasement of currencies to the point of zero. What then? Well, then, total world-wide insolvency, probably a universal repudiation of international debt, at the expense of the principal international creditor, and complete financial chaos. Out of that chaos the strongest country would emerge on a gold-money basis again—necessarily on a gold-money basis because every other kind of money would be worthless.
>
> Those who have been playing against us this game of exchange have not intended, of course, to let it go as far as zero, just as countries going to war never intend the destruction to be total. Each one expects to be able to inflict more damage than it suffers.
>
> This country can defend itself; it can make itself invulnerable, but it cannot afford to play the game of depreciated currency, either competitively or in reprisal.

I am wondering whether or not, under the suggestion the Senator from Michigan is making now, that he concurred in the first section, providing for inflation, and particularly section (2), providing for the debasement of the gold dollar, if those sections stay in the bill, we are not headed in the very direction suggested by Garet Garrett.

Mr. VANDENBERG. Mr. President, if the section respecting the gold dollar stays in the bill in the form in which it now is, and particularly if it is amended to include the free and unlimited coinage of silver by mere Presidential fiat, I cannot support it, for the reasons which I shall now undertake to detail. Furthermore, I am perfectly conscious of the deadly menace in a race between nations in respect to depreciated currency. I think that race has a substantial bearing upon this precise gold section, because it seems to me that the creation of an indefinite Presidential power to raise or lower or manipulate the gold content of the dollar and the ratio of our silver coinage is a virtual invitation to our entry and participation in just such an international race to see which nation can debase its exchange the most and the quickest. It is virtually saying to the President that we propose not only to allow him but to encourage him to engage us in this competition of depreciating currencies. I want to come to that with a little greater definiteness in just a moment.

The thing I am trying to say, very briefly, is that, in my opinion, 90 percent of the people, at least in my section of the country, want to see President Roosevelt and this admin-





istration given a chance to try properly controlled inflation. I think there are many Senators who feel as I do, that they also are willing to permit reasonable and even aggressive experiments in that behalf, if this one repugnant and offensive section, around which 90 percent of the debate here and the argument and controversy always rages, can be eliminated. Since I think it is a subject of proof that it is the least important section from the standpoint of these prescriptionists themselves, I submit that it ought to be eliminated, so that there may be a reasonable unity of action behind the President in this ambitious assault upon the depression.

Mr. President, a great deal has been said here of a political character in the last 2 or 3 days by way of attempting to reflect upon the recent administration and its two Secretaries of the Treasury, Mr. Mellon and Mr. Mills. I call the Senate's attention to the fact that, as to this particular gold section of the pending amendment which I am begging shall be taken out of the bill, my appeal does not rest for its support upon those particular Secretaries of the Treasury, but I call the Senate's attention to the fact that the Committee on Banking and Currency of the Senate divided 10 to 10 upon this precise proposition, and that two Democratic ex-Secretaries of the Treasury, who now honor this body with their membership, the distinguished senior Senator from Virginia [Mr. GLASS] and the distinguished junior Senator from California [Mr. MCADOO], were recorded against this section of the pending amendment.

I am not undertaking to infer what their attitude may be respecting the balance of the proposal; they will speak for themselves. But I am addressing myself particularly to the proposition that this gold-and-silver section should be deleted, and I submit that the deletion of the section has behind its argument not only the recommendations of ex-Secretaries Mellon and Mills, if such recommendations were made, but that it also has behind it the recommendations of ex-Secretaries GLASS and MCADOO. Turn your back on Republican ex-Secretaries if you want to, I say to my friends across the aisle, but do not turn your back on your own Democratic ex-Secretaries, who are your own present colleagues, and their seasoned opposition to this portion of the bill.

Mr. President, if 4 ex-Secretaries of the Treasury, divided 2 upon one side of the aisle and 2 upon the other, are a unit in their recommendations that this section ought to go out of the bill, I submit that some of the rest of us, who are merely humble laymen in respect to complex fiscal problems of this nature, have received some advice worth heeding.

I said that I thought that, fundamentally, we have no right to sublet this authority to manipulate the currency to the Executive. I was speaking not merely in terms of constitutional technique; I was speaking with a view to the spirit and the genius of American institutions. Perhaps that is an academic sort of contemplation when men and women are hungry. But it was not an academic conception even in the presence of hunger and want and woe when the foundations of the Nation were laid down. We are under no greater urge to embrace fiscal expedients which might be relatively easy than were the fathers and the founders, who inherited the necessity to set fiscal chaos right when the foundation of the United States was established in fiscal honor and fiscal integrity. From that day to this there is not one spot or place in the story of the whole Government of the United States that has in it any remote parallel for the autocratic and dictatorial powers which the pending bill, to say nothing of the pending section of the pending amendment, proposes to strip from Congress and to grant to the President, in contravention of every theory of ordered liberty.

As friendly a newspaper analyist as Mr. Arthur Krock, of the New York Times, initiated a discussion of the existing prospectus last Sunday with the following sentence:

> A poetic statistician has estimated that, after 49¼ days in office, Franklin D. Roosevelt possesses, is seeking, and has been offered more absolute power than the sum of the arbitrary authority exercised at various times in history by Generals Washington, Lee, Grant, and Sherman, Presidents Jackson, Lincoln, and Wilson, and all the Emperors of the Ming dynasty.

[Laughter.]

Mr. President, that is an exaggeration, of course. Yet not so much of an exaggeration in essence. It is an analogy with a challenge. All over this world we have seen liberty crumble in the presence of these emergencies of today, and most of the emergencies are economic. We have seen ordered liberty disappear upon the one hand in surrender to individual autocracy or on the other hand in surrender to communism. Why should we feel that we are totally immune to those forces which thus are putting liberty in chains all round this world? In the presence of a situation such as that which is involved in this farm bill as a whole, whether with or without the inflation annex, have we a right to think of this thing solely in terms of crops and processors, in terms of markets and of commodity indexes, in terms of dollar content? Have we a right to consider ourselves relieved of assessing the net result, or at least the trend, when we propose to arm the Executive of this Nation with another power greater than anything that was ever remotely contemplated in the sum total of the history of the United States if not in the sum total of human experience? I do not cringe from unified command in this or any other war. That is why I earnestly seek to follow and support the President. But I do balk at blank checks and dictatorships.

I read what Mr. Krock had to say on the subject. I should like to read one other sentence from another friendly critic, and I quote now from Mr. John W. Owens, the editor of the Baltimore Sun:

> The Roosevelt administration is nearing the edge of pronounced left-wing radicalism—so pronounced that it may involve little less than economic and social revolution.

I do not know whether they are approaching "the edge of pronounced left-wing radicalism" or not. I assume that the edge of left-wing radicalism means socialism or communism. I am not sure they are not trending rather in the direction of the edge of pronounced right-wing radicalism, which bespeaks its power and its efforts and its authority in terms of Hitler-ism and Mussolini-ism and personal dictatorship. Neither result will be acceptable to the American people.

Nobody has the remotest idea that either of these objectives rests in the mind of the President or in the minds of his advisers, or in respect to any of the program which is now laid upon our desks. But can we sign off our responsibility by pleading the present good faith of those who are demanding these extraordinary powers and proposing to exercise them?

Why do representative democracies always insist that their parliaments shall control the public purse? Because the power to tax is the power to destroy. The power to regulate the value of money—given by the Constitution to the Congress, not to the President—is a potent control of the public purse. Therefore it, too, may be the power to destroy. Our destruction, no matter how unmeditated, should never rest in the authority of any one officer of government.

I remind Senators of the immutable truth set down in the Federalist Papers:

> No man can be sure that he may not be tomorrow the victim of a spirit of injustice by which he may be a gainer today.

No man, Mr. President, can be sure that he may not be tomorrow the victim of a surrender of constitutional safeguards by which he thinks he might be a gainer today.

Mr. President, under the pending bill, upon which we are now proposing to graft this amendment, we are undertaking to allow an agent of the Executive to fix virtually unlimited sales taxes on the food and clothing of the people, then to appropriate and pay public revenues to such private persons as he sees fit, then to issue or withhold licenses over industry, and to put America's farms on rations. "More absolute power than the sum of the arbitrary authority ever heretofore exercised."

On top of that we are proposing, under the amendment, through the objectionable section which I attack, to permit the same Executive authority to rule the volume and the value of our money, and if that does not complete an absolute autocracy one was never completed in this world.

I submit that since it is not necessary to include this permissive power in the amendment—and it is the only part in the amendment where any such permissive power is lodged—since it is not necessary, I submit that we dare not encourage this antidemocratic trend.

It is well to remember Washington and his Farewell Address. I know some Senators are impatient in the presence of any such ancient recollection, but, after all, we cannot get away from the fact that we have a responsibility to American traditions and to American institutions.

We have a primary oath to maintain the genius and the spirit of these American institutions. I merely want to read one paragraph from President Washington's Farewell Address:

> It is important likewise, that the habits of thinking in a free country should inspire caution in those intrusted with its administration, to confine themselves within their respective constitutional spheres, avoiding in the exercise of the powers of one department, to encroach upon another. The spirit of encroachment tends to consolidate the powers of all the departments in one, and thus to create, whatever the form of government, a real despotism. A just estimate of that love of power and proneness to abuse it which predominate in the human heart, is sufficient to satisfy us of the truth of this position. The necessity of reciprocal checks in the exercise of political power, by dividing and distributing it into different depositories, and constituting each the guardian of the public weal against invasions of the others, has been evinced by experiments ancient and modern: some of them in our country and under our own eyes. To preserve them must be as necessary as to institute them.

What is to become of the checks and balances under a measure which permits price fixing by a single dictator upon the one hand and tax levying by a single dictator upon the other hand, and, over all, the privilege to one human, fallible judgment by its own ipse dixit if, as, and when it pleases, to decide what our money shall be worth and how much of it there shall be, and to change his mandate whenever he pleases?

I submit, Mr. President, that there can be nothing more repugnant to the spirit of the institutions of the United States and to the principles of the Democratic Party, as well as of the Republican Party, than a needless concentration of dangerous power of this nature; and I submit that the Congress has no right to surrender it not merely as a matter of constitutional inhibition—for I would not undertake to argue that legalistic point—but as a matter of plain fundamental fidelity to what we know to be the necessary boundaries with which we must protect and surround ordered and organized liberty.

I say it is unnecessary to put this gold section in the bill. I have not been discussing the morals of reducing the gold content of the dollar; I do not dismiss that final recourse. On the contrary, I have said that I can conceive of an ultimate emergency in which that might be necessary if done on the strength of our responsibility as legislators under the Constitution; but I say the inclusion of this section, which I know is repugnant to the viewpoint of many a Senator who is going to vote for it, runs against the best advantage of the bill itself to accomplish its own purposes.

We cannot rebuild American commerce and American economics on bases of uncertainty. If there is one thing more than another that we have got to create, it is signboards of dependable certainty, so that men may know with some degree of reliance what is to happen tomorrow and the day after.

How can there be any commercial certainty of any degree whatsoever in respect to American business or anything else so long as there exists, floating nakedly in space, the privilege in the hands of one human dictator to manipulate the value of the American dollar up, down, sideways, any way he wants to? How can there be any certainty in anybody's business or in anybody's heart; how can we have anything to tie to; where is the anchor?

And yet the remainder of this program, to which I have been willing to subscribe for the sake of experiment and adventure, may have within it the precise hope and the precise relief for which we all beg and pray if it shall be given a fair chance to succeed. But you propose, by this gold section, to leave a veritable sword of Damocles suspended above the American market place, and then you expect the market place to blandly ignore the hazard. You defeat your own purposes.

One of the most distinguished Democratic bankers in America telephoned me two nights ago to say that "there ought to be nothing in this bill except the first section which", said he, "supplementing the gold embargo is ample to bring us out of our troubles if under these two propositions America can have a chance; but", said he, "there is no chance of any nature so long as the standard of American monetary value is itself chaotic, is itself a straw in the wind, and no more reliable than a broken reed."

How can a business man contemplate a long-range development for tomorrow, if he does not know what his dollar is worth even this afternoon until he reads his newspaper? How can there be any of that courageous forward march which is so necessary in this situation if there is no point at which our captains of industry and their lieutenants and adjutants, upon whom they must depend, can ever know from one day's end to the next the value of the basic measure of exchange in which all their transactions must be assessed?

Talk of managed currency! Do you know of any managed currency on earth which has just one manager, as proposed in this gold and silver section, who can do as he pleases, when he pleases, how he pleases with this vital element? Management implies orderly and regular control. This section invites potential chaos—not because the President is unreliable, but because the intended power is unreliable, unbounded and uncontrolled, and unresponsive to any checks and balances.

I submit that the inclusion of this section in the bill completely nullifies and vetoes all chance of the remainder of the program to succeed. "Well", it is said, "we want it there in order to free the arms of the President when he enters the economic conference, so that he can deal authoritatively in contact with other great world powers in that notable and highly important contest." Mr. President, I hold to the theory, so often expressed by the able senior Senator from Illinois [Mr. LEWIS], that the principals speaking for the nations of this earth are infinitely safer when they negotiate through agents, through plenipotentiaries, than when they themselves negotiate.

I think that the President of the United States will be in better position to deal with the great international authorities at the approaching world conference if, instead of being a free agent, so that he can be "put upon the spot" the very moment any proposition is laid down to him by Great Britain or by France or by some other power, he has the protection afforded by the necessity of returning to his native land and to his Congress for its O.K. I think he will be infinitely safer as a negotiator not only from our viewpoint as a nation but from his viewpoint as a negotiator. If the international contract he negotiates is good, it will be ratified when he comes home; if it is not good, it ought not to be ratified either before he comes or after he comes home. I know of no way by which we, as Members of the Senate, can sublet to anybody the final responsibility for passing upon those contracts and those contacts when they shall have been made. I remind the Senate that the advance issuance of any such unchecked privilege of international negotiation would have put us in the League of Nations in 1920.

Finally, I submit again that the existence of this section runs squarely counter to the remainder of the inflation program, because if this section goes into the amendment and into the bill on the heels of these debates, there is raised a question as to whether or not the Government of the United States proposes to keep its word in respect to its

gold bonds. The able Senator from Virginia [Mr. GLASS] put his finger squarely on it in an interrogatory a little while ago when he stated that the gold section of this bill squarely invites suspicion and doubt as to whether or not the promise of the United States is good as literally made heretofore; and yet in the same measure and in one section of it to which I have already given my approval it is proposed, for the first time in half a century, to ask the American people to trust the faith and credit of the United States in respect to their money with no other reliance behind that money.

In one section of the bill we propose to issue paper money upon the naked word of Uncle Sam, and in another adjacent section of the amendment, unless this clause goes out as I plead, we propose to threaten that the word of Uncle Sam may not be good for the first time in 150 years. I submit that the two things are utterly incompatible, and that this section does not belong in the amendment. You cannot create confidence at the same moment you threaten to destroy it.

Mr. President, with this section eliminated, and for the reasons that I have indicated, and because of my willingness to try new experiments in the face of new and unprecedented problems, I am willing to vote for this proposition so long as this one utterly repugnant, offensive, indefensible section is taken out. I speak of it in those terms not so much because of the specific thing which it is proposed to do, namely, to devaluate the dollar, because, I repeat, I am willing to face even that contingency if it be necessary to rescue America; but I speak of it in the sense that it is proposed that this power shall be exercised in a method and fashion for which there is not only no precedent in any ordered democracy but for which there is no justification. In its lengthened shadow some day, Mr. President, this thing will come back to plague those who consent to it. When all is said and done, these institutions which we have inherited and which are at the mercy of every single piece of legislation of this character which goes through the Senate—these institutions are no stronger than our fidelities to them.

> They were not made with the mountains;
> They are not one with the deep.
> Men, not God, devised them, and
> Men, not God, must keep.

Mr. STEIWER. Mr. President, in the very able address just concluded by the Senator from Michigan [Mr. VANDENBERG] he made some reference to the supposed constitutional invalidity of the provision contained in paragraph (2) of subtitle (b) of this amendment, but he did not undertake to discuss it in detail. Yesterday, if I correctly understood the Senator from Pennsylvania [Mr. REED], he suggested that there was doubt of the constitutionality of the provision, but announced that he thought it futile to discuss that subject in this body. I think, Mr. President, that the RECORD should disclose something of the views of some of us upon this subject. At the risk of being presumptuous or endeavoring to instruct those who are better informed than myself, I desire to submit certain observations which will express my opinions concerning it.

Before I do that, I want to say that I am in favor of the general purposes of the amendment. I am one of those who believe that the people of this Nation will benefit by the maintenance of a dollar which will stand somewhat nearer parity in international exchange. I feel that such a dollar will be helpful in restoring our foreign commerce and in the protection of our domestic markets against the imports of countries which have willfully depreciated their currencies. I think it will tend to strengthen domestic prices, and without doubt a parity dollar would tend to make our tariff more adequate and more effective. I am happy, therefore, to declare my support of the chief purposes of the amendment.

If it is thought wise by the Congress of the United States to deal with the subject of the gold content of the dollar, as I am presently advised, I am even willing to take a step in that direction. I oppose subsection (2), however, not because it reduces the weight of the gold dollar but because in fact it fails to attain that objective. At least it is true that it does not directly reduce the weight of the gold dollar. It is merely a grant of power to the President of the United States to be used by him in such way as he may in the future see fit. It is this delegation of power to the President that I find objectionable. I think it hurtful to our country at this time for a number of reasons. I shall refer only to a part of them, because I speak only in a brief way.

I think the proposition is objectionable in the first place because the language of subsection (2) is itself equivocal. It is equivocal because it is impossible to determine whether it is proposed to clothe the President with authority to adjust the weight of the dollar from time to time or whether it is proposed merely that he may make one effort, and having once made an adjustment that the gold content will be fixed at the point at which he makes the adjustment. I have heard Senators suggest in private conversation both of the two different propositions. At this time I make no effort to sustain either interpretation. I am content to observe merely as I pass that this equivocal language is employed in the first part of the paragraph.

The language is objectionable for other reasons. In the second alternative of paragraph (2) we find language commencing with the statement, "in case the Government of the United States enters into an agreement with any government or governments." It was suggested before the Committee on Banking and Currency that this paragraph clothes the President with powers with respect to the making of agreements, and some of those who have addressed the Senate in their consideration of the paragraph have assumed that it does in fact clothe the President with power to make agreements with other governments.

It is my own humble judgment that the language is not intended so to authorize the President of the United States. I believe that the language, commencing with the phrase "in case the Government of the United States enters into an agreement", is merely subjunctively used and is a condition precedent upon which the President of the United States may subsequently by proclamation fix the weight of the dollar. But whether my view is correct the fact remains that Members of this body have taken different views as to the construction of the language, and we are dealing now with an equivocal structure upon a subject affecting the happiness of all our people and the welfare of the Nation, probably more than any other subject that the Congress of the United States could be called upon to consider.

I submit with respect to both of these propositions that on account of the transcendent importance of the subject we ought not to legislate in terms of ambiguity.

Mr. AUSTIN. Mr. President——

The PRESIDING OFFICER (Mr. GEORGE in the chair). Does the Senator from Oregon yield to the Senator from Vermont?

Mr. STEIWER. I yield.

Mr. AUSTIN. I should like to inquire if the Senator from Oregon considers it necessary to have an enabling act passed in order to give the President of the United States power to negotiate a treaty?

Mr. STEIWER. Oh, no; the President has the power under the treaty-making powers of the Government to negotiate a treaty, but of course nominally the treaty is not effective until ratified by the Senate. If we accept the construction that it permits the President to make a treaty with a foreign power, we in effect make an exception in this case and say that the agreement might be made without compliance with the usual constitutional processes under the treaty-making power.

These various objections are not of controlling importance, because they could, of course, be corrected by the use of more appropriate language. But an examination of the two propositions referred to leads us deeper into the real meaning of the section.

Mr. KING. Mr. President, will the Senator permit an inquiry?

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Utah?

Mr. STEIWER. I yield.

Mr. KING. I ask for information as to the interpretation which the Senator places upon it and, if his interpretation is right and he thinks it should be made more certain, whether he thinks we have sufficient information now to warrant us in passing a measure declaring that the gold dollar, instead of being 22.23 grains per unit, shall be, for instance, 11.115 grains? Is the Senator ready now, if he objects to conferring a discretion upon the President, because obviously we have not the facts, does he think he possesses sufficient facts to warrant him in voting now for a legislative declaration that the gold content of the dollar shall be 11.115 grains?

Mr. STEIWER. I hope the Senator will not be offended if I answer by saying that I do not think it is very important or very material whether I regard myself as qualified to deal with the subject here and now. If, however, the Senator is interested, I will say that I feel that I am not equipped at this moment to make an orderly, sound, and safe conclusion with respect to the reduction of the gold content of the dollar; nor am I sure, Mr. President, that any other one person presently identified with the Government of the United States is at this time equipped to make such a conclusion.

Mr. KING. Mr. President, will the Senator yield further?

Mr. STEIWER. Certainly.

Mr. KING. I agree with the latter statement, if I understood the statement; but I understood the Senator to say that his objection to this provision is that it is ambiguous and uncertain. I deduce his meaning to be that he feels that the Congress ought now to fix the value of the gold dollar.

Mr. STEIWER. I have not said that. I think that in the purpose of the administration the other provisions of the amendment are to come first. According to newspaper reports, and also according to the advice we have here upon the floor of the Senate, the provision dealing with the gold content of the dollar is the last provision to which resort would be had. It would seem to me that if we are to support the program of the President in this important hour in the history of the Republic, we might well accept his views and permit the other sections of the amendment to come first. Therefore, so far as I am concerned, if I am ever obliged to deal with the question of the gold content of the dollar I should prefer to deal with it after the other opportunities under the proposed amendment have been exhausted.

My more essential objection to the incorporation of paragraph 2 into the amendment comes from my deep belief that it constitutes a delegation of legislative power to the President. I know it has been said here, either on the floor or off the floor, that there is authority for this provision under the decision of the Supreme Court with respect to the flexible provision of the tariff law. I want in a moment to come to that. Before doing so, in order to develop in an orderly way the idea that is in my mind, I remind Senators that the power in Congress to regulate the value of money is not a casual power. It was placed there after full consideration and apparently upon the fullest understanding of the consequence of attempting to regulate the value of our coinage.

In section 8, article I, of the Constitution, we find the provision in express language that Congress is clothed with the power to coin money and to regulate its value. An increase or decrease in the gold content of the dollar is the most effectual and direct means that can be devised for the regulation of the value of the dollar.

I contend that this constitutional power, which is highly legislative in character, cannot be delegated away.

Before I attempt to make any distinction between the delegation of the sort here attempted and the delegation of powers had in the various tariff acts—I shall refer only to the acts of 1890 and 1922—I want to invite the attention of Senators to just what it is in this amendment that makes it a delegation of legislative power.

In the first place, as already observed, this paragraph does not attempt to fix the value of the dollar nor to reduce nor to increase its weight. It is merely a grant of power. Under what conditions is this power to be exercised by the President? I have noted, in order to save language and to save the time of the Senate, some of these conditions.

It is provided in subsection (b) as follows:

> "* * * if for any other reason additional measures are required, in the judgment of the President, to meet such purposes, then the President is authorized" to make the proclamation provided in paragraph 2.

What are the purposes to which this refers? In order to determine these purposes it is necessary to refer to the beginning of the section. The beginning of that section contains certain language which, I am frank to say, may or may not define the purposes of the amendment. I quote:

> Whenever the President finds, on investigation, that (1) the foreign commerce of the United States is adversely affected by reason of the depreciation in the value of the currency of any other government or governments in relation to the present standard value of gold, or (2) action under this section is necessary in order to regulate and maintain the parity of currency issues of the United States, or (3) an economic emergency requires an expansion of credit, or (4) an expansion of credit is necessary to secure by international agreement a stabilization at proper levels of the currencies of various governments, the President is authorized, in his discretion—

And so forth.

Mr. President, this language does not, by direct expression, declare the purposes of the amendment. It is true that it may imply the purposes, and of that I shall make some observations later. The language, under any interpretation, and under every view which may be taken of it, is nothing at all save the expression of four alternative conditions precedent to the exercise of the delegated power. I think lawyers will agree to this proposition. When these conditions, or any part of them, are found, then, and not until then, may the President exercise the authority conferred by the amendment.

If that can be said to imply the purpose of the act, then I submit that the purpose must be, or may be, any one of the four alternatives.

It must be, or may be, that an economic emergency requires the expansion of credit.

It must be, or it may be, that an expansion of credit is necessary to secure, by international agreement, "a stabilization at proper levels of the currencies of various governments."

I submit that if these conditions precedent are to be employed to furnish a basis for the construction of the act, and if, from them, we are to imply the purposes of the act, at the best those purposes become nebulous. They are uncertain, if they are not entirely unknown.

That, however, is not all, Mr. President.

After we start with this unsatisfactory basis, we go on over to the proposition which more definitely defines the condition upon which the President may proceed.

It is provided at the beginning of subsection (b) as follows:

> If the Secretary, when directed by the President, is unable to secure the assent of the several Federal Reserve banks and the Federal Reserve Board to the agreements authorized in this section, or if operations under the above provisions prove to be inadequate to meet the purposes of this section of this act, or if for any other reason additional measures are required in the judgment of the President to meet such purposes, then he is authorized—

To proceed in accordance with subparagraphs (1) and (2).

The point I seek to make is that the last condition which I have just read refers us back to the supposed purposes; and if we take all of them together, it merely means this:

That the President, if he finds that an economic emergency exists, may deal with that emergency; and then, if he finds that the efforts which he has made are not adequate in his judgment, or if the operations under the provisions prove to be inadequate to meet the uncertain purposes of the section, then, for any additional reason, which the President himself may define, and which is not written into this law, even by the most nebulous sort of implication, he

may take such additional steps as in his judgment may be required to meet the purposes; and in taking those additional steps he acts, not by formula, not by legislative plan or purpose laid down by this enactment, but he acts in accordance with his own personal judgment as to what should be done in the premises. In his action he is limited by the broad authority of paragraphs 1 and 2.

Because of the lack of formula, because of the lack of declared policy, because of the lack of a plan, I submit that this provision is a delegation of legislative power. The exercise by the President of his discretion as to what the policy shall be condemns the paragraph as unconstitutional. It is the exercise of this discretion as to the formula or as to the plan that distinguishes this kind of a proposition from the statutes heretofore sustained by the courts against the charge of constitutional invalidity. It is this proposition, coupled with one other that should be mentioned, that distinguishes this case from the holding of the court in the Hampton case and the historic case of Field against Clark, for we find here that the President is not required to go either forward or back. In all the other statutes with which I am acquainted, when there is imposed upon the Executive the duty to find a fact, the duty to find an event, the duty to determine the happening of a contingency, there has always followed a mandatory requirement that the President shall proceed in the execution of the law laid down by Congress.

Here, we find no duty to proceed, no mandatory requirement upon the Chief Executive. For a mandatory requirement there is substituted discretion of the President of the United States. For a definite legislative policy there is substituted the President's judgment as to whether additional measures should be taken, and the President's discretion as to what those additional measures may be.

Mr. President, when we examine the authorities we are struck immediately with wonderment that the authors of the amendment should even attempt to couch this delegation of power in the language which has been here employed.

Now, let us consider briefly the decisions that deal with this subject.

The one most spoken of is the Hampton case, which related to the exercise by the President of powers conferred by the flexible provision of the tariff law.

Section 315(a) of the act of 1922 contains the following language:

> • • • whenever the President, upon investigation of the differences in costs of production of the articles wholly or in part the growth or product of the United States and of like or similar articles wholly or in part the growth or product of competing countries, shall find it thereby shown that the duties fixed in this act do not equalize the said differences in costs of production in the United States and the principal competing country, he shall by such investigation, ascertain said differences and determine and proclaim the changes in classifications or increases or decreases in any rate of duty provided in this act shown by said ascertained differences in such cost of production necessary to equalize the same.

As we know, the Supreme Court of the United States upheld this statute against the charge that it violated the Constitution of the United States in the delegation of legislative powers to the President. In doing so, Chief Justice Taft applied the rule laid down in the historic case of Field against Clark, and in doing so he reviewed a statute which was substantially the same in its essential legal requirements as the Tariff Act of 1922.

Mr. HATFIELD. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from West Virginia?

Mr. STEIWER. I do.

Mr. HATFIELD. In other words, it is the Senator's contention that the formula should be prescribed by the Congress?

Mr. STEIWER. Yes; it is my contention, but, what is yet more important, it is the law of this country and has been for a hundred years. It is the rule of all the courts. It is the rule of the Supreme Court of the United States. It is the binding rule of law which determines the power of the Congress and limits and defines that which Congress may delegate and that which Congress may not delegate.

In discussing this matter, the Chief Justice said with reference to the case of Field against Clark:

> After an examination of all the authorities, the Court said that while Congress could not delegate legislative power to the President, this act would not in any real sense invest the President with the power of legislation, because nothing involving the expediency or just operation of such legislation was left to the determination of the President; that the legislative power was exercised when Congress declared that the suspension should take effect on a named contingency.

The 1922 Tariff Act, in my humble opinion, amply justified the opinion just stated, and the application of the rule as made by the Chief Justice, because in the language quoted from section 315 (a) of the tariff act just referred to it is provided that upon the contingency named—that is, upon a certain finding by the President, and the establishment of a fact—the President shall make the necessary investigation and shall proclaim the result. The President in that law is not vested with any legislative discretion. He does not deal with policies, nor does he determine anything concerning the justice resulting from an increase or decrease in tariff duty. In the opinion of Chief Justice Taft, he observes that to avoid such difficulties—namely, the exercise by the President of discretion which is legislative in nature—the Congress has adopted "the method of describing with clearness what its policy or plan was, and then authorized a member of the executive branch to carry out this policy or plan."

The differences between the flexible provision and the pending proposal are obvious. In the flexible provision the plan or policy was to provide a duty to equalize the difference in the cost of production at home and abroad. The President is directed to investigate such differences, and if he finds that the duties provided do not equalize the differences it is made his mandatory duty to ascertain the differences and make the necessary change in rates and classifications. In other words, upon the finding of the fact the President is directed to proceed in a certain manner.

As already pointed out, under the pending amendment the President of the United States is not required to find any certain fact. He is not required to act upon any contingency save upon the exercise of his own judgment. He is not required to act in a certain way. There is no mandatory rule that he act at all. It may be that he feels there ought to be an expansion in credit, and that such expansion is justified because he feels that an economic emergency requires it, and that it is necessary to secure international agreements for stabilization "at proper levels", and it may be he entertains the further belief that the purpose of the amendment has not been met or that for any other reason "additional measures are required." It all rests in the judgment of the President, and after he formulates his judgment he then exercises a further judgment whether he shall take any action, and if he decides to act he may then elect which of the permitted actions will be taken.

I pause long enough to suggest that the phrase "at proper levels" is not defined. That, also, is left to the judgment of the President. And so it is that the authority of the President to fix the weight of the dollar does not depend on any known rule or policy described by the Congress. He may do the things that are enacted under subparagraph (1), or he may resort to subparagraph (2), or he may resort to the first alternative of subparagraph (2), or he may resort to the second alternative under the treaty provision of subparagraph (2).

I submit, Mr. President, that the failure to define the contingency upon which the President would act, the failure to prescribe a legislative policy, the failure to make a formula, the failure to outline a plan, the failure to fix the event upon which the President should act, and determine the time when he should act, the failure to make any requirement of him, giving to him the boundless discretion to which I have already referred, takes this language out of the rule as defined in the Hampton case, out of the rule as defined in the old case of Field against Clark, and entirely be-

yond the power of the Congress to enact. The proposal is unconstitutional.

Mr. President, I do not want to detain the Senate much longer, but I want to observe two or three other things which I believe are so objectionable in their nature that this provision ought to be stricken from the amendment offered by the Senator from Oklahoma.

I have said that the language constitutes a delegation of legislative power which I think is in violation of the Constitution. But it does another thing equally as important and possibly more fraught with danger to the Republic than the mere delegation of legislative power. It surrenders the monetary independence of the United States. To the extent of agreements made with foreign powers, it takes from the Congress the authority to deal with the price level in our own country. If exercised by the President through agreement with foreign governments, it effectually strips the Congress of its constitutional power to regulate the value of money and to deal with the price level in our domestic markets.

It may be that that is desirable. It may be that Members of this body will urge that our country will be benefited if we surrender this power to the influences which come from abroad. I cannot find it possible, in my own mind, to reach such a decision upon that point. I am bound to remember that the foreign nations will, in the very nature of things, be more concerned over the welfare of their own people than of ours. Some of them are our debtors; some of them may expect to benefit in one way or another by the price levels, by the value and weight of a dollar. Some of them may think it possible to achieve some of their national aspirations at the expense of the American people.

I do not doubt but that foreign governments would find it possible to reach agreements with us with respect to this matter regulating the value of our money and the value of our commodities. I do not doubt but that competing commercial nations would look upon that proposition with very considerable favor. But, as I have said, I cannot win my own assent to a proposition of that kind.

This proposal, viewed in the light of the suggestion which I am now making, raises the question whether it is better for the United States to fix the gold content of its own dollar, by its own independent action, or whether we are to yield up the power to regulate the value of our money through international agreements.

This subject would permit of discussion far beyond my present purpose. It embraces the question of the foreign debts. The action contemplated under the amendment would involve this country by treaty commitment to a greater degree than any treaty yet made by the Government of the United States in the entire history of the Republic. It involves the question of the control of prices in the domestic price field, and yields up a part of that control to foreign agencies, and these are agencies whose interests are not always identical to ours.

In this connection I call attention to the telegram sent under date of April 24 by Prof. Irving Fisher to the chairman of the Committee on Banking and Currency. This telegram is as follows:

> In my opinion it would be a great mistake to require the President to obtain foreign consent to any changes in the dollar's weight. Such a requirement would impair his bargaining power. It would also have the more serious disadvantage of making our unit of value dependent upon foreign conditions—the very thing that in large part was responsible for our present trouble. Our objective, regardless of the outside world, must be such monetary measures as will reestablish the price level of 1926 and then to hold it there with the minimum of change so that our economic life may not again be disrupted by a fall in price level. Let us have a monetary declaration of independence. Such independence will later on enable us to preserve and stabilize our unit of value no matter what other nations may do.

Mr. President, I am not contending in behalf of the proposition here expressed that we should have a price level equivalent to the price level of 1926. I read this telegram merely because it illustrates in clear language the thing which I am attempting to state, namely, that it is better for our Government to deal with respect to the regulation of its own money and the regulation of its own price level upon an independent basis than to yield up the control to agencies in other parts of the world.

In the entire discussion of this subject I have heard no defense for the proposition of bartering away our constitutional authority to regulate the value of our own money. Something can be said for the idea that the creation in the President of this power to make agreements respecting the weight of the dollar would enable him to restore parity in international exchanges.

Mr. FLETCHER. Mr. President, will the Senator yield?

Mr. STEIWER. I yield.

Mr. FLETCHER. I want to ask the Senator whether he does not feel that this proposal is an emergency matter and that it does not attempt to fix and establish a permanent monetary policy for this country?

Mr. STEIWER. Mr. President, if I were to answer the question from an inspection of the amendment itself, I would be obliged to say to the Senator that there is nothing about it to suggest that it is an emergency matter. There is no limitation of time upon this proposal to deal with the gold content of the dollar. Nor do we propose vesting this power in the present occupant of the White House alone.

If this legislation shall be enacted, the power will rest with the President of the United States, whomsoever he may be; it will reside there until it is recalled by Congress, and if the effort ever is made to bring it back against the force of an Executive veto, we know that it will not be recalled until two thirds of both bodies vote in that behalf. So we may realize now that if we enact this paragraph as it is written, this power may never be recalled by the Congress in the lifetime of the Senator from Florida, or in my lifetime, and we are not justified, I think, in saying that this proposal is a temporary or emergency proposal, because as it is written it seems to be a permanent declaration of policy, a permanent delegation of authority to the President.

Mr. President, resuming at the point where I attempted to answer a question propounded by the Senator from Florida, I want to reread one sentence from the telegram sent by Dr. Fisher. He says in his wire:

> Let us have a monetary declaration of independence.

Such a declaration is wholly unnecessary. It would be trite and unnecessary, probably, for me to remark that the American Colonies fought for that independence and attained it over a century and a half ago. It has been ours ever since the beginning of this Government. It will remain ours unless we barter it away. I cannot support a proposal which even suggests or invites bartering away all the essential power of control over our own monetary system.

Now, I will discuss one other proposition and then I will conclude. I want to refer to the importance of this power. I think we should not support this paragraph or withhold our support from it merely upon the ground of its importance.

We are in an eventful era. We are dealing every day with matters of gravest consequence; but I submit to all Senators, and especially those who favor this proposal, more to them than to those who oppose it, that the importance of the matter makes it all the more necessary that we view it with the very closest kind of scrutiny. It is because of the magnitude, the possibilities, the extent, of this amendment that I am constrained to examine it in order to determine whether or not it meets constitutional requirements. It is because of its importance and extent and magnitude that I am disposed to criticize it for being equivocal in its structure. If it were a trivial matter, I would not detain the Senate and argue here that the language in itself is ambiguous. It might under other circumstances be of little consequence whether the language was ambiguous or whether it was interpreted finally in one way or another, but because of the gravity of the situation and because of the consequences which may flow from the enactment of this kind of legislation we have a right to regard the importance of the proposition.

With all respect to the President of the United States, I feel that the authority is too great to be reposed in any one citizen of the Republic.

The power to regulate the value of money is a power to increase or decrease in terms of money the value of everything that man possesses. It is the power to enrich and to pauperize. It transcends the limits of imagination. It is the power of absolute monarchy. In its extent and magnitude it equals the sovereignty of the mightiest rulers in history, and, if employed unwisely, could destroy the Nation.

Granted in times of peace, it exceeds the authority exercised by the President in time of war. It is a greater power than that which Lincoln exercised in the emancipation of the colored race, because it may be employed for the enslavement of all races.

With the sympathy which I feel, Mr. President, for the general purpose of this amendment I regret to be obliged to declare my dissent from this particular paragraph. Because I feel that it is unconstitutional, because I feel that it is ambiguous in its phraseology, because I oppose bartering away by treaty the power to regulate American money and American prices, because I regard the powers in question too great in consequence and in magnitude to be conferred upon one citizen of the Republic, I am obliged to withhold my support of this paragraph. It ought to be stricken from the amendment.

Mr. LONG. Mr. President, I ask permission to have printed in the RECORD an editorial from the New Orleans Item, signed by Mr. James M. Thompson, which covers the question now before the Senate, I think, in such manner that it will be of great interest to the other Members of the Senate.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

[Front page editorial from the New Orleans Item, Apr. 25, 1933]

THIS IS THE TIME TO RALLY

The stage is set in Washington for the greatest battle over finance, both public and private, that has been fought in the United States since Andrew Jackson braved destruction by attacking selfish and corruptive private control over the money of the Republic, as then vested in Nicholas Biddle's Bank of the United States.

Franklin D. Roosevelt was nominated and elected President against the opposition of the corrupt and corrupting money powers operating, first, through their creature, the Republican Party, and, next, in the Democratic National Convention. There the Power Trust and other "conservative trusts", and the money masters of Wall Street did all they could to prevent his nomination by the progressive Democrats of South and West.

Roosevelt, "the weak man", also "the only Democrat who cannot be elected", was swept into office by an overwhelming vote of the progressives of both parties. Nor could Wall Street stem the tide for him in his native State of New York. Even Pennsylvania, home of the Nicholas Biddle's Bank of the United States, perpetual political bulwark of a corrupt alliance between politics, money, and business, was almost dragged into line by revolt among a suffering people. A vast patient majority of Americans, robbed, almost ruined, saw Mr. Roosevelt take his presidential oath amid complete collapse of the Wall Street controlled system of banking and finance.

The same interests whose policies had wrecked a third of our banks hoped and tried to sell Roosevelt a financial policy which would close 5,000 more banks and leave Wall Street in chain control of the banking and financial power then surviving in the United States.

Big money, selfish and corrupt national and international finance, doesn't care who sits in the White House, who presides over the Treasury, so long as it controls the money and the fiscal policies of the Government itself. It is bipartisan. It is nonpartisan. It aims always to keep enough "conservative Democrats" on legislative rolls to offset any "progressive Republicans" who may defy its dictates or slip its leash.

So these little Wall Street Democrats, more particularly from the South, Mr. Mellon's man, Senator DAVID A. REED, of Pennsylvania, and little Oggie Mills, the darling of Wall Street, are appealing against the program of President Roosevelt and the progressive majorities in Congress.

These Bourbons who have delivered the richest Nation in the world to the brink of ruin, on the very day they were handing over the power of government to Roosevelt, were, like Samson of old, pulling their temple down around them. And, like so many Delilahs, they have since been trying to cut Roosevelt's hair. They would now prevent him and Congress from following the only line that can save the very money which gave them place and leave them some remaining power.

The greed, callousness, and hoarding of the class for whom they speak have had their day. They would do well to bow to the storm. Money—its control and regulation in the United States are almost purely a domestic question. Responsibility for our money constitutionally rests with the Congress.

The pending money bill has no necessary relationship to farm bills. The President and Congress should agree on measures and methods so far and so well safeguarded that no room is left for reasonable dispute over the constitutionality in the exercise of power. The line should then be drawn, the issue made, the roll called on the question which of the people's representatives in this great crisis serve mammon and which serve man.

It is inconceivable to us that any Congressman from stricken Louisiana, Mississippi, or Arkansas can align himself for Mr. Mills' kind of "sound" money, "sound" banking, and "sound" finance.

It will be a matter of deep concern to the people of America for a generation to come to note how many conservative Democrats from the South and West respond to the despairing cry of REED, of Pennsylvania, and to the lobby calls of Ogden Mills and interests for which he stands and works.

Common honesty, national honor, and the emancipation of our great people from thralldom to a sterile and dead system, demand monetary reform in America. A man who is not free to work, who cannot get a living wage, is not a free man. A man with work who cannot pay a reasonable debt on his home or his farm is not a free man. A man in an average business who cannot make a living is a slave to the lender. When Roosevelt came into office, 9 out of 10 Americans, measured by those standards, were not free men.

Good, able, and conscientious men may, and will, align themselves in Congress against a forward policy in the Nation. Nor will all who vote for it be angels.

But the vote will constitute, as a whole, the greatest test of the mastery of money against service to the people, which has taken place since Jackson asserted the sovereignty of the people against the power of money.

JAMES M. THOMSON, *Publisher.*

Mr. BORAH. Mr. President, I feel under some obligation to take a limited time of the Senate owing to the fact that there are some provisions in the pending amendment to which I cannot give my support while with other parts of it I am in full sympathy. I wish to make my vote intelligible if possible.

Mr. President, we are legislating in the face of a great national peril, indeed, in the face of a great world peril, and naturally our minds, our conclusions, and our thoughts are affected by the conditions and environment which surround us. At the present time the representatives of the leading nations of the world are gathering in Washington to consult with the President of the United States relative to world conditions. That which brings them here is the economic distress and suffering of the people in the respective countries from which those representatives come. We have had depressions heretofore, and it is sometimes said that this one is no different from previous ones. It is different in its world-wide extent and in its intensity. There is no nation in the world whose people are not suffering at the present time because of unhappy economic conditions. Nations of the world have come together to consult. One of the representatives who is here and who has given his life to the cause of humanity, an apostle of peace, has stated that this contest was no less than a contest for civilization; that if we could not find a solution for the problems which now confront us and could not by adjustment find relief for our people, he could not see how it was possible to escape calamities beyond the power of human language to portray. It is these conditions, Mr. President, that confront us at the present time and with which we are striving, as best we may, to deal.

It has been said that there is at this time throughout the world an indebtedness of some $300,000,000,000 which is now in default, either in interest or in principal. It is estimated that some one hundred and odd millions of people are without employment throughout the world, and that number is constantly increasing. Commodity prices until within the recent days have receded to a point where they have not been found in 300 years; the problem which we have is to find a means or a method by which to raise commodity prices. It is thought by some of us that controlled inflation will assist in that respect. I am of that belief.

It is not alone, Mr. President, the material loss which we are called upon to suffer, but the changes which are being wrought in the whole structure of government and in the spiritual, moral, and physical welfare of the people. It is something without a precedent in history, either in time of

peace or in time of war. Our own form of government, under the devastating forces which now play against it, is undergoing a change with which in after years, should we escape from this condition, we shall find it necessary in many respects to reckon. So, Mr. President, we are legislating under extraordinary conditions.

I do not find, outside of one section, any reason to be alarmed over the inflation provided for in this amendment. I think it, indeed, a conservative measure, save and except for one section to which I shall refer later.

The first section of the amendment dealing with the question of open-market transactions or with the inflation which may flow from the action by the Federal Reserve authorities is certainly a very fairly guarded and conservative proposal of legislation. If we secure inflation or an expansion of the currency under this section, we will do so after having secured the judgment and the approval of an exceptionally able and certainly an exceptionally conservative body of men. There must first be procured upon the part of the President an agreement having the endorsement and approval of the Federal Reserve Board and the Federal Reserve banks. Before the $3,000,000,000 can be put into circulation the action must have the approval of these able and conservative gentlemen, who are thoroughly advised with reference to financial matters. I feel no one need to fear that there will be any misuse or abuse of this particular provision of the bill. I do not myself anticipate any expansion here. I wish it were more liberal. I am afraid those of us who want inflation have most to complain of.

Mr. GLASS. Mr. President——

Mr. BORAH. I yield.

Mr. GLASS. Would it somewhat astonish the Senator from Idaho to be told that these gentlemen were not consulted about this provision of the bill?

Mr. BORAH. No; I do not think that would surprise me, but it would surprise me tremendously if they were not consulted before this currency should be issued. It is certain that before any action can be taken with reference to putting in circulation the currency provided for by this section it must have the approval not only of the Federal Reserve banks but also of the Federal Reserve Board; no action can be taken until that approval is given.

Mr. GLASS. Does the Senator realize that if such approval is given, the Federal Reserve Banking System is at once degraded to the point of becoming a subservient agency of the Treasury, to be operated not to respond to the requirements of commerce and of industry and of agriculture, but merely to respond to the requirements of the United States Treasury?

Mr. BORAH. I assume that in giving its approval the Federal Reserve Board will be governed by what it thinks are the commercial and financial interests of the country rather than political interests.

Mr. GLASS. Then the Senator assumes things that I do not assume.

Mr. BORAH. I am the last man in the Senate to differ with the able Senator from Virginia upon a matter of this kind; but as an inflationist, as one who believes that controlled inflation is a very important element in bringing about recovery, I was rather discouraged that the first section of the amendment was put under the control absolutely of men who thus far have stood against any kind or form of inflation.

Mr. GLASS. If the Senator will permit a further interruption——

Mr. BORAH. I yield.

Mr. GLASS. The Federal Reserve Banking System today has, with its gold supply, ample facilities to expand the credits and currency of the country in excess of $4,000,000,000. Why should it be expected that they will make use of this proposed $3,000,000,000 of expansion when they do not now expand when they have ample opportunity to expand?

Mr. BORAH. I have thought of that ever since this bill came before the Senate, and that is the reason why I say that, as one who believes in inflation, I do not get very much comfort from the first section; but it does seem to me that those who are opposed to inflation ought not to find any difficulty in supporting this provision of the measure.

Mr. GLASS. If I have the strength, I think perhaps I shall take occasion to present some reasons why I do not feel at liberty to support it.

Mr. BORAH. Above all things, I trust the Senator will have strength enough and for many years to come. But if we were going to select a body of men in the United States to pass upon the question of an expansion of the currency, of what is called in popular parlance "inflation", where would we find a more intelligent, a more conservative body of men to pass upon that question than the directors of the Federal Reserve banks and the members of the Federal Reserve Board?

Mr. President, in all probability there will be no expansion under that section; but that is a matter about which we should complain rather than those who are opposing the measure. If we are not going to reject all expansion and all inflation, if we are going to set up a body at all with which to deal with the matter from a conservative viewpoint, I know of no more conservative body than that which has been selected.

Mr. GLASS. The point of contention is that if there be inflation under that section of the bill—in other words, if that section of the bill shall be used—just in the measure that it shall be used for the purposes of the Treasury, the Federal Reserve System will be unable to respond to the legitimate requirements of commerce, industry, and agriculture.

Mr. BORAH. I take it that the Federal Reserve Board and the Federal Reserve banks will in passing upon that question take into consideration that very fact. I assume that they will be guarding the interests of the Federal Reserve banks and the interests which they are there to protect in conjunction with passing upon the question of the expansion of the currency.

The debate has ranged around what is known as the "greenback" laws more than the first section. Mr. President, much has been said in the way of criticism of paper money, but I call attention to the fact that there has never been a great emergency in the history of the world, where finance was involved, that the government involved did not rely in the last instance upon paper money to carry them through. Of course, it is an emergency matter, it is an emergency money; but it is nevertheless called upon in all great exigencies to supply that which cannot be secured without it.

Mr. GLASS. Mr. President, I may say to the Senator that I think that is the least objectionable provision of the bill and the most sensible, if any part of it is sensible.

Mr. BORAH. I thank the Senator.

It has been said that this money which is to be issued is just paper, nothing but paper. It is just paper. But, Mr. President, behind the paper and in support of the paper are all the brain, all the energy, all the integrity, all the patriotism, all the wealth of the United States. The honor of the United States supports it. It is issued under the old law of 1862, but it is issued with far more conservative provisions than accompanied the issuance in those days. Here there is a provision for a sinking fund and a provision as to how the money, when issued, shall be used, which makes it, in my judgment, a perfectly conservative provision. It is safe and sound if the wealth and the honor of the United States can make it so. It is called into existence purely as an emergency proposition and will be taken care of under normal conditions in a way that no one will suffer by reason of it.

Mr. President, we come to the portion of the bill to which I find it impossible to give my support.

Mr. LONG. Mr. President, before the Senator leaves that section, does the Senator know of any objection, if we are going to issue $3,000,000,000 of currency, to paying the obligations of the United States which will have to be paid anyway in 1945? In other words, if we need 3 billions more of currency, though I doubt very much whether the

Federal Reserve Board will issue that three billions, how would the Senator look upon our paying an obligation which we have to pay anyway in 1945, when we get the money?

Mr. BORAH. The Senator is speaking of the soldiers' bonus?

Mr. LONG. Yes.

Mr. BORAH. I do not care to discuss that until I hear the amendment which has been offered by the Senator from Indiana [Mr. ROBINSON]. That will come up for discussion later.

Mr. President, the provision of the bill, with reference to what we may call devaluing the gold in the dollar, seems to me to be the very reverse of what we are trying to do here. It seems to me to be distinctly a deflationary provision of the bill. It will counteract to a very marked degree, in my opinion, any benefit which might be derived from the other provisions of the bill. If we say to the business world that we may at some time in the future devalue the gold dollar, it is the most deflationary provision, in my opinion, that we could put into a measure dealing with the money question.

If I were called upon to enter into a contract to be concluded in 5 years or in 2 years, it would be practically impossible for me to do so with any degree of certainty as to my rights or as to the development of my business under such a contract. It might be of such and such a value one day and a different value on another day. Business requires some degree of certainty when we come to the question of entering into long-time contracts or into any form of business development. This provision of the bill will be calculated to sterilize any improvement of prices which might flow from the other provisions of the bill.

There is an element of uncertainty in it which cannot be foreseen. I do not say that I would not vote under some circumstances to reduce the value of the gold in the dollar. But it is one of those things which, as Shakespeare said:

> If it were done, when 't is done, then 't were well
> It were done quickly.

We cannot suspend the business world or rather hang a sword of Damocles over the business world in the nature of deflation of the dollar and not have a deflationary effect upon business.

I am not going to discuss the constitutional question, but it is here, and this puts another element of uncertainty into the matter. No one knows, nor can anyone know until the Supreme Court passes upon it, whether we have the power to delegate to the President the authority which we are here undertaking to give. That is another element of uncertainty. We not only have the element of uncertainty as to its constitutionality but we have the element of uncertainty flowing from the fact that the value may be changed. If this is not deflationary, I do not know what would constitute a deflationary factor in the business world. It is for that reason that if I have an opportunity I shall vote to strike out of the amendment the gold section.

Mr. REED. Mr. President, will the Senator permit an interruption?

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Pennsylvania?

Mr. BORAH. I yield.

Mr. REED. I offered an amendment to strike out that section, but temporarily withheld it in order to allow the Senator from Montana [Mr. WHEELER] to offer an amendment to the amendment of the Senator from Oklahoma which I propose to strike out. As soon as the amendment of the Senator from Montana is voted on, I take it the question will recur on my amendment to strike out.

Mr. BORAH. No one, I presume, will contend that the constitutional question is beyond doubt. I am discussing it now not in order to demonstrate that it is unconstitutional, although I believe it is, but to demonstrate the fact that it puts an element of uncertainty into the program. It is claimed that the Supreme Court, in what is known as Field against Clark and the flexible-tariff decision, has announced a rule which makes safe or justifies the delegation of this particular power. I have always thought those decisions went to the limit and even beyond. Under the flexible-tariff decision it seems to me the Court has almost given Congress an unlimited authority with reference to delegating power to the President. But if Senators will examine the opinion, they will find that the Court requires certain rules and specifications with reference to the delegation of that power, a certain formula or a certain condition, which are not found in this amendment. Therefore we have the undetermined question as to whether this power can be delegated, which makes for uncertainty.

Then we have, secondly, the question of whether the dollar will have a certain gold content today and another, different content next year.

The friends of inflation ought to be far more concerned about this matter than those who are opposed to it, judging it wholly from the standpoint of securing the objective which they have in mind in passing the measure.

Mr. BAILEY. Mr. President, may I interrupt the Senator?

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from North Carolina?

Mr. BORAH. I yield.

Mr. BAILEY. I invite the Senator's attention to the fact that the Secretary of the Treasury is to be authorized to sell some 3-year bonds. It is stated that it is to be agreed on the face of the certificates that at maturity they will be paid in gold of the present standard of weight and fineness. Assuming that to be so and assuming that 60 or 90 days from now the number of grains of gold in a gold dollar has been reduced, I should like to have the Senator inform me what course the Treasury might pursue with respect to a new issue in view of the new content of the gold dollar?

Mr. BORAH. I do not know. The question of the Senator from North Carolina only emphasizes what I am trying to express—the uncertainty which inevitably enters into the entire monetary system of our country if this is made the law of the land.

Mr. BAILEY. One set of bonds would be payable in 23-grain dollars and the next set in 15-grain dollars. Is not that true?

Mr. BORAH. That would be true. I do not know whether the Secretary of the Treasury is in favor of this provision or not. I see smiles playing over the faces of those who are in a better position to know than I am, but I do not know how to interpret those smiles. I assume that if he is in favor of this provision he has thought out such matters as the able Senator from North Carolina has submitted, and therefore is prepared to meet them.

Mr. BARKLEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Kentucky?

Mr. BORAH. I yield.

Mr. BARKLEY. I do not know whether the Senator wants to be diverted into a metaphysical discussion of the gold subject or not, but it does have some bearing upon the interpretation of the Constitution.

From 1923 to 1929 the normal increase in production and business in the world was about 3 percent per annum. The increase in the production of gold was about 2 percent during the same period. The normal increase in the amount of gold available for money was about 1.7 percent compared to the 3-percent increase in the volume of business, production, and exchange of commodities throughout the world.

For a number of years, taking the average increase in production, in gold, and in the transaction of business, gold has not kept pace with the world's business in the matter of increase. Looking ahead many years to some solution of the growing disparity between new gold and new business, and assuming that we should not change the gold content because of contracts that are outstanding, what is to be the final solution of the monetary situation which now seems to be harassing the entire world if we are "hog-tied" because of contracts that have been entered into in the past and cannot change the content of the gold dollar because it would affect some contract heretofore entered into? That

is a subject which bothers me very considerably in arriving at a conclusion as to this particular section of the bill.

Mr. BORAH. The extent to which the Government may go in effecting a contract by change of the gold content of the dollar is, I think, an undetermined question, but certainly the Government did go a long way in the *Legal Tender cases* in indicating that all contracts must yield to the sovereign power when it is dealing with the question of a medium of exchange or standard of value.

Mr. BARKLEY. I assume that, of course, the word "regulate" in the Constitution, authorizing Congress to coin money and regulate the value thereof, is the same word "regulate" that is used in the authority conferred upon Congress to regulate commerce, which does not mean that it can put into operation a regulation once and for all, and that it never can be changed. I assume that this constitutional grant of power is a continuing power which may be exercised from time to time.

Mr. BORAH. Undoubtedly.

Mr. BARKLEY. It is inconceivable to me that when the Constitution says that Congress may regulate anything one regulation originally put in force is final, and that it never can be changed; and I am growing in the conviction that the same interpretation must be placed upon this particular part of the Constitution authorizing the coining of money and the regulation of the value thereof. If we are to look into the future and realize, as it seems to me we must realize, that as business grows, and the world becomes an advancing economic unit, and the amount of any one precious metal, whatever it may be, either gold or silver, falls behind the procession, we must find some other way by which to stabilize—or, if "stabilize" is not the right word, at least to try to keep money in its sound aspects in some proportion of growth with business in the world—that we must consider whether we are always to be tied to this particular fetish with respect to gold, as it happens to be gold that we are worrying about now, or any other metal that might have been used instead of gold.

Mr. BORAH. We could obviate the serious situation which the Senator paints for a time, at least, by remonetizing silver.

Mr. BARKLEY. I agree that that would be one way of doing it, but I am wondering whether, after all, that is the better way; whether, as the Senator said a while ago, it would be better to issue money based upon the entire wealth and the entire character of the Nation, which is the kind of greenbacks we are providing for in this amendment, rather than to have a double standard of value, which is objectionable to many people who believe in hard money.

Mr. BORAH. The Supreme Court, in the *Legal Tender cases*, used language in different places which may easily be construed into support of the contention that we may at any time change the gold content, notwithstanding contracts. The language is not clear, but it is certainly indicative of that trend. The court says here:

> As in a state of civil society property of a citizen or subject is ownership, subject to the lawful demands of the sovereign, so contracts must be understood as made in reference to the possible exercise of the rightful authority of the Government, and no obligation of a contract can extend to the defeat of legitimate government authority.

That would indicate that the Court at that time was entertaining the view that all contracts would have to yield to the sovereign power of the Government in dealing with the monetary question; but aside from the constitutional question, of course, there is the question of policy——

Mr. BARKLEY. Yes.

Mr. BORAH. And the moral question, which is quite as important in some respects as the constitutional question itself. I do not think any government ought to establish, even if it has the power to do so, the principle of disregarding or violating its own contracts; and I should say that even if we had no Constitution, because that is the basis of all business security. It is the basis of all prosperity. There can be no progress in business affairs unless that is conceded.

Mr. BARKLEY. I agree to that principle. By analogy, though, we might go further and say that if the Government, as a matter of morality, ought not to violate its own contracts, it ought not to enact legislation either permitting or compelling others to disregard or impair their contracts; and when we go that far, we go far enough to paralyze the Government in all of its functions, because there never can be a time when there will not be some outstanding contract that might be affected in its validity to some extent by an act that Congress might pass in pursuance of a constitutional authority.

Mr. BORAH. Mr. President, I am not going to discuss the details of this legislation at all. I rose simply to explain my views in connection with the vote which I shall cast against what is called the gold section of the bill. If that is defeated, I shall nevertheless vote for the passage of the measure. I hope it will be taken out of the bill; but I regard the other parts of the measure as of such transcendant importance that I shall vote for it, notwithstanding the fact that that may be retained in the bill, although I shall regard it as most unfortunate if it is, for, Mr. President, we cannot pursue any longer the policy which we have been pursuing for the last 4 years. We have undertaken in no effective way to deal with the question of the fall of commodity prices. Everyone concedes that an inflation of the currency will have the effect of causing a rise of commodity prices. If it is adequately and safely and securely controlled, in my judgment it can be made to serve the cause of the people without bringing the injuries or the detriments which have been prophesied upon the part of some of the opponents of the measure.

Unlimited inflation, of course, would be almost as destructive, if not quite so, as unlimited deflation. There certainly must be a middle course, however, where reasonable men may pursue a reasonable policy and secure adequate relief to our people through a rise in the price of commodities without bringing such disasters as accompanied the effort in Germany and in France, which were wholly different from the one with which we are dealing.

Mr. President, I hope the measure will be corrected in that respect and then passed. It is a move in the right direction. But we shall have to go further.

Mr. CAPPER. Mr. President, I rise to speak briefly in support of the Thomas amendment proposing, as I see it, to give President Roosevelt the power, within well-defined limitations, to do two things that are closely related:

First. To enter a world economic parley in which monetary stabilization is one of the most important elements of the world problem, with sufficiently flexible powers to leave him free to act for the best interests of the people of the United States.

Second. To use the leverage of a controlled currency, within the limitations of the measure, for the purpose of raising commodity prices.

It must be admitted that this is an unusual grant of power to the President; but much as I regret the situation in which we find ourselves, much as I regret the necessity of action such as the Senate is going to take today or tomorrow, at the same time I must confess it seems to me this grant of unusual powers is necessary.

The man who cannot rise to an emergency by doing unusual things to conquer the emergency is very likely to be defeated by the emergency. The same thing is true of a community, of a nation, of a civilization.

It is in my mind, and has been in my mind for some time, that we face such an emergency today. We face it as individuals, we face it as a nation, we face it as a civilization. We as individuals, we as a nation, we as a civilization must rise to meet the emergency.

That means that we shall have to do things which are unusual, which have in them elements of danger.

Of course monetary inflation, no matter how well-controlled, is dangerous. Of course uncontrolled inflation would be fatal, as it always has been. But, Mr. President, deflation also has its dangers; and to my mind we have reached

this point. Controlled inflation has in it, as I have just said, elements of danger; but, on the other hand, continued deflation is more than dangerous. It is comparable to national suicide, in my judgment.

We need, and the world needs, higher commodity prices. Commodity prices are so low that commodities cannot be produced except at a loss. Since the value of capital investments, the value of securities, the value of debts themselves, to say nothing of wages and jobs which bring wages, all depend in the last analysis upon commodity prices. It is highly necessary that we obtain higher commodity prices.

In other words, there is good inflation as well as bad inflation. There is a necessary inflation. An inflation which restores a reasonable price level achieves a comparably equitable balance between debtors and creditors, and which leads toward a restoration of international trade on a fair exchange basis, is more than a good inflation. It is a necessary inflation.

Mr. President, there is no question as to the need of higher commodity prices; and I think it is just plainly impossible to have higher commodity prices without a cheaper dollar. The value of the dollar is the reciprocal of the value of all commodities. The dollar is our medium of exchange. It also is our measure of value. When commodity prices go down the value of the dollar in terms of commodities goes up; and it is just as inevitable that when commodity prices go up the value of the dollar in terms of commodities must come down.

The interest, the prosperity, in the last analysis the physical existence, of 95 percent of the people of this country depends upon either the production of commodities or the services rendered in connection with the distribution of commodities. The immediate interest of perhaps 5 percent depends upon dealing in money—handling the dollar, in other words—and I say that the interest of 95 percent is of transcendent importance as against the immediate interest of 5 percent.

The purpose of the Thomas amendment is to raise the commodity price level. That is in the interest of 95 percent of our people, and I am going to support that program.

It seems to me fundamental under our capitalistic system—and I want to continue that system; I do not want to go to state socialism or to communism—it is fundamental that we have living commodity prices. By "living commodity prices" I mean prices which afford a living to those who produce commodities.

Living commodity prices are in the best interest of producers; also they are in the best interest of consumers and in the best interest of labor.

This is because consumers—95 percent of them—are either producers or distributors of commodities or of services necessary in the production or distribution of commodities, because the wages of labor, in the last analysis, are paid from the prices received for commodities.

Mr. President, for the last few years we have seen commodity prices go down and down and down. For the last few years we have seen the reciprocal value of the dollar go up and up and up.

That reached the point where the dollar that a few years ago would exchange for 1 bushel of wheat would exchange for 3 bushels of wheat. I am citing wheat merely as an example. Wheat probably is the best single barometer of commodity prices, though it goes to extremes at times.

I say commodity prices have gone down and down and down. The reciprocal value of the dollar has gone up and up and up. What has been the result?

Has labor profited from cheap commodity prices, from the high dollar?

Labor has not profited. Lowered wage scales and 14,000,000 unemployed are sufficient answers to that question.

Has the consumer profited from the high dollar and low commodity prices?

The consumer has not profited. Millions of them are in breadlines. Other millions face the loss of their savings, the loss of their homes, the loss of their jobs.

No one would be foolish enough to assert that the producers have profited.

As a matter of fact, less than 5 percent of the population has profited from the deflation of commodity prices which has been going on, which has been allowed to go on through a misunderstanding of the fundamental laws of economics on the part of those in high places.

The profits of the 5 percent, if this deflation goes on to the bitter end, will prove only imaginary profits, because if the 5 percent gets hold of the things the 95 percent need for their existence and material well-being, then the 95 percent will satisfy their needs by force. That has been the history of mankind from the beginning, because those in power, the 5 percent who profit from dealing in money, have failed to understand the laws of economics in terms of human beings.

The reflation program of President Roosevelt, as embodied in the Thomas amendment, frankly and seriously proposes to force a deflation of the dollar, which is the same thing as an inflation of commodity prices.

As I read the bill and gather from what is going on—I hope that when it is accomplished one more step will be taken, which I will mention later—the program embraces three steps.

First. It authorizes the Federal Reserve Board, through open-market operations, to place as much as $3,000,000,000 of credit money in circulation.

Second. It authorizes the President, if the Federal Reserve System does not do this, or if the three billion is just transferred from one banking deposit vault to another deposit vault, or if the three billion does not result in sufficient rise in commodity prices, to issue $3,000,000,000 in greenbacks, with a provision for their retirement in 25 years.

Third. It authorizes the President to devalue the gold dollar. That is, he can reduce the gold content of the dollar as much as 50 percent, or one half, if he considers it necessary.

Now, as I understand it, that last provision would make possible a further expansion of $6,000,000,000 beyond what is possible at the present time.

All these powers are permissive. They may not be used. They may be used. President Roosevelt says they are necessary for him to have in these times. I am willing to intrust him with that power, then to hold him to account for the manner in which he uses that power—or those powers, to state it a little more accurately.

It seems to me, in this desperate situation, that it is necessary for these or similar powers to be lodged somewhere. Congress evidently cannot exercise them effectively in this emergency. I think we may as well admit that. Flexibility and quick decision are needed.

The Federal Reserve Board and the Federal Reserve System are too banker-minded—they honestly and conscientiously see the 5 percent as more important than the 95 percent—to be intrusted with these powers.

If these powers are to be granted, it is logical to give them to the President and then hold him accountable. He is the one more directly personally responsible than anyone to whom such powers can constitutionally be given.

What would be the effect of devaluing the dollar? Of course, many factors enter into this question. A categorical answer is hardly possible; but, in a general way, something like this could happen. We would be placed on an equality in world trade with other nations which have gone off the gold standard, or to a lower gold standard. We would have to trust to the success of the President in the coming world parleys to obtain agreements by which another world-wide depreciation in currencies would be stopped. I believe such an agreement is possible, even probable, if our President has enough flexible powers to enable him to negotiate without having his hands tied by inflexible monetary statutes and regulations.

It would tend to make our tariffs effective against depreciated currencies, subject, of course, to similar limitations as to the results of negotiations with other nations as to

trade agreements and monetary stabilization on an international scale.

It would reduce the debts of the country and its people, as measured by commodities, toward the debt level at the time most of those debts were contracted, which is fair to both debtor and creditor and in the best interests of both. A creditor does not profit from a bankrupt debtor. Better be owed $1,000 which can be paid, with interest, than $2,000 which will be defaulted and the security for which, after Nation-wide defaults, will be worth considerably less than $1,000.

It would result in easing the tax burden, measured in commodities—and it is commodities which pay the taxes through the device of money. That is fundamental, as I see it.

There has been a lot of talk about what deflation of the dollar to meet commodities would do to life-insurance policies and to savings accounts, upon savings generally. These orators paint a terrible picture of the depreciation of all these forms of savings.

As to the man who has hoarded money, the picture probably is true. He has in his possession money with a value out of proportion to commodities. The hoarder would see the value of his hoardings diminish. But the one whose savings are invested in life-insurance policies, in savings banks, in savings accounts in the long run would benefit from the deflation of the dollar, provided that the inflation means is controlled, and it must and will be controlled. So the devastating picture these folks paint is not the true picture. Why is it not a true picture? To me the answer seems simple and very plain.

The deposits in savings banks, the money invested in life-insurance policies, are not held by the banks or by the insurance companies in the form of cash. These deposits, these insurance payments, are invested. What are they invested in? They are invested in farm mortgages, in city mortgages, in railroad stocks and bonds, in Government, State, and municipal bonds, in utility stocks and bonds.

The value of all these mortgages and stocks and bonds rests finally upon commodity prices. Farm mortgages are not good security, are not worth face value, when farm products cannot be sold at a profit. City mortgages depreciate rapidly in value—and they have done so—when the city people do not have jobs, when the city merchants do not have trade, when the city banks must remain liquid and cannot lend their money at a profit.

Railroad bonds and stocks are sure to depreciate—and they have depreciated—when the low prices of commodities make it unprofitable to ship freight.

Two thirds of the assets of life-insurance companies are invested in the class of securities I have just described. Cut the value of these investments in two—and that is what deflation has done—and insurance policies and savings accounts cannot be realized at their face value. Put up commodity prices and they will regain face value. That to me is A, B, C.

Mr. President, I will admit it is dangerous to change the base of our monetary system, but it is fatal to allow this deflation to go on unchecked; it is dangerous to allow it to go on for the length of time it will take for bankruptcies, foreclosures, more unemployment to complete the job of deflation.

I would rather pursue a dangerous course of action that holds some promise of carrying us through to safety than to stand still and see this Nation go through bankruptcy and possible disintegration.

There is one thing more that I consider necessary in dealing with the monetary system. After we have deflated the dollar and brought it to parity again with commodities we should stabilize its purchasing power through Federal control of the dollar and its subsidiary coin and currency. By Federal control I do not mean Federal Reserve control. I mean Federal control in the interest of producers and consumers, not simply in the interest of the money changers.

We want and need an honest dollar. An honest dollar or a scientific money is one with a constant buying power for commodities rather than a fixed weight of one commodity. Our whole tax and debt structure rests on commodity prices. If this is to be kept sound for creditor or debtor—I would say for creditor and debtor—it is commodity prices that must be kept stable, not the weight of gold for which a dollar may be exchanged.

Two more points, and I will close. In the first place, I am supporting the Wheeler amendment to give the President power to remonetize silver if that is found necessary to help reestablish foreign trade. If it is not necessary, I am bound up myself with a traditional philosophy of a gold base in our monetary system. But I can see where a bimetallic system, if sustained by international agreements, might lead to better conditions in world trade. I am willing to trust that power to President Roosevelt also.

I am perfectly aware of the controversy over silver. I do not claim to have any superior knowledge when it comes to monetary systems. But it does seem to me that many of the objections to bimetallism or symmetalism are based on political tradition rather than on economic laws. For those reasons I am supporting the Wheeler amendment.

The other point is this: Much has been made of Germany's inflation and its failure. We all admit its failure. Of course, we do not want anything like that. There is no reason why we should get anything like that from this measure. But the conditions here today and the conditions in Germany when it went wild on an inflation spree are not comparable. Germany had a gold shortage. We have the world's largest gold reserves, and these reserves have been impounded by our Government.

Germany had an unfavorable trade balance; we still have a favorable trade balance. Germany is far from being a self-sufficient nation. We are not, of course, self-sufficient, but we are as near being self-sufficient as any nation in the world. Germany balanced her budget with printing-press money. We have balanced ours—or made possible its being balanced—so far as operating expenses are concerned, before we considered a controlled inflation.

So, Mr. President, I have resolved my doubts in favor of the Roosevelt-Thomas amendment and am willing to try this dangerous course, entrusting its execution to the President with the limitations provided in the measure.

Mr. ROBINSON of Arkansas. Mr. President, I wish to submit a request with a view to imposing a limitation on debate on the pending bill and amendments thereto.

I ask unanimous consent that after 2 o'clock tomorrow no Senator may speak more than once or longer than 15 minutes on the bill or on any amendment which may be pending or which may be offered.

Mr. ROBINSON of Indiana. Mr. President, reserving the right to object, I should like to ask the Senator from Oklahoma whether he is prepared to accept the so-called "bonus amendment" which I have offered as an amendment to his amendment, and which lies on the table and is to be printed, and which will come up for discussion tomorrow very early, I assume. I do not think it will take long to dispose of the amendment. I do not suppose it will require a lot of debate, but I think we ought to have at least an hour for anyone who wants to speak on that one amendment. I am assuming that perhaps, since the Senator from Oklahoma last year was one of the principal sponsors of the bonus legislation which was proposed then, he will accept this amendment to the so-called "Thomas amendment." If he will, that will eliminate any debate, and then I will be perfectly willing to agree to the unanimous-consent proposal.

Mr. REED. Mr. President, will the Senator permit a suggestion?

Mr. ROBINSON of Indiana. Yes; I should be very glad to have a suggestion.

Mr. REED. Regardless of the absence of the Senator from Oklahoma, the limitation proposed by the Senator from Arkansas would give any Senator a half hour to discuss the so-called "bonus amendment." A Senator could speak 15 minutes on the bill, and 15 minutes on the amendment.

Mr. ROBINSON of Indiana. I am suggesting an hour. I do not think it will take long; but that is what a cloture arrangement would provide for, and I think that any Senator who wants to speak on as important a matter as the so-called "bonus amendment", providing for the immediate payment of the adjusted-service certificates, should have an hour in which to discuss it. I do not imagine there will be many speeches. I do not know.

Mr. McNARY. Mr. President, I have conferred with most of the Republican Members of the Senate, and I think they are entirely in favor of and in full accord with the proposal made by the Senator from Arkansas. I hope the Senator from Indiana may find it possible to conform his desires to the suggestion.

Mr. ROBINSON of Indiana. Mr. President, I note that the Senator from Oklahoma is now in the Chamber. I should like to have his attention, if I may. He was one of the leading advocates of the so-called "soldier-bonus legislation" proposed at the last session. I should like to ask the Senator whether he would be willing to accept the soldier-bonus amendment to his proposal. That would eliminate the necessity for any discussion.

Mr. THOMAS of Oklahoma. Mr. President, I was fighting the battles of the soldier boys at the last session when the Senator was silent.

Mr. ROBINSON of Indiana. I did not hear the Senator.

Mr. THOMAS of Oklahoma. I stated to the Senator that I was fighting for the soldiers at the last session when the Senator from Indiana was silent.

Mr. ROBINSON of Indiana. Not I, silent; surely!

Mr. THOMAS of Oklahoma. Now, the Senator comes in at this late date and asks me to accept an amendment to the pending amendment. Even though it be my own amendment, I must respectfully refuse.

Mr. ROBINSON of Indiana. Mr. President, I must respectfully deny the suggestion made with reference to me. If anyone ever fought for the soldiers' bonus, I supposed everybody knew that I did. I understand the Senator refuses to accept the amendment?

Mr. ROBINSON of Arkansas. Yes.

Mr. REED. Mr. President, reserving the right to object, the only speech of any length that I know of against the Thomas amendment, or for it, for that matter, is that which, I believe, is intended to be made tomorrow by the Senator from Ohio [Mr. FESS], who is necessarily absent at this moment. I believe that those who are interested in the amendment will all be satisfied with the limitation proposed by the Senator from Arkansas. But might I ask him to couple with it a statement that the Senator from Ohio [Mr. FESS] might be recognized when we meet tomorrow at 12 o'clock?

Mr. LONG. Mr. President, do I understand the Senator from Indiana to have objected, or not? Where do we stand on this matter?

Mr. ROBINSON of Indiana. Mr. President, unless we can have an hour, or 45 minutes, to discuss the bonus amendment, I shall have to object. I am willing to accept 45 minutes, and agree. In other words, if this amendment shall be excepted from the general provisions of the unanimous-consent agreement so that any Senator who may desire to discuss the bonus amendment may have 45 minutes, I am willing to agree to the unanimous-consent proposal. Otherwise I shall have to object.

Mr. ROBINSON of Arkansas. I cannot make an exception of any particular amendment. We have had the pending bill before the Senate for a very long time, and we have had the pending amendment, the so-called "inflation amendment" up for consideration for several days. Some days ago those who were opposed to the amendment indicated their belief that a vote could be reached today. The debate on that amendment is almost exhausted, as I view it. Now an amendment entirely foreign to that is proposed by the Senator from Indiana, and it is asked that such a limitation on debate be imposed as would probably carry this bill over into next week.

I say frankly that if we can dispose of this measure tomorrow and make satisfactory arrangements with respect to the unfinished business to follow it, I hope to have an adjournment or recess over the week-end so as to afford Senators an opportunity for the transaction of business in their offices. Every Senator is receiving a large volume of mail, and, considering the number of hours we are devoting to the work of the Senate, it is a practical impossibility to make response to the large number of communications that have been received. I had hoped that an agreement could be reached looking toward the conclusion of this measure probably tomorrow.

Mr. ROBINSON of Indiana. Mr. President, will the Senator from Arkansas permit me to make a suggestion?

Mr. ROBINSON of Arkansas. Of course, if the Senator from Indiana objects, he has complete power to do so.

Mr. ROBINSON of Indiana. I should like to suggest to the Senator from Arkansas that unless I change my mind between now and when the time comes to vote, I expect to vote for the inflation program; and I have been in sympathy with the Thomas amendment notwithstanding the unkind words hurled in my direction a moment ago. I am wondering if the Senator from Arkansas would be willing to agree to such a limitation as I shall now suggest, which would satisfy me, though I do not know if it would satisfy others who favor the bonus proposition. I suggest that we have 30 minutes on the bill and 15 minutes on the amendment.

Mr. ROBINSON of Arkansas. No; I cannot do that. I think that would prolong the debate unnecessarily.

Mr. THOMAS of Oklahoma rose.

Mr. ROBINSON of Arkansas. Just a moment, and then I will yield to the Senator from Oklahoma. It seems to me, with a 30-minute limitation, considering the fact that the subject matter of the amendment of the Senator from Indiana has been discussed from time to time continuously throughout the last 2 years, that that limitation ought to be satisfactory to him. Now I yield to the Senator from Oklahoma, if I have the floor.

Mr. THOMAS of Oklahoma. The suggestion is made that I have done the Senator from Indiana an unkind act. I am wondering if he considers that his effort to take my own bonus bill and offer it as an amendment to my own pending amendment was doing me a very kind act?

Mr. ROBINSON of Indiana. I thought it would be, because I am trying to pass two of the Senator's bills at the same time. [Laughter.]

Mr. THOMAS of Oklahoma. I shall be content to have one passed at this particular time.

Mr. ROBINSON of Arkansas. Of course, it is fair to say that many Members of the Senate who are giving support to the pending amendment of the Senator from Oklahoma, as is well known from the RECORD, are not in sympathy with the amendment to which the Senator from Indiana refers. I feel that the Senator from Indiana is exercising a very liberal imagination, if not a most comprehensive one, when he assumes to think that the Senator from Oklahoma could be expected, under present circumstances, to accept the bonus amendment as a provision of the so-called "inflation amendment."

Mr. ROBINSON of Indiana. Mr. President, will the Senator from Arkansas yield for a second?

Mr. ROBINSON of Arkansas. I yield.

Mr. ROBINSON of Indiana. I am thoroughly sincere in my very earnest desire to have the bonus amendment added to the inflation program, and I hope the Senator from Arkansas will believe me when I state that I am not trying to be dilatory in the slightest degree.

Mr. ROBINSON of Arkansas. I am not raising any question as to that.

Mr. ROBINSON of Indiana. I am anxious to have the inflation program go into effect at the earliest possible moment, because the country needs something that may help to relieve the unemployment situation. We have now thousands of our old soldiers who are in dire distress, especially

as the result of the so-called "economy legislation." I am anxious to have money made available, and if my proposed amendment should be adopted it would distribute the money where it is most needed, and the $2,000,000,000 would at once be circulated throughout the country.

Mr. ROBINSON of Arkansas. If the Senator will pardon me, I do not think, particularly in view of his failure to agree to a limitation of debate, that he should now under present circumstances exhaust his argument in favor of the bonus amendment. I think he ought, at least, to agree on a limitation before he avails himself of the opportunity to discuss the question.

Mr. STEIWER. Mr. President, will the Senator yield to me?

Mr. ROBINSON of Arkansas. I yield to the Senator from Oregon.

Mr. STEIWER. Would the Senator from Arkansas consider substituting a different hour in his proposal? It occurs to me that possibly the Senator from Indiana would agree to the proposal if the hour were changed either to 3 or 4 o'clock. I am most anxious that we find a basis for agreement.

Mr. ROBINSON of Arkansas. Of course, if we do that we forego any prospect or hope of concluding this bill at any time tomorrow, even though we should arrange to stay here until midnight. If we carry the bill over the end of the week, as is possible under the rules and practices prevailing in the Senate, we must be compelled to begin holding night sessions. I have not asked Senators to come here at unusual hours and neither has the Senator from Oregon [Mr. McNARY], who has been very kind in cooperating in the effort to secure action; the suggestion I have made, in my judgment, is a fair and liberal one, and I hope the Senator from Indiana will agree to it.

Mr. FESS. Mr. President, a parliamentary inquiry.

Mr. ROBINSON of Arkansas. I yield to the Senator from Ohio.

Mr. FESS. I should like to know what the proposal is.

Mr. ROBINSON of Arkansas. I have asked unanimous consent—and we have discussed the request for some 30 minutes—that on tomorrow after the hour of 2 o'clock no Senator shall speak more than once or longer than 15 minutes on the bill or any amendment that may be pending or that may be offered thereto. That is the request I made, but I am having hard sailing with it.

The PRESIDING OFFICER. Is there objection to the request submitted by the Senator from Arkansas?

Mr. ROBINSON of Indiana. Mr. President, unless it can be arranged that we may have at least 40 minutes for anyone who wants to speak on the bonus amendment, I shall have to object.

The PRESIDING OFFICER. Objection is made by the Senator from Indiana.

Mr. ROBINSON of Arkansas. Mr. President, I shall be compelled to announce that it will be necessary to lengthen the hours of daily meeting of the Senate, and that tomorrow I shall expect that we meet at 11 o'clock and continue in session until a very late hour.

Mr. SMITH. Mr. President, will the Senator yield to me?

Mr. ROBINSON of Arkansas. I yield to the Senator from South Carolina.

Mr. SMITH. It seems to me we are losing sight of the original intent of the pending legislation. It is known as "the farm relief bill." [Laughter.] It seems to me that if we are to keep faith with the farmers of the country, we ought to devote ourselves to bringing that relief. All Senators know that if any relief is to come to them from this bill the measure must be enacted in time to benefit them for this year's production.

The proposal now advanced to put still another trailer on this lengthening freight train is not fair to the farmers. We have absolutely proven to the farmers of the country that we do not consider them at all. Whenever a measure comes up here for their benefit, we branch off on some question of banking, some question involving the intricacies of currency, and lengthen the debate to prove our intellectual acumen and our knowledge of a subject that we do not know a thing about, and let the farmers go. [Laughter.]

I have sat here and listened to lengthy speeches. The leader of the majority has cooperated with me to try to bring about some conclusion of this measure, which is ostensibly for the benefit of the farmers, and here we are no nearer a conclusion than we were when it was first brought to the floor of the Senate. I do think that every Senator ought to consider whether his own pet schemes ought not to be subordinated to the necessities that are involved here.

I will admit that the inflation that is proposed may do the farmers more good, if properly carried out, than all the other elements in the so-called "farm relief bill"; I believe that an expansion of the currency will bring relief; but why we should bring in other extraneous matters and load up this bill and delay it is beyond my comprehension. If it is a farm bill, let us give the farmer relief; if it is for the bankers' relief, let us say so and settle down to be here until August.

Mr. ROBINSON of Arkansas. Mr. President, I am going to submit another and different request for unanimous consent. I ask unanimous consent that on tomorrow after the hour of 4 o'clock no Senator may speak more than once or longer than 15 minutes on the bill or any amendment that may be pending or that may be offered thereto.

Mr. LONG. Mr. President, I do not want to be in the position of objecting, but I wish to say that no fault can be found with the so-called "inflation element" for any time that has been taken up. I am for this proposed inflation. The administration did not decide to come out for inflation until a few days ago, and it took considerable talking to get the administration to see the light. I do not know whether or not we are going to go through with the first provision of the amendment providing for the $3,000,000,000 issue of Treasury notes. The Senator from Idaho [Mr. BORAH] does not think so.

I have looked over the amendment of the Senator from Indiana this evening, and, as one of the original inflationists, I think that I have the right to say that it is a great deal sounder than the first provision of the pending amendment; and I want to see the amendment of the Senator from Indiana considered, because I have some hope that the administration may see fit to take the amendment that has been offered.

I think the Senator from Oklahoma [Mr. THOMAS] is certainly within his rights, handling this measure as he is for the administration, in not accepting any amendment at this time. Of course, he has not had time to study it, and I can certainly see that the Senator from Oklahoma, who has led in the movement for inflationary and soldier relief, is consistent in not accepting it; but I hope that we will go ahead and dispose of the amendment of the Senator from Indiana, and I do not think he is asking too much.

I have heard, Mr. President—and I want the Senator from Arkansas to understand that what I am about to say has no reference to anybody in the Senate—that there have been a considerable number of New York conferences after midnight and before midnight around here, and that we are not going to get this inflation if we vote it in the bill. I am not casting any reflections on anybody, but I have heard a little bit more than I care to hear around here. The Senator from Pennsylvania [Mr. REED] is getting entirely too well satisfied to suit me. [Laughter.] So long as the Senator from Pennsylvania was "bucking at the bits", I knew there was hope, but when the Senator from Pennsylvania begins to urge speed I commence to wonder, and I want to look at this thing and to see just what it is all about.

I am going to urge all the speed possible, Mr. President, but I think the amendment of the Senator from Indiana is the only one that guarantees inflation. One great trouble is that the administration comes out for inflation after a good many of us have been fighting for it for a long time. We voted inflation on the Democratic side 28 to 44 before the President came out for it. I do not know how he is going to look on paying the soldiers, but I think we ought to take the amendment of the Senator from Indiana, because it not only pays them but it absolutely guarantees 2½ billion

dollars of inflation, and it does not depend upon the ipse dixit of the President whether it shall be had or not. It is a good amendment to this bill, and there are going to be a number of Senators when they consider it who are going to want to vote for the amendment, because we have got to pay the soldiers the money in 1945 anyway, and if we shall vote the money it will get out all over the country. There are 3,000,000 men who are going to get that money. We know that it has got to be done, in any event, at some time. I repeat, Mr. President, that I am getting very skeptical of the conferences being held with Wall Street men around here again. They tell us we are not going to get inflation. I understand that they are getting to be pretty well satisfied that even though we vote it, the people are not going to get it. The Senator from North Carolina [Mr. BAILEY] may have heard something like that. I hope he has not.

Mr. BAILEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from North Carolina?

Mr. ROBINSON of Arkansas. I yield.

Mr. BAILEY. I should not like by my silence to indicate that I have heard anything of that kind. I have not.

Mr. LONG. I did not understand the Senator. The Senator was smiling so that I was afraid he had knowledge that ought to be given to the Senate.

Mr. ROBINSON of Arkansas. Mr. President, I do not know what the Senator from Louisiana has heard or dreamed. [Laughter.] I had hoped that we could make an adjustment that would bring about a vote on the amendment which he apparently has concluded is essential to the bill. I do not understand that there is anyone here so poorly informed on the subject of the bonus that he must listen to a 2- or 3-hour speech or a 4-hour speech from any of his colleagues in order to form a conclusion as to what is right about the matter. There is no proposal here now, and none has been made that would prevent a fair expression of opinion touching the amendment to be proposed.

My proposition is in the interest of a fairly prompt determination of the issues involved in the bill. I have extended the hour for the limitation to go into effect at 4 o'clock in the belief that the Senator from Indiana [Mr. Robinson], as well as the Senator from Ohio [Mr. FESS], may, prior to the limitation taking effect, have an opportunity to exhaust their very great store of information on the pending subject. I say that in the belief that the Senator from Indiana will be willing to accept the suggestion which I have now made.

The PRESIDING OFFICER. Is there objection to the request submitted by the Senator from Arkansas?

Mr. ROBINSON of Indiana. Mr. President, it has been the custom in the past very largely, when we were endeavoring to arrange to hasten a vote, to limit debate to 30 minutes on the bill and 15 minutes on any amendment. I think time will be saved by doing that now. I will cheerfully agree to such a proposal as that. At the most, that would only give a Senator 45 minutes altogether to discuss the bonus amendment—15 minutes on the amendment and 30 minutes on the bill.

Mr. NORRIS. Mr. President, I should like to make an inquiry of the Senator from Indiana. If the proposal were so worded as the Senator from Indiana has just suggested, would the Senator from Indiana be willing to have the agreement go into effect upon the convening of the Senate tomorrow?

Mr. ROBINSON of Indiana. Of course I would.

Mr. ROBINSON of Arkansas. The difficulty about that is that other Senators will not agree to it.

Mr. LONG. Oh, yes, they will.

Mr. ROBINSON of Arkansas. I happen to be informed to the contrary. However, I will submit the request that after the Senate convenes tomorrow no Senator shall speak more than once or longer than 15 minutes on any amendment or motion that may be pending or that may be offered, nor longer than 30 minutes on the bill.

The PRESIDING OFFICER. Is there objection?

Mr. REED. Mr. President, if the Senator will make that 2 o'clock I shall be glad to agree.

Mr. ROBINSON of Arkansas. I thought so!

Mr. BARKLEY. Mr. President, why should there be any exception in favor of any particular Senator? Many Senators have been waiting to be heard.

Mr. FESS. I object.

Mr. ROBINSON of Arkansas. Of course, I was informed in advance that the objection would be made. I have no alternative except to repeat the suggestion that I last made and which was not formally objected to. I again ask unanimous consent that after the hour of 4 o'clock tomorrow no Senator shall speak more than once or longer than 15 minutes on any amendment or motion that may be pending or that may be offered, or on the bill. I ask that the request be submitted to the Senate.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Arkansas?

Mr. BAILEY. Mr. President, I should like to be heard on that just a moment. I do not like to refuse a unanimous-consent request; I never have done so; but we have had notice from the author of one amendment here that it is the most important proposition since the fall of Adam, if we take his word for it. If it is, I do not see why it should be rushed through in such a great hurry.

The other observation is that the bill takes from the Congress practically the last vestige of its power and transfers it to the President. I think we ought to go about that deliberately and carefully and slowly and in the fear of God. In the matter of transferring to the President the powers which the people of North Carolina gave me, as a Senator, as a sacred and express trust, I would rather go about it very deliberately and take the remainder of the week, and longer if necessary, in order that each one of us may fully realize the import of the action taken. I do not want to object, but I suggest to our leader that we will lose nothing by taking our time.

Mr. ROBINSON of Arkansas. Does the Senator object?

Mr. BAILEY. I was making an appeal to the Senator from Arkansas rather than an objection. I hope I may be heard tomorrow. I have never delayed legislation. I have been heard at some length in one speech, but I am rather urging the Senator from Arkansas that in a matter so important we will lose nothing by taking plenty of time.

Mr. ROBINSON of Arkansas. I have presented my request and should like to have it determined. If the Senator from North Carolina is going to object, of course, that is his privilege.

Mr. BAILEY. I shall not object. I have made my statement.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Arkansas?

Mr. ROBINSON of Indiana. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. ROBINSON of Arkansas. Very well, Mr. President; I call for the regular order.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Montana [Mr. WHEELER] to the amendment of the Senator from Oklahoma [Mr. THOMAS].

Mr. REED. Let us have the yeas and nays.

Mr. SMITH. Mr. President, let us have the amendment read.

The PRESIDING OFFICER. The amendment will be read for the information of the Senate.

The CHIEF CLERK. It is proposed by the Senator from Montana [Mr. WHEELER], for himself and the Senator from Utah [Mr. KING], to amend the amendment of the Senator from Oklahoma [Mr. THOMAS], on page 4, by striking out the words beginning with "By proclamation" in line 20 down to and including the words "foreign currencies" in line 24, and inserting in lieu thereof the following:

By proclamation to fix the weight of the gold dollar in grains nine tenths fine and also to fix the weight of the silver dollar in grains nine tenths fine at a definite fixed ratio in relation to the gold dollar at such amounts as he finds necessary from his inves-

tigation to stabilize domestic prices or to protect the foreign commerce against the adverse effect of depreciated foreign currencies, and to provide for the unlimited coinage of such gold and silver at the ratio so fixed.

Mr. TYDINGS. Mr. President, I should like to inquire what question is pending before the Senate.

The PRESIDING OFFICER. The amendment just read by the clerk.

Mr. TYDINGS. What became of that part of the bill to which the Filipino amendment was applicable?

The PRESIDING OFFICER. The present occupant of the chair is advised that when the Senator from Maryland offered his amendment it proved not to be in order, and he agreed to withhold it. The amendment just read is the pending amendment.

Mr. TYDINGS. May I ask the present occupant of the chair when my amendment will be in order?

The PRESIDING OFFICER. When the pending amendment is disposed of.

Mr. REED. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Dieterich	Lonergan	Shipstead
Bachman	Duffy	Long	Smith
Bailey	Erickson	McCarran	Steiwer
Bankhead	Fess	McGill	Stephens
Barbour	Fletcher	McNary	Thomas, Okla.
Barkley	George	Metcalf	Thomas, Utah
Bratton	Goldsborough	Murphy	Townsend
Brown	Gore	Neely	Trammell
Bulkley	Harrison	Norris	Tydings
Bulow	Hastings	Nye	Vandenberg
Byrnes	Hatfield	Overton	Van Nuys
Capper	Hayden	Pope	Wagner
Carey	Hebert	Reed	Walcott
Connally	Kean	Reynolds	Wheeler
Copeland	Kendrick	Robinson, Ark.	White
Couzens	Keyes	Robinson, Ind.	
Cutting	King	Russell	
Dickinson	Logan	Sheppard	

The PRESIDING OFFICER. Sixty-nine Senators having answered to their names, a quorum is present. The question is on the amendment of the Senator from Montana [Mr. WHEELER] to the amendment of the Senator from Oklahoma [Mr. THOMAS.]

Mr. REED, Mr. LONG, and other Senators called for the yeas and nays, and they were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. LOGAN (when his name was called). I have a general pair with the junior Senator from Pennsylvania [Mr. DAVIS], who is absent on account of illness. I transfer that pair to the junior Senator from Arkansas [Mrs. CARAWAY], and will vote. I vote "yea."

Mr. TOWNSEND (when his name was called). On this question I have a general pair with the senior Senator from Tennessee [Mr. MCKELLAR], who is unavoidably detained from the Senate. Not knowing how he would vote, I withhold my vote.

The roll call was concluded.

Mr. WAGNER. Upon this question I am advised that my general pair, the Senator from Missouri [Mr. PATTERSON], would vote "nay", and that he is specially paired on this question with the Senator from Colorado [Mr. COSTIGAN], who, if present, would vote "yea." I am therefore at liberty to vote, and vote "nay."

Mr. KENDRICK. I desire to announce that the Senator from Arizona [Mr. ASHURST] and the Senator from Illinois [Mr. LEWIS] are necessarily detained from the Senate on official business.

I also desire to announce the following special pairs on this question:

The senior Senator from Virginia [Mr. GLASS] with the junior Senator from Washington [Mr. BONE]; and

The junior Senator from Vermont [Mr. AUSTIN] with the senior Senator from Washington [Mr. DILL].

The senior Senator from Virginia, if present, would vote "nay" on this amendment, and the junior Senator from Washington would vote "yea."

The junior Senator from Vermont, if present, would vote "nay" on the amendment, and the senior Senator from Washington would vote "yea."

Mr. HEBERT. I desire to announce the following general pairs:

The Senator from Wisconsin [Mr. LA FOLLETTE] with the Senator from Virginia [Mr. BYRD];

The Senator from Maine [Mr. HALE] with the Senator from Alabama [Mr. BLACK];

The Senator from Vermont [Mr. DALE] with the Senator from California [Mr. MCADOO];

The Senator from North Dakota [Mr. FRAZIER] with the Senator from Massachusetts [Mr. WALSH]; and

The Senator from California [Mr. JOHNSON] with the Senator from Massachusetts [Mr. COOLIDGE].

I also desire to announce the following special pair on this amendment:

The Senator from Minnesota [Mr. SCHALL] with the Senator from Nevada [Mr. PITTMAN]; and

If present, the Senator from Minnesota [Mr. SCHALL] and the Senator from Vermont [Mr. DALE] would vote "nay", and the Senator from Nevada [Mr. PITTMAN] would vote "yea."

I am informed that the Senator from Maine [Mr. HALE], if present, would vote "nay", and that the Senator from Alabama [Mr. BLACK] would vote "yea."

The result was announced—yeas 41, nays 26, as follows:

YEAS—41

Adams	Duffy	McCarran	Sheppard
Bachman	Erickson	McGill	Shipstead
Bankhead	Fletcher	Murphy	Smith
Bratton	George	Neely	Thomas, Okla.
Brown	Harrison	Norris	Thomas, Utah
Bulow	Hayden	Nye	Trammell
Byrnes	Kendrick	Overton	Van Nuys
Capper	King	Pope	Wheeler
Connally	Logan	Reynolds	
Cutting	Lonergan	Robinson, Ark.	
Dieterich	Long	Russell	

NAYS—26

Bailey	Fess	Keyes	Tydings
Barbour	Goldsborough	McNary	Vandenberg
Bulkley	Gore	Metcalf	Wagner
Carey	Hastings	Reed	Walcott
Copeland	Hatfield	Robinson, Ind.	White
Couzens	Hebert	Steiwer	
Dickinson	Kean	Stephens	

NOT VOTING—28

Ashurst	Caraway	Frazier	McKellar
Austin	Clark	Glass	Norbeck
Barkley	Coolidge	Hale	Patterson
Black	Costigan	Johnson	Pittman
Bone	Dale	La Follette	Schall
Borah	Davis	Lewis	Townsend
Byrd	Dill	McAdoo	Walsh

So Mr. WHEELER'S amendment to the amendment of Mr. THOMAS of Oklahoma was agreed to.

Mr. CLARK subsequently said: Mr. President, I was temporarily called out of the Chamber, and did not get back in time to vote on the Wheeler amendment. I ask unanimous consent that my vote may be recorded in the affirmative on that amendment.

Mr. REED. I object to that, Mr. President.

The PRESIDING OFFICER. Objection is heard.

Mr. CLARK. Mr. President, I simply desire to state for the RECORD that if I had been present I would have voted for the Wheeler amendment.

The PRESIDING OFFICER. The Senator may make that statement in the RECORD. It is against the rule, as the Chair understands, for a vote to be entered after the result has actually been announced.

Mr. REED. Mr. President, I desire to make a motion by way of an amendment. On page 5, commencing on line 1, I move to strike out all down to and including line 18, including any amendments that may have been made to the first 18 lines.

Mr. SMITH. On what page?

Mr. REED. On page 5. It is the section providing for diminishing the gold content of the dollar.

Mr. ROBINSON of Arkansas. Is the Senator ready for a vote on his amendment now?



Mr. REED. I desire to speak briefly on it, not more than 5 minutes; and then I understand that the Senator from Ohio [Mr. FESS] desires to speak more at length. I suggest that we can finish that in the morning, if that is satisfactory to the Senator.

Mr. ROBINSON of Arkansas. Mr. President, I have been admonished by some Senators that it would now be practicable to get an agreement limiting debate. I submit again one of the propositions made a few moments ago, to which objection was then registered, under the assurance that the objection will not again be made.

I ask unanimous consent that on tomorrow, after the hour of 2 o'clock, no Senator shall speak more than once or longer than 15 minutes on the bill, or any amendment or motion that may be pending, or that may be offered.

Mr. HATFIELD. That will be 30 minutes in all, Mr. President?

Mr. ROBINSON of Arkansas. Yes.

The PRESIDING OFFICER. Is there objection to the unanimous-consent agreement submitted by the Senator from Arkansas? The Chair hears none, and the unanimous-consent agreement is entered into.

The question is on the amendment offered by the Senator from Pennsylvania [Mr. REED] to the amendment of the Senator from Oklahoma [Mr. THOMAS].

Mr. ROBINSON of Arkansas. Mr. President, I understand that the Senator from Pennsylvania desires to speak on his amendment, and that the Senator from Ohio desires to discuss it at length.

Mr. REED. Mr. President, if I may be recognized, I shall be glad to yield to the Senator from Arkansas to move to take a recess until noon tomorrow, or to have the Senate go into executive session.

Mr. ROBINSON of Arkansas. Mr. President, I am perfectly willing to go on with the bill; but I think no time would be saved, in view of the limitation that has been imposed.

Mr. REED obtained the floor.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. Mr. President——

Mr. REED. I am glad to yield to the Senator from Arkansas for a motion to go into executive session.

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The PRESIDING OFFICER. The question is on the motion of the Senator from Arkansas.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

GREAT LAKES-ST. LAWRENCE DEEP WATERWAY TREATY

The PRESIDING OFFICER. Reports of committees are in order. If there be no reports of committees, the calendar is in order.

The legislative clerk proceeded to read Executive C (72d Cong., 2d sess.), a treaty between the United States and the Dominion of Canada for the completion of the Great Lakes-St. Lawrence deep waterway, signed on July 18, 1932.

Mr. REED. I ask that the treaty go over.

The PRESIDING OFFICER. The treaty will go over.

DEPARTMENT OF THE NAVY

The legislative clerk read the nomination of Ernest J. King to be Chief, Bureau of Aeronautics, with rank of rear admiral.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Without objection, the President will be notified.

Mr. COUZENS. Mr. President, I object to the President being notified.

Mr. TRAMMELL. Mr. President, that is agreeable to me. I have noticed, however, that in at least half the cases of confirmations at this session of Congress the President has been notified immediately on confirmation. I think the rule of the Senate that confirmations be carried over is a good one.

The PRESIDING OFFICER. That completes the calendar.

The Senate resumed legislative session.

RECESS

Mr. SMITH. Mr. President, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 50 minutes p.m.) the Senate took a recess until tomorrow, Thursday, April 27, 1933, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate April 26 (legislative day of Apr. 17), 1933

ENVOY EXTRAORDINARY AND MINISTER PLENIPOTENTIARY

Laurence A. Steinhardt, of New York, to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Sweden.

SECRETARIES IN THE DIPLOMATIC SERVICE

James S. Moose, Jr., of Arkansas, now a Foreign Service officer, unclassified, and a vice consul of career, to be also a secretary in the Diplomatic Service of the United States of America.

Cavendish W. Cannon, of Utah, now a Foreign Service officer, unclassified, and a vice consul of career, to be also a secretary in the Diplomatic Service of the United States of America.

DIRECTOR OF THE MINT

Nellie Tayloe Ross, of Wyoming, to be Director of the Mint, in place of Robert J. Grant, resigned.

SOLICITOR OF LABOR

Charles Wyzanski, Jr., of Massachusetts, to be Solicitor of Labor, to succeed Theodore G. Risley.

APPOINTMENT, BY TRANSFER, IN THE REGULAR ARMY

TO ADJUTANT GENERAL'S DEPARTMENT

Capt. Thomas Jefferson Davis, Infantry (detailed in Adjutant General's Department), with rank from November 1, 1930.

PROMOTIONS IN THE REGULAR ARMY

To be lieutenant colonel

Maj. Frederick Almyron Prince, Field Artillery, from April 18, 1933.

To be major

Capt. Russell Gilbert Barkalow, Field Artillery, from April 18, 1933.

To be captains

First Lt. Arthur Lee Shreve, Field Artillery, from April 16, 1933.

First Lt. George Raymond Connor, Infantry, from April 18, 1933.

To be first lieutenants

Second Lt. Harry Forrest Townsend, Coast Artillery Corps, from April 16, 1933.

Second Lt. Francis Scoon Gardner, Field Artillery, from April 18, 1933.

REAPPOINTMENT IN THE OFFICERS' RESERVE CORPS OF THE ARMY

GENERAL OFFICER

To be brigadier general, Ordnance Department Reserve

Brig. Gen. John Ross Delafield, Ordnance Department Reserve, from October 25, 1933.

CONFIRMATION

Executive nomination confirmed by the Senate April 26 (legislative day of Apr. 17), 1933

PROMOTION IN THE NAVY

Ernest J. King to be Chief, Bureau of Aeronautics, with rank of rear admiral.

HOUSE OF REPRESENTATIVES

WEDNESDAY, APRIL 26, 1933

The House met at 12 o'clock noon.

Rev. Vernon Norwood Ridgeley, D.D., pastor of Calvary Methodist Episcopal Church, Washington, D.C., offered the following prayer:

Let us pray. Almighty God, our Heavenly Father, be gracious unto us and hear us while we pray. Accept our thanks for the manifold blessings which Thou hast bestowed upon us and keep us from forgetting our dependence upon Thee. Forgive us our feverish ways, be merciful unto us, and pardon us when we go astray. In the hour of temptation strengthen us. In the time of uncertainty hasten to our aid and lead us by Thy spirit into the way of truth and righteousness. When the burdens of life press upon us sustain us by Thy grace and help us to minister to the needs of Thy children. Bless every act that has for its objective the welfare of mankind. Incline our hearts to do Thy will and obey Thy laws. Guard our homes; protect them from disease and evil. We ask it in the name of the Father, the Son, and the Holy Spirit. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment bills of the House of the following titles:

H.R. 4225. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge across the Allegheny River at or near Parkers Landing, in the county of Armstrong, Commonwealth of Pennsylvania; and

H.R. 4332. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge across the Allegheny River at a point near the Forest-Venango county line, in Tionesta Township, and in the county of Forest, and in the Commonwealth of Pennsylvania.

ST. LAWRENCE WATERWAY

Mr. CHRISTIANSON. I ask unanimous consent to extend remarks in the RECORD.

Mr. SPEAKER. Is there objection?

There was no objection.

Mr. CHRISTIANSON. Mr. Speaker, as a Representative from Minnesota, I hope that this resolution will be adopted. In passing upon the question whether the treaty with Canada for the construction of the St. Lawrence seaway shall be ratified, the Members of the Senate should have the opportunity to know what proportion of the cost will fall upon the Government of the United States. The cost to the Federal Government of the seaway as a navigation project will depend upon how much and what proportion of the total cost will be borne by the State of New York on account of the power its power authority will develop. Without that knowledge, without knowing whether the net cost to this Government for work in the international section of the St. Lawrence River shall be $137,000,000 or $47,000,000, the Senate cannot act intelligently and prudently.

Those who have spoken in opposition to this resolution have seen fit to go outside the issue here involved and have made lengthy arguments against the project itself. We from the Middle West welcome this discussion, for we believe in the St. Lawrence seaway and are willing to accept every opportunity to present the case in its behalf.

The opposition has been singularly inconsistent. In one breath our opponents have argued that the development of the St. Lawrence would be a wasteful expenditure of money because the river will not carry much commerce in any event; in the next breath they have expressed grave fears that the diversion of traffic to the new route would spell ruin to the ports of the Atlantic seaboard. Our opponents should hold a council and agree on their strategy.

They have told us that the project should not be considered further until an official economic survey has been made, ignoring the fact that at least 3 such surveys have already been conducted, 1 by the International Joint Commission, 1 by the Department of Commerce, and 1 by the St. Lawrence Commission of the United States. Each of these surveys has resulted in unqualified endorsement of the project.

Our opponents have said that 90 percent of the St. Lawrence system lies wholly within Canada and that the United States should not spend its money to develop it for navigation. The truth is that the distance from the head of the Lakes to Father Point is 1,676 miles, of which 1,270 miles, or 76 percent, is international water.

They have said that 98 percent of the ocean-going ships that would carry grain over the proposed seaway would be foreign bottoms. I do not know, nor do our opponents, what the percentage of foreign-owned ships would be. It would be the same as in every other ocean port through which American grain now passes. We have not been hearing objections to Federal appropriations for harbor improvements on the ground that foreign ships use the harbors.

They have said that 80 percent of the water power capable of development would be Canadian. We get our half of the power developed in international waters and pay one half of the cost. We pay not one dollar to develop power in Canadian waters.

They say that the proposed waterway could be operated only 7 months each year. Again they are inaccurate. Government observations carried on for over 20 years have shown that the Great Lakes and the St. Lawrence are open for navigation an average of 233 days a year.

They have stated that the cost of the project would be more than double the estimates. Government engineers testifying before the subcommittee of the Foreign Relations Committee of the Senate testified that the cost under present conditions would be about 60 percent of the estimates.

They have said that under the pending treaty the United States would surrender Lake Michigan and make it an international lake. Our opponents do not distinguish between navigational and proprietary rights. We get the same navigational rights in the Canadian part of the St. Lawrence as the Canadians get in Lake Michigan. If the concessions do not balance, they are decidedly favorable to the United States.

Our opponents say that the pending treaty does not provide sufficient water diversion for the Chicago Drainage Canal or for the Mississippi River Channel. Adequate diversion with 50-percent over-age is provided for navigation. This Government is under no obligation to furnish Chicago with sewage-disposal facilities. These she should provide for her own citizens as every other great city is doing. Of course Canada and the United States have the responsibility of maintaining a water level in the Great Lakes adequate for the needs of transportation. Accordingly, they have limited water diversion, but the limitation applies to Georgian Bay on the other side as well as to Lake Michigan on ours.

It has been said that the western farmer cannot be saved 8 cents a bushel on grain transportation, because the total cost from Duluth to Montreal is only 4½ cents. This overlooks the fact that the present rates are abnormal, owing to the great number of bottoms which during the depression are willing to accept wheat as ballast. It should also be remembered that if ships bound for Liverpool could be loaded at Duluth and Chicago, the cost of reloading at Montreal would be eliminated.

Then it is said that the cost of developing the power generated would be so great that it could not compete with electricity developed by private power companies. This does not require any answer beyond the statement that the New York Power Authority is asking for the passage of the pending resolution.

It is argued that this project would not furnish employment to many men and, therefore, should give way to other projects which would require the use of more labor. General Brown, Chief Engineer for this Government, has stated that the contrary is true.

Finally, it is said that the Department of Commerce stated in 1926 that no attempt has been made to determine the amount of traffic which would move over the proposed route and the total amount of saving that would result. The Department stated specifically that there were 26,000,000 tons ready to move. The potential tonnage capable of development is, of course, not capable of ascertainment. One would be foolish to attempt to predict how much tonnage will pass through the Boston or New York Harbor 10 years hence. In these days, when developments come quickly, prophecy is a hazardous occupation.

The Middle West, as a land-locked region, demands this access to the oceans. It is determined no longer to tolerate isolation. We have contributed for many decades to build harbors and improve waterways elsewhere. Our turn has come, and we hope that that sense of fairness and cooperation which alone makes the existence of this Federal Union possible will prompt the representatives of other States and sections to help us realize our legitimate aspirations.

Mr. SNELL and Mr. RAYBURN rose.

Mr. SNELL. Mr. Speaker, at the appropriate time I desire to be recognized against the motion to recommit. This is the unfinished business before the House.

Mr. RAYBURN. Mr. Speaker, I move the previous question.

Mr. SNELL. Mr. Speaker, I am on my feet demanding recognition. The previous question has not been ordered.

Mr. O'CONNOR. Mr. Speaker, I certainly shall object to the establishment of any precedent of debating motions to recommit.

Mr. SNELL. This is not a precedent. Motion to close debate by ordering the previous question has not been made. This is the unfinished business before the House.

Mr. RAYBURN. Mr. Speaker, I move the previous question. I think I have the right to make this motion.

The SPEAKER. The question is on ordering the previous question on the motion to recommit.

Mr. RICH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. RICH. Mr. Speaker, is it proper procedure, when one Member has obtained recognition, for another Member to be recognized? The gentleman from New York [Mr. SNELL] had the floor and was recognized.

The SPEAKER. The Chair recognized the gentleman from New York to ascertain for what purpose he rose.

Mr. RICH. Is it proper procedure for the Chair now to recognize the gentleman from Texas?

The SPEAKER. The question is on the motion to recommit.

The previous question was ordered.

Mr. PARKER of New York. Mr. Speaker, I ask unanimous consent that the gentleman from Texas may have 5 minutes and that I may have 5 minutes, in which to discuss my motion to recommit. Very few Members were in the House when the motion was submitted yesterday. Very few of the Members understand the motion. I think it no more than fair that this request be granted.

Mr. O'CONNOR. Mr. Speaker, reserving the right to object, and I do not direct my remarks at the gentleman from New York or this particular motion, but I do believe it is very bad practice to start debating motions to recommit. This matter is supposed to be called to the attention of the House, or the committee, in the course of general debate. The gentleman had the opportunity to state to the House that he was going to move to recommit, and also to state the nature of his motion.

I feel compelled to preserve the customary practice of the House.

Mr. Speaker, I object to any debate on the motion to recommit.

Mr. PARKER of New York. Mr. Speaker, will the gentleman withhold his objection for a moment?

Mr. O'CONNOR. I will withhold it, but not for debate.

Mr. PARKER of New York. The gentleman knows as well as I that but few Members were in the House when this motion was made. I doubt if there are 20 men in the House who know what the motion is.

Mr. COCHRAN of Missouri. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. COCHRAN of Missouri. Is not the motion to recommit simply an expression of the House of Representatives that a vote in favor of the motion to recommit does not mean a vote for or against ratification of the treaty?

Mr. BYRNS. Mr. Speaker, I demand the regular order.

Mr. O'CONNOR. Mr. Speaker, I object.

Mr. PARKER of New York. Mr. Speaker, I ask unanimous consent that the Clerk read the motion to recommit so the House at least may know the substance of the motion. So that the House may at least know——

Mr. BYRNS. Mr. Speaker, I object to any further discussion of this proposition. The regular order has been demanded, and it seems to me we ought to have it.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read as follows:

Mr. PARKER of New York moves to recommit the resolution to the Committee on Interstate and Foreign Commerce with instructions to that committee to report the same back to the House forthwith with the following amendment:

"At the end of the resolution insert '*Provided*, That the passage of this resolution shall be in no way construed as an expression of the attitude of the House as to the merits of the proposed treaty between the United States and Canada.'"

The SPEAKER. The question is on the motion to recommit.

The question was taken; and on a division (demanded by Mr. PARKER of New York) there were—ayes 60, noes 86.

Mr. PARKER of New York. Mr. Speaker, I object to the vote on the ground that there is not a quorum present.

The SPEAKER. The Chair will count. [After counting.] One hundred and ninety-four Members present, not a quorum. The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 171, nays 224, answered "present" 1, not voting 35, as follows:

[Roll No. 23]

YEAS—171

Adair	Cochran, Pa.	Focht	Larrabee
Allen	Cole	Foss	Lehlbach
Andrew, Mass.	Colmer	Gillespie	Lesinski
Andrews, N.Y.	Condon	Gillette	Lewis, Md.
Arnold	Connery	Glover	Luce
Bacharach	Connolly	Goldsborough	Ludlow
Bacon	Crowther	Goodwin	McCormack
Bailey	Darden	Goss	McDuffie
Bakewell	Darrow	Granfield	McFadden
Beam	Dear	Griswold	McLean
Beedy	Deen	Hancock, N.Y.	Major
Beiter	De Priest	Harlan	Maloney, Conn.
Biermann	DeRouen	Hartley	Maloney, La.
Bland	Dickinson	Healey	Marshall
Boehne	Dirksen	Hess	Martin, Mass.
Bolton	Ditter	Higgins	Martin, Oreg.
Brennan	Dobbins	Hollister	Mead
Britten	Dockweiler	Holmes	Meeks
Brumm	Douglass	Jacobsen	Merritt
Bulwinkle	Doutrich	Jenkins	Millard
Burch	Drewry	Keller	Miller
Busby	Duncan, Mo.	Kelly, Ill.	Mitchell
Caldwell	Edmonds	Kelly, Pa.	Montet
Cannon, Mo.	Eicher	Kemp	Moran
Castellow	Ellzey, Miss.	Kinzer	Morehead
Cavicchia	Farley	Kocialkowski	Moynihan
Claiborne	Fernandez	Kopplemann	Muldowney
Clarke, N.Y.	Fish	Kurtz	Murdock
Cochran, Mo.	Flannagan	Lamneck	Nesbit

O'Brien	Rogers, Mass.	Stokes	Wadsworth
Parker, Ga.	Romjue	Strong, Pa.	Watson
Parker, N.Y.	Sabath	Strong, Tex.	Weideman
Parsons	Sandlin	Sutphin	Werner
Pettengill	Schaefer	Swick	Whitley
Polk	Schuetz	Taber	Wigglesworth
Powers	Schulte	Tarver	Williams
Randolph	Scrugham	Taylor, S.C.	Wilson
Ransley	Secrest	Thompson, Ill.	Wolcott
Reece	Seger	Tinkham	Wolfenden
Reed, N.Y.	Simpson	Tobey	Wolverton
Reid, Ill.	Smith, Va.	Treadway	Wood, Ga.
Rich	Smith, W.Va.	Turpin	Woodrum
Robertson	Stalker	Utterback	

NAYS—224

Abernethy	Dies	Johnson, W.Va.	Ragon
Adams	Dingell	Jones	Ramsay
Allgood	Disney	Kahn	Ramspeck
Arens	Dondero	Kee	Rankin
Auf der Heide	Doughton	Kennedy, Md.	Rayburn
Ayers, Mont.	Dowell	Kenney	Reilly
Ayres, Kans.	Doxey	Kerr	Richards
Berlin	Driver	Kleberg	Richardson
Black	Duffey	Kloeb	Rogers, N.H.
Blanchard	Dunn	Kniffin	Rogers, Okla.
Bloom	Durgan, Ind.	Knutson	Sadowski
Boileau	Eagle	Kramer	Sanders
Boland	Eaton	Kvale	Sears
Boylan	Eltse, Calif.	Lambertson	Shallenberger
Briggs	Evans	Lambeth	Shannon
Brooks	Faddis	Lanham	Shoemaker
Brown, Ky.	Fitzpatrick	Lanzetta	Sinclair
Brown, Mich.	Fletcher	Lee, Mo.	Sirovich
Brunner	Ford	Lehr	Sisson
Buchanan	Frear	Lemke	Smith, Wash.
Buck	Fuller	Lewis, Colo.	Snell
Burke, Nebr.	Fulmer	Lloyd	Snyder
Burnham	Gasque	Lozier	Somers, N.Y.
Byrns	Gavagan	Lundeen	Spence
Cady	Gibson	McCarthy	Steagall
Carden	Gilchrist	McClintic	Stubbs
Carley	Gray	McFarlane	Studley
Carpenter, Kans.	Green	McGrath	Sumners, Tex.
Carpenter, Nebr.	Greenwood	McGugin	Swank
Carter, Calif.	Gregory	McKeown	Sweeney
Carter, Wyo.	Griffin	McMillan	Taylor, Colo.
Cartwright	Guyer	McReynolds	Thom
Cary	Haines	McSwain	Thomason, Tex.
Celler	Hamilton	Mansfield	Thurston
Chapman	Hancock, N.C.	Mapes	Traeger
Chase	Hart	Marland	Truax
Chavez	Harter	Martin, Colo.	Turner
Christianson	Hastings	May	Umstead
Church	Henney	Milligan	Underwood
Clark, N.C.	Hildebrandt	Monaghan	Vinson, Ga.
Coffin	Hill, Ala.	Mott	Vinson, Ky.
Colden	Hill, Knute	Musselwhite	Wallgren
Collins, Calif.	Hill, Sam B.	Norton	Walter
Collins, Miss.	Holdale	O'Connell	Wearin
Cooper, Ohio	Hooper	O'Connor	Weaver
Cooper, Tenn.	Hope	O'Malley	Welch
Cravens	Howard	Oliver, Ala.	West
Crosby	Huddleston	Owen	White
Cross	Hughes	Palmisano	Whittington
Crosser	Imhoff	Parks	Wilcox
Crowe	James	Patman	Williford
Crump	Jeffers	Peavey	Withrow
Culkin	Jenckes	Peterson	Wood, Mo.
Cullen	Johnson, Minn.	Peyser	Woodruff
Cummings	Johnson, Okla.	Pierce	Young
Delaney	Johnson, Tex.	Pou	Zioncheck

ANSWERED "PRESENT"—1

Ruffin

NOT VOTING—35

Almon	Corning	Hoeppel	Prall
Bankhead	Cox	Hornor	Robinson
Beck	Dickstein	Kennedy, N.Y.	Rudd
Blanton	Englebright	Lea, Calif.	Sullivan
Brand	Fiesinger	Lindsay	Taylor, Tenn.
Browning	Fitzgibbons	McLeod	Terrell
Buckbee	Foulkes	Montague	Waldron
Burke, Calif.	Gambrill	Oliver, N.Y.	Warren
Cannon, Wis.	Gifford	Perkins	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Waldron (for) with Mr. Warren (against).
Mr. Beck (for) with Mr. McLeod (against).
Mr. Taylor of Tennessee (for) with Mr. Oliver of New York (against).
Mr. Corning (for) with Mr. Rudd (against).
Mr. Buckbee (for) with Mr. Englebright (against).

Until further notice:

Mr. Blanton with Mr. Gifford.
Mr. Bankhead with Mr. Perkins.
Mr. Lindsay with Mr. Foulkes.
Mr. Almon with Mr. Terrell.
Mr. Browning with Mr. Robinson.
Mr. Dickstein with Mr. Cannon of Wisconsin.
Mr. Fiesinger with Mr. Hoeppel.
Mr. Kennedy of New York with Mr. Lea of California.
Mr. Prall with Mr. Hornor.
Mr. Sullivan with Mr. Burke of California.
Mr. Gambrill with Mr. Brand.
Mr. Cox with Mr. Montague.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

The question was taken, and the Speaker announced that the ayes seemed to have it.

Mr. SABATH and Mr. BRITTEN demanded the yeas and nays.

The yeas and nays were refused.

Mr. BRITTEN. Mr. Speaker, I demand tellers.

Tellers were refused.

So the bill was passed.

On motion of Mr. RAYBURN, a motion to reconsider the vote by which the bill was passed was laid on the table.

EXEMPTION OF PARENTS OF CITIZENS OF THE UNITED STATES FROM THE QUOTA

Mr. DIES. Mr. Speaker, I ask unanimous consent to file minority views on the bill (H.R. 3519) to exempt from the quota parents of citizens of the United States, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

SALARIES OF THE FEDERAL JUDICIARY

Mr. WOODRUM. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. WOODRUM. Mr. Speaker, when Congress, somewhat over a year ago, set about to reduce Federal expenditures to try to balance the Federal Budget, a number of economies were invoked by way of cutting out Government activities and, particularly, in the matter of reducing the salaries paid Government employees and officials.

In the last Congress the so-called "economy bill" made a flat reduction of 8⅓ percent in the salaries of all Government employees. The salaries of Members of Congress were reduced 10 percent. Other activities were curtailed. A gigantic movement was started to balance the Federal Budget in the interest of reestablishing the credit of the Government.

Again this year drastic economies have been put into effect. Under authority granted the President, a reduction of 15 percent has been made in the salaries of all Federal employees, including Members of the House, the Senate, and the Cabinet. Veterans' benefits and pensions and hospitalization privileges have been cut to the core. Though protected by the Constitution, President Hoover and President Roosevelt, voluntarily, and in the spirit of the Economy Act, returned to the Treasury proportionate parts of their salaries. Every person in the Federal establishment has made his contribution to the reestablishment of an economic condition of safety in this country except one class of Government employees, and this class is the Federal judiciary.

In the economy bill Congress included a very polite invitation to these gentlemen to contribute voluntarily their proportionate part of their salaries to meet the situation.

Section 7 of the Economy Act of 1933 is as follows:

> In any case in which the application of the provisions of this title to any person would result in a diminution of compensation prohibited by the Constitution, the Secretary of the Treasury is authorized to accept from such person, and cover into the Treasury as miscellaneous receipts, remittance of such part of the compensation of such person as would not be paid to him if such diminution of compensation were not prohibited.

Notwithstanding this invitation to the judiciary, to date the impressive sum of $716 has been turned back into the Treasury by members of the Federal judiciary. One circuit judge sent two checks of $125—one dated September 1, 1932, and the other dated September 13, 1932. Having thus apparently eased his conscience he forgot about the matter in the future. Another Federal judge on September 10,

1932, sent a check for $83.33 and on October 7, 1932, a similar check and felt he had discharged his duty in the emergency and forgot remittances in the future. Another Federal judge on December 17, 1932, sent to the Treasury a check for $200 and on February 7, 1933, a check for $100, and no further remittances have come from this member of the judiciary, making a total of $716.66. Yet a fourth Federal judge has recently written to the Treasury Department he feels that he should contribute 15 percent of his salary to the Federal Treasury.

No other member of this favored and protected group of employees has exhibited the slightest concern in the sad plight of the public purse.

Mr. PETTENGILL. Will the gentleman state the number of Federal judges?

Mr. WOODRUM. Yes.

Mr. CELLER. If the gentleman will permit, I think the names of those judges ought to be put in the RECORD.

Mr. WOODRUM. There are 151 Federal district judges, whose salaries are $10,000. There are 40 United States circuit judges, whose salaries are $12,500. There are 9 members of the Supreme Court. The Chief Justice gets $20,500 and the Associate Justices $20,000 each.

All of these gentlemen are appointed for life. They do not have to toss upon weary pillows of political uncertainty, nor do they have to look forward with dread to that day when a fickle constituency will retire them back to the humble walks of life and they have to look the poorhouse straight in the eye, because a generous Government has provided that when retirement time comes, at 70 years of age, they are to be retired, if you please, at full pay.

Mr. Speaker, when a Federal judge walks up the marble steps to his office in the morning, the janitor who salutes him at the doorstep, the Federal attorneys who appear before him, and every officer and employee of his court, including the charwoman, whose gnarled hands and bent form have cleaned the cuspidors in his office, are making regularly out of the little pittance the Government pays them their contribution of 15 percent to help to bring back economic solidarity in this country.

The total amount paid to the Federal judiciary is something over $3,000,000 per annum. If they should contribute from their salaries on the same basis as all other employees of office, which amendment will permit the Congress of the United States to fix the salary of the Federal judiciary, just as it fixes the salary of every other employee. [Applause.]

I yield to no man in appreciation of the honor and dignity of the judiciary, but to my mind its attitude in the present emergency in failing to cooperate along with other citizens is a shocking disregard of the efforts being made by the employees of the Government, often at a great sacrifice, to bring our Government back to a safe economic condition.

I propose a constitutional amendment repealing that portion of the Constitution which provides that the compensation of Federal judges cannot be reduced during their terms of office, which amendment will permit the Congress of the United States to fix the salary of the Federal judiciary, just as it fixes the salary of every other employee. [Applause.]

The proposal is as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two thirds of each House concurring therein), That the following article is hereby proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by the legislatures of three fourths of the several States.

"ARTICLE —

"SECTION 1. Section 1 of article III of the Constitution of the United States is hereby repealed.

"SEC. 2. The judicial power of the United States shall be vested in one Supreme Court and in such inferior courts as the Congress may from time to time ordain and establish. The judges, both of the Supreme and inferior courts, shall hold their offices during good behavior, and shall, at stated times, receive for their services compensation to be ascertained by law.

"SEC. 3. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of the several States, as provided in the Constitution, within 7 years from the date of the submission hereof to the States by the Congress."

The SPEAKER. The time of the gentleman from Virginia has expired.

Mr. WOODRUM. I ask for 1 minute more.

[Cries of "Take 5 minutes!"]

The SPEAKER. Is there objection?

Mr. GAVAGAN. I object.

Mr. HASTINGS. I ask unanimous consent that the gentleman have 2 minutes more.

Mr. WOODRUM. That is all I wish to say at present.

IMPEACHMENT OF JUDGE JAMES A. LOWELL

Mr. SMITH of Virginia. Mr. Speaker, I rise to a question of constitutional privilege. Mr. Speaker and Members of the House, on my own responsibility, as a Member of this House, I impeach James A. Lowell, a United States district judge for the district of Massachusetts, for high crimes and misdemeanors. In substantiation of this impeachment I specify the following charges:

First. I charge that the said James A. Lowell, having been nominated by the President of the United States and confirmed by the Senate of the United States, duly qualified and commissioned, and while acting as district judge for the district of Massachusetts, did on divers and various occasions so abuse the powers of his high office and so misconduct himself as to be guilty of favoritism, oppression, and judicial misconduct, whereby he has brought the administration of justice in said district in the court of which he is judge into disrepute by his aforesaid misconduct and acts, and is guilty of misbehavior and misconduct, falling under the constitutional provision as ground for impeachment and removal from office.

Second. I charge that the said James A. Lowell did knowingly and willfully violate his oath to support the Constitution in his refusal to comply with the provisions of article IV, section 2, clause 2, of the Constitution of the United States, wherein it is provided:

A person charged in any State with treason, felony, or other crime, who shall flee from justice and be found in another State, shall, on demand of the executive authority of the State from which he fled, be delivered up, to be removed to the State having jurisdiction of the crime.

Third. I charge that the said James A. Lowell did, on the 24th day of April, 1933, unlawfully, willfully, and contrary to well-established law, order the discharge from custody of one George Crawford, who had been regularly indicted for first-degree murder in Loudoun County, Va., had confessed his crime, and whose extradition from the State of Massachusetts had, after full hearing and investigation, been officially ordered by Joseph B. Ely, Governor of the State of Massachusetts.

Fourth. I charge that the said James A. Lowell did deliberately and willfully by ordering the release of said George Crawford, unlawfully and contrary to the law in such cases made and provided, seek to defeat the ends of justice and to prevent the said George Crawford from being duly and regularly tried in the tribunal having jurisdiction thereof for the crime with which he is charged, to which he had confessed.

Fifth. I charge that the said James A. Lowell did on the said 24th day of April 1933 willfully, deliberately, and viciously attempt to nullify the operation of the laws for the punishment of crime of the State of Virginia and many other States in the Union, notwithstanding numerous decisions directly to the contrary by the Supreme Court of the United States, all of which decisions were brought to the attention of the said judge by the attorney general of Massachusetts and the Commonwealth's attorney of Loudoun County, Va., at the time of said action.

Sixth. I further charge that the said James A. Lowell, on the said 24th day of April 1933, in rendering said decision did use his judicial position for the unlawful purpose of casting aspersions upon and attempting to bring disrepute upon the administration of law in the Commonwealth of

Virginia and various other States in this Union, and that in so doing he used the following language:

I say this whole thing is absolutely wrong. It goes against my Yankee common sense to have a case go on trial for 2 or 3 years and then have the whole thing thrown out by the Supreme Court.

They say justice is blind. Justice should not be as blind as a bat. In this case it would be if a writ of habeas corpus were denied.

Why should I send a negro back from Boston to Virginia, when I know and everybody knows that the Supreme Court will say that the trial is illegal? The only persons who would get any good out of it would be the lawyers.

Governor Ely in signing the extradition papers was bound only by the question of whether the indictment from Virginia is in order. But why shouldn't I, sitting here in this court, have a different constitutional outlook from the governor who sits on the case merely to see if the indictment satisfies the law in Virginia?

I keep on good terms with Chief Justice Rugg, of the Massachusetts Supreme Court, but I don't have to keep on good terms with the chief justice of Virginia, because I don't have to see him.

I'd rather be wrong on my law than give my sanction to legal nonsense.

Seventh. I further charge that the said James A. Lowell has been arbitrary, capricious, and czarlike in the administration of the duties of his high office and has been grossly and willfully indifferent to the rights of litigants in his court, particularly in the case of George Crawford against Frank G. Hale.

Now, Mr. Speaker, I offer a resolution of impeachment, and I ask that it be read, and move its immediate consideration by the House.

The Clerk read as follows:

House Resolution 120

Resolved, That the Committee on the Judiciary is authorized and directed, as a whole or by subcommittee, to inquire into and investigate the official conduct of James A. Lowell, a district judge for the United States District Court for the District of Massachusetts, to determine whether in the opinion of said committee he has been guilty of any high crime or misdemeanor which in the contemplation of the Constitution requires the interposition of the constitutional powers of the House. Said committee shall report its findings to the House, together with such resolution of impeachment or other recommendation as it deems proper.

SEC. 2. For the purpose of this resolution the committee is authorized to sit and act during the present Congress at such times and places in the District of Columbia and elsewhere, whether or not the House is sitting, has recessed, or has adjourned, to hold such hearings, to employ such clerical, stenographic, and other assistance, to require the attendance of such witnesses and the production of such books, papers, and documents, and to take such testimony, to have such printing and binding done, and to make such expenditures, not exceeding $5,000, as it deems necessary.

Mr. SMITH of Virginia. Mr. Speaker, in the discussion of this resolution, I think I should lay before you some of the facts in this case that bring the matter to this House.

I want it distinctly understood that there is no race question involved here. I may say—and I think I may say it with pride for my Commonwealth—that there is no race question in the Commonwealth of Virginia.

That does not enter into this thing at all. The question here involved and the question that has brought the situation about is whether or not a Federal judge, elected for life, has the right and power, unchallenged, to disregard the Constitution of the United States, to flaunt the decisions of the Supreme Court of the United States, flaunt the Commonwealth of Massachusetts, and to flaunt the laws of the State of Virginia.

Let me tell you something about the facts in this case: I say, first, that this judge granted this writ of habeas corpus to a self-confessed murderer, duly indicted by competent grand jurors in the Commonwealth of Virginia. His extradition had been asked for of the Governor of Massachusetts by the Governor of Virginia, and granted.

On that extradition proceeding full and complete hearings had been had, both for the accused and for the Commonwealth.

Mr. BLACK. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I will ask the gentleman to wait until I have used at least 10 minutes. The gentleman will pardon me. Based on that investigation the Governor of Massachusetts decided that the papers were in order, that the identity of the prisoner was established, and ordered that requisition papers be issued. In compliance with that and with the request of the Governor of Virginia, Governor Ely, of Massachusetts, ordered this self-confessed murderer returned to the only tribunal in the world that had the right to try him for the crime to which he had confessed, namely, the circuit court of Loudoun County, Va. Thereupon Crawford applied for a writ of habeas corpus, which was granted by this Judge Lowell, and the purpose of that order granting the writ of habeas corpus was to turn loose upon the people of this country a self-confessed murderer before he had ever been tried. Happily an appeal by the State of Massachusetts has, I am informed, prevented the release of the accused from custody.

Mr. LUCE. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. May I proceed for at least 10 minutes?

Mr. LUCE. Will the gentleman yield before he concludes?

Mr. SMITH of Virginia. Yes. I want this House to know something about the facts of this case. Let me tell them to you in chronological order.

On the morning of January 13, 1932, Mrs. Agnes B. Ilsley, a prominent lady and a former resident of Wisconsin, together with Mrs. Mina Buckner, her companion, were found murdered in their rooms, both parties having been killed while asleep in their beds. Evidence discloses that the house had been broken into and that the two women had been murdered and property stolen from the house. On the same night Mrs. Ilsley's automobile was stolen.

A negro by the name of George Crawford, a former convict and a former employee of Mrs. Ilsley, was suspected of having committed the crime, as Mrs. Ilsley had had a criminal warrant sworn out against the said Crawford for housebreaking, and Crawford knew the charge had been lodged against him. The authorities were informed by various witnesses that Crawford and an unknown companion were seen in the vicinity of the home of Mrs. Ilsley, which is Middleburg, Va., on the afternoon preceding the night of the killing. A Nation-wide hunt was made for this man for a period of a year.

In February 1932 the said Crawford was indicted by a regular grand jury for the crime of murder in the first degree.

On January 13, 1933, Crawford was arrested in Boston on a charge of housebreaking. He was later identified by the State Department, by means of his finger prints, as the man wanted for the commission of the two brutal murders in Middleburg, Va.

Immediately upon receipt of the information of his arrest on the 17th of January, John Galleher, Commonwealth's attorney of Loudoun County, Va., went to Boston, where, on the next day, he obtained a sworn written confession from Crawford that he and another man had committed double murder in Virginia. This confession was made freely, frankly, without duress, and without the promise or hope of reward, he having stated in his confession that he was guilty of the crime and that he and his accomplice were planning to enter the home of Mr. Ilsley when she drove up in her car; that they hid in the tall grass and watched her put her automobile in the garage and enter the house. After waiting for a short while to permit her to retire, these two men entered this house knowing that it was occupied and committed two of the most brutal murders ever known. This confession was under oath and in writing but was not signed, as counsel had interceded before the record could be transcribed.

I have here and will submit for the inspection of the Judiciary Committee at the proper time his confession to that crime.

On January 17 petition was filed with the Governor of the Commonwealth of Virginia for extradition upon the Governor of the Commonwealth of Massachusetts for the return of Crawford. Extradition papers were received in Boston on January 21, but before their receipt notice was filed with Governor Ely's office by the National Association for the Advancement of Colored People that they wished a hearing in the matter. This association was represented

by two lawyers. The hearing was begun on the 24th day of January, and after 3 days was continued over until the 7th of February. It was concluded on the 9th of February.

On the 17th day of February Governor Ely granted the request of the Governor of Virginia for the extradition of Crawford and a warrant was issued and delivered to the State police. On that same day counsel for Crawford filed a petition for a writ of habeas corpus in the United States District Court for the District of Massachusetts. The only grounds for the writ were to the effect that Crawford could not lawfully be held by virtue of the extradition warrant, as it is in violation of the Constitution and of the laws of the United States and the Commonwealth of Massachusetts, in that he is not the person by name designated in said warrant or order, nor so to be taken, or held under the terms of the authority thereof; that said warrant or order does not upon its face or by its recital purport to authorize the taking or detention of the said George Crawford, and that the said Crawford is not the person alleged to have committed the crime set forth or exhibited in the demand for extradition.

Upon the return day of the writ Mr. S. D. Bacigalupo, assistant attorney general of the Commonwealth of Massachusetts, representing the Governor of Massachusetts, filed answer on behalf of the respondent, Frank G. Hale, the police officer who held the extradition warrant. The matter was originally set for hearing on March 20, but was continued from time to time until April 24.

On April 24 the case was set down for hearing at 10 o'clock a.m. before Judge Lowell, judge of the district court for the district of Massachusetts. No question was raised at the hearing as to denying the identity of the fugitive. No question was raised at the hearing which questioned the jurisdiction of the court which returned the indictment. The Commonwealth of Massachusetts protested against the admissibility of the affidavit with reference to the drawing of juries, stating that the United States Supreme Court had held a long line of cases that matters affecting the insufficiency of an indictment, which was not apparent on its face, could not be raised in a habeas corpus proceeding; that the indictment in this case on its face admitted to be sufficient, as found by Governor Ely.

The United States Supreme Court has continuously held that matters of this character cannot be raised in a habeas corpus proceeding, but the fugitive must be returned to the court which found the indictment, in which court the question of sufficiency of the indictment may be raised, and if conviction is had, the fugitive has his right in the appellate courts.

Judge Lowell granted the habeas corpus, and gave as his reason therefor that he was certain that the United States Supreme Court would not uphold the verdict of conviction should Crawford be returned to Virginia and convicted, because it is not customary in that State to have Negroes on juries.

This judge deliberately ignored or was ignorant of the law to such a violent extent that his continued service on the bench is a menace to the peace and good order of the Nation.

I do not contend that a judge may be impeached on an honest difference of opinion as to the law or for an erroneous decision of a case where he acts in good faith, but I do aver and proclaim that a judge is impeachable who is either (1) so ignorant of the law that it amounts to flagrant incompetency; or (2) who knowing the law deliberately, wilfully, and knowingly, in direct contravention of the Constitution and well-established precedent and authorities of the courts of last resort releases on the world a self-confessed murderer of the most vicious type.

When the white heat of indignation concerning this outrageous action on the part of James A. Lowell shall subside, it may be said and contended that to seek his impeachment is a resort to harsh methods. In reply, I call attention to the fact that Federal judges are elected for life, and that the only method of discipline and the only power for punishment lies through impeachment proceedings in this House. When a Federal judge arrogates to himself such power that he is no longer amenable to the mandates of the Constitution or the decisions of the Supreme Court there is no other remedy than impeachment.

If the press quotes him correctly, he has referred to the efforts of the sovereign State of Virginia to bring to trial this fiendish murderer as "a piece of stage play." He will doubtless characterize this proceeding in the same category.

If the press quotes him correctly, he has expressed his indifference and contempt for the Members of this House who will seek to bring him to the bar for his misdeeds.

I wish to say in this connection that I have not taken the responsibility of initiating these proceedings without due deliberation and thought, and so far as I am concerned this proceeding will be cool, calm, and dignified, but an earnest effort will be made to remove this man from the Federal bench, and thereby issue a warning to others that the rights of sovereign States to solemn mandates of the Constitution and that the unbroken decisions of the Supreme Court of the United States may not be lightly flaunted in the people's face.

I am not a novice in judicial experience. I served for many years as a member of the judiciary of the Mother of States, and I say to you, with all solemnity and seriousness, when a human being who has perchance been elevated to a position where he passes upon the rights and liberties of human beings, when he loses the common touch with his fellow man, when he loses his perspective of equality by reason of his vanity and false pride in the position to which he has been elevated, then he has lost the primary and fundamental elements of a competent jurist, and his continuation upon the bench is a menace to the peace and good order of his country and to the fair and equal administration of justice.

It is, therefore, with a feeling of the utmost solemnity and seriousness that I have offered this resolution and ask its immediate adoption.

In closing let me remind the House again that by his conduct on the bench this man has defied the laws of the sovereign Commonwealth of Virginia.

He has flaunted the solemn order of rendition of the Governor of the sovereign Commonwealth of Massachusetts.

He has flagrantly and boastfully violated section 2, article IV, of the Constitution of the United States.

He has deliberately and knowingly attempted to override and ignore the plain decisions of the Supreme Court of the United States on the very identical question here involved.

And if the press of today quotes him correctly, he has publicly expressed his contempt for those Members of Congress who would dare to rebuke him for his misconduct.

The issuance of this writ of habeas corpus, ordering the release of the accused, was ordered in the face of his fingerprints, in the face of the testimony of numerous witnesses who had seen him near the scene of the crime on the afternoon before, and in the face of his written confession—a confession made not alone to the authorities of Virginia but made before an officer of the State of Massachusetts.

Mr. BLACK. Mr. Speaker, I rise to a point of order against the gentleman's using the word "confession." The gentleman has admitted that the "confession" is not signed. I think until the gentleman produces some sworn evidence by some competent witnesses that the confession was made that language to the effect that a confession was made should be kept out of the RECORD.

Mr. SMITH of Virginia. Mr. Speaker, I am confident that the gentleman from New York is too good a lawyer to seriously make that point of order. I have nothing further to say upon the point of order.

Mr. BLACK. The gentleman has repeatedly used the word "confession."

Mr. SMITH of Virginia. And I use it again.

Mr. BLACK. And the gentleman has said that it is not signed. The gentleman has not stated there were witnesses to the confession. I think in all fairness the language should not be used.

The SPEAKER. The Chair thinks that this is a matter to be substantiated before the Committee on the Judiciary. The point of order is overruled.

Mr. SMITH of Virginia. All of that, I repeat, Mr. Speaker, is a matter fully proven and confessed by the accused in the presence of numerous witnesses, if the gentleman from New York [Mr. BLACK] wants to know. And I shall be glad, when I have concluded, if the gentleman from New York has any lingering doubts as to whether something should be done about this, to have him read the confession. Sworn or unsworn, it is a voluntary statement of the accused, and it makes no difference whether it is sworn to or not. He said it.

Mr. LUCE. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. LUCE. The gentleman under the rules has 1 hour, at the conclusion of which time he may move the previous question. I ask the gentleman if those who will present contrary views to those expressed by the gentleman may have the opportunity, when he has finished, to have the remaining time?

Mr. SMITH of Virginia. I will yield a reasonable proportion of the time, but somebody else on this side may want to be heard also. How much time would the gentleman like to have?

Mr. LUCE. I should like to have half of the hour.

Mr. SMITH of Virginia. I am sorry, but I will not be able to yield that much time.

Mr. LUCE. I call attention of the gentleman to the fact that Judge Lowell is my constituent, and it is not only my duty but my right to represent him here. Also, he has been my personal friend for many years. I am asking simply for fair play. Is there any man in this House who will refuse fair play? I now ask the gentleman how much time he will yield me?

Mr. SMITH of Virginia. I should be glad to yield the gentleman 10 minutes.

Mr. LUCE. Ten minutes, while the gentleman has 50 minutes; does he consider that fair play?

Mr. SMITH of Virginia. I shall yield the gentleman 10 minutes. There will be ample time later to discuss the merits, if the Judiciary Committee recommends impeachment proceedings.

Mr. VINSON of Kentucky. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. Yes.

Mr. VINSON of Kentucky. I submit to the distinguished gentleman from Massachusetts that in yielding to him 10 minutes the gentleman from Virginia has shown more fair play than Judge Lowell showed the Commonwealth of Virginia and the people of the United States.

Mr. LUCE. I shall, of course, have to accept the 10 minutes.

Mr. BYRNS. Mr. Speaker, may I suggest to the gentleman that I can see no good object to be gained by a general discussion of this matter further than the statement made by the gentleman from Virginia. I agree that the gentleman from Massachusetts [Mr. LUCE] should have some time, of course.

I suggest to the gentleman from Virginia [Mr. SMITH] that perhaps we can come to an agreement to that effect, that the gentleman yield 15 minutes to the gentleman from Massachusetts [Mr. LUCE] with the understanding that the gentleman from Virginia [Mr. SMITH] and the gentleman from Massachusetts shall be the only speakers upon either side of this proposition. [Applause.]

Mr. GAVAGAN. Will the gentleman yield for a question?

Mr. SMITH of Virginia. I yield.

Mr. GAVAGAN. Would it be possible for the gentleman to yield me 5 minutes to discuss the juridical questions involved?

Mr. SMITH of Virginia. I believe there has been unanimous consent granted to allow only two speakers.

Mr. BLACK. Will the gentleman yield? I would object to that unanimous-consent agreement. Why should only two Members of the House have something to say on this question?

Mr. BYRNS. May I say that the juridical question, as the gentleman puts it, is a matter to be considered by the Committee on the Judiciary and not for this House. [Applause.] It seems to me that this is a matter which should be disposed of with full opportunity to the gentleman from Massachusetts [Mr. LUCE] to present his side of the matter, and then permit the Committee on the Judiciary to pass upon the legal questions, and, of course, they will be glad to give my friend from New York [Mr. GAVAGAN] an opportunity to appear before them for any proper time.

Mr. LUCE. Then I understand the gentleman accepts the suggestion that I have 15 minutes?

Mr. SMITH of Virginia. Yes; and no further speakers on the question.

Mr. CELLER. Will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. CELLER. Do I understand the gravamen of the gentleman's impeachment is that the judge failed to exercise proper discretion in the granting of a writ and discharging of the prisoner as well as his gratuitous remarks concerning the Commonwealth of Virginia?

Mr. SMITH of Virginia. I charge, and I have so stated, that this judge deliberately violated his constitutional oath to maintain and uphold the Constitution of the United States and the laws thereof. I say that when a judge deliberately and purposely refuses to carry out the provisions of the Constitution of the United States, and further, that when he deliberately refuses to be governed by decisions of the Supreme Court of the United States on a question that is before him, if he cannot be impeached for that, how is he ever going to be gotten rid of? I am not going into this question of impeachment further on the merits of the case, because the sole purpose of this discussion today is to obtain, if I can, the passage of the resolution of investigation, which will put up to the Committee on the Judiciary of this House the investigation of the whole question—the conduct of the judge and the judicial questions involved—and then to report to this House whether he should be impeached or reprimanded or whether he should be permitted to go on his way and turn some more murderers loose.

Mr. CELLER. I respect the gentleman's judgment, and I simply asked whether the judge was exercising any discretion in this particular case, and if the gentleman feels the judge has gone so far afield in the proper exercise of discretion that he should be impeached.

Mr. SMITH of Virginia. If I did not, I would not be here this morning. This matter is no joke with me.

Mr. O'CONNOR. Will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. O'CONNOR. I do not believe this is the proper place to discuss the merits of this matter, because it will be referred to the Committee on the Judiciary; but I call the attention of the gentleman to this situation: rather than proceeding, as is usually done, by submitting his articles of impeachment and having them referred to the Committee on the Judiciary, the gentleman has asked the House to adopt a resolution, and I believe in all fairness, on the question of the adoption of the resolution, more than one side should be heard. I do not mean we should have general debate, but the gentleman is asking the House to adopt the resolution.

Mr. SMITH of Virginia. Merely a resolution of investigation.

Mr. O'CONNOR. But it is a resolution which the gentleman is asking us to pass judgment on. I believe the other side should be heard to some extent.

Mr. GAVAGAN. The gentleman proposing the resolution has 50 minutes and the opponents only 10 minutes.

Mr. BLAND. Will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. BLAND. I asked the gentleman to yield for the purpose of reminding him that if 15 minutes is to be accorded the gentleman from Massachusetts [Mr. LUCE] the gentle-

man should reserve sufficient time out of the hour to move the previous question.

Mr. O'MALLEY. Will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. O'MALLEY. This woman who was murdered happened at one time to have been a resident taxpayer of my district, according to information furnished by the gentleman from Massachusetts [Mr. LUCE]. Has the action of this Federal judge prevented the Commonwealth of Virginia bringing this confessed murderer to trial?

Mr. SMITH of Virgina. Yes; and that is what it is all about this morning.

Mr. O'MALLEY. I say in respect to the State of Wisconsin that I believe the people of the State of Wisconsin would like to have this resolution supported, to investigate this judge. [Applause.]

Mr. SMITH of Virginia. I thank the gentleman for his contribution.

Mr. BLACK. Will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. BLACK. The gentleman said at the outset of his remarks that the judge had offended on divers times and occasions. The gentleman has only cited one occasion and one case. Has the gentleman in mind any other matters aside from this particular proposition?

Mr. SMITH of Virginia. Well, I did not intend to bring that up this morning, but there has been a great deal of discussion about this case and it has got into the press. It was in the press this morning that such a resolution was to be offered. I have received telegrams this morning from Ohio and another telegram from some other State at a great distance, volunteering that those gentlemen would like to have an opportunity to come in and present other charges against the same judge. I do not care to discuss that, but the gentleman has insisted upon it. [Applause.]

Now, I want to say that the Supreme Court has continuously held—and I am only going into the law briefly, because if you want to go into the law I have enough decisions the other way to consume the entire day—but the Supreme Court has continuously held that matters of this kind cannot be raised in habeas corpus proceedings, but that the fugitive must be returned to the court which found the indictment, in which court the question of the sufficiency of the indictment may be raised, and if conviction is had the fugitive has a right to appeal to the appellate court.

This judge has deliberately ignored or was ignorant of the law to such a violent extent that his continued service on the bench is a menace to the peace and good order of this Nation.

The time allotted to me does not permit a full discussion of the legal precedents, but amongst the large number of cases sustaining my position are:

In re Wood, Petitioner (140 U.S. 278).
Henry v. *Henkel* (235 U.S. 219).
Whitaker v. *Hitt* (285 Fed. 797).
Benson v. *Henkel* (198 U.S. 1).
Riggins v. *U.S.* (199 U.S. 547).
Sheriff v. *Brown* (205 U.S. 179).

Mr. Speaker, I yield 15 minutes to the gentleman from Massachusetts [Mr. LUCE].

Mr. LUCE. Mr. Speaker, as I have already informed the House, Judge Lowell not only is my constituent but also through many years has been my personal friend. I served with him in the Massachusetts Legislature, and then in a long-drawn-out constitutional convention, and had close opportunity through all those years to watch the man and the workings of his mind. I know him; and I desire here to testify that I know of no man in the State of Massachusetts who stands higher in the respect of those who know him than James A. Lowell.

I testify that he is a man of exceptional intelligence; that he is a man of perfect probity; that he is a man with the highest regard for justice; that he has filled his office honorably; and that all suggestions that this episode is part of a career of misfeasance are absurd. Of course, men will be found who have appeared before him and who thought they had right on their side while his decision was contrary. Some of them will doubtless come forward and question both his judicial capacity and his integrity. Has not that been the fate of my friend from Virginia while he sat on the bench? Did he never observe anybody of whom it might be said:

> No man e'er felt the halter draw,
> With good opinion of the law.

Always the defeated litigant complains. Otherwise he never would have gone into court.

Now, sir, this man, his position in life, his associations, his whole course, repel as preposterous the suggestions made in the press that he has been influenced by communistic views.

I would call your attention to the fact that many of the charges against him by the gentleman from Virginia were based on quotations from the press. Who here passes a week without some misquotation of what he has said? Who here takes any active part in our work without knowing of the unintentional errors of the press? Who here but has been put in false position by what the press has said to be his utterances?

Shall you take this solemn procedure on the ground of rumors, on the ground of reports, on the ground of opinions voiced in the press?

I pray you discard at once all that part of the gentleman's argument which was prefaced by saying, "If the press is correct."

Shall we summon this man here; shall we hale him before the Judiciary Committee and presently bring him to the bar of the Senate on the ground that a newspaper reporter said that the judge had said something?

But, after dismissing all that, return to the charge itself. The only valid charge, the only charge with which any proof is presented is—and I deny that telegrams from disappointed litigants are proof—that in one instance, one instance in all his long and honorable career, he made a decision that has not satisfied the gentleman from Virginia.

Now, sir, picture to yourself what will be the course of events if we establish the precedent that because a lawyer, disappointed and chagrined by the judgment of a judge, feels that he ought to pursue the case, he may come to Congress with his contention. Do you think it wise that he shall be encouraged to come to this House and ask that the case be tried over again? How many hundreds and thousands of cases would be brought to Congress if you once set forth the idea, spread the idea, and laid down the principle that a disappointed litigant may have an appeal to the Congress. Why, you would crowd the docket of the Committee on the Judiciary with hundreds and thousands of cases if you proceeded on this novel principle.

Sir, it has not been my fortune to read the official documents of the case. I know nothing of the arguments as made in court. I can only submit to your consideration whether it is to be assumed that a judge in making a decision has had no law on his side to defend that decision; that he has not given due weight to precedent; that he has not exercised his function as a judge to decide between the opposing views of counsel.

The gentleman asks us, because he presents one side of the case, to assume that there is no other side to the case.

If, however, it should be taken for granted that any litigant, any lawyer, who loses out in his suit may then come here, let us further consider, if I may venture so far as to follow the same line of argument that the gentleman himself has presented, whether it is the province of a judge to determine what will be the treatment of an accused man when he is taken beyond the borders of a State. Let us face that issue squarely.

I am going to ask every man here to ask himself this question: "If tomorrow Germany should ask President Roosevelt to extradite and send to Germany a Jew, would I vote to support the President if he did it?"

This is a definite, specific question you may ask yourselves. Will you vote to support a proposal to send a man charged with crime into a neighborhood where it is believed he cannot get justice? Why, only a few days ago we read what

went on down at Scottsboro. Let that be clear and fresh in your minds. There they had to resort to that practice of the law which is known as a change of venue. What is the basis of a change of venue? Why is it provided? How does it come about that a man may be tried in some locality other than where the crime was committed? The basis of it is the fear of prejudice, the fear of injustice, the fear of unfairness, and inasmuch as you have that principle in the law of change of venue, I ask you why you would deprive a judge anywhere in this country of considering the question raised by the principle involved in that issue. I maintain that a judge in Wisconsin or a judge in California or a judge in Massachusetts has the right to consider whether he will cause a man to lose his life by sending him into a hostile environment for trial.

I make no charge against Virginia. She has a right to be proud of her institutions, but we understand that Virginia views this particular question from a point of view other than that of a man from a northern State. We have felt that there are parts of this country where, by reason of his color, a man does not get a fair trial. We understand that in some parts of this country jurors are not selected with due regard to the constitutional provision that there shall be no debarment of any man from his rights as a citizen by reason of his color, the provision that says no State "shall deny to any person within its jurisdiction the equal protection of the laws."

We do not attempt to answer the social question. We know the difficulties that are involved. We sympathize with our friends from the South. We do not pretend to be wiser or holier than they are. We do not advance that issue at all. We face the fact—the fact that a colored man sent from a Northern State and charged with crime will go into an environment where he is unlikely to get fair and even-handed justice. By the records we can show this to be the case.

So, sir, we maintain that there is no ground for impeachment to be found in the fact that this situation is recognized by a judge in another State.

You are asked to go to great expense and take much time in investigating this issue. We do not evade the issue. If it is your pleasure to invite the precedent that is involved therein, go ahead and do it. We know this judge can defend himself to the satisfaction of that committee and exonerate himself. We know what the report of that committee will be. If you are unwise enough to force upon them the labors involved, very well, but we ask you to start out at least with an open mind, to start out at least with knowledge that you have heard only one side of the case, to start out by treating this judge as fairly as you want to treat any other American citizen.

Mr. LEHLBACH. Will the gentleman yield for a question?

Mr. LUCE. Certainly.

Mr. LEHLBACH. The gentleman from Virginia [Mr. SMITH], on his own responsibility as a Member of the House, has presented articles of impeachment. Would not these articles so presented, as a matter of course, be referred to the Committee on the Judiciary for its consideration?

Mr. LUCE. So I understand the practice of the House.

Mr. LEHLBACH. And the resolution that is now pending is entirely unnecessary and will only serve to record the judgment of the House that a prima-facie case exists. The Committee on the Judiciary will have jurisdiction over the articles of impeachment whether this resolution is adopted or not, is not that the case?

Mr. LUCE. That I understand to be the case.

Mr. GAVAGAN. Will the gentleman yield?

Mr. LUCE. I yield.

Mr. GAVAGAN. I should like to inquire if the gentleman knows whether or not the State of Massachusetts has taken an appeal from the order of Judge Lowell.

Mr. LUCE. I do not.

Mr. GAVAGAN. I ascertain from the newspapers that the State has taken an appeal.

Mr. LLOYD. Will the gentleman yield?

Mr. LUCE. I yield.

Mr. LLOYD. Assuming that the members of our Federal judiciary should be above suspicion, in view of the fact that these charges have been made, should not the judge welcome an orderly, preliminary investigation before the Judiciary Committee of this House?

Mr. LUCE. Of course, any man ought to welcome any inquiry into his conduct, whether as a judge or in any other position, but I am pointing out to you that if you do this in one instance, you are in duty bound to do it in a thousand instances. You are in duty bound to flood the House and the committee with questions raised by disappointed litigants.

Mr. BRITTEN. Will the gentleman yield for a question?

Mr. LUCE. Certainly.

Mr. BRITTEN. As I understand the gentleman's attitude, it is that he has no objection to all this matter that has been presented by the gentleman from Virginia going to the Committee on the Judiciary for proper and due consideration, but he does object to a record vote being taken on a resolution which has no place here at this time.

Mr. LUCE. Absolutely.

Mr. BRITTEN. There is no objection, of course, by any Member of the House to having all this matter very carefully considered, as it should be by the Committee on the Judiciary, and as it will be, without the passage of this resolution.

Mr. BYRNS. Will the gentleman from Massachusetts yield?

Mr. LUCE. Certainly.

Mr. BYRNS. I want to ask the gentleman if this is not the usual resolution which is adopted in proceedings of this kind, and is not this resolution necessary in order to provide the Committee on the Judiciary with the necessary funds in the event they have to go to Massachusetts for the purpose of making the investigation? [Applause.]

Mr. BLACK. Will the gentleman yield?

Mr. LUCE. Certainly.

Mr. BLACK. Does not the gentleman think it is highly unfair and prejudicial to the course of justice for the House at this time to interfere in any way, shape, or form with this proceeding until the appeal is disposed of?

Mr. LUCE. Absolutely.

Mr. LEHLBACH. Will the gentleman yield further?

Mr. LUCE. Certainly.

Mr. LEHLBACH. Is not the correct practice to refer the articles of impeachment to the Committee on the Judiciary and if upon examination of the articles, the Committee on the Judiciary finds enough substance in them to proceed with an investigation, is it not then the function of the Committee on the Judiciary to come to the House and ask for the necessary money and the proper authority?

Mr. LUCE. That is the custom, and a very wise custom, Mr. Speaker.

Mr. PETTENGILL. Will the gentleman yield?

Mr. LUCE. I yield.

Mr. PETTENGILL. Is it not premature to take this up before the appellate court files its decision?

Mr. LUCE. Certainly; the Court of Appeals may decide the same way.

Mr. LOZIER. Will the gentleman yield?

Mr. LUCE. I yield.

Mr. LOZIER. Is it not true that a decision of the higher courts will not purge this judge of his wrongdoing. If he has violated the Constitution, if he has deliberately, by his decision, flaunted the Constitution he took an oath to defend, and if he has contemptuously ignored the comity which exists between the States, and set himself up to pass ex cathedra upon the ultimate result of a future trial in another State—would not that system and policy, if followed generally by judges, practically destroy our whole judicial system in the United States? [Applause.]

Mr. LUCE. I do not accept the basis upon which the gentleman has put his question.

[Here the gavel fell.]

Mr. SMITH of Virginia. Mr. Speaker, I move the previous question on the resolution.

Mr. LUCE. A parliamentary inquiry, Mr. Speaker.

The SPEAKER. The gentleman will state it.

Mr. LUCE. The gentleman has preferred charges and also introduced a resolution. Which is to be voted on first?

The SPEAKER. The resolution provides that the Committee on the Judiciary shall investigate the charges made by the gentleman from Virginia. The vote will be on the adoption of the resolution. The question is on the previous question.

The previous question was ordered.

The SPEAKER. The question now is on the adoption of the resolution.

Mr. LUCE. On that, Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 209, nays 151, answered "present" 12, not voting 59, as follows:

[Roll No. 24]

YEAS—209

Abernethy	Dickinson	Kleberg	Randolph
Allgood	Dies	Kniffin	Rankin
Arens	Disney	Kocialkowski	Rayburn
Arnold	Dobbins	Kramer	Richards
Ayers, Mont.	Doughton	Lambeth	Robertson
Bailey	Doxey	Lanham	Rogers, Okla.
Beam	Drewry	Lea, Calif.	Romjue
Biermann	Driver	Lee, Mo.	Ruffin
Bland	Duncan, Mo.	Lehr	Sanders
Boileau	Durgan, Ind.	Lemke	Sandlin
Brennan	Eagle	Lesinski	Scrugham
Briggs	Ellzey, Miss.	Lloyd	Sears
Brooks	Faddis	Lozier	Secrest
Brown, Ky.	Fernandez	McCarthy	Shallenberger
Brown, Mich.	Flannagan	McClintic	Sisson
Buchanan	Foulkes	McDuffie	Smith, Va.
Buck	Frear	McFadden	Smith, Wash.
Bulwinkle	Fuller	McFarlane	Smith, W.Va.
Burch	Fulmer	McKeown	Snyder
Burke, Calif.	Gasque	McMillan	Spence
Busby	Gillespie	McReynolds	Steagall
Byrns	Gillette	Maloney, La.	Strong, Tex.
Cady	Glover	Mansfield	Stubbs
Caldwell	Goldsborough	Marland	Swank
Cannon, Mo.	Green	May	Tarver
Carden	Greenwood	Meeks	Taylor, Colo.
Carpenter, Nebr.	Gregory	Miller	Taylor, S.C.
Carter, Calif.	Griffin	Milligan	Terrell
Cartwright	Haines	Mitchell	Thomason, Tex.
Cary	Hamilton	Monaghan	Thompson, Ill.
Castellow	Hancock, N.C.	Montet	Turner
Chapman	Hart	Moran	Umstead
Chavez	Hastings	Morehead	Underwood
Church	Henney	Mott	Utterback
Claiborne	Hildebrandt	Murdock	Vinson, Ga.
Clark, N.C.	Hill, Ala.	Musselwhite	Vinson, Ky.
Coffin	Hill, Knute	Nesbit	Wallgren
Colden	Hill, Sam B.	O'Connell	Weaver
Cole	Hoidale	O'Connor	Weideman
Collins, Calif.	Howard	O'Malley	Werner
Collins, Miss.	Huddleston	Oliver, Ala.	West
Colmer	Imhoff	Owen	White
Cooper, Tenn.	Jacobsen	Palmisano	Whittington
Cox	Jeffers	Parker, Ga.	Wilcox
Cravens	Johnson, Minn.	Parks	Willford
Cross	Johnson, Okla.	Patman	Williams
Crowe	Johnson, Tex.	Peavey	Wilson
Crump	Johnson, W.Va.	Peterson	Withrow
Culkin	Jones	Pierce	Wood, Ga.
Darden	Kee	Polk	Woodrum
Dear	Kemp	Pou	
Deen	Kennedy, Md.	Ragon	
DeRouen	Kerr	Ramsay	

NAYS—151

Adair	Christianson	Focht	Kinzer
Allen	Clarke, N.Y.	Ford	Kloeb
Auf der Heide	Cochran, Mo.	Foss	Knutson
Bacharach	Cochran, Pa.	Gavagan	Kopplemann
Bacon	Connery	Gibson	Lambertson
Bakewell	Connolly	Gilchrist	Lamneck
Beedy	Cooper, Ohio	Goodwin	Lanzetta
Beiter	Crosby	Goss	Larrabee
Berlin	Crosser	Granfield	Lehlbach
Black	Crowther	Gray	Luce
Blanchard	Cullen	Guyer	Ludlow
Bloom	Darrow	Harlan	Lundeen
Boehne	Delaney	Healey	McCormack
Boland	De Priest	Hess	McGrath
Bolton	Dirksen	Higgins	McGugin
Boylan	Ditter	Hoeppel	McLean
Britten	Dockweiler	Hollister	Maloney, Conn.
Brumm	Dondero	Holmes	Mapes
Brunner	Doutrich	Hope	Marshall
Burke, Nebr.	Dowell	Hughes	Martin, Colo.
Burnham	Edmonds	James	Martin, Mass.
Carley	Eicher	Jenkins	Mead
Carpenter, Kans.	Eltse, Calif.	Kahn	Merritt
Carter, Wyo.	Farley	Keller	Millard
Cavicchia	Fish	Kelly, Ill.	Moynihan
Celler	Fitzpatrick	Kelly, Pa.	Norton
Chase	Fletcher	Kenney	Parker, N.Y.
Parsons	Schaefer	Strong, Pa.	Wadsworth
Pettengill	Schuetz	Studley	Walter
Peyser	Schulte	Sutphin	Wearin
Powers	Seger	Swick	Whitley
Ransley	Simpson	Taber	Wigglesworth
Reid, Ill.	Sinclair	Tinkham	Wolcott
Reilly	Sirovich	Tobey	Wolfenden
Rich	Snell	Traeger	Wolverton
Richardson	Somers, N.Y.	Treadway	Young
Rogers, Mass.	Stalker	Truax	Zioncheck
Rogers, N.H.	Stokes	Turpin	

ANSWERED "PRESENT"—12

Adams	Douglass	Hancock, N.Y.	Lewis, Colo.
Andrews, N.Y.	Duffey	Hooper	Major
Condon	Dunn	Kurtz	Sumners, Tex.

NOT VOTING—59

Almon	Englebright	McLeod	Sadowski
Andrew, Mass.	Evans	McSwain	Shannon
Ayres, Kans.	Fiesinger	Martin, Oreg.	Shoemaker
Bankhead	Fitzgibbons	Montague	Sullivan
Beck	Gambrill	Muldowney	Sweeney
Blanton	Gifford	O'Brien	Taylor, Tenn.
Brand	Griswold	Oliver, N.Y.	Thom
Browning	Harter	Perkins	Thurston
Buckbee	Hartley	Prall	Waldron
Cannon, Wis.	Hornor	Ramspeck	Warren
Corning	Jenckes	Reece	Watson
Cummings	Kennedy, N.Y.	Reed, N.Y.	Welch
Dickstein	Kvale	Robinson	Wood, Mo.
Dingell	Lewis, Md.	Rudd	Woodruff
Eaton	Lindsay	Sabath	

So the resolution was agreed to.

The Clerk announced the following pairs:

Mr. Bankhead (for) with Mr. Beck (against).
Mr. Warren (for) with Mr. Waldron (against).
Mr. Almon (for) with Mr. Englebright (against).
Mr. Browning (for) with Mr. Watson (against).
Mr. Brand (for) with Mr. Hartley (against).
Mr. McSwain (for) with Mr. Perkins (against).
Mr. Ramspeck (for) with Mr. Muldowney (against).
Mr. Montague (for) with Mr. Eaton (against).

Additional general pairs:

Mr. Blanton with Mr. Gifford.
Mr. Corning with Mr. Woodruff.
Mr. Ayres of Kansas with Mr. Evans.
Mr. Sabath with Mr. Buckbee.
Mr. Prall with Mr. McLeod.
Mr. Griswold with Mr. Reed of New York.
Mr. Kennedy of New York with Mr. Welch.
Mr. Gambrill with Mr. Taylor of Tennessee.
Mr. Martin of Oregon with Mr. Andrew of Massachusetts.
Mr. Rudd with Mr. Thurston.
Mr. Lewis of Maryland with Mr. Reece.
Mr. Dickstein with Mr. Kvale.
Mr. Shannon with Mr. Shoemaker.
Mr. Sullivan with Mr. Sadowski.
Mr. Fiesinger with Mr. Cannon of Wisconsin.
Mr. Lindsay with Mr. Thom.
Mr. Sweeney with Mr. Robinson.
Mr. Hornor with Mr. Cummings.
Mr. Wood of Missouri with Mr. Dingell.
Mrs. Jenckes with Mr. Harter.

Mr. KVALE. Mr. Speaker, I desire to vote.

The SPEAKER. Was the gentleman present in the Hall and listening when his name was called?

Mr. KVALE. I was not.

The SPEAKER. The gentleman does not qualify.

The result of the vote was announced as above recorded.

A motion to reconsider the vote by which the resolution was agreed to was laid on the table.

The SPEAKER. The charges made by the gentleman from Virginia are referred to the Committee on the Judiciary.

CLAIM OF UNITED STATES UPON ASSETS OF PAN AMERICAN PETROLEUM CO. AND RICHFIELD OIL CO. OF CALIFORNIA

Mr. FULLER. Mr. Speaker, I ask unanimous consent for the present consideration of Senate Joint Resolution 13, authorizing the Attorney General, with the concurrence of the Secretary of the Navy, to release claims of the United States upon certain assets of the Pan American Petroleum Co. and the Richfield Oil Co. of California and others in connection with collections upon a certain judgment in favor of the United States against the Pan American Petroleum Co., heretofore duly entered, which I send to the desk to have read, and ask unanimous consent that the same be considered in the House as in Committee of the Whole House on the state of the Union.

The Clerk read the title to the joint resolution.

The SPEAKER. Is there objection?

Mr. McGUGIN. Mr. Speaker, I reserve the right to object. I have read the resolution. While on its face it does not say so, is not this a part of the old oil scandals in the Doheny case?

Mr. FULLER. Yes.

Mr. McGUGIN. And the movement is to compromise part of the judgment against Mr. Doheny?

Mr. FULLER. It is not so much a compromise as it is a matter of getting all that we can out of him.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The Clerk will report the Senate joint resolution.

The Clerk read the Senate joint resolution, as follows:

Resolved, etc., That the Attorney General of the United States, with the concurrence of the Secretary of the Navy, be, and he is hereby, authorized, in connection with collection of amounts due the United States of America under a certain judgment for $9,277,666.17 entered in the office of the clerk of the District Court of the United States for the Southern District of California at Los Angeles on January 14, 1933, against the Pan American Petroleum Co., a corporation, to release from claim or lien under said judgment such part or portions of the property and assets of the said Pan American Petroleum Co. and the Richfield Oil Co. of California, in such manner and with such reservations as shall seem to him proper and advisable, in consideration of payments to the United States to apply upon said judgment, of not less than the sum of $5,000,000, and in connection therewith to release any claims of the United States against purchasers of oil and petroleum products from the leases commonly known as "E", "I", and "G" leases, or also known as "Visalia 010042, 010043, and 010097 leases" in naval petroleum reserve no. 1, Kern County, Calif., and to consent, in the premises, to the assignment of other oil and gas leases in said naval petroleum reserve no. 1, now part of the unmortgaged assets of Pan American Petroleum Co., with the concurrence of the Secretary of the Navy and to the assignment of other oil and gas leases, also part of the unmortgaged assets of Pan American Petroleum Co., of the United States outside the said naval petroleum reserve no. 1, with the consent of the Secretary of the Interior, said assignments to be authorized only to assignees otherwise duly qualified under existing laws.

Mr. EDMONDS. Mr. Speaker, as I understand it, the gentleman from Arkansas will have control of 1 hour. Will the gentleman yield part of that time to this side of the House?

The SPEAKER. This is being considered in the House as in Committee of the Whole House on the state of the Union under the 5-minute rule.

Mr. FULLER. Mr. Speaker, I am sure every Member of this House would be glad to vote for this measure if he knew its merits, especially if he is a lawyer. Sometime ago, as we all know, a scandal grew out of the Naval Reserve oil fields of southern California. Later the Government recovered the leases, and it was then discovered that during the time the Doheny interests had possession of those leases they took something over $5,000,000 worth of oil out of the property. The Government then instituted a suit to recover judgment for approximately $5,000,000 worth of this oil. By the time the judgment was obtained in November 1932, with the interest added of 7 percent, it amounted to $9,300,000. These two corporations mentioned in the resolutions were Doheny companies. He is out of the picture entirely. One is the Pan American Petroleum Co. and the other is the Richfield Oil Co. of California. The judgment is against these companies; they are in the hands of receivers and are hopelessly insolvent. It is necessary that this measure should be passed immediately in order that the Government may recover anything substantially.

Mr. McFADDEN. Mr. Speaker, will the gentleman yield?

Mr. FULLER. Yes.

Mr. McFADDEN. Is the Pan American Petroleum Co. in the hands of a receiver?

Mr. FULLER. Yes.

Mr. McFADDEN. I thought the Standard Oil Co. of Indiana had absorbed that.

Mr. FULLER. I cannot answer that because I do not know.

Mr. McFADDEN. I know the Richfield Co. is in the hands of a receiver.

Mr. SUMNERS of Texas. I understand that they took over the Pan American.

Mr. LEHLBACH. The Pan American Co. is a subsidiary entirely owned by the Richfield Co., and both of these companies are in the hands of a receiver.

Mr. FULLER. That is what I understood.

Mr. LEHLBACH. The Standard Oil has no interest in it whatever.

Mr. FULLER. Not a bit. During the Hoover administration and preceding it, special counsel were employed by the Government to investigate this matter. Three of them are still connected with the case. They have gone to California recently and have obtained an additional compromise whereby they can at least get $5,000,000 for the Federal Government to apply as credit on the judgment provided this resolution is passed at once. This measure was recommended by ex-Attorney General Mitchell, and also by Mr. Adams, Secretary of the Navy. It is also recommended by Mr. Cummings, the present Attorney General, and by Mr. Swanson, now Secretary of the Navy. There is nothing political in it. I think the leaders on both sides of the House and the leaders of the Nation generally, who know about the matter, say that this legislation ought to be expedited and passed quickly.

Mr. JOHNSON of Texas. Will the gentleman yield?

Mr. FULLER. I yield.

Mr. JOHNSON of Texas. What amount goes for attorneys' fees? Do the hearings show anything about that?

Mr. FULLER. So far as I know, none. Nothing goes to those who were special counsel for the Federal Government. If there is anybody who gets anything, we do not know anything about it. There is no way to ascertain it.

One of the companies, the Richfield Co., has a claim pending before the Revenue Department for a million dollars rebate on income tax. It would not be policy for me to state there was a possibility of recovery from the Government, but it is a very good time to eliminate this claim, and it will be taken into consideration in the settlement of this transaction. Some of this oil was produced before this scandal was known, and before there was any proof of rascality, and was purchased by the Standard Oil Co. of California, and the special investigators have been trying to get some evidence in order to bring suit against the Standard Oil Co. of California and make them pay, but they have been unable to get any proof, but they have used it as a club to the extent that the Standard Oil Co. of California was a party to this settlement whereby it agrees to buy the property, or at least bid $23,000,000 at public sale, whereby the Government will recover at least five millions on its judgment.

The SPEAKER. The time of the gentleman from Arkansas [Mr. FULLER] has expired.

Mr. FULLER. Mr. Speaker, I ask unanimous consent to proceed for 5 additional minutes.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. LEHLBACH. Will the gentleman yield?

Mr. FULLER. I yield.

Mr. LEHLBACH. The settlement provided in this resolution is the settlement recommended by former Senator Atlee Pomerene, who was chief counsel for the Government in all of this oil litigation. Is that not a fact?

Mr. FULLER. Yes, that is true; and the two men who were so active and who went out there and made this agreement both appeared before the committee.

Mr. DE PRIEST. Will the gentleman yield?

Mr. FULLER. I yield.

Mr. DE PRIEST. Is this claim of the Government a preferred claim?

Mr. FULLER. No; it is not. We have judgments against those companies for $9,200,000, but they had a prior mortgage on much of the property. We doubt if their assets would sell on the market today for $10,000,000. They owe every bank in all that part of the country. Under this compromise no one is to get any money except the Federal Gov-

ernment, which is to receive 50 percent; one of the sets of bondholders is to receive 30 percent, and another set is to get 40 percent, and all the common creditors will get absolutely nothing.

Mr. SWANK. Will the gentleman yield?

Mr. FULLER. I yield.

Mr. SWANK. Did not this same bill pass the Senate in the last Congress, while Senator Walsh of Montana was a Member of that body.

Mr. FULLER. Yes; and Senator Walsh is the man who started the investigation and conducted it, and he was in favor of this measure. The leaders of the Senate are in favor of it. It was passed in the Senate without any dissenting vote. I am sure if anybody has any doubt about it, if he will just state it, it can easily be cleared up.

Mr. MONTET. Will the gentleman yield?

Mr. FULLER. I yield.

Mr. MONTET. Is this to be a cash settlement?

Mr. FULLER. A cash settlement. This resolution authorizes the Attorney General, with the consent and approval of the Secretary of the Navy, if in their judgment they think it is to the best interest of the Government to accept not less than $5,000,000 in the settlement as a credit on the judgment; not in full satisfaction of the judgment, but a credit on the judgment, and thereby releasing any other claim which the Government has on the properties of these two insolvent oil companies. Retaining the right to recover from Doheny.

Mr. GILCHRIST. Will the gentleman yield?

Mr. FULLER. I yield.

Mr. GILCHRIST. Will the gentleman explain why, if those companies have $5,000,000 worth of property, the Department of Justice cannot discover the property and levy on it under the judgment they already have?

Mr. FULLER. It is just as any other lawyer will tell you, many times you can get a judgment and cannot collect it.

Mr. GILCHRIST. Not when they have $5,000,000 worth of property oustanding.

Mr. FULLER. Oh, they had $50,000,000 worth of property in book values, but it is covered by mortgages and bonds long before the judgment was obtained, and we cannot reach it.

Mr. GILCHRIST. Then the mortgage and bondholders are entitled to preference. Why should the mortgages and bondholders consent in this case to admitting $5,000,000 to go to the Government when it ought to go to them?

Mr. McFADDEN. Will the gentleman yield?

Mr. FULLER. I yield.

Mr. McFADDEN. It is my understanding that when the Richfield Oil Co. took this property they took it subject to the claim of the United States Government, and the same thing applies to the purchase by the Pan American Petroleum Co., and the assets were taken over by the Standard Oil Co. of Indiana. In other words, they made a reservation that whatever judgment was acquired by the United States would have to be paid by those old companies. Therefore, why should they compromise when both of these judgments would be a lien against the property?

Mr. FULLER. In the opinion of the committee and in the opinion of those who have the authority and responsibility and have investigated it, if we do not pass this bill this week they will put all of their property up for sale and it will sell for less than $10,000,000, and the party who will buy it is the Standard Oil Co. of California, and the United States Government would not get a million dollars out of it. If I knew more about this case than all these lawyers who have the responsibility, in both the past administration and the present administration, and if I did not have any responsibility at all, I would vote against this and make my conscience clear. I certainly do not understand the facts to be as stated by the gentleman from Pennsylvania [Mr. McFADDEN] and the gentleman from Iowa [Mr. GILCHRIST], and the record bears me out.

Mr. GILCHRIST. Will the gentleman yield further?

Mr. FULLER. No. I do not have any further time to yield.

Mr. GILCHRIST. I wanted to ask the gentleman if the lawyers had to take the responsibility of voting here this afternoon?

Mr. FULLER. No, sir.

Mr. GILCHRIST. I was simply asking for the facts. I am not indicating how I shall vote.

The SPEAKER. The time of the gentleman from Arkansas [Mr. FULLER] has again expired.

Mr. EDMONDS. Mr. Speaker, I fully agree with what the gentleman from Arkansas has said in connection with this bill. This is plainly a case of insolvency; it is a case of settling up an estate that may have assets or may not have assets, according to the way it is handled.

The settlement proposed in this bill is in no way a final settlement. You will notice the Attorney General is given permission to make this settlement, to take the $5,000,000, with such reservations as seem to him proper and advisable in consideration of the payment to the United States, this to apply upon the said settlement.

In other words, if you study the report, you will find that it is expected money will be secured from other sources with which to pay this judgment of the Government.

The attorney, Mr. Harrison, who was with Mr. Pomerene in the case originally, agreed to make this settlement with the creditors of the California company which is now recommended. He made this statement:

> "The bondholders of the Richfield Co. expect a dividend of 30 percent, the unsecured bank and trade creditors a dividend of 12 percent, the bondholders of the Pan American a dividend of 40 percent, whereas the Government is assured of more than 50 percent, with the possibility of an increase resulting from the allowance of income-tax refund and a recovery against Mr. Doheny. We have no hesitancy," they say, "in urging this settlement."

The reason this matter is brought up this afternoon in what may possibly seem to be rather a hurry is because next Saturday is the last day on which the Government can take advantage of this proposition.

I think this is a good settlement. I have looked into the matter very closely. The matter has been gone into by a number of committees of bondholders and creditors. They have entered into an agreement that this money should be paid to the Government; that this amount, $5,000,000, is given in settlement, no matter what other collection the Government may make.

I think we should do this. I think $5,000,000 in hand at the present time from an insolvent estate is well worth having; and I think, as long as we are not forgiving the balance of the judgment but have the possibility of collecting it from other sources, that this is a wise agreement for the Government to enter into.

Mr. GILCHRIST. Mr. Speaker, I take the floor for 2 minutes to say that in propounding my questions to the chairman of the committee I was in search of facts. I do not like to be told that if I do not like it I can vote "no." I should like to know why I should vote "yes." I should like some facts concerning this resolution which would justify us in believing that the Government cannot collect the $9,000,000 judgment it has against this property. With that thought in mind, I asked the chairman of the committee about it, and was advised by him that if I did not like the bill, I could vote "no."

I think the committee must have some information on this question. The information so far given us is simply a conclusion; the facts are not disclosed, but we are told that the end of the whole matter is that the Government cannot collect. Are there any facts to show that the Government cannot collect? If so, what are they?

We are told that this judgment is not a lien ahead of the stockholders and other creditors. Ordinarily this is not true. Ordinarily the king for his debt has a lien ahead of the citizen.

I do not know what the facts are. I should like to know, and I am in as good faith in asking for information as any

member of the committee. We ought to be informed of the facts which will support the proposal.

Mr. EDMONDS. Mr. Speaker, will the gentleman yield?

Mr. GILCHRIST. Certainly.

Mr. EDMONDS. I call the gentleman's attention to page 12 of the report.

Mr. GILCHRIST. I thank the gentleman from Pennsylvania.

Mr. EDMONDS. If the gentleman reads it, he will find that the Government by its representatives, together with representatives of the other creditors, met. Out of this meeting an agreement was reached. Under section 5, on page 13, the Government is to be paid this $5,000,000. Then a division was made of the balance.

We do not release our claim on Doheny for the sum of $800,000 income tax returnable. I believe we will get hold of that money and at a later date will probably get some of the other claims mentioned in the report.

Understand, this is not a settlement of the claim. This is simply an application of $5,000,000 on account of the claim.

Mr. McFADDEN. Will the gentleman yield?

Mr. EDMONDS. Yes.

Mr. McFADDEN. Then the Government retains its judgment against Mr. Doheny, who is not a bankrupt.

Mr. EDMONDS. This does not relieve any of the other claims at all. It simply applies $5,000,000 on account, so as to release these properties so they can be sold in order to get more assets into the company.

Mr. McFADDEN. It is my understanding that when Mr. Doheny sold his interests that there was a reservation of funds to cover whatever the Government recovered. In other words, these companies that bought these assets reserved in their contract with Mr. Doheny sufficient money to cover any judgment which the Government might obtain at a later date.

Mr. EDMONDS. It states in the agreement, at the bottom of page 11 of the report—

> The Government is assured of more than 50 percent of the claim with the possibility of an increase resulting from the allowance of an income-tax refund and a recovery against Mr. Doheny.

Mr. McFADDEN. In that connection, are they exercising their rights against Mr. Doheny?

Mr. EDMONDS. They say so.

Mr. McFADDEN. If they are, then the Government will recover the entire $9,300,000.

Mr. EDMONDS. That is something the Attorney General is supposed to attend to, and I presume he is. He says he will do it, and I think he will.

[Here the gavel fell.]

Mr. MOTT. Mr. Speaker, I ask for recognition for 5 minutes in order to definitely state my position as a member of the committee upon this resolution and to offer an amendment to it.

I voted against the resolution in committee, and as a matter of consistency I am going to vote against it here unless it is amended so as to place the responsibility for the proposed settlement of this case where it belongs. In taking this stand, however, I do not want to be understood as opposing the merits of the proposal to make the settlement or compromise authorized by this resolution. Neither do I want to undertake to persuade anyone to vote against the resolution if he is satisfied from such information as is available to him that the compromise here proposed would be a good thing. The point I am making is that in voting for this resolution the Congress is taking upon itself the responsibility of saying whether a settlement or a compromise ought to be made, and I think this responsibility should be upon the Attorney General as the person in charge of this lawsuit for the people of the United States and not upon the Congress.

Mr. FULLER. Will the gentleman yield?

Mr. MOTT. Yes.

Mr. FULLER. Did the gentleman notice that both the Attorneys General said that under the law neither one of them had any authority to settle this case without the authority of Congress and that the only reason they were asking for the authority of Congress was because it was not a Treasury matter where the Treasury could step in and act in the premises?

Mr. MOTT. I asked the Attorney General's representative that question directly and he said that he was not able to state whether a resolution was necessary or not, and his own opinion was that perhaps a resolution was not necessary.

This, Mr. Speaker, is my first objection. I do not believe it is necessary to authorize this settlement by an act of Congress passed for that purpose. The case is in the hands of the Attorney General. He is representing the people of the United States as his clients and he has the same power to compromise or settle this case as he has to compromise or settle hundreds of other lawsuits which the Department of Justice settles or compromises every year.

Mr. SNELL. Will the gentleman yield for a question there?

Mr. MOTT. Certainly.

Mr. SNELL. I was directly informed from the Attorney General's office that that Department recommended this settlement as presented to Congress.

Mr. MOTT. I will say for the information of the gentleman, and of the House also, that there is considerable doubt in my mind and in the minds of other members of the committee whether the Attorney General has, in fact, asked for this authorization.

Mr. SNELL. A gentleman called me up from that office and distinctly told me that anyway. That is all I know about it.

Mr. MOTT. I will say to the gentleman that there have been two or three different statements from the Attorney General's office as to what the Attorney General's position on this matter is. If you will turn to page 3 of the report, you will find a short letter from the Attorney General addressed to Senator KENDRICK, Chairman of the Committee on Public Lands of the Senate. The letter is dated March 15, and in that letter he says:

> I am pleased to advise you that the proposed legislation seems to me to be highly desirable. Those here in the Department who have had to do with this matter strongly urge the passage of this resolution.

Upon that authority and upon that statement the committee was about to vote to report this resolution favorably, when the personal spokesman of the Attorney General stopped the vote, in effect, and said: "Gentlemen, before you vote to report out this resolution, I have a message from the Attorney General. I want the gentlemen of the committee to distinctly understand that the Attorney General is not asking for this authorization."

Upon the strength of this statement the members of the committee decided that they should wait until they could get a direct statement from the Attorney General as to whether or not he wanted this authorization. So the committee adjourned until the next day. The following day the Attorney General sent a letter to the committee, and the only statement he made in this letter as to whether or not he wanted authority to settle the case was to refer the committee to the letter he had already written and to state that he had not changed his opinion as expressed in the first letter. This certainly was not an answer to the committee's question. I do not think the Attorney General has definitely asked the Congress to give him the authority the resolution proposes, and, if in these circumstances we pass the resolution, we are taking the affirmative responsibility which ought to be upon the shoulders of the Attorney General. If the Attorney General wants this authorization he should say so, and he should say so in no ambiguous terms.

So I propose that a protective amendment be adopted to this resolution.

[Here the gavel fell.]

Mr. MOTT. Mr. Speaker, I ask unanimous consent to proceed for 2 additional minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. MOTT. I suggest that in these circumstances, where the Attorney General was not willing to say that he wanted this authorization by congressional act, that the Congress, if it passed the resolution, would be put in the position, in spite of the permissive language in the bill, of not only putting its O.K. upon this settlement but of directing the Attorney General to make it.

So, in these circumstances, and inasmuch as no Member of the Congress and no member of the committee has sufficient information upon which to say that this settlement ought to be made or ought not to be made, I think it is proper to put a protective amendment in this resolution, and I now offer such an amendment:

Provided, That the authority herein granted is permissive only and shall not be construed as a declaration of approval by Congress of the compromise or settlement herein authorized to be made and that said authority shall not be exercised by the Attorney General unless in his judgment such compromise or settlement shall appear to him to be for the best interests of the United States.

I think that in view of the ambiguous position that the Attorney General has taken, if we are going to pass a resolution authorizing the settlement, we should be very certain that the resolution states in no uncertain terms that it is merely permissive, and not to be exercised unless the Attorney General deems it for the best interests of the United States. Mr. Speaker, I send to the desk the amendment I have just read.

The SPEAKER. The gentleman from Oregon offers an amendment, which the Clerk will report.

The Clerk read as follows:

Page 3, line 3, after the word "laws", strike out the period and insert a semicolon and insert the following: "*Provided*, That the authority herein granted is permissive only and shall not be construed as a declaration of approval by Congress of the compromise herein authorized to be made and said authority shall not be exercised by the Attorney General unless in his judgment such compromise shall appear to him to be for the best interests of the United States."

Mr. FULLER. Mr. Speaker, the gentleman agreed in committee that he would not present that amendment. The committee is opposed to it, for the reason that it is surplusage; it only carries out the language in the bill which is set forth more clearly than it is in the amendment.

All the resolution does is to give the Attorney General authority, with such reservations as he deems proper, to settle this case. He does not have to settle if he does not want to, will not unless advantageous to the Government, and there is no use for us to "pass the buck" and not assume any responsibility at all. We might as well leave it where it is.

Mr. GOLDSBOROUGH. Why should we assume any responsibility, except the permissive responsibility? We give him authority and permission to make the settlement.

Mr. FULLER. That is all there is to it.

Mr. GOLDSBOROUGH. Why should we put this amendment in the bill when it is clearly set forth in the bill?

Mr. FULLER. There is one thing I want to call attention to, and that is we have got to pass this law right away, or on Saturday the court will order the property sold and we will be barred from carrying out our agreement.

This is nothing personal to me, the administration wants the bill to go through, and it does nothing more than to give the Attorney General the authority to settle it if he thinks it is for the best interests of the United States to do so. The Attorney General will have to study every detail, the proceedings in the former administration, and he has a great deal of work to do after this bill is passed.

Mr. BRITTEN. Will the gentleman yield?

Mr. FULLER. I will yield.

Mr. BRITTEN. Is it not a fact that the amendment read does nothing more than merely refuse the authority of Congress or the approval of Congress for doing what is already carried in the bill? The word "permissive" is nothing more than a substitution for the word "authorized" in the bill. So the amendment can do no harm. It permits the Attorney General to do just what he is authorized to do in the bill, but it does one other thing—it indicates a lack of approval by Congress of the entire transaction. That is what the amendment does, but it leaves the Attorney General to do as he pleases. I can see no harm or no objection to the amendment.

Mr. FULLER. The gentleman is taking up all of my time.

Mr. BRITTEN. I am trying to help the gentleman pass the bill.

Mr. FULLER. The gentleman is making a strong argument.

Mr. BRITTEN. I am talking for the gentleman.

Mr. FULLER. All right. We do not want this bill amended, so that it will have to go back to the Senate. The amendment is unnecessary.

Mr. GOLDSBOROUGH. "The lady does protest too much." If the amendment does not interfere with the bill at all and is purely unnecessary, what is the objection to it?

Mr. FULLER. Because we do not want it, and we do not want to load the resolution down with an amendment and then have to take it back to the Senate. Time is of the essence in this matter. The amendment is meaningless and its adoption means delay. We want the matter settled between now and Saturday.

Mr. PARKS. We have a conditional contract that they will pay us $5,000,000?

Mr. FULLER. Yes.

Mr. PARKS. What is the amount of the judgment?

Mr. FULLER. Nine million three hundred thousand dollars. In addition to that we are settling a refund claim which might be collected of over $1,000,000. The only thing that we are doing is to release property from our judgment which is covered by a prior and valid mortgage.

Mr. MARLAND. Did the judgment run against the Pan American only, or against the Pan American and Doheny?

Mr. FULLER. It was against all, but we do not release our right to recover from Doheny.

The SPEAKER. The time of the gentleman from Arkansas has expired.

Mr. McGUGIN. Mr. Speaker, with or without the amendment of the gentleman from Oregon [Mr. MOTT], I do not believe it is advisable for the Congress to pass this resolution, but, above all, it seems to me very unwise to pass the resolution without the amendment of the gentleman from Oregon.

The principal thing involved in the entire oil scandals is the honor, credit, and integrity of the Government. The question involved is not whether or not the Government obtains some money from that source. I say to you quite frankly that in order to preserve the character, integrity, and the faith in the Government in this country I would rather say let the courts take their course and let the Government take what the courts give, if it be only a thousand dollars, rather than to take $5,000,000 on the basis of a compromise when you and I and no other person in this House knows whether the compromise is right or wrong. This whole matter was turned by Congress over to the executive department of this Government back in the Coolidge administration. Public sentiment was such that it was necessary to restore public confidence in government, and in order that there might be no question about that, President Coolidge went further than merely turning it over to the Department of Justice of his administration. He appointed special counsel, men of different political faith. They have handled this matter.

I believe that the overwhelming majority of the people of the United States believe in the honor and integrity of the courts and of the executive department of the Government, in the manner in which these matters have been handled. For God's sake, let us not shake public confidence by coming in here at this late day and under the guise of obtaining a few million dollars pass a resolution authorizing a settlement which, to say the least, the overwhelming majority of the Members of this House know little or nothing about, and about which, of course, the public knows less. Therefore I hope the resolution is voted down, but in the meantime I do hope that the amendment of the gen-

tleman from Oregon is accepted, because if the resolution is to be adopted it is indeed preferable that the responsibility may rest upon the Attorney General. It is not a case of Congress passing the buck. The Attorney General is the only authority who is in position to actually ascertain the truth as to whether a settlement should be made. Congress is not the proper tribunal to ascertain such a fact. That is something beyond our power to do.

Mr. FULLER. Do you not think these attorneys would have the best information about that? They come in here with this report and ask that this compromise be made, and they say that it is the only way in which we can recover any money. Do you not think that we ought to accept it?

Mr. McGUGIN. If they want to do it let them go ahead and do it, but do not come to Congress and place the responsibility upon Congress.

Mr. FULLER. They have no authority except by this resolution.

Mr. McGUGIN. If they have not, let it go on where it is, with the courts. Let the matter go on with the authority granted by Congress in the first instance.

Mr. WHITTINGTON. Mr. Speaker, will the gentleman yield?

Mr. McGUGIN. Yes; I yield to my friend from Mississippi.

Mr. WHITTINGTON. It is said that the resolution provides a yardstick for compromise, but I call attention to this language—

in such manner and with such reservations as shall seem to him proper and advisable, in consideration of payments to the United States to apply upon said judgment, of not less than a sum of $5,000,000.

The crux of this matter is the reduction of this judgment to $5,000,000. What proof is there that they cannot pay all of it?

Mr. McGUGIN. None, so far as we know. Here is a $9,000,000 judgment, and when you and I vote for this resolution today we have reduced it from 9 million to 5 million. That much is certain. I choose to let the courts ascertain whether it is $9,000,000 or $4,000,000 or $5,000,000, or whatever it may be. I am not going to vote for it.

The SPEAKER. The time of the gentleman from Kansas has expired.

Mr. BRITTEN. Mr. Speaker, I rise to support the amendment. I hope the amendment will be agreed to. I should like to call attention to some language in the committee report. When the former Attorney General sent this report to Congress, under the Hoover administration, he said, for the Department of Justice:

Accordingly we submit herewith a form of resolution for adoption by the Congress if it approves thereof.

Mr. Speaker, note the words "if it approves thereof." The amendment that has been offered by the gentleman from Oregon takes away any suggested approval of Congress for this particular transaction and places it where it belongs, in the Roosevelt administration and in the office of your very, very capable Attorney General, Mr. Homer Cummings.

Now let me call to your attention the language of your distinguished Attorney General, Mr. Cummings. He says in conclusion:

And I am pleased to advise you that the proposed legislation seems to me to be highly desirable. Those here in the Department who have had to do with this matter strongly urge the passage of this resolution.

That is very evasive—those in the Department who have had to do with this resolution strongly urge the passage of it.

Now, my friends, in the interest of the Treasury, in the interest of a proper settlement which we all desire, because very few Members of the House know what is back of this entire transaction, I am willing to presume that everything behind it is honest and is being done for the best interest of the Government, and that the Government, from Franklin D. Roosevelt down, desires this legislation, but there can be no objection to this permissive suggestion carried in the amendment offered by the gentleman from Oregon. After it has been attached to the bill I cannot see any reason why every Member of the House cannot vote in favor of it. It seems to be a good resolution.

Mr. LOZIER. Will the gentleman yield?

Mr. BRITTEN. I yield.

Mr. LOZIER. Is it not true that this bill in its present form, in the last analysis and as a practical proposition, is a legislative authorization, and in fact will be construed as a legislative direction to the Attorney General to settle on this basis; and what objection could there be to adopting the amendment offered by the gentleman from Oregon, which would place the responsibility on the Department of Justice, where it should rest, because that Department has charge of the litigation, and it is supposed to know whether this is the best settlement that can be obtained; but without some language similar to that offered by the gentleman from Oregon, I fear that as a practical proposition this resolution will be construed as congressional authorization and direction to the Department of Justice to settle upon this basis.

Mr. BRITTEN. If the gentleman is correct in his idea that this is a congressional direction—and I do not agree with the gentleman—but, if the gentleman is correct, then by all means we should favor the amendment offered by the gentleman from Oregon.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. BRITTEN. I yield.

Mr. COCHRAN of Missouri. I am inclined to agree with what the gentleman said—that it would be for the best interest of the country to pass this bill. Does the gentleman know whether this corporation is solvent or not?

Mr. BRITTEN. We are informed that this corporation and an adjoining corporation are now in the hands of receivers. I am not a lawyer, but my thought is that the Government sees an opportunity to collect $5,000,000 on a former $5,000,000 debt, which has been increased three or four million dollars by accretion of interest, and if it does not take advantage of that opportunity the Government may lose a considerable portion of that $5,000,000. I am willing to take my chances with your Attorney General. I am satisfied with his honestry of purpose and of his ability to protect the Government.

Mr. COCHRAN of Missouri. The Attorney General accepts the recommendation of your former Attorney General.

The SPEAKER. The time of the gentleman from Illinois [Mr. BRITTEN] has expired.

Mr. BRITTEN. Mr. Speaker I ask unanimous consent to proceed for 1 additional minute.

The SPEAKER. Without objection it is so ordered.

There was no objection.

Mr. PARSONS. Will the gentleman yield?

Mr. BRITTEN. I yield.

Mr. PARSONS. When was the judgment first obtained in this case?

Mr. BRITTEN. The report will show that.

Mr. PARSONS. Why is it that the previous administration did not collect this from the oil companies before they went into the hands of receivers?

Mr. BRITTEN. Is the gentleman playing politics or asking me a pertinent question?

Mr. PARSONS. I am asking the gentleman a question.

Mr. BRITTEN. I do not have the slightest idea. The chairman of the committee is on your side of the House and he can undoubtedly tell you about it.

Mr. FULLER. If the gentleman will yield, I can answer the gentleman. We did not get the judgment until 2 or 3 years ago. They could not get the proof. This is not a settlement of the entire judgment. This is only a credit on the judgment; and as the gentleman from Oklahoma asked me a while ago, the report shows that it is not liquidation and settlement and satisfaction of this judgment. The Government still has a right to pursue the judgment for the purpose of collecting from Edwin L. Doheny. So this is only for the purpose of relieving certain assets of these defunct institutions now in the hands of receivers.

Mr. PARSONS. Relieving them of what?

Mr. GOSS. Mr. Speaker, I ask unanimous consent that the gentleman from Arkansas may proceed for 2 minutes.



The SPEAKER. Is there objection to the request of the gentleman from Connecticut [Mr. Goss]?

There was no objection.

Mr. PARSONS. Relieve them what for?

Mr. FULLER. Those companies are in the hands of receivers, and this property had a bona fide mortgage on all of it before the Government got any judgment against it. That mortgage is good today.

It is impossible to collect anything on the judgment. They have other assets distributed all over the country, and in order for the Standard Oil Co. to get a little stigma off of them, and fearing that we might follow them a little further when we know we can not collect from them, they are willing to go into the open market and bid with every other company in the world on these concerns, and pay $23,500,000, with the understanding that the Federal Government will get a credit of at least $5,000,000 on this judgment.

If we do not go through with it the receivers will sell it just the same, and in all probability they, or somebody else, will buy it and we will not get our money.

Mr. PARSONS. The gentleman states this judgment was rendered 2 years or more ago.

Mr. FULLER. Yes.

Mr. PARSONS. What has the Department of Justice been doing these 2 years, or even prior to that time, that they were not taking steps to force this collection?

Mr. FULLER. I cannot answer that, but the mortgage was upon this property before the Government obtained its judgment.

Mr. COCHRAN of Missouri. Mr. Speaker, will the gentleman yield?

Mr. FULLER. I yield.

Mr. COCHRAN of Missouri. The corporation is in the hands of a receiver.

Mr. FULLER. Yes.

Mr. COCHRAN of Missouri. Where are they getting the $5,000,000?

Mr. FULLER. They have made an agreement with the Standard Oil Co. of California that on this promised agreement they will bid $23,500,000 for the property, and we get the $5,000,000 out of them.

Mr. COCHRAN of Missouri. Does the gentleman think there is anything under cover?

Mr. FULLER. There may be; I do not know.

[Here the gavel fell.]

Mr. MAPES. I ask unanimous consent that the time of the gentleman from Arkansas may be extended 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. MAPES. The resolution itself answers the question of the gentleman from Illinois. This judgment was entered on January 14, 1933; not 2 years ago, but less than 4 months ago.

Mr. FULLER. That is the judgment by the Appellate Court.

Mr. MAPES. No; it says it was entered in the office of the clerk of the District Court of the United States for the District of California, Los Angeles, on January 14, 1933.

The last administration had no time in which to collect the judgment, if this has any bearing on the matter.

Mr. MARLAND. Mr. Speaker, will the gentleman yield?

[Here the gavel fell.]

Mr. WHITTINGTON. Mr. Speaker, I ask that the gentleman from Arkansas be granted 2 additional minutes in which to answer the question of the gentleman from Oklahoma.

Mr. MARLAND. A moment ago the gentleman stated that the judgment ran against the Pan American Co. and E. L. Doheny. If under this resolution this settlement of $5,000,000 is made with the Pan American Co. the judgment still runs against E. L. Doheny for $4,000,000.

Mr. FULLER. Yes.

Mr. EDMONDS. Mr. Speaker, I am opposed to the amendment because I do not think it will aid us at all. If you propose to vote for this amendment, I would suggest that it be modified by eliminating the words "of the compromise herein authorized." This is an application of $5,000,000 on account of a judgment. There are other parties in this claim from whom the Government expects to collect.

If you read the report, you will see that Mr. Doheny is in the case and there are other sources from which it is expected to collect. However, in settlement of this particular receivership they are willing to pay $5,000,000, and the Government officials seem to think that this is all we will be able to collect out of it. Therefore we are taking this $5,000,000 on account of the judgment of $9,000,000 and going after the other parties to collect the balance as far as possible. This is the situation.

Replying to those who seem to think there is no necessity for this legislation, let me say I do not believe the executive branch of the Government has the right to dispose of any property of the Government without the consent of Congress. You are disposing of a lease today that has value. Therefore the probabilities are that the legal authorities decided that in order to give a complete title it would be necessary for them to get this legislation. It was proposed and passed by the Senate in the last Congress. It is now proposed and passed by the Senate again.

Mr. PARSONS. Mr. Speaker, will the gentleman yield?

Mr. EDMONDS. I yield.

Mr. PARSONS. In view of what has just been said on both sides of the aisle, there seems to be some kind of a contract or collusion whereby certain bids are to be made if this resolution is passed and these lands are involved; a company is going to bid so much in order that we can get $5,000,000.

What is the proposition behind these bids with the Standard Oil Co. perhaps getting title to these lands, and the Government losing them, when we could perhaps collect the entire amount if they were sold on a fair market.

Mr. EDMONDS. The $5,000,000 will be paid to the Government under this agreement.

Mr. PARSONS. That is, for only $5,000,000 we release it whereas under other conditions some other company would gobble it up.

Mr. EDMONDS. Do not forget this is to be disposed of at an open sale. Any company may get it; it will be sold at a fair open sale.

Mr. PARSONS. But how many companies are in a position to bid in competition with, for instance, the Standard Oil Co.?

Mr. EDMONDS. I have not the least idea, and the gentleman knows that.

Mr. LOZIER. Mr. Speaker, there seems to be a misunderstanding as to the date of the judgment in favor of the Government. By reference to page 6 of the report you will find that the suit to cancel these leases was decided at Los Angeles in November 1930, against the United States, which judgment was, on February 5, 1932, reversed by the United States Circuit Court of Appeals, which court directed a decree canceling these leases. On October 10, 1932, the Supreme Court denied an application for writ of certiorari, and on November 7, 1932, said Court denied an application for rehearing. Then the district court, pursuant to the mandate of the court of appeals, on November 29, 1932, entered a final decree canceling the leases and directing defendants to account for the value of oils taken from the leaseholds. After an accounting, final judgment was entered January 14, 1933, for $9,277,666.17, with interest thereon from November 29, 1932.

Mr. MAPES. Mr. Speaker, will the gentleman yield?

Mr. LOZIER. I yield.

Mr. MAPES. Even that makes the judgment only 45 days longer, November 29, 1932.

Mr. LOZIER. The gentleman from Michigan is correct. I am merely correcting the record as to the date of this judgment.

Mr. EDMONDS. But the gentleman will acknowledge they still owe the money?

Mr. LOZIER. Yes; they owe the money. They owe much more than the $5,000,000 they offer us. They owe Uncle Sam more than $9,000,000. While I do not look with favor on the proposed compromise, I am willing to authorize the Department of Justice to make the best settlement obtainable, because it has all the facts, is in charge of the litigation, and is in a better position than Congress to determine what can be collected under our judgment.

Mr. DOCKWEILER. Mr. Speaker, the Richfield Oil Co.'s main office is in the city of Los Angeles. The Richfield Oil Co. went into the hands of a receiver more than 2 years ago. Its president and chairman of the board were prosecuted for embezzlement of funds and were found guilty and are now languishing in the State penitentiary in California.

I hold no brief for the mismanagement of the Richfield Oil Co., but, Mr. Speaker, this Richfield oil situation has been hanging like a dark cloud over the city of Los Angeles and the county of Los Angeles because there are so many creditors involved.

As I recall, more than $30,000,000 worth of bonds were sold by so-called "respectable bond houses" to the people of the city of Los Angeles and there are millions of dollars' worth of credits outstanding held by banks and other companies in the city of Los Angeles, and this matter has to be settled by the Richfield Oil Co. one way or another.

I have received this morning a telegram from Mr. McDuffie, who is the receiver in charge of both the Richfield Oil Co. and the Pan American Petroleum Co. This company was a California corporation and not the one you are thinking about.

In part of his telegram he goes on to say:

I have, as receiver for Richfield and Pan American, constantly recommended to the court and creditors that the Richfield and Pan American properties should be sold as a unit and sold or reorganized at the earliest possible date, and that in my opinion the best interests of all creditors would be best served by such a sale or reorganization. There has been no disapproval of such recommendations by the court or by the creditors' committee. The creditors' committees, of which there are four, namely, original bondholders' committee, original bank-credits committee, original unsecured-trade creditors' committee, and Pan American bondholders' committee, have for months past been endeavoring to secure offers for the property in receivership. Offers were received from both Consolidated Oil Corporation and Standard Oil Co. of California, and, after consideration, all committees accepted Standard's offer. In view of the fact that the receiver, the court, and all committees are desirous of selling the properties, and in view of the fact that the Government attorneys have recommended the settlement of their judgment and that the settlement is very advantageous to the Government, and as the settlement can only be paid through the sale, and particularly in view of the fact of the telegram—

He refers to a telegram which was sent to the President—

I ask your active support in combating any opposition to the immediate approval of the House of the compromise, so that the sale and reorganization can be carried through. It must be remembered that if this settlement is not made and lengthy litigation ensues not only will the Government not get its money, but it will probably be necessary for the receiver to sell the properties piecemeal, in which case there will be little recovered for the creditors, secured or otherwise.

Mr. McGUGIN. Will the gentleman yield?

Mr. DOCKWEILER. Yes.

Mr. McGUGIN. I will ask the gentleman if it is not his experience that it is very extraordinary, if not unethical, for receivers to go around appealing to creditors to compromise their suits?

Mr. DOCKWEILER. Not at all; and if the gentleman knew the type and character of Mr. McDuffie he would not say so.

Mr. McGUGIN. I am talking about receivers in general. I am referring to receivers going around and appealing to creditors to compromise their suits.

Mr. BLANCHARD. Will the gentleman yield?

Mr. DOCKWEILER. I yield.

Mr. BLANCHARD. Will the gentleman state whether he is opposed to the amendment of the gentleman from Oregon [Mr. MOTT]?

Mr. DOCKWEILER. I do not think the amendment of the gentleman from Oregon hurts this particular resolution, although I think it is unnecessary.

It has been said that the Government should be in a position to settle this case without authority from this Congress.

[Here the gavel fell.]

Mr. DOCKWEILER. Mr. Speaker, I ask unanimous consent to proceed for 2 additional minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. DOCKWEILER. It has been said that this House does not need to pass a resolution to authorize the Attorney General. That the Attorney General has really asked for this authorization and that he has recommended that his Department act under this resolution I think goes without saying from the contents of his letter dated March 15, 1933, excerpts from which have just been read in the House.

This judgment was secured this year, January 14, 1933. The Richfield Oil Co. has been in the hands of receivers for over 2 years. The judgment that the Government has stands as an ordinary judgment and stands in no better position than a bondholder's judgment or the judgment of a general creditor.

Mr. GILCHRIST. Will the gentleman yield?

Mr. DOCKWEILER. I yield.

Mr. GILCHRIST. What does this resolution mean when it provides that the Government is to assign oil and gas leases in the naval petroleum reserves which are now unmortgaged and are unmortgaged assets of the Pan-American Petroleum Co.? This is stated in line 19, and also in line 22 of page 2 of the resolution. If these are unmortgaged assets, why does not the Government stand in better relationship to them than ordinary creditors?

Mr. DOCKWEILER. That is because, under the terms of the Oil and Gas Leasing Act passed about 10 years ago in this House and in the Senate, a corporation, as I gather it, could not hold over a certain number of acres, and I know that upon the dissolution of this company these particular leases would have to go into some other hands.

I hope you will all support this resolution because it will help us in Southern California to settle this question.

Mr. FULLER. Mr. Speaker, I move the previous question on the resolution and all amendments thereto to final passage.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the amendment of the gentleman from Oregon [Mr. MOTT].

Mr. GOSS. Mr. Speaker, I ask unanimous consent that the amendment may be again read for the information of the House.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

The Clerk again read the Mott amendment.

The SPEAKER. The question is on the amendment.

The question was taken; and the amendment was agreed to.

The SPEAKER. The question now is on the third reading of the resolution.

The resolution was read the third time.

The SPEAKER. The question is on the passage of the resolution.

The question was taken; and on a division (demanded by Mr. Goss) there were 125 ayes and 16 noes.

Mr. McGUGIN. Mr. Speaker, I object to the vote on the ground that there is no quorum present.

The SPEAKER. Evidently there is no quorum present. The Doorkeeper will close the doors, the Sergeant at Arms will notify the absentees, and the Clerk will call the roll.

The question was taken; and there were—yeas 244, nays 117, answered "present" 1, not voting 69, as follows:

[Roll No. 25]

YEAS—244

Adair	Bacharach	Beiter	Bland
Adams	Bailey	Berlin	Bolleau
Andrews, N.Y.	Bakewell	Biermann	Boland
Auf der Heide	Beedy	Blanchard	Bolton

Boylan	Driver	Kloeb	Rayburn
Brennan	Duffey	Kniffin	Reece
Britten	Duncan, Mo.	Kopplemann	Reed, N.Y.
Brooks	Dunn	Kramer	Reilly
Brown, Ky.	Edmonds	Kvale	Richards
Brown, Mich.	Eicher	Lamneck	Robertson
Brunner	Elizey, Miss.	Larrabee	Rogers, Mass.
Buchanan	Eltse, Calif.	Lehlbach	Rogers, N.H.
Buck	Evans	Lewis, Colo.	Romjue
Bulwinkle	Faddis	Lloyd	Schaefer
Burch	Farley	Luce	Scrugham
Burke, Calif.	Fernandes	McCarthy	Seger
Burke, Nebr.	Fitzgibbons	McCormack	Shallenberger
Burnham	Fitzpatrick	McGrath	Shannon
Byrns	Flannagan	McKeown	Sinclair
Cady	Focht	McLean	Sirovich
Carden	Ford	McReynolds	Sisson
Carley	Foss	McSwain	Smith, Va.
Carpenter, Nebr.	Fuller	Major	Snell
Carter, Calif.	Gavagan	Maloney, Conn.	Snyder
Carter, Wyo.	Gillette	Maloney, La.	Somers, N.Y.
Cary	Goodwin	Mansfield	Spence
Celler	Goss	Mapes	Stokes
Chapman	Granfield	Mariand	Strong, Pa.
Chaves	Griffin	Marshall	Strong, Tex.
Church	Haines	Martin, Colo.	Studley
Claiborne	Hancock, N.Y.	Martin, Mass.	Sumners, Tex.
Clark, N.C.	Harlan	Martin, Oreg.	Swank
Clarke, N.Y.	Hart	May	Sweeney
Cochran, Mo.	Harter	Mead	Swick
Colden	Hartley	Merritt	Terrell
Cole	Hastings	Millard	Thom
Collins, Calif.	Healey	Milligan	Thomason, Tex.
Collins, Miss.	Henney	Mitchell	Tinkham
Connery	Hess	Montet	Tobey
Connolly	Hildebrandt	Mott	Traeger
Cooper, Ohio	Hill, Knute	Muldowney	Turner
Cooper, Tenn.	Hill, Sam B.	Murdock	Turpin
Cox	Hoeppel	Musselwhite	Underwood
Crosby	Hoidale	Nesbit	Utterback
Crosser	Hollister	Norton	Vinson, Ga.
Crowe	Holmes	O'Connell	Vinson, Ky.
Crump	Hooper	O'Connor	Wadsworth
Culkin	Huddleston	Owen	Wallgren
Cullen	Imhoff	Parker, N.Y.	Walter
Darden	Jacobsen	Parks	Watson
Darrow	Jeffers	Patman	Welch
Dear	Jenkins	Peavey	Werner
Delaney	Johnson, Okla.	Peyser	West
DeRouen	Johnson, W.Va.	Pierce	Whitley
Dickinson	Kahn	Polk	Whittington
Ditter	Kee	Powers	Wigglesworth
Dockweiler	Kemp	Prall	Williams
Doughton	Kenney	Ramsay	Wilson
Douglass	Kerr	Ramspeck	Wolcott
Doutrich	Kinzer	Randolph	Woodrum
Doxey	Kleberg	Ransley	Young

NAYS—117

Abernethy	Fletcher	Lesinski	Schulte
Allen	Foulkes	Lozier	Sears
Arens	Gasque	Ludlow	Secrest
Arnold	Gibson	Lundeen	Smith, Wash.
Ayers, Mont.	Gilchrist	McClintic	Smith, W.Va.
Ayres, Kans.	Gillespie	McDuffie	Stalker
Beam	Glover	McFadden	Steagall
Black	Goldsborough	McFarlane	Stubbs
Boehne	Gray	McGugin	Sutphin
Briggs	Green	Meeks	Tarver
Caldwell	Greenwood	Miller	Taylor, Colo.
Cannon, Mo.	Gregory	Monaghan	Taylor, S.C.
Carpenter, Kans.	Griswold	Moran	Thompson, Ill.
Cartwright	Guyer	Morehead	Thurston
Castellow	Hancock, N.C.	O'Malley	Truax
Chase	Hill, Ala.	Oliver, Ala.	Umstead
Christianson	Howard	Parker, Ga.	Wearin
Coffin	Johnson, Minn.	Parsons	Weaver
Colmer	Jones	Peterson	Weideman
Cross	Keller	Pettengill	White
Deen	Kelly, Ill.	Rankin	Wilcox
De Priest	Kocialkowski	Reid, Ill.	Wolfenden
Dies	Kurtz	Rich	Wolverton
Dingell	Lambertson	Richardson	Wood, Ga.
Dirksen	Lambeth	Rogers, Okla.	Wood, Mo.
Disney	Lanham	Ruffin	Woodruff
Dobbins	Lanzetta	Sadowski	Zioncheck
Dowell	Lee, Mo.	Sanders	
Durgan, Ind.	Lehr	Sandlin	
Eagle	Lemke	Schuetz	

ANSWERED "PRESENT"—1

Bacon

NOT VOTING—69

Allgood	Cavicchia	Fish	Kelly, Pa.
Almon	Cochran, Pa.	Frear	Kennedy, Md.
Andrew, Mass.	Condon	Fulmer	Kennedy, N.Y.
Bankhead	Corning	Gambrill	Knutson
Beck	Cravens	Gifford	Lea, Calif.
Blanton	Crowther	Hamilton	Lewis, Md.
Bloom	Cummings	Higgins	Lindsay
Brand	Dickstein	Hope	McLeod
Browning	Dondero	Hornor	McMillan
Brumm	Drewry	Hughes	Montague
Buckbee	Eaton	James	Moynihan
Busby	Englebright	Jenckes	O'Brien
Cannon, Wis.	Fiesinger	Johnson, Tex.	Oliver, N.Y.
Palmisano	Rudd	Taber	Williford
Perkins	Sabath	Taylor, Tenn.	Withrow
Pou	Shoemaker	Treadway	
Ragon	Simpson	Waldron	
Robinson	Sullivan	Warren	

So the resolution was agreed to.

The following pairs were announced:

Until further notice:

Mr. Corning with Mr. Beck.
Mr. Bankhead with Mr. Cavicchia.
Mr. McMillan with Mr. Englebright.
Mr. Pou with Mr. McLeod.
Mr. Ragon with Mr. Treadway.
Mr. Fiesinger with Mr. Brumm.
Mr. Kennedy of New York with Mr. Andrew of Massachusetts.
Mr. Sabath with Mr. Buckbee.
Mr. Sullivan with Mr. Cochran of Pennsylvania.
Mr. Warren with Mr. Fish.
Mr. Blanton with Mr. Gifford.
Mr. Fulmer withh Mr. Crowther.
Mr. Oliver of New York with Mr. Eaton.
Mr. Almon with Mr. James.
Mr. Busby with Mr. Perkins.
Mr. Montague with Mr. Taber.
Mr. Rudd with Mr. Knutson.
Mr. Condon with Mr. Taylor of Tennessee.
Mr. Drewry with Mr. Kelly of Pennsylvania.
Mr. Johnson of Texas with Mr. Frear.
Mr. Gambrill with Mr. Waldron.
Mr. Palmisano with Mr. Moynihan.
Mr. Kennedy of Maryland with Mr. Withrow.
Mr. Lindsay with Mr. Higgins.
Mr. Browning with Mr. Simpson.
Mr. Allgood with Mr. Dondero.
Mr. Brand with Mr. Hope.
Mr. Dickstein with Mr. Shoemaker.
Mr. Hamilton with Mr. Cannon of Wisconsin.
Mrs. Jenckes with Mr. Williford.
Mr. Cummings with Mr. Hornor.
Mr. Robinson with Mr. O'Brien.
Mr. Cravens with Mr. Hughes.

Mr. HANCOCK of North Carolina. Mr. Speaker, my colleague, Mr. WARREN, is unavoidably absent. If present, he would vote "no."

The result of the vote was announced as above recorded.

On motion of Mr. FULLER, a motion to reconsider the vote whereby the resolution was agreed to was laid on the table.

Mr. O'CONNOR. Mr. Speaker, I move that House Resolution 119 be laid on the table.

The motion was agreed to.

LOANS TO HOME OWNERS

Mr. STEAGALL. Mr. Speaker, I wish to ask the gentleman from Massachusetts [Mr. LUCE] if we may not agree on time for general debate on the bill (H.R. 5240), the home-mortgage relief bill. What time would be satisfactory?

Mr. LUCE. It is now after 4 o'clock and manifestly we cannot conclude the consideration of the bill today.

Mr. STEAGALL. I will say to the gentleman that it is my purpose, after we agree upon the time, to move to adjourn and take the bill up tomorrow.

Mr. LUCE. That is agreeable to me.

Mr. STEAGALL. Will the gentleman agree on one hour and a half of general debate?

Mr. LUCE. The bill is long, and there will be ample opportunity to consider it under the 5-minute rule. Therefore, I think an hour and a half for debate will be ample.

Mr. COCHRAN of Missouri. Reserving the right to object, when the bill is under consideration under the 5-minute rule will the gentleman agree not to cut off debate?

Mr. STEAGALL. I could not do that, but I will say that there is not the slightest desire to preclude proper consideration of the bill. If there were, we would not be here asking for an agreement. The bill will be open for amendment under the 5-minute rule. The bill is not very controversial—there are only 2 or 3 provisions that will provoke controversy. I hope the gentleman will agree to an hour and a half.

Mr. COCHRAN of Missouri. With that assurance, I am willing to agree to an hour and a half, but I want to tell the gentleman that there should be something in this bill of value to the home owner when it is passed. There was a political fraud perpetrated in the last Congress when the home-loan bill was passed, and we want this bill worded in such a way that the forgotten man in my State will have his home saved and his property rights conserved. I

offered an amendment in the form of a bill providing for an 80-percent loan to home owners direct, and I could not get a hearing before the gentleman's committee. I want to see this bill worded in such a way that the people of my city who are having property taken away and can get no redress will have an opportunity to get something from the Government of the United States as citizens of other sections of the country have received assistance.

Mr. STEAGALL. So far as the former legislation is concerned the gentleman knows as well as I do, and the older Members of the House understand the circumstances under which that legislation was passed. I was not very much more enthused over it than was my friend. We passed that bill finally an hour before adjournment on the last night of the session. The fight was carried on until that hour.

Mr. COCHRAN of Missouri. Is the gentleman enthused over this bill?

Mr. STEAGALL. Even though the original bill fixed the valuation for loans at 40 percent, the gentleman yesterday complained that no loans had been made under it. I will ask the gentleman if he thinks any more loans would have been made if the limit had been raised to 80 percent.

Mr. COCHRAN of Missouri. That was the trouble. The home-loan board absolutely refused to recognize the individual. That is where the trouble was. Congress wanted the individual recognized, but the bank board did not. You are repealing that paragraph in this bill. Section 3 repeals that paragraph in the existing law.

Mr. LUCE. Mr. Speaker, will the gentleman from Missouri [Mr. COCHRAN] let me suggest to him that the matter about which he wishes to call attention concerns a section of the bill which will be reached for amendment. If his argument is delivered in general debate, it will stand very much less chance of convincing Members than if made at the time when the section is reached. The general debate should be devoted to the general principles of the bill, and it strikes me that that ought to be devoted to the general principles of the bill. I think we can dispose of that in an hour and a half, and get through with the bill tomorrow afternoon.

Mr. COCHRAN of Missouri. I thank the gentleman. I agree to 1½ hours, but I hope we will not be cut off under the 5-minute rule.

Mr. BRIGGS. An hour and a half on a side?

Mr. LUCE. No; an hour and a half altogether.

Mr. BRIGGS. Is that going to allow members of the committee time enough to answer questions put by Members of the House? The trouble with some of these great bills that come before us is that Members frequently never get a chance to get any information, because the speakers at the moment say that they have only 5 or 10 minutes and they have to hurry along. What the House wants in respect to some of these bills is some information from the committee which has been studying the subject for weeks.

Mr. LUCE. It is my own disposition to answer every question that may be asked.

Mr. BYRNS. Does not the gentleman from Texas appreciate the fact that he will get infinitely more information when the bill is being discussed under the 5-minute rule than when under general debate, which is attended probably not by more than one fourth or one third of the Members?

Mr. BRIGGS. That has not been my experience about these bills. I know that the time is very frequently taken up by people who talk under the 5-minute rule, who have not been identified with creating the bill at all, when Members have not time enough to ask the chairman of the committee something about the bill.

Mr. DE PRIEST. Is the general debate to be confined to the bill?

Mr. STEAGALL. I meant my request to be so worded.

The SPEAKER. What is the gentleman's request?

Mr. STEAGALL. That general debate be limited to an hour and a half and be confined to the bill.

The SPEAKER. The gentleman from Alabama asks unanimous consent that general debate on the bill be limited to one hour and a half, to be confined to the bill, to be divided equally between himself and the gentleman from Massachusetts [Mr. LUCE]. Is there objection?

There was no objection.

ENROLLED JOINT RESOLUTION SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a joint resolution of the House of the following title, which was thereupon signed by the Speaker:

H.J.Res. 135. Joint resolution to amend section 2 of the act approved February 4, 1933, to provide for loans to farmers for crop production and harvesting during the year 1933, and for other purposes.

ADJOURNMENT

Mr. STEAGALL. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 10 minutes p.m.) the House adjourned until tomorrow, Thursday, April 27, 1933, at 12 o'clock noon.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Foreign Affairs was discharged from the consideration of the bill (H.R. 5161) for the relief of Wiener Bank Verein and the same was referred to the Committee on Claims.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. VINSON of Georgia: A bill (H.R. 5262) to authorize the President to suspend or reduce extra pay for aerial flights; to the Committee on Naval Affairs.

By Mr. WOOD of Georgia: A bill (H.R. 5263) to amend the Revenue Act of 1926, as amended; to the Committee on Ways and Means.

By Mr. ROGERS of Oklahoma: A bill (H.R. 5264) to provide relief from unemployment and to prohibit Government participation in business relative to the manufacture and sale of printed envelopes and other printed matter in competition with private enterprise; to the Committee on the Post Office and Post Roads.

Also, a bill (H.R. 5265) to amend the Revenue Act of 1932 with a view of taxing liquid malt, malt sirup, and malt extract, fluid, solid, or condensed, made from malted cereal grains, in whole or in part; to the Committee on Ways and Means.

By Mr. EDMONDS: A bill (H.R. 5266) to amend section 4548 (U.S.C., title 46, sec. 605) of the Revised Statutes of the United States; to the Committee on the Merchant Marine, Radio, and Fisheries.

By Mr. WILCOX: A bill (H.R. 5267) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

By Mrs. NORTON (by request): A bill (H.R. 5268) to regulate the business of insurance in the District of Columbia, appertaining to persons; to the Committee on the District of Columbia.

By Mr. MARTIN of Oregon: A bill (H.R. 5269) to increase the efficiency of the Veterinary Corps of the Regular Army; to the Committee on Military Affairs.

Also, a bill (H.R. 5270) giving credit for water charges paid on damaged land; to the Committee on Irrigation and Reclamation.

By Mr. LEWIS of Maryland: A bill (H.R. 5271) giving the protection of the law to the worker's right to work and to a just share of the employment available, forming trade associations to stabilize business, and to provide unemployment

insurance, etc., and imposing certain excise taxes, with privilege drawback; to the Committee on Ways and Means.

By Mr. McCORMACK: A bill (H.R. 5272) to amend the Revenue Act of 1932; to the Committee on Ways and Means.

By Mr. MARTIN of Oregon: A bill (H.R. 5273) to amend Public Act No. 435 of the Seventy-second Congress, relating to sales of timber on Indian Land; to the Committee on Indian Affairs.

By Mr. SIROVICH: Resolution (H.Res. 121) providing for the consideration of House Resolution 95; to the Committee on Rules.

By Mrs. NORTON: Resolution (H.Res. 122) to permit the subcommittee of the Committee on the District of Columbia to sit during recess of Congress, and for other purposes; to the Committee on Rules.

By Mr. WOODRUM: Joint resolution (H.J.Res. 164) proposing an amendment to the Constitution of the United States; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLACK: A bill (H.R. 5274) to allow credits in the accounts of certain disbursing officers of the Bureau of War Risk Insurance, Federal Board for Vocational Education, and United States Veterans' Bureau (now Veterans' Administration); to the Committee on Claims.

Also, a bill (H.R. 5275) authorizing adjustment of the claim of the Pennsylvania Railroad Co.; to the Committee on Claims.

Also, a bill (H.R. 5276) to provide for the reimbursement of certain enlisted men and former enlisted men of the Navy for the value of personal effects lost, damaged, or destroyed during a hurricane in Samoa on January 15, 1931; to the Committee on Claims.

Also, a bill (H.R. 5277) to provide for the reimbursement of certain enlisted men and former enlisted men of the Marine Corps for the value of personal effects lost, damaged, or destroyed by fire at the Marine Barracks, Quantico, Va.; to the Committee on Claims.

Also, a bill (H.R. 5278) to authorize the settlement of individual claims of military personnel for damages to and loss of private property incident to the training, practice, operation, or maintenance of the Army; to the Committee on Claims.

Also, a bill (H.R. 5279) for the relief of certain disbursing officers of the Army of the United States, and for the settlement of individual claims approved by the War Department; to the Committee on Claims.

Also, a bill (H.R. 5280) for the relief of certain disbursing officers of the Army of the United States, and for the settlement of individual claims approved by the War Department; to the Committee on Claims.

Also, a bill (H.R. 5281) to provide for the reimbursement of certain civilian employees of the Naval Operating Base, Hampton Roads, Va., for the value of tools lost in a fire at Pier No. 7, at the naval operating base, on May 4, 1930; to the Committee on Claims.

Also, a bill (H.R. 5282) authorizing adjustment of the claim of Schutte & Koerting Co.; to the Committee on Claims.

Also, a bill (H.R. 5283) for the relief of John L. Summers, disbursing clerk, Treasury Department, and for other purposes; to the Committee on Claims.

Also, a bill (H.R. 5284) for the relief of the Playa de Flor Land & Improvement Co.; to the Committee on Claims.

Also, a bill (H.R. 5285) for the relief of Weymouth Kirkland and Robert N. Golding; to the Committee on Claims.

Also, a bill (H.R. 5286) for the relief of the heirs of Burton S. Adams, deceased; to the Committee on Claims.

Also, a bill (H.R. 5287) for the relief of Don C. Fees; to the Committee on Claims.

Also, a bill (H.R. 5288) for the relief of Lieut. Col. Russell B. Putnam, United States Marine Corps; to the Committee on Claims.

Also, a bill (H.R. 5289) for the relief of Capt. George W. Steele, Jr., United States Navy; to the Committee on Claims.

Also, a bill (H.R. 5290) for the relief of Jasper Daleo; to the Committee on Claims.

Also, a bill (H.R. 5291) for the relief of Robert D. Baldwin; to the Committee on Claims.

By Mr. TOBEY: A bill (H.R. 5292) granting an increase of pension to Ianthe S. Webber; to the Committee on Invalid Pensions.

By Mr. CADY: A bill (H.R. 5293) for the relief of Leslie E. Drake; to the Committee on Claims.

By Mr. CUMMINGS: A bill (H.R. 5294) granting a pension to Margaret M. Boardman; to the Committee on Pensions.

By Mr. FREAR: A bill (H.R. 5295) granting a pension to Mary E. Grinnell; to the Committee on Pensions.

By Mr. GRANFIELD: A bill (H.R. 5296) granting a pension to Peter Koutsaymanes; to the Committee on Pensions.

By Mr. JOHNSON of Minnesota: A bill (H.R. 5297) to provide for the carrying out of the award of the National War Labor Board of April 11, 1919, and the decision of the Secretary of War of date November 30, 1920, in favor of certain employees of the Minneapolis Steel & Machinery Co., Minneapolis, Minn.; of the St. Paul Foundry Co., St. Paul, Minn.; of the American Hoist & Derrick Co., St. Paul, Minn.; and of the Twin City Forge & Foundry Co., Stillwater, Minn.; to the Committee on War Claims.

By Mr. JOHNSON of West Virginia: A bill (H.R. 5298) granting a pension to J. E. Barrows; to the Committee on Pensions.

By Mr. KEE: A bill (H.R. 5299) for the relief of Orville A. Murphy; to the Committee on Claims.

By Mr. KELLY of Illinois: A bill (H.R. 5300) granting a pension to Joseph J. Mann; to the Committee on Pensions.

Also, a bill (H.R. 5301) for the relief of John Brown; to the Committee on Claims.

By Mr. LAMBETH: A bill (H.R. 5302) granting a pension to Addie C. Valley; to the Committee on Invalid Pensions.

By Mr. SMITH of Washington: A bill (H.R. 5303) for the relief of Samuel Poston; to the Committee on Military Affairs.

By Mr. TOBEY: A bill (H.R. 5304) for the relief William W. Judd; to the Committee on Military Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

729. By Mr. BEITER: Petition of Board of Supervisors of Erie County, Buffalo, N.Y., urging support of pending legislation providing for the relief of home owners whose property valuation is $10,000 or less; to the Committee on Banking and Currency.

730. By Mr. CARLEY: Petition of Gerald A. Fagan, National Motorship Corporation, and others, protesting against enactment of bills H.R. 4599 and 3348; to the Committee on the Merchant Marine, Radio, and Fisheries.

731. By Mr. COLE: Petitions of citizens of Maryland, protesting against the operation of cotton textile mills in the Atlanta Penitentiary, thereby depriving citizens of work; to the Committee on Labor.

732. By Mr. JOHNSON of Texas: Telegram of R. D. Johnson, of Houston, Tex., favoring House bills 5010 and 5079; to the Committee on Interstate and Foreign Commerce.

733. By Mr. JOHNSON of Minnesota: Resolutions unanimously endorsing the Northfield plan; to the Committee on Ways and Means.

734. By Mr. KVALE: Memorial of the Minnesota State Legislature, urging Congress to lower the interest rate in the pending agricultural relief bill to 3 percent; to the Committee on Agriculture.

735. Also, petition of National Association of Postal Supervisors of St. Paul, Minn., Branch No. 104, favoring optional retirement after 30 years' service in Postal Service, and

opposing compulsory retirement; to the Committee on the Civil Service.

736. Also, petition of Railway Mail Post, No. 23, American Legion, Department of Minnesota, favoring enactment of legislation to place first-, second-, and third-class postmasters under the Civil Service rules; to the Committee on the Civil Service.

737. Also, petition of St. Paul (Minn.) Division of Railway Conductors, opposing consolidation and curtailing of train service; to the Committee on Labor.

738. Also, petition of legislative committee, Order of Railway Conductors, St. Paul, Minn., urging retention of manpower and wages for railroads; to the Committee on Labor.

739. Also, petition of Order of Railway Conductors of the State of Minnesota, urging continuance of present service on railroads; to the Committee on Labor.

740. By Mr. WATSON: Resolution passed by Philadelphia Branch, No. 35, National Association of Postal Supervisors, relative to an amendment to the Retirement Act; to the Committee on Appropriations.

741. By Mr. WITHROW: Memorial of the Legislature of the State of Wisconsin, relating to the ratification of the treaty between the United States and Canada for the construction of the St. Lawrence waterway, and appropriation of money by Congress for the completion of said project; to the Committee on Interstate and Foreign Commerce.

742. Also, memorial of the Legislature of the State of Wisconsin, relating to reduction in the expenditures for prohibition enforcement; to the Committee on Appropriations.

743. Also, memorial of the Legislature of the State of Wisconsin, memorializing the United States House of Representatives to promptly enact the 30-hour week bill by Senator BLACK; to the Committee on Labor.

744. By Mrs. ROGERS of Massachusetts: Petition of the City Council of the City of Lowell, Mass., paying tribute to the memory of those who were killed in the *Akron* disaster, and a message of sympathy to the relatives of the deceased; to the Committee on Naval Affairs.

745. By Mr. RUDD: Petition of National Association of Postal Employees, Brooklyn branch, favoring the 30-year compulsory retirement with full annuity; to the Committee on Appropriations.

746. Also, petition of I. Unterberg & Co., New York City, opposing the passage of the Reilly bill, H.R. 3769; to the Committee on Interstate and Foreign Commerce.

747. Also, petition of J. J. Regan, Flushing, Long Island, N.Y., favoring inflation as proposed in Senate amendment to the farm relief bill, without any qualifications or amendments; to the Committee on Agriculture.

748. Also, petition of the Peoples National Bank, Brooklyn, N.Y., opposing the publication of names of banks securing loans from the Reconstruction Finance Corporation; to the Committee on Banking and Currency.

749. Also, petition of National Federation of Federal Employees, Local No. 4, Frank X. McMahon, secretary, New York City, favoring optional retirement of Federal employees; to the Committee on Appropriations.

750. Also, petition of Hamburg Savings Bank, Brooklyn, N.Y., opposing the publication of names of banks which borrow from the Reconstruction Finance Corporation, and the same be discontinued; to the Committee on Banking and Currency.

751. By the SPEAKER: Resolution of the Massachusetts House of Representatives, introduced by Representative Hyman Manevitch, ward 14, Dorchester, Mass., that the General Court of Massachusetts hereby condemns all acts of persecution reported to be committed against the members of the Jewish faith in Germany, and urges the President and the Congress of the United States to present these sentiments to the German Government; this resolution having been adoped by the House of Representatives of Massachusetts, March 31, 1933, and by the Senate of Massachusetts on March 31, 1933; to the Committee on Foreign Affairs.

SENATE

THURSDAY, APRIL 27, 1933

(Legislative day of Monday, Apr. 17, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

MESSAGE FROM THE HOUSE

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed the joint resolution (S.J.Res. 13) authorizing the Attorney General, with the concurrence of the Secretary of the Navy, to release claims of the United States upon certain assets of the Pan American Petroleum Co. and the Richfield Oil Co. of California and others in connection with collections upon a certain judgment in favor of the United States against the Pan American Petroleum Co. heretofore duly entered, with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had passed a joint resolution (H.J.Res. 157) providing for the use of water of the St. Lawrence River for the generation of power by the State of New York under and in accordance with the provisions of the Great Lakes-St. Lawrence Deep Waterway Treaty between the United States and Canada, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

H.R. 4225. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge across the Allegheny River at or near Parkers Landing, in the county of Armstrong, Commonwealth of Pennsylvania; and

H.R. 4332. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge across the Allegheny River at a point near the Forest-Venango county line, in Tionesta Township, and in the county of Forest, and in the Commonwealth of Pennsylvania.

CALL OF THE ROLL

Mr. LEWIS. I note the absence of a quorum and move a roll call.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Kean	Reed
Ashurst	Costigan	Kendrick	Reynolds
Austin	Couzens	Keyes	Robinson, Ark.
Bachman	Cutting	King	Robinson, Ind.
Bailey	Dickinson	La Follette	Russell
Bankhead	Dieterich	Lewis	Sheppard
Barbour	Dill	Logan	Shipstead
Barkley	Duffy	Lonergan	Smith
Black	Erickson	Long	Steiwer
Bone	Fess	McAdoo	Stephens
Borah	Fletcher	McCarran	Thomas, Okla.
Bratton	Frazier	McGill	Thomas, Utah
Brown	George	McNary	Townsend
Bulkley	Glass	Metcalf	Trammell
Bulow	Goldsborough	Murphy	Tydings
Byrd	Gore	Neely	Vandenberg
Byrnes	Hale	Norbeck	Van Nuys
Capper	Harrison	Norris	Wagner
Caraway	Hastings	Nye	Walcott
Carey	Hatfield	Overton	Walsh
Clark	Hayden	Patterson	Wheeler
Connally	Hebert	Pittman	White
Coolidge	Johnson	Pope	

Mr. REED. I wish to announce that my colleague [Mr. DAVIS] is still detained from the Senate because of illness.

Mr. BACHMAN. I desire to announce the absence of my colleague [Mr. MCKELLAR] on account of the death of his brother, Mr. R. L. McKellar.

Mr. McNARY. I wish to announce the necessary absence of the Senator from Minnesota [Mr. SCHALL].

The VICE PRESIDENT. Ninety-one Senators have answered to their names. A quorum is present.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following resolution of the House of Representatives of the State of South Carolina, which was referred to the Committee on Manufactures:

A resolution to memorialize the Congress to cause to be made a study and report upon the merits of legislation regulating what is commonly known as the "stretch-out system" in textile plants

Be it resolved by the house of representatives, That the Congress of the United States is respectfully requested to cause to be made a study and report upon the merits of legislation, either by the Congress or of the several States, regulating what is commonly known as the stretch-out system in textile plants.

That copies of the resolution be forwarded to the clerks of the two branches of Congress and to the Secretary of Labor of the United States.

IN THE HOUSE OF REPRESENTATIVES,
Columbia, S.C., April 26, 1933.

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the South Carolina House of Representatives.

[SEAL] J. WILSON GIBBES, *Clerk of the House.*

The VICE PRESIDENT also laid before the Senate the following concurrent resolution of the Legislature of the State of Michigan, which was ordered to lie on the table:

Senate Concurrent Resolution 10

A concurrent resolution urging the United States Congress to reflate the dollar

Whereas the debts of individuals, corporations, and governmental units are a staggering sum and it is absolutely impossible to have them liquidated with the present unit of value of all commodities, including labor; and

Whereas a very high percentage of these debts were contracted at a time when this unit of value, the dollar, was very much less in its purchasing power and a great many times easier to acquire; and

Whereas the inability of our people to acquire these units of value for personal service and sale of commodities has brought about unemployment, the lowest wage on the average and the lowest prices of commodities in many cases in the history of our country, thus causing dire distress in every State in our Union; and

Whereas unrest and discouragement over loss of homes, fortunes, and factories is beginning to show itself in strikes, riots, boycotts, and even radical moves in State legislatures; and

Whereas inflation of the currency in France since the World War and in Great Britain recently has brought about increase in business; and

Whereas economic conditions in the United States have reached a point where there is need of Federal protection of bank deposits and equality in bearing the burden of taxation on the basis of ability to pay the same: Therefore be it

Resolved by the senate (the house of representatives concurring), That the Congress of the United States reclaim its function under the Constitution, namely, "to coin money and regulate the value thereof"; and be it further

Resolved, That currency be issued in payment of United States bonds that are already outstanding and currency issued instead of United States bonds whenever necessary, because of deficiencies in governmental income until the price of wheat, which is a wonderful standard of values and always has been, reaches the cash price of 90 cents per bushel on the Chicago market, or until the index of all commodities, including labor, reaches the point where it has been in the past 35 years when wheat was selling at about 90 cents per bushel cash in the Chicago market; and be it further

Resolved, That the Congress is hereby requested to pass legislation that will insure and protect at all times the money deposited in any and all National and State banks in order that more money may be put into circulation and without any danger of losing such money when so deposited; and that will put all money now invested or hereafter to be invested in Federal, State, municipal, and all district bonds and securities subject to taxation for all purposes on the basis of equality with property taxes; and be it further

Resolved, That a suitable copy of this resolution be sent to the President of the United States, to the Congress of the United States, to the Michigan Members in the House and Senate of the Congress, and to the Clerk of the House and Secretary of the Senate of the various legislatures in the United States.

Adopted by house of representatives April 7, 1933.
Adopted by senate April 11, 1933.

DON. W. CAMPBELL,
Secretary of the Senate.
MYLES F. GRAY,
Clerk of the House of Representatives.

The VICE PRESIDENT also laid before the Senate the following concurrent resolution of the Legislature of the Territory of Hawaii, which was referred to the Committee on Territories and Insular Affairs:

Concurrent resolution memorializing the Congress of the United States of America to enact legislation to provide for the issuance of certificates of citizenship to citizens of the United States of oriental ancestry residing in the Territory of Hawaii

Whereas the present rules of the Bureau of Immigration of the United States prohibit the issuance by the director of immigration for the district of Hawaii of certificates of citizenship unless the applicants therefor are about to leave the Territory for a visit to the mainland of the United States or to some foreign state or country; and

Whereas witnesses to the establishment of such citizenship are rapidly dying or permanently leaving the Territory: Now, therefore, be it

Resolved, by the House of Representatives of the Territory of Hawaii, seventeenth regular session (the Senate concurring), That the Congress of the United States of America be, and it hereby is, requested to enact legislation authorizing and directing the Immigration Service of the United States to issue, upon application, certificates of citizenship to any citizen of the United States of oriental ancestry residing in the Territory of Hawaii, and to make available to the director of immigration for the district of Hawaii sufficient money for the employment of additional personnel, consisting of 6 inspectors and 4 stenographers, to assist in the issuance of such certificates; and be it further

Resolved, That certified copies of this resolution be forwarded to the President of the Senate and the Speaker of the House of Representatives of the United States of America, the Secretary of Labor, the Commissioner General of Immigration, and the Delegate to Congress from Hawaii.

THE HOUSE OF REPRESENTATIVES OF THE TERRITORY OF HAWAII,
Honolulu, Territory of Hawaii, April 11, 1933.

We hereby certify that the foregoing concurrent resolution was adopted in the House of Representatives of the Territory of Hawaii on April 14, 1933.

HERBERT N. AHUNA,
Speaker House of Representatives.
EDWARD WOODWARD,
Clerk, House of Representatives.

THE SENATE OF THE TERRITORY OF HAWAII,
Honolulu, Territory of Hawaii, April 11, 1933.

We hereby certify that the foregoing concurrent resolution was adopted in the Senate of the Territory of Hawaii on April 11, 1933.

GEO. P. COOKE,
President of the Senate.
ELLEN D. SMYTHE,
Clerk of the Senate.

The VICE PRESIDENT also laid before the Senate two petitions and two letters in the nature of petitions from sundry citizens of the State of Louisiana, praying for a senatorial investigation of alleged acts and conduct of Hon. HUEY P. LONG, a Senator from the State of Louisiana, which were referred to the Committee on the Judiciary.

He also laid before the Senate a memorial and several letters in the nature of memorials from sundry citizens of the State of Louisiana, endorsing Hon. HUEY P. LONG, a Senator from the State of Louisiana, condemning attacks made upon him and remonstrating against a senatorial investigation of his alleged acts and conduct, which were referred to the Committee on the Judiciary.

He also laid before the Senate a resolution adopted by the Common Council of the City of Milwaukee, Wis., favoring the prompt passage of the so-called "Black 30-hour week work bill", limiting the hours of labor in manufacturing industries, which was ordered to lie on the table.

Mr. COPELAND presented a resolution adopted by the Texas Valley Branch of the Dairymen's League Cooperative Association, of Texas Valley, N.Y., favoring a change in the monetary ratio and basis so as to effect the revaluation and stabilization of the dollar, which was ordered to lie on the table.

He also presented a resolution adopted by the board of directors of the Kaumagraph Co., of New York City, protesting against the passage of legislation limiting the hours of labor in industry, which was ordered to lie on the table.

He also presented a resolution adopted by the Brooklyn Knitted Outerwear Manufacturers' Association, of Brooklyn, N.Y., favoring a modification of the provisions of the so-called "Black bill", providing for a 30-hour workweek to a 40-hour workweek of not more than 8 hours per day, and the establishment of Saturday as a legal holiday, which was ordered to lie on the table.

He also presented a resolution adopted by the Erie County Committee, the American Legion Auxiliary, of Buffalo, N.Y., favoring the retention of appropriations for camp training

and armory drills for the National Guard, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the Niagara County Committee of the American Legion, of Niagara Falls, N.Y., protesting against reductions in the personnel of the Regular Army and the elimination of National Guard and citizens' military training camps and activities, which was referred to the Committee on Appropriations.

He also presented resolutions adopted by the Niagara County Committee of the American Legion, of Niagara Falls, N.Y., protesting against the proposed discontinuance of the Veterans' Administration office at Buffalo, N.Y., and favoring preference treatment of war veterans who may be affected by any governmental reduction in personnel, which were referred to the Committee on Finance.

He also presented a resolution adopted by the Wednesday Morning Club, of Elmira, N.Y., favoring the passage of legislation providing for a tax on present tax-exempt securities and also an income tax on salaries of public officers and employees, which was referred to the Committee on Finance.

He also presented a resolution adopted by the Niagara County Committee of the American Legion, of Niagara Falls, N.Y., opposing the recognition of the communist government of Soviet Russia, which was referred to the Committee on Foreign Relations.

He also presented a resolution adopted by the Independent Retail Tobacconists' Association of America, at New York City, protesting against the alleged mistreatment of Jews in Germany, which was referred to the Committee on Foreign Relations.

He also presented a resolution adopted by the Forty-second Continental Congress of the Daughters of the American Revolution, at Washington, D.C., commending the State Department for the continuance of its prompt and timely action in bringing about through administrative action under existing law the emergency exclusion of immigrants whose entry might aggravate existing unemployment conditions in this country, which was referred to the Committee on Foreign Relations.

He also presented a resolution adopted by the New York Board of Trade, Inc., of New York City, favoring the passage of legislation limiting the appointment of receivers and trustees of bankruptcy to natural persons, which was referred to the Committee on the Judiciary.

TRIBUTE TO HON. GARDNER COWLES, SR.

Mr. MURPHY presented resolutions adopted by the Board of Directors of the Reconstruction Finance Corporation upon the occasion of the resignation of Gardner Cowles, Sr., of Iowa, from the Board of Directors of that corporation, which were ordered to lie on the table and to be printed in the RECORD, as follows:

Whereas Gardner Cowles, Sr., took the oath of office as a member of the Board of Directors of the Reconstruction Finance Corporation on July 5, 1932; and

Whereas Mr. Cowles has tendered his resignation as a member of this Board, which the President of the United States has accepted, effective April 8, 1933: Now, therefore, be it

Resolved, That the members of the Board of Directors express to Mr. Cowles their deep and genuine regret that their association with him in the work of this corporation is about to come to an end. In a fine spirit of devotion to the public interest and with characteristic sincerity of purpose Mr. Cowles has rendered service of very great value to the Nation and to this corporation in the discharge of its heavy responsibilities in one of the most critical periods of the country's history. His associates on this Board desire to record their recognition of his signal ability and their grateful appreciation of his wise counsel and helpful cooperation in meeting the many serious problems that have confronted the corporation in this difficult period. He carries with him into private life the friendship and affection, sincere and enduring, of the directors of this corporation; be it

Resolved further, That these resolutions be spread upon the minutes of this Board of this the 8th day of April 1933 and an engrossed copy thereof, signed by the members of the Board, be transmitted by the secretary, under the seal of the corporation, to Mr. Cowles, with the best wishes and affectionate regard of the members of the Board and the entire staff of the corporation.

MOTHER'S DAY

Mr. WALSH. Mr. President, from the Committee on Education and Labor I report back favorably without amendment the resolution (S.Res. 16) favoring an expression on Mother's Day of our love and reverence for motherhood.

In brief the resolution authorizes and requests the President of the United States to issue a proclamation calling upon our citizens to express on Mother's Day this year our love and reverence for motherhood.

The VICE PRESIDENT. The resolution will be placed on the calendar.

THE DALLES BRIDGE CO.

Mr. STEPHENS, from the Committee on Commerce, to which was referred the bill (S. 1278) to amend an act (Public, No. 431, 72d Cong.) to identify The Dalles Bridge Co., reported it without amendment and submitted a report (No. 46) thereon.

SUPERVISION OF TRAFFIC IN SECURITIES

Mr. FLETCHER. Mr. President, from the Committee on Banking and Currency, I report back favorably with an amendment the bill (S. 875) to provide for the furnishing of information and the supervision of traffic in investment securities in interstate commerce.

I will ask leave to submit a full statement and report on the subject a little later (Rept. No. 47).

The VICE PRESIDENT. The bill will be placed on the calendar. Without objection, leave is granted to file a report later, as requested.

EXECUTIVE REPORT OF THE FINANCE COMMITTEE

As in executive session,

Mr. HARRISON, from the Committee on Finance, reported favorably the nomination of Nellie Tayloe Ross, of Wyoming, to be Director of the Mint in place of Robert J. Grant, resigned, which was ordered to be placed on the Executive Calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SHEPPARD:

A bill (S. 1540) for the relief of the Concrete Engineering Co.; to the Committee on Claims.

By Mr. COOLIDGE:

A bill (S. 1541) for the relief of Mucia Alger; to the Committee on Foreign Relations.

CHANGE OF REFERENCE

On motion of Mr. NEELY, the Committee on Pensions was discharged from the further consideration of the bill (S. 1378) granting a pension to Luther Lane, and it was referred to the Committee on Finance.

RELIEF OF AGRICULTURE—AMENDMENTS

Mr. BULKLEY submitted two amendments intended to be proposed by him to the so-called "Thomas amendment" to House bill 3835, the farm relief bill, which were ordered to lie on the table and to be printed.

Mr. NORBECK submitted an amendment intended to be proposed by him to House bill 3835, the farm relief bill, which was ordered to lie on the table and to be printed.

PROPOSED BANKING LEGISLATION

Mr. CAPPER. Mr. President, I ask unanimous consent to have printed in the RECORD a letter just received from H. W. Koeneke, State bank commissioner of Kansas, and a copy of resolutions adopted by representatives of the banking departments and banking associations of 14 Midwestern States at a meeting held recently at Des Moines, Iowa. I consider the letter and the resolutions most illuminating and hope that Senators and the country will read both carefully.

In this connection, Mr. President, permit me to urge that when the general bank-reform measure comes into the Senate it be considered as permanent legislation and that no attempt be made to force it through as emergency legislation without due consideration. There are several Republican Senators from the Western States who have gone right through with the administration's emergency program, resolving the doubts some of us have had always in favor of the administration measure. But I desire to serve notice right now that this "going along" will not necessarily apply

to any legislation which has for its purpose the destruction or the crippling of the usefulness of the smaller local banks in their own communities. It may be a wise thing to have a unified banking system, depending upon what definition of "unified" is written into the law. But it seems to me that in the long run we need a decentralization of wealth and of the control of wealth, and we are not going to get that by destroying the State banks. This presents a most serious problem.

I send the letter and the resolutions to the desk.

The VICE PRESIDENT. Without objection, the letter and resolutions presented by the Senator from Kansas will be printed in the RECORD.

The letter and resolutions are as follows:

STATE OF KANSAS,
BANKING DEPARTMENT,
Topeka, April 25, 1933.

Hon. ARTHUR CAPPER,
Hon. GEORGE MCGILL,
United States Senators, Washington, D.C.

DEAR SENATORS: Confirming our telegram of this morning I wish to submit to you some additional information as to the sentiment of the Kansas bankers and representatives of the bankers of the Midwest agricultural States, which was so clearly expressed at a meeting of bank supervisors and officials of the bankers associations of the respective States. To clearly state my position in the matter I will have to give you a little history as to how Kansas became interested in the proposed national legislation affecting banks.

After reading press reports coming out of Washington, which were very detrimental to the State banking structure, and perhaps circulated as propaganda to build up favorable sentiment among the depositing public, I thought it advisable to call a meeting of a representative group of bankers in Kansas for the purpose of ascertaining the real sentiment of Kansas bankers in their respective communities. I issued a call for some 30 State bankers throughout Kansas to come to my office to discuss this proposed legislation. During this Kansas conference, at which time every individual present was given an opportunity to voice his sentiments, it was unanimously agreed that the proposed legislation in Congress would be very detrimental to the welfare of the individual communities in Kansas and that it was thought advisable to make an effort to obtain united action upon the part of the Middle West States in an attempt to delay consideration of bank legislation until the people and bankers in the Midwest States had an opportunity to get information as to what was proposed, and that they be granted the privilege of appearing before the congressional committees in behalf of their own interests.

As a result of this Kansas conference a committee of five were appointed to meet with the executive council of the Kansas Bankers Association, and said meeting was held a few days later.

The result of the joint meeting of the State bankers' committee and the executive council of the Kansas Bankers Association, said association being made up of both National and State banks in Kansas, it was thought advisable to call a conference of the officials of the various bankers associations in the Midwest States, together with the bank commissioners or supervisors of the various States. This meeting was held at Des Moines, Iowa, Saturday, April 22. A call to this meeting was issued to 15 States, consisting of Arkansas, Colorado, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota, and Wisconsin, and all States, with the exception of Colorado, were represented by from 2 to 7 delegates. At this conference in Des Moines the entire day was devoted to hearing from delegates of the various States. The effect on the various States of national legislation as proposed was thoroughly discussed, and the result of said conference was the appointment of a committee consisting of seven members, who were instructed to ascertain all information possible regarding said proposed legislation and to make such contacts as they could with their Senators and Congressmen in Washington, seeking to delay hurried or emergency legislation and asking for permission to be heard by congressional committees, and bringing to said committees the effect of the various proposed changes upon their individual States.

At the Des Moines conference the matter of State rights was thoroughly discussed, and considerable uneasiness existed among the delegates present as to what the ultimate effect would be if the present proposed plan of guarantee of deposits or liquidation corporation be put into effect, which in reality would compel all nonmember banks to join the Federal Reserve System, and in the minds of most of the delegates it would result in the closing of thousands of small banks that are serving their communities well, and would eventually mean the unification of the banking systems of these United States, which would lead to branch banking and a further centralization of the money power.

Some of the additional topics discussed at the Des Moines conference were postal savings, check tax, and publicity on Reconstruction Finance Corporation loans.

According to press reports it seems that the administration has reached some understanding as to the proposed Glass bill, the amendments made thereto by the subcommittee not having as yet been made public. I cannot offer any criticisms, and therefore should appreciate your efforts in obtaining and forwarding to me definite information as to the proposed changes and as to the present status of said bill. Personally, I am not convinced that the agricultural States of the United States are ready to surrender their sovereignty to a Washington bureau and neither do I believe that our Senators are willing to admit that a bureau at Washington or a department at Washington could possibly be in a better position to judge what the respective agricultural States need in the way of banking facilities than the people of the respective States themselves.

Our experience in Kansas with a form of guarantee of deposits has been sufficient to convince us that it is impractical and could only result in a national catastrophe. Under the present proposed law, as we understand it, hundreds of community banks in Kansas would eventually be forced to liquidate, resulting in losses of tremendous amounts of money, affecting a large number of depositors.

For your information I am enclosing herewith copy of the resolution passed at the Des Moines conference.

I hope you will excuse the length of this letter, as I desired that you thoroughly understand this situation from a Kansas viewpoint.

Respectfully yours,

H. W. KOENEKE,
Bank Commissioner.

APRIL 22, 1933.

Hon. N. G. KRASCHEL,
Lieutenant Governor of Iowa,
Statehouse, Des Moines, Iowa.

MY DEAR GOVERNOR: In conformity with the request as expressed in a resolution adopted by a meeting of banking commissioners and banking-association officials of 14 Midwest States in their session here in Des Moines today (Apr. 22, 1933), we are attaching hereto a copy of said resolution, which the members of that conference respectfully request, in view of your immediate trip to Washington, that you personally lay before President Roosevelt. For your cooperation in this regard the members of the conference from those 14 Midwest States again express to you their genuine thanks.

Any acknowledgment that you may care to make following your visit with the President will be gratefully appreciated so that copies of the same, as you may direct, may be sent to those who attended today's Des Moines banking conference.

Expressing the hope that you will have a very pleasant, enjoyable, and successful trip to Washington, and with my very warm personal regards always, I am,

Yours very cordially and respectfully,

FRANK WARNER, *Secretary.*

APRIL 22, 1933.

Re resolution adopted by conference of banking commissioners and banking-association officials of 14 Midwest States, Des Moines, Iowa, April 22, 1933

Hon. FRANKLIN D. ROOSEVELT,
President of the United States,
White House, Washington, D.C.

MY DEAR MR. PRESIDENT: Through the kindly interest of the Hon. N. G. Kraschel, Lieutenant Governor of Iowa, the attached copy of resolution adopted at an interstate conference held here in Des Moines today (Apr. 22, 1933) by banking commissioners and banking-association officials of 14 Midwest States (Arkansas, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota, and Wisconsin) is delivered to you. In considering the subject matter of the attached resolution, it is our pleasure to say that the banking commissioners and banking-association officials expressed again and again throughout today's conference that they had every confidence that you, as our national leader, and the administration in general would see to it that fairness will always be given, looking toward the mutual preservation of our National and State banking systems. For your considerate attention during these busy hours that press you from all sides, we gratefully extend herewith the thanks of today's conference of the foregoing mentioned representatives from the 14 Midwest States.

Respectfully submitted.

FRANK WARNER, *Secretary.*

Resolutions as adopted by banking commissioners and banking associations' officials and representatives of 14 States at a conference held in Des Moines, Iowa, Saturday, April 22, 1933

(1) *Be it resolved*, That it is the urgent wish and hope of this conference of banking commissioners and officials and representatives of the banking associations in the 14 Middle West States (Arkansas, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota, Wisconsin) held at Des Moines, Iowa, on Saturday, April 22, 1933, that it be commended to the consideration of the Federal administration under the outstanding leadership of President Roosevelt so ably attacking the great economic and depression problems that beset farming and all other lines of business:

(a) That full recognition be given to the right vested in each and every State and its its own legislature may prescribe, and to the right of the country as a whole as Congress may prescribe, to have and to maintain their own respective banking systems; and

(b) That it can safely be intrusted to each State legislature and to the Congress to develop and to correct as it may at any time be found necessary their respective banking systems, having in mind at all times the proper safety of funds of depositors and the sound and adequate financing of all local farming and business and community needs; and

(c) That we suggest that our respective States lend all constructive efforts to properly preserve the national banking system, and likewise do we respectively request and entreat a similar sympathetic and mutual consideration from Congress toward our State banking system in order that that Federal body may always continue its past fair attitude, namely, not at any time to enact Federal banking legislation that shall be in contravention to the will and to the wish of the people themselves of any Commonwealth as they may so express it through their own general assemblies with respect to that form of banking that they themselves prefer within their own State; and

(d) That we urge Congress, as well as the respective State legislatures, to enact any fair and sound legislation that shall strengthen banking in general everywhere throughout the Nation; but likewise do we urge those law-making bodies not to consider any legislation that would in effect strangle or destroy any class or group of sound banks in any State in our country; be it further

(2) *Resolved*, That we, the banking commissioners and officials and representatives of the said banking associations represented here today:

(a) Advocate with all our strength that our respective banking associations join in supporting every fair and practical reform looking toward the preservation of and the surrounding of each of the National and State banking systems with all proper safeguards; and to that end we, as we may be able in our official capacities, shall bend our best efforts; and

(b) We recommend that a commission be appointed by the President of the United States that shall hold public hearings and give careful consideration to any proposed basic changes in our present dual system of banking before that Federal legislation is considered, so that Congress may act with full information. We are fundamentally opposed to any Federal legislation which will operate to the benefit of one bank at the expense of another; and

(c) The chairman of this conference appoint at once a committee of seven, of which he shall be a member, with power to act to carry out the full purposes and intent of this meeting, this to include, among other things, the authority to attend any conferences or hearings in Washington relating hereto, to enlist the support of any and all other banking commissioners and other banking associations' officials and their members, and to counsel and advise with them, and to do all other proper things and to use all proper means at their command as and when the time may arise that shall effectuate the purposes and declarations of this banking conference; and

(d) With respect to these resolutions (1) that a copy be personally delivered by the Honorable N. G. Kraschel, Lieutenant Governor of Iowa, advisory member of the foregoing-mentioned committee, to the President of the United States; (2) that copies be sent by the conferees here today to each Senator and Representative in Congress and governor of our respective States; (3) and that copies also be sent by the committee above referred to to bank commissioners and banking-association officials throughout the United States expressing the hope to the latter that the contents of these resolutions be brought to the attention of their individual member banks and in turn their support to the same obtained.

Unanimously carried.

RELIEF OF AGRICULTURE

The Senate resumed the consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

Mr. LEWIS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. LEWIS. I merely seek to know what is the parliamentary order this morning. What is the question?

The VICE PRESIDENT. The pending amendment is the amendment offered by the Senator from Pennsylvania [Mr. REED] to the amendment offered by the Senator from Oklahoma [Mr. THOMAS], and the Senator from Pennsylvania is entitled to the floor.

Mr. LEWIS. May I take the liberty of asking the Senator from Pennsylvania if he now proposes to address himself to his amendment?

Mr. REED. I do.

Mr. LEWIS. I understand the order, and thank both gentlemen for their courtesy.

Mr. REED. Mr. President, since this amendment was submitted I have discovered that the Senator from Missouri [Mr. PATTERSON] has lying upon the table a similar amendment presented several days ago, and, therefore, with the permission of the Senate, I should like to have it understood that the pending amendment is offered in behalf of the Senator from Missouri [Mr. PATTERSON] and myself. I mean to speak, Mr. President, for only 2 or 3 minutes.

The effect of this amendment, if adopted, will be to strike from the pending Thomas amendment the provision allowing the President to diminish the gold content of the dollar. It will also strike from the measure the free-silver amendment which was adopted just before the Senate recessed last night. It will have that effect because that amendment was in the nature of a perfecting amendment to the gold provision of the Thomas amendment, whereas my amendment proposes to strike out the whole paragraph.

Since this bill has been pending it has had a pronounced effect upon the financial market of this country; it has practically annihilated the market for municipal bonds. Last Monday Nassau County, N.Y., whose credit has always been very high, indeed, advertised for bids for a comparatively small issue of bonds. Not a single bid was received. Last Tuesday the city of Syracuse, N.Y., sought bids on a small issue—as I recall, it was only a couple of million dollars—but not a single bid was received, although the credit of that city has hitherto been very high. Yesterday the city of Boston sought bids on an issue of $3,000,000 of bonds and did not receive a single bid at any rate of interest. It is practically impossible, I am told by men who know, to sell a municipal bond or more than one or two municipal bonds in the city of New York today.

I would not say what I am about to say had I not seen it printed plainly in this morning's New York papers that there is no market in New York today for bonds of the United States Government save as an artificial market is provided by purchases of the Federal Reserve System.

Mr. WALSH. Mr. President——

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Massachusetts?

Mr. REED. I yield.

Mr. WALSH. Does the Senator think the failure to find a market for municipal bonds is due entirely to the pending of this legislation?

Mr. REED. I do.

Mr. WALSH. Is not the Senator aware of the fact that municipalities for some time have been experiencing serious trouble in financing themselves because of the great and extensive diminution in revenue from their taxes?

Mr. REED. Oh, I think that the credit of many municipalities is gravely impaired apart from any effect of the pending bill, but I do not believe that the city of Syracuse in New York State or that Nassau County in New York State has lost its credit because of any condition peculiar to those communities. I know that I myself would regard the bonds of either of those communities as entirely sound, and I believe that would be the judgment of the market in ordinary times. But the plain fact is that, whether it be a Federal Government bond, a State bond, or a municipal bond, no man who lends money today knows in what kind of a dollar he is going to be repaid.

Mr. BYRNES. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from South Carolina?

Mr. REED. I yield.

Mr. BYRNES. In the last 3 years every county and every municipality has had difficulty in floating its securities and refinancing itself.

Mr. REED. That is not true of my municipality. The credit of the city of Pittsburgh still stands high.

Mr. BYRNES. I can say to the Senator that the municipalities of my own State, which up to 2 years ago experienced no difficulty in refinancing, have been almost unable since to secure it. Within the past week, before a subcommittee of the Committee on Banking and Currency which was considering the Wagner bill, it was stated that there have been proposals from all over the country that we should extend the powers of the Reconstruction Finance Corporation to enable them to finance and refinance counties, municipalities, and States. The condition is general and has not arisen within the last few days.

Mr. REED. I am quite well aware there are many municipalities which are now in default and that their condition has no relationship whatever to the pending bill.

Mr. LEWIS. Mr. President, I respectfully ask the Chair to call upon the occupants of the galleries that they may remain quiet while debate on the floor is proceeding. There is audible conversation in the galleries in a manner such that it rumbles throughout the Chamber, making it impossible to hear debate between Senators.

The VICE PRESIDENT. The Senator's point of order is well taken. Occupants of the galleries, who are guests of the Senate, will kindly refrain from audible conversation.

Mr. REED. I thank the Vice President and I thank the Senator from Illinois, but I have always felt that if I could not interest the Senate I did not deserve to be listened to.

Mr. LEWIS. If the Senator can be heard, he is always listened to. It is only when he cannot be heard that he is not listened to.

Mr. COSTIGAN. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Colorado?

Mr. REED. I yield.

Mr. COSTIGAN. May I supplement what was said by the Senator from South Carolina by saying that the Committee on Manufactures so long ago as January of this year had before it a leading expert on city government, who testified that municipal credit throughout the United States had been breaking down, and that loans to municipalities for unemployment relief have contributed greatly to that unfortunate condition?

Mr. REED. O Mr. President, I think that has been the tendency, but there are many outstanding exceptions. The point I want to make is that it is not any rich man who is going to suffer from the inability of those municipalities to float the new loans. Several of such loans are for the relief of destitution and the immediate suffering from the loss of credit of those cities and counties is to the man out of work who needs emergency relief from his city or county. The city, being unable to sell its bonds, cannot come to his relief.

If the bill passes in its present form, Mr. President, with powers in the President to debase the currency by lowering the gold content of the dollar or to indulge in the unlimited free coinage of silver at some ratio to be fixed by him, those powers as well as the power to issue greenbacks will hang like a cloud over the market. No man will dare to contract for future business, no one will dare to buy a bond payable in the future, no one will dare to agree to build a house or to build a locomotive or to build any machinery for future payment because he does not know in what medium his payments eventually will come.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Oklahoma?

Mr. REED. Certainly.

Mr. THOMAS of Oklahoma. If the amendment should remain in the bill as written, the United States will be on the same parity as Great Britain. In Great Britain they are not on the gold basis. No one in Great Britain knows at what point they will restabilize the pound. It may be $2.50 or $3.50 or $4. If we are on the same basis as Great Britain, we will not be hurt any worse than Great Britain is being hurt, and there is no complaint that they cannot make contracts there for business, because business is better there today then it was a few years ago.

Mr. REED. The difference is very obvious. At the present time our dollars represent a certain tangible value. We are giving the President power to cut that in half. I know that I for one would not risk a good dollar of today on a moderate rate of interest where I could look forward to no possible appreciation and a possible depreciation of 50 percent or more. I say "or more" because the use of the greenback power and the use of the free silver coinage power would tend to bring the reduction far below 50 percent.

To give a practical illustration of how this is going to work, yesterday a man in my own State called me up to say, "We are very much interested in a large proposal to build some heavy machinery. It would take about 12 months to build it. What can we do to protect ourselves against the proposed changes in the currency, because if we cannot protect ourselves then we will not dare to touch the contract?" The only answer I could give to him was, "Do not make your contract for payment in money at all, but agree to build that machinery for so many ounces of gold of a particular weight and fineness. Disregard money entirely. Otherwise you have no certainty of what kind of rubber dollar you will get as a reward for your outlay of work and capital." Whether he will follow that advice or not I do not know, but I can think of no other way in which he would be safe. Of course, he could take payment in some other metal, like copper or tin or what not, but there he would be engaged in a double speculation, because the price of those commodities may change for some reason peculiar to them.

So all future business will have to cease to be expressed in terms of money, and we will have to go on the basis of so many ounces of gold of a certain standard of weight and fineness.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Idaho?

Mr. REED. Certainly.

Mr. BORAH. If a man should take a contract for so many ounces of gold and the world should continue to go off the gold standard, he would again be dealing in a commodity, would he not?

Mr. REED. Oh, yes; that is true, and it would be a commodity. It would be a process of barter. He would have to take his chances on the value of gold a year from today; but the experience of mankind has been that in the long run gold is the most satisfactory basis for the coinage of a civilized nation. It does not corrode; it is not bulky; it meets all the requirements for a metallic base. There is nothing magical about gold. We could just as well use antimony or some other metal. But until we get stability it is not safe to contract in terms of money for future performance. Meanwhile one had better contract for barter in some article that is reasonably likely to maintain its value.

If the President should exercise the powers under the Thomas amendment, well and good, gold will be worth twice as many of these nominal dollars as it is today. If the coinage of free silver is indulged in, the gold will be worth many more dollars than it is now. If greenbacks are issued, that in itself will change the value of gold with regard to the dollar.

I want to be understood clearly not as prophesying that the issuance of $3,000,000,000 of greenbacks is going to change prices very much, either the prices of gold or the prices of commodities. By itself it is going to have a disappointing effect on the course of prices. Three billion dollars is not going to bring anything like the rise in commodity prices that the inflationists hope from it. When they find the first shot of that medicine does not accomplish the desired result, it is only human nature for them to propose another. The descent to Avernus is easy and it is always easy to come in with further suggestions of enlarging the permissible limitation of the greenback.

Nevertheless the worse feature of the bill, as I see it, is the paragraph to which the present amendment is directed. Strike it out and it may be possible for the Democrats to argue in 1936 that they kept their pledge for sound money. Leave it in and they have made a laughing stock of their own promise—a laughing stock! The Democrats pledged themselves to sound money "at all hazards." What hazards have increased since they made the pledge? Here in the bill as it stands at this moment we have every expedient of currency inflation known to history. We have every type of unsound money that man has ever invented with the single exception possibly of the wampum of the Indian and the teeth of the sperm whale which the Fiji Islanders used to use for currency before the white man came to teach them better.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Oklahoma?

Mr. REED. I yield.

Mr. THOMAS of Oklahoma. Will the Senator be so good as to advise the Senator from Oklahoma and the Senate whether or not we had sound money in 1918, 1919, and 1920?

Mr. REED. In the main we did.

Mr. THOMAS of Oklahoma. The dollar at that time was worth 44 to 50 cents.

Mr. REED. That is right; and nobody then proposed to come in and legislatively take property from the debtor class and give it to the creditor class.

Mr. THOMAS of Oklahoma. It was not necessary under that system. As soon as the Republicans got in power they had the machinery to put the value of the dollar up from 44 cents to $2.44. If we had sound money in 1920, when the dollar was worth 44 cents, does the Senator contend that we have either sound or honest money when the dollar today buys $2.44 worth of commodities—up 200 cents on each dollar?

Mr. REED. The rise or fall of prices does not affect the soundness or unsoundness of a currency. It causes many growls from the debtor class when commodities fall, and it causes similar growls from the creditor class when prices rise. People who were living on fixed incomes suffered cruelly from the rise in prices during 1919 and 1920, and the people in the debtor class are suffering cruelly today. I am for bringing them relief by sound methods; but, Mr. President, we cannot change the weather by changing the thermometer. That is what these gentlemen are trying to do now. They are trying to change the temperature by changing the scale on the glass. That is not a real change. It is not going to help.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

Mr. REED. I will yield in a moment. It is not going to help the debtor class to tear dollars in two and pretend that each of them is $2. We are going to give temporary relief to about 15 percent of the population of the United States—temporary, all too temporary. It will be gone by the 1st of January, and the other 85 percent are going to stand a permanent injury. That is the effect of the proposal.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Pennsylvania further yield to the Senator from Oklahoma?

Mr. REED. Yes; I yield for a question.

Mr. THOMAS of Oklahoma. Is the Senator willing to have any machinery of Government placed in operation or willing to have any law passed by Congress that will reduce to the extent of even one penny the buying power of the present dollar?

Mr. REED. I am glad to see prices go up if they go up naturally. I think it is a misfortune that I cannot exaggerate in describing to see the price level fall as it has fallen; but the way to get it up is through natural causes. We are doing no kindness to the population by raising prices artificially when we do not stimulate employment. We are merely doing an injury to the people who are now employed.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield further?

Mr. REED. Yes; I yield further.

Mr. THOMAS of Oklahoma. In 1920 we had the largest amount of real money in circulation that this Nation had ever seen. We had credits to the extent of the resources of our banks. The country at that time was prosperous. Everyone had a job. Enough cars to move the traffic could not be obtained.

In 1920 one of the great parties of the Nation, the party to which the Senator from Pennsylvania owes allegiance, decided that a good campaign issue evidently would be to go before the country and demand a reduction in the high cost of living. That meant a reduction in the cost of the things the people have to buy; and in the platform of that party's convention the program laid out was to bring down the high cost of living by two maneuvers: One, by taking money out of circulation, restricting currency; and, second, by restricting credit.

That was the program proposed by the Senator's party in 1920. In that year the party to which the Senator from Pennsylvania adheres won, and immediately that program was placed in operation. It did not take long to do it. It was done effectively, and the currency was contracted from about six and a half billions down to about four and a half billions. One third of the money was taken from circulation. Further, the Federal Reserve Board served notice upon the Federal Reserve banks, and the Federal Reserve banks in turn served notice on the member banks that they must not be so liberal in granting credits. In other words, they must commence contracting loans and collecting the loans outstanding.

Mr. REED. When did they serve that notice?

Mr. THOMAS of Oklahoma. That was served in 1920.

Mr. REED. Yes; and who was President when that notice was served?

Mr. THOMAS of Oklahoma. I am not defending that action.

Mr. REED. The Senator is talking about the sins of my party, and now he is blaming us for something that happened when the Democrats were in power.

Mr. GLASS. Mr. President——

Mr. THOMAS of Oklahoma. I am simply stating the record.

Mr. REED. I think the Senator from Virginia wanted to interrupt me for a question.

Mr. GLASS. I desire to say that no such notice was served, and I have challenged over and over again people who make that assertion to point to the notice that was served.

Mr. REED. I think the Senator is right.

Mr. THOMAS of Oklahoma. Mr. President, if the Senator will yield, the then Senator from Illinois, Mr. McCormick, introduced in this body a resolution calling upon the Federal Reserve Board to advise the Senate of the plan the Federal Reserve Board had in view to bring down the high cost of living.

Mr. REED. And when was that?

Mr. THOMAS of Oklahoma. That was in May of 1920—the 15th of May.

Mr. REED. And who was President then?

Mr. THOMAS of Oklahoma. The Senator need not ask me that question. I am not defending the party in power at that time. I am condemning what was done.

On the 23d of that month the Federal Reserve Board, in answer to that resolution and in compliance with it, made their report to the Senate that is now a public document, in which the Board outlined their program for doing this particular thing. That program was to restrict currency and to restrict credits—and anyone who reads the report can come to but one conclusion, and that is that notice must have been sent out; otherwise, their recommendations would not have gotten anywhere—that credits were to be restricted; the money was to be collected by the banks; and, being in a far interior State, I know personally that that was the result of the report submitted to this body at that time by the Federal Reserve Board.

Mr. REED. Very good.

Mr. GLASS. Mr. President——

Mr. REED. I yield to the Senator from Virginia.

Mr. GLASS. We ought to be fair about these things. Currency is not a party issue.

Mr. REED. Of course it is not.

Mr. GLASS. Credit is not a party issue. As a matter of fact, a Democratic Senator from the State of Montana, Mr. Myers, the year before offered a resolution in the Senate which was unanimously passed, as the McCormick resolution was, calling upon the Federal Reserve Board to take some action—which it had no right to take, and never did take—to reduce commodity prices. The Congress in both branches was resonant with demands for a stoppage of profiteering in commodities; and the then Democratic Attorney General, Mr. A. Mitchell Palmer, was denounced in

the most unqualified way in both branches of Congress for not putting the profiteers in jail.

So that it is not a party question at all. It never has been. There never has been any order of the Federal Reserve Board such as the Senator from Oklahoma suggests must have been issued. It never was issued, and nobody can point to any such order.

Mr. REED. I thank the Senator. I remember that a few years ago the then Senator from Alabama [Mr. Heflin] started on a crusade against the Federal Reserve Board, and he used to make that assertion rather frequently; but although he was frequently called upon to produce the order or give the date of it or describe it, somehow he never did it. I myself have never believed that such an order was issued; but I say that for the Senator from Oklahoma to blame the Republican Party, which went into power in March 1921, with the drastic decline in commodities that happened in July 1920 is getting the cart away, away before the horse.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. REED. I am going to yield the floor in a minute; but I yield now for a question.

Mr. BARKLEY. I want to get back to the part of the discussion in which, a few moments ago, the Senator expressed his great regret at the decline in commodity prices, and his desire that they should be raised, suggesting that the only way by which they can be raised is by natural causes.

Mr. REED. Yes. If we will take the paralyzing hand of Government off business——

Mr. BARKLEY. What are those natural causes?

Mr. REED. An increase in commercial activity.

Mr. BARKLEY. What would produce that?

Mr. REED. An adjournment of Congress. [Laughter.]

Mr. BARKLEY. I ask the Senator for a serious answer.

Mr. REED. I am giving the Senator a serious answer.

Mr. BARKLEY. Congress did adjourn, and the whole country demanded that it be called into session at once; and when we talked about adjourning for 6 weeks the whole country was hoping that we would not adjourn for 6 weeks and come back here and spend the summer but would finish our program and then adjourn.

Mr. REED. We passed the emergency banking bill; we passed the economy bill; and, for the thirsty, we passed the beer bill. Our program properly was finished then, and then is when we ought to have adjourned. We have kept on going, however, with all this currency tinkering, until we have scared the business people of America half to death.

Mr. BARKLEY. If they had been scared half to death, in addition to the scare that they have had for 4 years, they probably would all be dead by now; but I desire to get back to the Senator's suggestion about an increase in prices by natural causes. The adjournment of Congress is not one of the natural causes which I suppose he had in mind.

If an increase in prices can be brought about by natural causes, what is it that brought about the decrease? Was it brought about by natural causes?

Mr. REED. Yes.

Mr. BARKLEY. What?

Mr. REED. Uncontrolled speculation. The people of this country went crazy in 1929.

Mr. BARKLEY. Uncontrolled speculation——

Mr. REED. Wait a minute. The Senator asks questions, but he does not give me a chance to answer.

This is part of a world-wide condition. It all goes back to the loss of life and of capital in the World War. It is very sweet and pretty for orators like the Senator from Mississippi [Mr. HARRISON] to get up and blame Mellon and Mills for causing it; but Mellon and Mills had nothing to do with similar conditions existing in Australia, and New Zealand, and Japan, and all of Asia, and all the other countries of the world. It is world-wide, and if we are going to be honest, we say so. If we are going to be partisan, then we pretend that it is "Mellon and Mills."

Mr. BARKLEY. I am not talking about Mellon or Mills or Reed. I will say, however, that I have much greater admiration for the Senator from Pennsylvania than I have for his co-citizens.

Mr. REED. Let us leave out the personalities.

Mr. BARKLEY. But, aside from all that, I am undertaking to get the Senator's real, serious opinion about this situation, and I am willing to admit that it is world-wide. I am willing to admit that wild speculation has played its part in bringing on this condition, although I do not think it is entirely to blame; and I am willing to admit that the causes following the World War have played their part. The population of the world, however, has increased since the World War at a normal rate. Production has increased at a normal rate. There has been no real overproduction of world goods.

Mr. REED. There has been a great overproduction in this country.

Mr. BARKLEY. The Senator is referring to a world-wide condition and is describing and discussing a world-wide condition, so we must take the world at large into consideration.

Mr. REED. Yes; but we are the principal manufacturing country, and we have overproduced for the demands of the entire world.

Mr. BARKLEY. I do not agree that that is true, because it could not be said truly that one half of the world is hungry because the other half has produced too much food or that one half of the world is naked because the other half has produced too much clothing. Taking the world at large, with all its interchange of trade and its interchange of finance and its interchange of currency, there has been no more than a normal increase in the production of commodities since the World War.

Mr. REED. I do not agree with the Senator.

Mr. BARKLEY. I think I can demonstrate it, but I do not want to do it here on the floor at this time by taking the Senator's time. Admitting the part played by speculation, however, admitting the part played by the World War, admitting the part that has been played by the overproduction of some commodities like sugar and coffee and copper and other things that have been overproduced, not only here but in the world, and admitting, as we must, that the production of gold, which is the basis of world-wide currency, has not kept pace with the increase in the normal demands of the people and their production——

Mr. REED. That is not the trouble.

Mr. BARKLEY. Is the Senator contending that the disproportion between the amount of money available and the amount of demand of the people for products which they need has had no part in bringing about the decline in prices of which we are talking, and which we hope to remedy?

Mr. REED. I do not think that the slow increase in the production of gold has anything whatever to do with today's slump. We have plenty of gold to sustain a far greater currency than is now outstanding. We had plenty of gold to sustain a far greater currency than was outstanding in 1929. It was not due to any deficiency in gold that we went into this slump—not at all.

Mr. BARKLEY. Of course, we may sustain a larger volume of currency on a gradually narrowing gold basis as compared with world population and world production, but it can only be done by thinning out that basis.

Mr. REED. I do not agree with the Senator at all.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. REED. I yield the floor, unless the Senator wants to ask me a question.

Mr. COUZENS. I want to ask the Senator a question. I am, perhaps, as much interested as anybody in finding a way for a recovery. The Senator said that the way to recover was for Congress to adjourn, and that the recovery would take place naturally. Yet at the same time he said that we got into this condition as a result of an orgy of speculation, which was not a natural cause.

Mr. REED. That is right.

Mr. COUZENS. It seems to me that if we got into our present condition through unnatural causes, we must get out

of it through artificial means, at least in part. One of the causes the Senator described was the orgy of speculation in 1928 and 1929.

Mr. REED. That was the cause of the immediate slump at that time. It is not the cause of the world-wide depression.

Mr. COUZENS. How does the Senator account for the fact that from 1921 to 1929 we did not suffer any of this world deflation and world catastrophe in the United States? It was brought to the United States, the Senator said, by a wild orgy of speculation, and he certainly does not call that a natural cause, does he?

Mr. REED. Oh, no. The Senator from Oklahoma had spoken about the great drop in prices, and that is why my mind was on the 1929 period. Of course, the war was the fundamental cause of the world prostration. We were especially lucky in not being touched physically by the war, except as we lost a relatively small number of men. The United States was given a feverish flush of activity industrially, and while the rest of the world went on sinking down into the present abyss the United States was fortunate enough to stay out of it, and a good many of us were foolish enough to think that we never would get into it. That was the state of affairs in 1929. They were not having any boom in Great Britain. They were not having any boom in Germany.

Mr. COUZENS. Will the Senator describe the cause of the great boom in 1928 and 1929? What caused that boom, if we were influenced by the world depression to the extent the Senator indicates?

Mr. REED. It was accumulated prosperity, which was localized here, and we speculated very wildly. It was a speculative boom and not a sound boom. We were headed for overproduction; we all seemed to realize it at the same moment, and we all tried to get out of the same door, but the result was that a good many of us got bruised.

Mr. COUZENS. The Senator's contention, then, is that, having gotten into this mess partly through world conditions and partly through our own imbecility——

Mr. REED. I did not use that word.

Mr. COUZENS. I want to use it, because I think we were imbeciles in what we did in the way of living beyond our means, and buying on the installment plan, and speculating in the markets. Having done that, does the Senator believe there is no remedy except what he would call "natural remedies"?

Mr. REED. I sincerely do believe it. It is just like the human body; it has wonderful recuperative power. We have a nation which is healthy at the core, and it will get itself out of this sickness if we do not keep on giving it bad medicine which slows it up. That is what we are doing.

Mr. COUZENS. The Senator is quite right about giving it bad medicine, but the Senator seems to have used the wrong analogy when he said we were like the human body. Certainly when the human body falls down, and is crushed, we do administer some relief, do we not?

Mr. REED. Yes; but nature gives the best relief.

Mr. COUZENS. That is true, and I am for nature giving the best relief at this time, but I do think that it will have to be augmented by some medicine. As to whether this proposal is the proper medicine or not, I do not believe anybody is smart enough to say.

Mr. LOGAN and Mr. THOMAS of Oklahoma addressed the Chair.

The VICE PRESIDENT. Does the Senator from Pennsylvania yield; and if so, to whom?

Mr. REED. I will proceed myself for a moment. The Senator points out the fundamental difference between his political philosophy and mine. I do not believe that prosperity can be created by legislation. I do believe that prosperity can be destroyed by legislation, but that it cannot be created by legislation. We cannot supply for the people the energy, the inventiveness, the persistence, the industry, which go to make up prosperity. It is not a product of legislation, and a legislature ought not to be called on to provide prosperity. I believe that that government is best which governs least, and I have faith in our people that, if we will let them alone, and will not grind them down by too much government interference with their private affairs, they will pull out of this depression. The Senator does not agree with that, and so we have to agree to disagree.

Mr. COUZENS. I know; but the Senator and I sat here all summer, in 1930, considering the tariff.

Mr. REED. Yes.

Mr. COUZENS. There was no more urgent pleader for artificial stimulation of industry than the Senator from Pennsylvania.

Mr. REED. I would not call that artificial stimulation of industry.

Mr. COUZENS. Certainly it was, and I went along with the Senator. I voted for the tariff bill, and I voted for the artificial stimulation which the industries of Pennsylvania and Michigan and other States got as the result of our tariff. It all depends, with the Senator, on the degree and the place of the artificial stimulation. I believe that if we are going to use it in one direction, such as through a tariff, we are justified in using it in any other direction which seems wise. That does not mean I would approve any world-wide scheme, but it does mean that if we are justified in stimulating business and inspiring the energies and the efforts of the American people in one direction, that that is not the exclusive and only direction in which we can inspire and help the American people.

Mr. REED. I think that if we can protect the American people so as to enable them to keep their own markets for their own workmen they will take care of the balance of it.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

Mr. REED. I have finished what I had to say. I am glad to answer any question, but otherwise I will yield the floor.

The VICE PRESIDENT. Does the Senator yield, and if so, to whom?

Mr. REED. The Senator from Kentucky asked me to yield first.

Mr. LOGAN. I want to ask the Senator a question. I might say that I have listened to his argument, and, in the main, I agree with it. However, it seems to me that the argument advanced that a contract could not be entered into having for its purpose the payment of money, or that the purchase of bonds could not be effected, because the value of the money might change is not as sound as the other part of the argument. If a farmer has a large farm and raises wheat, naturally he does not know what he is going to get for his wheat. He may get 25 cents a bushel, or a dollar a bushel. If a manufacturer of steel engages in business and invests millions in it, steel may be a certain price when he starts in business, but he does not know what his product is going to be worth when he gets ready to sell it.

Mr. REED. Just a moment. I would like to get the Senator's hypothesis straight. They always know, when they manufacture steel, what it is going to sell for. They practically never make it to go into large stocks. Steel is always manufactured after it has been sold.

Mr. LOGAN. That is very true; but when a man goes into the business, and puts up a steel plant, he does not know, or, if he is going to manufacture a machine, he does not know what he will get for it. The point I mean to suggest is this, that if the farmer has no idea what he is going to get for his labor, or if the manufacturer does not know what he is going to get for the product he manufactures, why should the man who is making a transaction which will result in the payment of money be any more protected in the value of the money he is going to receive than the farmer is as to what he is to get for his wheat? I wondered whether the Senator had any satisfactory answer for that, because I am trying to think along with him on these things.

Mr. REED. I will answer that. Agriculture, of course, is susceptible to great uncertainty, not only in the fluctuation of the price for the cash crop but in the fluctuations of the yield, which are due to matters of rainfall or drouth, so that no farmer ever knows, when he plants his crop, what his yield is going to be or what it is going to sell for. That is

not true of most other occupations. It is a pity that it is inevitably true of farming. How are we going to help by bringing down every other business activity by subjecting it to that same uncertainty? I do not see how it would help.

Mr. THOMAS of Oklahoma subsequently said: Mr. President, a moment ago in the controversy between the Senator from Pennsylvania [Mr. REED], the Senator from Virginia [Mr. GLASS], and myself, I spoke from memory. In order that the record may speak, I ask unanimous consent that immediately following the conclusion of the remarks of the Senator from Pennsylvania there may be printed in the RECORD a copy of the report submitted by the Federal Reserve Board to the Senate in obedience to the resolution which had been submitted by the late Senator McCormick, of Illinois.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The report referred to is as follows:

[Senate Document No. 280, Sixty-sixth Congress, second session]

INFLATION OF CURRENCY AND MOBILIZATION OF CREDITS

LETTER FROM THE GOVERNOR OF THE FEDERAL RESERVE BOARD TRANSMITTING IN RESPONSE TO A SENATE RESOLUTION OF MAY 17, 1920, CERTAIN INFORMATION CONCERNING THE EXPANSION OF CURRENCY AND THE MOBILIZATION OF CREDITS TO MOVE CROPS OF THE YEAR 1920

FEDERAL RESERVE BOARD,
Washington, May 25, 1920.

SIR: On May 17, 1920, the Senate adopted the following resolution:

"*Resolved*, That the Federal Reserve Board be directed to advise the Senate what steps it purposes to take or to recommend to the member banks of the Federal Reserve System to meet the existing inflation of currency and credits and consequent high prices, and what further steps it purposes to take or recommend to mobilize credits in order to move the 1920 crop."

In response the Board desires to say that it has recognized for many months past that the expansion of bank credits in this country was proceeding at a rate not warranted by the production and consumption of goods. It has repeatedly admonished the Federal Reserve banks that influence should be exerted upon the member banks to induce them to avoid undue expansion of loans and to keep their volume of outstanding credits within moderate bounds.

Beginning 6 months ago, the rates of discount on various classes of paper at the Federal Reserve banks were advanced. During the latter part of January the present rates were put into effect. These advances, while undoubtedly checking credit transactions which otherwise would have been made, have not been entirely effective in bringing about the reduction in loans desired and which might normally have been expected during the early months of the year. Liquidation during these months is entirely natural and healthy, and is necessary in order that the banks may be prepared to meet the demands made upon them during the crop making and harvesting seasons, but there has been no such liquidation and, on the contrary, commercial loans have steadily increased. Thus it appears that the public has anticipated demands for banking credit which are usually made later on in the year. The average reserves of the Federal Reserve banks are now a little over 42½ percent, as against 45 percent at the beginning of the year, and about 51 percent 12 months ago.

The Federal advisory council, which is composed of one member from each Federal Reserve district, elected annually by the board of directors of the Federal Reserve bank, is required by section 12 of the Federal Reserve Act to meet in Washington at least four times each year. The council is authorized "to confer directly with the Federal Reserve Board on general business conditions; to make oral or written representations concerning matters within the jurisdiction of said Board; to call for information and to make recommendations in regard to discount rates, rediscount business, note issues, reserve conditions in the various districts, the purchase and sale of gold or securities by Reserve banks, open-market operations by said banks, and the general affairs of the Reserve Banking System."

Upon receipt of a notice that the council would hold its regular meeting on May 17, the Board extended an invitation to the three class A directors of each Federal Reserve bank, who are the representatives of the stockholding banks, to come to Washington at the same time for conference with the Federal Reserve Board and the Federal advisory council. This conference was held on the 18th instant, and it was developed at the meeting that the present credit expansion is due in great part to the abnormally high prices of goods and commodities now prevailing throughout the country and to the congestion of foodstuffs and essential raw materials at or near points of production because of lack of transportation facilities.

The Board is convinced that if the unsold portions of last year's crops can be brought to market before the new crop matures, the liquidation of credits which are now tied up in carrying the old crops will be sufficient to offset to a considerable degree the credit demands which will be made upon the banks in moving the crop of 1920.

At the conference above referred to the Board's views were outlined by its governor substantially, as follows: The member banks should lean less heavily upon the Federal Reserve banks and rely more upon their own resources, unnecessary and habitual borrowings should be discouraged, and the liquidation of long-standing, nonessential loans should proceed. Banks were cautioned, however, that drastic steps should be avoided and that the methods adopted should be orderly, for gradual liquidation will result in permanent improvement while too rapid deflation would be injurious and should be avoided. The Board pointed out the necessity for extending such credits as may be necessary to promote essential production, especially of foodstuffs, and that if for any reason it should prove impracticable to increase essential production, there should be greater economy in consumption and more moderation in the use of credit. The problem of the banking system of the country is to check further expansion and to bring about a normal and healthy liquidation without curtailing essential production and without shock to industry, and, as far as possible, without disturbance of legitimate commerce and business. In order to effect this, it seems necessary to distinguish between essential and nonessential loans, but the Federal Reserve Board feels it would be a most difficult task, which it should not undertake, to attempt by general rule of country-wide application to make this distinction. During the war there was a broad underlying principle that essentials must be "necessary or contributory to the conduct of the war", but notwithstanding the sharp outline of this principle much difficulty was experienced by the various war boards in defining essentials and nonessentials. All the more difficult would it be for the Federal Reserve Board to make such a general definition in the present circumstances.

Section 13 of the Federal Reserve Act defines the eligibility of paper for discount by the Federal Reserve banks and lays down a general rule that any paper maturing within the time prescribed and "issued or drawn for agricultural, industrial, or commercial purposes, or the proceeds of which have been used, or are to be used, for such purposes" is eligible. No expressed condition is made regarding the essential or nonessential character of the transactions giving rise to notes which may be offered for discount and the Federal Reserve Board is not required, and properly could not be expected, generally to adopt such a criterion of eligibility. It is too much a matter of local conditions and local knowledge to justify at this time any general country-wide ruling by the Board even if such a ruling were deemed helpful.

On the other hand, there is nothing in the Federal Reserve Act which requires a Federal Reserve bank to make any investment or to rediscount any particular paper or class of paper. The language of both sections 13 and 14 is permissive only. Section 4 of the Federal Reserve Act, however, requires the directors of a Federal Reserve bank to administer its affairs "fairly and impartially and without discrimination in favor of or against any member bank", and subject to the provisions of law and the orders of the Federal Reserve Board to extend "to each member bank such discounts, advancements, and accommodations as may be safely and reasonably made with due regard for the claims and demands of other member banks." Thus the directors of a Federal Reserve bank have the power to limit the volume and character of loans which in their judgment may be safely and reasonably made to any member bank.

The recent amendment to paragraph (d) of section 14 distinctly authorizes each Federal Reserve bank on its own account, without reference to action taken by any other Federal Reserve bank, to establish a normal discount or credit line for each member bank, and permits the imposition of graduated rates on discount lines in excess of the normal line. This amendment, however, does not repeal or modify sections 4 and 13, and a Federal Reserve bank is still free to decline to discount any paper which in its judgment does not constitute a desirable investment for it or which in its opinion would not constitute a safe and reasonable investment within the meaning of section 4.

It is the view of the Board, however, that while Federal Reserve banks may properly undertake in their transactions with member banks to discriminate between essential and nonessential loans, nevertheless that discrimination might much better be made at the source by the member banks themselves. The individual banker comes in direct contact with his customers; he is better qualified than anyone else to advise the customer because of his familiarity, not only with the customer's business but with the general business conditions and needs in his immediate locality. In making loans he is bound by no general rule of law as to the character of the purpose for which a loan is being asked. He is entirely free to exercise discretion and can make one loan and decline another as his judgment may dictate. He can estimate with a fair degree of accuracy the legitimate demands for credit which are liable to be made upon him, as well as the fluctuations in the volume of his deposits. He knows what industries sustain his community, and is thus qualified to pass upon the essential or nonessential character of loans offered him. He knows, or should know, what rediscount line he may reasonably expect of his Federal Reserve bank, and he ought not to regard this line as a permanent addition to his capital. With knowledge of the limitations or penalties put upon his borrowings from the Federal Reserve bank the banker may be depended upon to use a more discriminating judgment in granting credit accommodations to his customers, and that judgment he must exercise if the present situation is to be remedied fundamentally.

It is true that under existing conditions the volume of credit required in any transaction is much greater than was the case in

pre-war times; but it is also true that the resources of the member and nonmember banks would be ample to take care of the essential business of the country and to a large extent of nonessentials as well if there were a freer flow of goods and credit. If "frozen loans" were liquefied, and if commodities which are held back either for speculative purposes or because of lack of transportation facilities should go to the markets, and if large stocks of merchandise should be reduced, the resultant release of credit would have a most beneficial effect upon the general situation. In the meantime everything must be done to expedite the release of these credits and to restrict nonessential credits in future.

While the problem of credit regulation and control is national and even international in its scope, yet in the last analysis it is merely an aggregation of individual problems, and the proper working out of the situation must depend upon the public and upon the banks which deal with the public. The public must be made to realize the necessity of economy in expenditures and in consequent demands for banking credit. The banks themselves are best able to impress the importance of this policy upon the public.

For the further information of the Senate the Board quotes from the report of the Federal advisory council made to it on May 18, signed by James B. Forgan, president:

"The council has given consideration to the matters included in your communication of April 17 and begs to reply thereto in the following manner, following the order set out by you:

"'(a) Causes of continued expansion of credits and of Federal note issues.'

"There are many contributing causes, of which the following may be regarded as paramount:

"1. We recognize, of course, that the first cause is the Great War.

"2. Great extravagance—national, municipal, and individual.

"3. Inefficiency and indifference of labor, resulting in lessening production.

"4. A shortage of transportation facilities, thus preventing the normal movement of commodities.

"5. The vicious circle of increasing wages and prices.

"'(b) How can the reserve position of the Federal Reserve banks be materially strengthened before the seasonal demand sets in next fall without undue disturbance of the processes of production and distribution?'

"By urging upon member banks through the Federal Reserve banks the wisdom of showing borrowers the necessity of the curtailment of general credits, and especially for nonessential uses, as well as continuing to discourage loans for capital and speculative purposes; by checking excessive borrowings through the application of higher rates.

"'(c) If steps cannot be taken at this time leading to a more normal proportion between the volume of credits and the volume of goods, when can they be taken?'

"In our opinion, steps should be taken now, as outlined in answer to the last question.

"'(d) What is the effect upon the general situation of the increased Treasury borrowings and what should be the policy of the Federal Reserve banks in establishing rates of discount on paper secured by certificates of indebtedness?'

"It is obvious that the borrowings of the Treasury have the same effect upon the general credit situation as those of other borrowers. The council would suggest the wisdom of congressional relief from the burden of Government financing by a policy of rigid economy; the revision of the tax laws for the sake of a more equitable distribution of the burden without reducing the revenue; the enactment of the budget system, the budget to include provision for the gradual payment of the short-time obligations of the Treasury. These would of necessity preclude unwise appropriations such as the proposed soldiers' bonus.

"In view of the large volume of Treasury certificates of indebtedness carried by member banks at the instance of the Treasury Department, we believe that rates established by the Federal Reserve banks on paper secured by them should not be materially greater than the rates borne by the certificates."

The Board feels assured that the banks of the country now realize the necessity of more conservatism in extending credits and of a reasonable reduction in the volume of credits now outstanding. The Board will not hesitate, so far as it may be necessary, to bring to bear all its statutory powers in regulating the volume of credit, but wishes to point out that the more vital problems relating to the movement of the 1920 crop are physical rather than financial.

This was the unanimous view of those present at the conference on the 18th instant, at which the following resolution was adopted:

"The whole country is suffering from inflation of prices with the consequent inflation of credit. From reports made by the members of this conference, representing every section of the country, it is obvious that great sums are tied up in products which if marketed would relieve necessity, tend to reduce the price level, and relieve the strain on our credit system.

"This congestion of freight is found in practically all of the large railroad centers and shipping ports. It arises chiefly from inadequate transportation facilities available at this time and is seriously crippling business. We are informed that the per-ton mile of freight increased in 3 years—1916, 1917, and 1918—47 percent, while the freight cars in service during the same period increased 1.9 percent.

"A striking necessity exists which can only be relieved through the upbuilding of the credit of the railroads. This must come through adequate and prompt increase in freight rates. Any delay means the paying of greater cost directly and indirectly and places a burden on the credit system which in the approaching time for season expansion may cause abnormal strain. Even under the load of war inflation, high-price level, and extravagances the bank reserves would probably be sufficient if quick transportation could be assured during the time of the greatest strain: Therefore be it

"*Resolved*, That this conference urge as the most important remedies that the Interstate Commerce Commission and the United States Shipping Board give increased rates and adequate facilities such immediate effect as may be warranted under their authority and that a committee of five, representing the various sections of the country, be appointed by the chairman to present this resolution to the Interstate Commerce Commission and the United States Shipping Board with such verbal presentation as may seem appropriate to the committee."

Much will depend upon the restoration of the normal efficiency of railroad and steamship lines. If adequate transportation facilities can be provided, the Board sees no occasion for apprehension in connection with the movement of crops now being grown.

Respectfully,

W. P. G. HARDING, *Governor*.

THE PRESIDENT OF THE SENATE.

Mr. BARKLEY subsequently said: Mr. President, will the Senator from Ohio yield to me?

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Kentucky?

Mr. FESS. For what purpose?

Mr. BARKLEY. For the purpose of letting me read one paragraph in connection with the remarks made by the Senator from Pennsylvania [Mr. REED], to be printed immediately after his remarks.

Mr. FESS. I yield to the Senator from Kentucky for that purpose.

Mr. BARKLEY. With reference to the statement of the Senator from Pennsylvania as to the lack of a market for municipal bonds, I wish to read one paragraph from the Philadelphia Inquirer of today, carrying a report from New York of yesterday which is signed by Frank J. Webb, local correspondent of the Philadelphia Inquirer:

NEW YORK, April 26.—While no important changes took place in quotations on first-class municipal and State bonds today, an improved undertone was apparent, and for the first time in a week active competition developed among investment banking groups for an award of new securities. The issue amounted to only $1,000,000, consisting of serial bonds of the State of Maine, but five syndicates submitted tenders, and the subsequent reoffering to the public disclosed an active demand.

I think that will throw some light upon the statement of the Senator from Pennsylvania that there is now no demand for municipal bonds.

Mr. FESS obtained the floor.

REMOVAL OF LIMITATIONS ON NATIONAL BANKS

Mr. BULKLEY. Mr. President, will my colleague yield to me to submit a unanimous-consent request?

Mr. FESS. I yield.

Mr. BULKLEY. I ask unanimous consent for the immediate consideration of Senate bill 1415, to amend sections 5200 and 5202 of the Revised Statutes, as amended, to remove the limitations on national banks in certain cases.

Mr. President, this bill has been reported unanimously from the Committee on Banking and Currency, and there is a strong recommendation of it from the Treasury Department.

The VICE PRESIDENT. The Senator from Ohio asks unanimous consent for the immediate consideration of Senate bill 1415, which the clerk will report.

The legislative clerk proceeded to read the bill.

Mr. JOHNSON. Mr. President, may I inquire of the Senator from Ohio whether this is an emergency measure?

Mr. BULKLEY. It is.

Mr. JOHNSON. I do not want to interfere, if it is an emergency measure, and if it will take no time; but unless it is an emergency measure, and unless there is a unanimous consent so far as the committee and those familiar with the legislation are concerned, it is rather an inopportune time now, when we are going to be under a 15-minute rule within an hour, to bring up additional legislation. I do not want to interfere with the Senator, and I ask him first, is it an emergency measure?

Mr. BULKLEY. It is.

Mr. JOHNSON. Is the Committee on Banking and Currency unanimous?



Mr. BULKLEY. They are unanimous, and there is a strong recommendation from the Treasury Department.

The VICE PRESIDENT. The clerk will read the bill.

The legislative clerk read the bill, as follows:

Be it enacted, etc., That section 5200 of the Revised Statutes, as amended, is amended by adding at the end thereof the following new paragraph:

"(9) Obligations representing loans to any national banking association or to any banking institution organized under the laws of any State, or to any receiver, conservator, or superintendent of banks, or to any other agent, in charge of the business and property of any such association or banking institution, when such loans are approved by the Comptroller of the Currency, shall not be subject under this section to any limitation based upon such capital and surplus."

SEC. 2. Section 5202 of the Revised Statutes, as amended, is amended by adding at the end thereof the following new paragraph:

"Ninth. Liabilities incurred on account of loans made with the express approval of the Comptroller of the Currency under paragraph (9) of section 5200 of the Revised Statutes, as amended."

Mr. BORAH. Do I understand that this bill has a unanimous report?

Mr. BULKLEY. There is a unanimous report of the Committee on Banking and Currency.

Mr. BORAH. Then will not the Senator tell us what the bill provides?

Mr. BULKLEY. It would remove, under certain circumstances, the limitation to 10 percent on loans which may be made by a national bank to any one borrower, with the approval, in each case, of the Comptroller of the Currency. It is intended to take care of the case where a new bank is being organized to take over the business of a closed bank which is about to be liquidated. It has been found necessary in many cases, under the formula developed by the Treasury Department, for such new bank to make a loan to the old bank in process of liquidation in excess of the limitation provided by section 5200, which limits a loan to any one borrower to 10 percent of the capital and surplus of the lending bank. It is strongly recommended by the Treasury Department.

Mr. BORAH. I care a good deal more about the committee.

Mr. BULKLEY. The committee is unanimous.

Mr. McNARY. Mr. President, let me request the Senator not to insist on the proposal at this particular moment, as one or two members of the Committee on Banking and Currency desire to be here when the bill is taken up, if the Senator will defer it for a while, at least.

The VICE PRESIDENT. Objection is heard.

RELIEF OF AGRICULTURE

The Senate resumed the consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

Mr. FESS. Mr. President, on the 21st of February, this year, I addressed the Senate at some length on the question which is now before us, though at that time it was presented in a different form. Then we were discussing the quantity of money, the amount of currency, and it was asserted in the debate several times that what we suffered from was a lack of circulating medium; that we would have to have more money and could secure it in two ways. The first was by reducing the gold content of the dollar. It was asserted that if we would make the gold dollar, which now has 23.22 grains, into a dollar with just half that number of grains, we would by that act double the amount of money in circulation in this country without any change of volume at all. Secondly, it was asserted that if we could not reach the objective by a reduction of the amount of gold in the dollar, then it could be reached by increasing the supply of paper money, and that an increase in the supply of paper money might be brought about through the Federal Reserve System operating normally; through a flat issue by the Government without any redemption feature back of it; or by a rejuvenation of the old national bank issue idea, permitting the national banks to increase their circulation under the National Banking Act, as provided by the Borah amendment to the home loan bank bill.

On that occasion I discussed what I regarded as the fallacy of the contention that we did not have sufficient money in circulation. I pointed out that fallacy by the statement and figures, which I now read:

> The truth about the matter is that we have more gold in stock now than we had in 1929, at the peak of our business activity. Not only that, but we mined more gold last year than ever before in any one year in the history of the world. We mined $475,000,000 worth of gold last year, and never before in the history of the world has so much gold as that been mined in a year. In other words, we added to the monetary value of the gold stock in the last year the enormous sum of $475,000,000, and from 1922 to 1932 we lifted the gold stock from $5,000,000,000 to $12,000,000,000; so that there is more monetary gold in the country today than there ever has been before.

So from a statement of these figures the argument that we did not have gold enough would seem to fall.

I also asserted that there was no need of additional currency, because of the simple fact that we had more currency than ever before, but the difficulty was that the currency was idle. It is not a question of a lack of money, but of the lack of the use of money. The money is in the country, but it is not at work, and it will not be at work until business shall resume and labor shall be employed.

I said at that time that we could start the pumps running and we could pump as much currency from the Bureau of Engraving and Printing as could be made, and yet it would not get to the people in a legitimate way unless business resumed and gave employment to people so that whatever money was issued would get to work. I repeat it is not a question of there not being enough money. It is true that under the stress of certain propaganda—a propaganda which always seems to be popular—that is going over the country urging that we need more money, without reference to whether or not the money can be put to work, we added an amendment to the home loan bill to permit the issuance of new bank notes upon the basis of 3½-percent interest-bearing bonds. Under that particular provision of that act there could be issued $1,600,000,000 of additional bank notes. How many million dollars of such notes have been issued? Despite the perfect freedom granted to issue them, there have been issued, according to the report this morning, only about $257,000,000 of that new money. In other words, that provision of law afforded possibility for the issuance of currency, and yet, because of the lack of business, only 25 percent or less of the amount authorized has been issued. Why is that? It is because there is no demand for it, and there is no demand for it because business is not active, and there will be no demand for it until business shall become active.

We passed the Emergency Banking Act, which I think was a good measure. In that act we revived the obsolete Federal Reserve bank note which was issued during the war, but the issuance of which was discontinued soon thereafter. We wrote into the Emergency Banking Act the authority to issue $3,000,000,000 of additional currency in the form of Federal Reserve national-bank notes. How many have been issued under that act during this emergency? Not quite $40,000,000 have been issued, although $3,000,000,000 can be issued. Why are those notes not issued? It is because there is no use for them. What is the sense of the Government's permitting the issuance of large amounts of bank notes, either Federal Reserve notes or Federal Reserve bank notes or old national-bank notes, if there is no demand for them? They cannot be merely pumped out. Business must be the avenue through which they go out into circulation, and without business they will not seek circulation.

So, if it is more currency we need, we have authority to issue additional currency under the present Federal Reserve System, which is an elastic banking system, the establishment of which constituted one of the great reforms in the banking history of the world. I am of the opinion that the Federal Reserve System as it is now in operation is one of the achievements of the last 100 years. I thought so when the measure was being considered in the House of Representatives under the management of the now distinguished senior Senator from Virginia [Mr. GLASS].

I was 1 of 37 Republicans who not only spoke for it but voted for it in the House of Representatives, believing that it was a real achievement. It embodied the idea of enlarging the basis for the issuance of necessary currency so as to put it beyond the mere limitation of gold. That law did provide that there must be 40 percent of gold reserve, but it permitted 60 percent of other property as a basis for the issuance of currency. Under that law as written, Mr. President, if there was a demand for new money, new money would flow automatically; and when there was a lessening of the demand for money, automatically the new money would retire. We have had a splendid example of the operation of that act during the last 2 or 3 months.

During the period from 1924 to 1929 the actual employment of Federal Reserve notes averaged from $2,000,000,000 during the first 6 months of the year to $2,200,000,000 during the crop-harvesting season. If the demands of business were such as to call for the employment of $2,000,000,000, that amount of currency readily responded; and if, in connection with the movement of crops, there was a demand for $200,000,000 more, that amount was readily issued; and when the demand ceased the increased notes which had been issued would flow back into retirement and be discontinued. That is an elastic system, to fluctuate in volume as the needs of business required. That is as it was intended to be.

This elasticity is further disclosed by what took place in 1930 and 1931, when we got into this serious emergency. There was a large increase of Federal Reserve note issues, amounting to about $3,000,000,000 on the average. That $3,000,000,000 on the average for that period was increased in the acute emergency period to $4,750,000,000. When the acuteness of the crisis seemed to have eased for the moment the amount of those notes thus issued was again reduced from 4¾ billion dollars to something like 3¾ billion dollars, so that we have today $1,000,000,000 of Federal Reserve notes less than we had at the height of the crisis. Under the Federal Reserve Act with its provisions as to the values upon which we can base the issuance of currency, including our present stock of gold, we could increase the issue today at least $4,000,000,000 of Federal Reserve notes, a sufficient amount to answer any call which the business of the country might make. This can be done without a line of new law, if further currency is our need.

I am saying nothing about the gold coin; I have not mentioned the gold certificates; I have not referred to silver or silver certificates; I am speaking only of the elastic currency which under the legislation we have heretofore enacted can be increased or decreased in accordance with the demands of business. So the idea that it is necessary for us to increase the volume of currency by the enactment of new and additional legislation is perfectly absurd, for there is no basis whatever for such a claim.

The complaint has been made of the emergency legislation enacted at the beginning of this administration that no good has come out of it because it has not been largely used. Out of the $3,000,000,000 possible issuance only $37,000,000 have been issued. I differ from that view. It was the mere fact that it could be used that gave value to it. If the patrons of an institution know that it can secure the necessary funds in case a run is about to start, the mere announcement to that institution that under the law it can receive from the Federal Reserve System sufficient funds to take care of its deposits will prevent the run. It does not mean that they actually have to get the funds, but the mere fact that they can do it will prevent the run. Consequently, I assert that while there has not been much use made of the new currency known as Federal Reserve bank notes, which, of course, could not be done except as a response from business demands, the possibility of their issuance and use has had a salutary effect upon the credit system and has avoided or prevented runs that otherwise might have occurred.

My contention is that we have been proceeding on the wrong basis. We have been proceeding on the basis that we do not have money enough, and it is here proposed that we must either double the amount by reducing the gold content 50 percent, a proposal included in this amendment, or we must add to the paper currency by the National Banking Act which was authorized by the Borah amendment or by the Emergency Banking Act, which authorized $3,000,000,000 Federal Reserve bank notes. Imagine what we could issue under the law if there were any need for additional currency, $4,000,000,000 additional Federal Reserve notes, $1,600,000,000 national bank notes, $3,000,000,000 Federal Reserve bank notes, or a total of $8,600,000,000, or eight billion beyond what we now have.

As I stated on the 21st of last February, the need is not for more currency. If we should issue it, it will not be used, because business must resume before it can be used. What I stated at that time is now conceded, whether it is openly admitted or not. These efforts on more currency having hopelessly failed now comes the proposal long expected, a dangerous one, the one I have feared from the beginning, the fiat remedy. The fact known by all that we cannot get money into the hands of the people who are needing employment until business is able to employ and therefore, since it has been made obvious that we cannot do it that way, it is now proposed that the Government itself shall issue directly these notes and employ the issue to pay them out directly to the owners of bonds, the creditors of the Government. To say nothing about this injustice we might just as well say we will issue notes to pay our taxes. It is exactly the same. In the last analysis this proposal would operate to take care of the Budget by discontinuing the collection of taxes. This principle would justify us in issuing notes of the Government, and with those notes paying the running expenses of the Government. That is fiat running wild.

What is the exact proposal here? Nothing in the way of adding new money as in previous efforts heretofore mentioned, because those efforts do not get the money into circulation for lack of business. In the absence of business necessary to employ money we now propose to issue this money as fiat and pay it out without reference to business, without employing a single unemployed man. What does the pending amendment propose to do? It proposes "to direct the Secretary of the Treasury to cause to be issued, in such amount or amounts as he may from time to time order, United States notes." That is the greenback. That is the mere promise. That rests not on gold, it rests not on bonds, it rests not on wealth. It rests on nothing.

It is said that it rests on the promise of the Government. What does the promise of the Government mean if, when that promise is made, as in the issuance of Government securities, it is immediately broken as herein proposed? What did we promise when we sold our bonds during the war? I listened then to the plea of the distinguished Secretary of the Treasury [Mr. McADOO], now a distinguished Member of this body. What was his slogan? "Borrow and buy." That is the slogan we used in the first Liberty bond campaign when we made the first issue. Almost every Member of this body, I believe, was active, and properly so, in trying to induce the American people to purchase these bonds. I know I traveled to the capital of my own State at my own expense, believing that I ought to make that much contribution at least, and I spoke in the capital and other places in my State, urging the people to buy until it hurt. Why? I argued that it was an investment, that it was a good thing for the borrower.

We ultimately reached the point where we had to argue from the patriotic standpoint. It was very difficult to sell the victory bonds, which were issued after the war ended, when patriotism did not have the strong appeal that it had before. We asked the American people, the school teacher, the clerk, the farmer, every citizen of our State to buy those bonds which represented a mere loan to the Government when we had our backs against the wall. They took the bonds. Every issue was subscribed. We even put pressure upon our citizens, in some cases hardly justified even in war times. Most of those bonds are still outstanding, many in the hands of the original purchasers, and now comes the

proposition that, instead of those obligations being paid, in accordance with the terms of the Government pledges, they are to be redeemed by the issue of a credit that is a mere duebill, nothing but a promise, no redemption, not convertible, unconvertible. The holders of those bonds are expected to take this duebill in exchange for the bonds which we induced them to buy when it hurt them to buy. I cannot believe that men can be so short-sighted as to want this Government to commit an act of such dishonor, such discredit, such a breach of faith.

The Senator from Texas [Mr. CONNALLY] said yesterday that the holder does not need to sell the bonds if he does not want to do so. That does not answer it. Why are bonds going down and stocks going up? Because we cheapen the money, Government bonds that are equal to money go down. If the Government's credit is worth anything, then those bonds ought to be worth what the money of the Government is worth. If money goes down by cheapening it as it is proposed here to do, then bonds go down. It does not answer for a man to say that we do not need to sell them if we do not want to do so. If we do not sell them, we are retaining what becomes a drug to the degree that we inflate the currency. We cheapen it, and therefore this Government, the greatest government on God's earth, is proposing, like a highway robber, to go out in the open and take from the people, to which it made its solemn pledge, a certain amount of their wealth by a legislative act. That is dishonest. That is discreditable. That is writing the word "perfidy" over the brow of this great Government.

It is said the value of currency is not going down. If it is not going down, what becomes of the argument that we must increase the prices of commodities? The prices of commodities cannot go up if the price of money does not go down. The purpose of the bill is to make it go down. The argument is that it will make the price of commodities go up. If the commodities go up as a philosophy of inflating the currency, then we inflate the value of the bonds just the same, which amounts to cheapening them to that degree. There is no way to get around it. If we are ready to do that sort of thing, let us make it known to the world.

Mr. President, I know that it is claimed that this money will not lose its value. It is argued very largely on the basis of the greenback. A colleague of mine who does me the honor of listening reminded me yesterday of the debate on the greenback issue back in 1862. I regret that under the exigencies of getting final action quickly on the measure I shall not be able to read all that I should like to read from that debate. I want to compliment the Democratic leadership on the very fine attitude they have taken in giving ample time for discussion to all who desire to talk. I do not mean that we are rushing the measure through. We are not. But the limitation of time prevents my reading into the RECORD some of the startling prophecies made in 1862 in this and the other body when the progenitor of the bill that is now before us was considered for the first time.

Here is a statement on that issue in 1862 by Justin Morrill, one of the great minds of that day:

> It is pretended that as the whole United States are holden for the redemption of these notes they must be good, and will, therefore, pass at par, especially if made a legal tender. Never was a greater fallacy.

And the immediate future proved it:

> The United States are abundantly able to meet all the vast exigencies of this war, to pay all liabilities, only put them into the proper form. It cannot be done on demand, and it is a fiction to pretend to do so. They must be funded until the means can be accumulated for their redemption. As a mere currency no more of them can be used than enough to fill the demands of commerce. That measure is the extent they will go, and it is clear and well defined. Even when they were redeemed in specie, and stood at par all over the country—

And so on. The great statesman denounced that argument made in this body and the other body in 1862. This particular speech was made in the other body. The argument he denounced was the same that we are hearing made in both Chambers today on this child of the greenback that is now before us.

Justin Morrill further said:

> No historian has heretofore ventured to eulogize this mottle-faced villain—

Referring to Henry VIII, who was the progenitor of this sort of legislation—

> for contracting prodigious debts and then for swindling his creditors by paying them off in base metal, and, if he could speak from across the great gulf, I think he would tender thanks for the few drops of water poured upon his parched tongue by the gentleman from Massachusetts, though it comes late and through a Puritanic ally.

Another very eloquent Member of the House from my own State, Mr. Horton, made very prophetic remarks in connection with the issuance of irredeemable paper:

> During this discussion we have been told that old rules will not answer. I have read, and I presume all have, the saying of the wise man, that "the thing that has been done, it is that which shall be done"; and that "there is no new thing under the sun." I do not believe there is any new thing in the laws of finance. I do not believe all the legislative wisdom we could get together could, if concentrated in one man, discover any new thing in the doctrine of business. Experience, practical knowledge, are the only safe guides in this matter. But there is one great interest which you will appreciate, and which, I think, I know something of, and that is the interest of labor. Of all classes of community to be injured by this great act of oppression—and that is the true name for it—it is that vast multitude that get their bread by the sweat of their brow. You render the standard of payments uncertain, and they never will know what their wages are for a day's work or a month's work. The capitalist of New York, the millionaire here and there, will take care of himself, and the first thing he will do will be to send his means out of the country. Every man that has foreign relations in any shape will send his coin out of the country. Why?

That is a statement made in 1862 by a great statesman opposing the issuance of greenbacks; and yet there seemed to be such an exigency, with the Civil War aflame, that this bill passed, and was signed by the President of the United States.

What followed? First, there was only $50,000,000 issued; but that was redeemable in gold upon demand, and the value did not go down. In fact, that was not a greenback at all. Under the law known as the "Greenback Act" there was issued, first, $150,000,000, and it was thought that that was all that would be necessary. That was in February of 1862. By July, only 4 months later, another $150,000,000 was issued. Having alleged previously that $150,000,000 was all that would be necessary, in 4 months there was a total issue of $300,000,000. Then, in January of 1863, the issuance of another $150,000,000 was attempted, which was cut down $50,000,000, so that only $100,000,000 additional was issued. So the sum total amounted to $400,000,000 of these greenback promises to pay, not convertible into anything, but relying on a mere promise, the assertion being made all along that at once after the war was over they would be redeemed.

The present Presiding Officer [Mr. COPELAND], very familiar with the history of our country, knows that they were not redeemed immediately following the war; but, on the other hand, when the crisis of 1873 settled down upon us, another effort was made not only to renew but to increase the issuance of greenbacks. It passed, as the Senator from Oklahoma [Mr. GORE], who gives me the honor of his presence, well remembers, both the House and the Senate, and was defeated only by the veto of President Grant. That was as late as 1874. That was 12 years after the original issuance, with the allegation on the part of all interested parties that the greenback was merely an emergency measure, to be discontinued when the emergency was over. It was the natural course ever pursued by the advocates of fiat money.

Anything like inflation, such as the Greenback Act and such as the present measure is, feeds upon itself. It is natural to do it. The more we issue the more is demanded. We propose here to issue $3,000,000,000 of these notes. They are intended to be issued to increase the commodity price to lift the price level. Suppose the price level is not increased. Suppose $3,000,000,000 of issuance does not effect a change in the price level, or at least to the degree demanded by the debtor in whose interest this bill is urged. Does not every

man here admit that the moment it is determined that it is not sufficient to increase the price level there will be a demand to increase the issuance, and to increase it to the amount that will be assumed to be sufficient to make the desired change in the price level?

Mr. President, that is as inevitable as that the sun will rise tomorrow morning, and the President knows that that is what will happen. If the first issuance for any reason will not produce the effect that it is now alleged that it will produce, the argument will be, "We did not issue enough of them; and why, after starting upon this policy, should we defeat ourselves by refusing to do the obviously necessary thing in order to effect what we want done?"—and we shall be in the midst of an indeterminate amount of issuance of this kind of currency that is purely fiat. It has been the history of all fiat periods and will continue to be. Just as inflation is demanded after the failure of the expanded currency to increase the level so will more inflation be demanded.

Some Senator said yesterday that the present greenback has been based on gold since March 14, 1900, when the Gold Standard Act became a law, and argued that this issue is virtually based on gold. No, Mr. President; the price of our money fluctuated since the Civil War up to 1879. The greenback dollar went down as low as 35 cents. When we resumed specie payment, after a terrific fight in 1875, to take effect on the 1st of January 1879, making the greenback payable in gold, then, of course, it reached the 100-cent value; but there was a desire all along among Treasury officials that the greenback be retired. That was largely because it was claimed that the greenback issue, although in the amount of only $400,000,000, cost the Government $589,000,000.

I want Senators to give attention to that statement. We issued a Government note without any redemption feature on behalf of the people, and we issued it in the amount of only $400,000,000, and yet economists and historians tell us that that issuance cost the people of the United States, in addition to the $400,000,000, $589,000,000, or a greater amount than the purchasing power of the original issue. That is what always will happen; and here we propose to make this issuance of $3,000,000,000 that may be reopened at any time Congress sees fit!

Mr. President, on March 14, 1900, we did decide to make all of our money equal to gold; and in order to give that stamp to the greenback, which was the only item that was not covered with gold, we declared that there should be kept in the Treasury $150,000,000 in gold for its redemption. That $150,000,000, of course, is not set apart in the vaults as a separate sum. It is in the general fund; but the main thing that sustained the gold standard under that act was that in the same law we provided that when a greenback is taken in, it cannot again be paid out except for gold. That was done so that the Government would not be in the vicious circle of paying out the greenback, then the holder coming to the Treasury and demanding gold for it, the Government again having to pay it out, and then the holder coming back to redeem it in gold. That was stopped by the act of March 14, 1900; and that is the only feature that gives the greenback the stability that it now has.

So that when we talk about this particular issue being under the same law of 1862, with the amendments thereto, under which the greenback originally was issued, we are in error, because the amendment that is referred to in the supplemental items of the bill refers to an amount of gold without speaking of a ratio. So that when we make this issuance, that does not necessitate any degree of gold to be deposited to support it. Therefore, Mr. President, the contention on the part of the advocates of this measure that it is on the same basis as the present greenback, and is supported by gold, is not carried out in the terms of the bill and in the laws to which we refer. It is a pure example of fiat money.

Mr. President, the first serious objection that I have to any policy of inflation, and especially to this particular item, is that I claim it is a dishonorable proposal for us to make. It is a discreditable course for the American Government to pursue. It is a sovereign power repudiating a solemn obligation to its citizens.

It is breaking its plighted faith to the American people, and whenever a government repudiates its own good faith, repudiates its honor, it has little left. A promise that is made hereafter will not be worth the paper it is written upon if this practice is to be used as a precedent to point the future course of the Nation in its relations to its own people.

Mr. President, the principle of inflation as here proposed is that the Government will create a circulating medium in the form of a measure of value without creating any wealth. We cannot get away from the sound principle of wealth—that there is not a dollar in the country which does not represent wealth, and that wealth represents so much labor. There is no such thing as purchasing power that is not based upon wealth, which in turn is based upon labor. When we say that we will create these notes by mere issuance, we do not mean that we will add a dollar of wealth to the Government.

Now comes a proposal that we add to this amendment a sufficient amount to pay the adjusted-service certificates. That would be getting the money directly into circulation without adding any business at all. It would differ from the proposals to increase the currency, which could only be done by revival of business. Of course, I am opposed to that. I objected to it when proposed in the last Congress. It is true that if we go into this field, there is no reason why we should not extend the benefit to the veteran. But aside from this issue I want it understood that when I vote to pay the veteran the amount of the certificate that was issued to him in good faith, it will be paid, not in a depreciated dollar, but in a sound dollar. As I have said, I am not in favor of that amendment, because of the principle that is involved; but there is no reason why, if this proposal is sound, it should not be applied to the veteran as well as to the mere bondholder, who has to have his bond taken up by this sort of transaction.

Mr. President, inflation is merely creating price without value. It is attempting to pump into circulation money without any foundation, without convertibility, without any redemption element. For that reason if it operates—that is, if it cheapens the dollar as the proponents here say it will—it is going to be hardest upon the man who sells service, whether he be a laborer selling by wage, or a clerk selling his services for salary, or a teacher, or what not. It will be favorable, it is true, to the borrower, because he will be permitted to pay off a debt in a depreciated dollar. It will be hurtful not only to the lender, but it will be hurtful to every man who is dealing in the money of the country, whether he is a clerk, a teacher, a pensioner, an annuitant, a policyholder of an insurance company, it matters not what, any man who sells his services will have his money cheapened in the interest of increasing the prices of the things it buys and in that degree he is going to be hurt. It is designed by Government action to increase the cost of living. That is its admitted purpose and at a time when for millions of our people it is difficult to live.

Germany did not hesitate to issue money without provision for redemption, and the result was that it destroyed absolutely the entire middle class of that great country. The teachers, the annuitants, the pensioners, who had retired to live upon their savings, found themselves absolutely in want because the mark in which their savings had been invested and were paid was absolutely worthless. By one stroke of the pen the high command destroyed totally all the savings of a class of the German people, especially of the middle class, who could not take care of themselves; and while the German Government could not operate on the foreigner, it left him holding securities which were almost worthless to be collected if possible.

Mr. President, the proponents of this measure do not intend to do that, of course. Nobody in the Senate who is advocating the theory of this measure believes that he is heading to destroy all the middle-class people, but if this amendment will do what the proponents intend it shall do—

lift the price level of commodities—the only way to do that is to cheapen the dollar, and in the degree that the dollar is cheapened the pensioner is harmed if not ruined; in fact, 85 percent of our people are injured, that large portion of our people being the salesmen of services rather than the salesmen of commodities.

Mr. President, take the case of any store in this city or of any great industry of the country employing labor. The store is owned, we may say, by half a dozen people. They sell commodities and will get an advantage from this measure. But the hundred laborers, the hundred girls whom the half dozen men in that store employ, do not sell commodities—they sell service—and what effect will it have on them? It will cheapen their dollar, and their labor is the only thing they sell. We would increase the price of the commodity which they sell for the half dozen men, but we would decrease the purchasing power to the degree we increase the price of the commodity to the people who are working. Those girls represent, perhaps, 85 percent of the American population. Not over 15 percent, outside of the farming element, sell commodities. They will be selling commodities through the agency of the people who sell them services. This bill favors the half dozen at the expense of the hundred.

Mr. President, the very great danger of an inflationary movement is always worse upon the laborer than upon anyone else. That is because everyone knows that as we increase the prices of commodities by cheapening the dollar we do not increase either wages or salaries, and it is the wage earner and the salary earner who represent the vast majority of our people, probably 85 percent. This reduction of purchasing power among the masses must effect disastrously in the end the farmer, whose product is largely consumed by this portion of our people.

Mr. President, it is on the question of the effect upon the wage earner that I want to read a statement of a great Democrat. I know how useless it is to quote anybody these days. Congress and the Presidency are under the control, in a tremendous majority, sufficient to pass anything they want to pass, of a party that was founded by Jefferson. The classic statement of Thomas Jefferson, which we have all so often quoted, is that that government is best which governs least. I think that is true. There are Senators here who believe that to be true. Yet here is a sweep in the opposite direction, a step the length of which no people in America ever dreamed of taking before, and it is taken under the command of a leader of the party of Thomas Jefferson.

I know that it is futile for me to speak of Thomas H. Benton, the famous author of the celebrated work, Thirty Years in Congress, who, because of his strong advocacy of sound money, was known in history as "Old Bullion." It is useless for me to speak of great leaders like Samuel J. Randall and others—and I mention only great Democrats—who stood, like stone walls, against any such movement as is here proposed. Especially would it be of interest for members of the party in the majority to read the Democratic utterances in 1862, as recorded in the volume I have here before me, against the greenback issue, which was the progenitor of the measure we now have before us. I think it is perfectly futile for one to quote anything these great leaders in the past stated. It would not even make a dent in one's thinking.

I shall, however, refer to one for whom I had wonderful admiration, because I watched his career as the Presiding Officer of the House of Representatives long before I ever came to Washington. He later on became a famous Secretary of the Treasury under Grover Cleveland. When the question of inflation came up, John G. Carlisle, of Kentucky, used these words in opposition to the proposal:

> The evils of a fluctuating and depreciated currency must always fall most heavily upon the poor, who do not produce for themselves but for others, and who are, therefore, compelled to purchase with their wages everything they eat, drink, and wear. Their wages will remain stationary, or at best they will rise slowly and at long intervals, while the price of the necessities of life are liable to rise suddenly from day to day as the value of the currency changes, and consequently, what would appear to be a fair rate of compensation at the time a labor contract is made may prove to be grossly inadequate long before the labor is performed. The laborer cannot protect himself against fluctuation in the prices of commodities, for he cannot purchase at wholesale when prices are low and keep out of the market when prices are high. He must buy day by day, and he must pay out of earnings, whether their purchasing power will be great or small. The employer cannot afford to promise higher wages in advance, because with a depreciated and fluctuating currency he could not possibly foretell what the price of his product will be at any time in the future. Thus the laborer is the victim of two influences, neither of which can be successfully resisted by him. He must accept whatever wages are offered by employers or go without work and he must pay whatever prices are demanded in the market or go without food.

I do not believe any statement could be stronger than that one as to the effect of such a movement upon labor. I do not forget that the proponents of the pending amendment insist that the money is not going to be inflated to the point of losing its purchasing power. If it is not, then the purpose of the amendment falls, because the only purpose of the amendment, and admittedly the only purpose, is to increase the prices of commodities, which can only be done by decreasing the purchasing power of the dollar.

Mr. GORE. Mr. President——

The PRESIDING OFFICER (Mr. COPELAND in the chair). Does the Senator from Ohio yield to the Senator from Oklahoma?

Mr. FESS. I yield to the Senator from Oklahoma.

Mr. GORE. I should like it to go into the RECORD at this place that Daniel Webster said in the Senate that "paper money is the most effective machine ever devised by the wit of man to fertilize the rich man's field with the sweat of the poor man's brow." That statement of Daniel Webster corresponds with what the Senator from Ohio has quoted from Carlisle.

Mr. FESS. I thank the Senator from Oklahoma; and since he mentions Daniel Webster, I want to read a statement from another famous Webster, Pelatiah Webster, who was regarded in the Revolutionary days as one of the advanced thinkers in America, and a greater leader in the formative period of government.

The PRESIDING OFFICER. Will the Senator from Ohio permit the Chair to announce that the hour of 2 o'clock having arrived, the Senator will now be under the limitation provided in the unanimous-consent agreement of 15 minutes on the bill or on any amendment?

Mr. FESS. I thank the Chair. I shall finish within that time.

Pelatiah Webster, commenting upon the dangers of inflation in the colonial days, made a pregnant statement. When someone said that paper money had saved the country, as some Senator said here the other day that greenbacks saved us in the war, this is what Pelatiah Webster said:

> If it saved the State, it also polluted the equity of our laws; it turned them into engines of oppression and wrong; corrupted the justice of our public administration; destroyed the fortunes of the thousands who most confided in it; enervated the trade, husbandry, and manufactures of the country, and went far to destroy the morality of our people.

The famous Andrew D. White, a notable educator, historian, and diplomat, said, speaking of inflation:

> As values became more and more uncertain there was no longer any motive for care or economy, but every motive for immediate expenditure and present enjoyment. So came upon the Nation the obliteration of thrift. Luxury, senseless and extravagant, set in. To feed it there came cheating in the Nation at large and corruption among officials and persons holding trusts. * * * Faith in moral considerations, or even in good impulses, yielded to general distrust. National honor was thought a fiction, cherished only by enthusiasts.

That is strong language as applied to legislation.

Mr. President, inflation, in its natural result, is disastrous morally, socially, and economically. I know of nothing which has such disastrous economic effect as an unstable currency. I know of no worse business calamity that could befall our country than the inability of any man to know in what he is to be paid after his contract is made. I know of no more unwise venture than to create a situation where those who think of launching into any enterprise which they

cannot execute at once but which is to be executed in the future cannot know upon what basis their contracts are to be fulfilled.

Only last week a business man saw me at my home and said that he was about to undertake a venture in the Adirondacks, in the State of the distinguished Senator who now presides over this body, and he said, "I do not know how to make my contract." All I could do was advise him to put an additional clause in his contract, if it is to be made now, protecting him from any inflationary effect of this proposed legislation. I do not know of any other way in which he might protect himself. I had not thought of the suggestion made by the Senator from Pennsylvania a while ago, but any legislation that unstabilizes the currency by substituting the element of uncertainty for that of certainty, ever a characteristic of our monetary system, makes it impossible for a contractor who looks to the future for the execution of his contract to know what the terms are going to be; and who is going to enter business and make a contract with that situation hanging over his head? If we were looking for a way to prevent a revival of business, we could find no surer method than the unstabilizing of our money.

Mr. President, I have tried to emphasize the fact that the one thing essential for us to get back on our feet is to give opportunity for business to resume. This administration started on that course. I think that its effort along the line of reducing expenditures, looking to the balancing of the Budget, is a wise course, and the whole country must commend the administration for its effort in that direction. It took courage to do it; courage was essential, and fortunately we had it.

Mr. President, so long as business has no chance to employ labor there will be no return to normal conditions. No matter what we do with the currency, we will only do harm. The thing we have got to do, without which there will be no satisfactory outcome, is to make it possible for the unemployed to be employed; and we must look to business for that result. What we should do is to live within our income by reducing expenses as much as we can, and then, if we must enlarge our scheme of taxation, be careful not to launch upon a plan of taxation that will destroy all opportunity for business resumption. Until we open the way for the reestablishment of confidence in the mind of the business man—and that can only come through a rational balancing of the Budget, by living within our income—I do not care what we do in the way of tampering with the currency, we are not going to secure employment for labor. And so long as labor is not employed we are not going to remedy the terrific depression under which we are now struggling.

I am willing to go a long way with the administration along that line, but they are asking me too much when they ask me to tamper with the stability of our dollar, which would make it further impossible for business to do what it must do; and in that event there can be no favorable outcome.

Mr. President, I cannot vote for this amendment. I regret I cannot vote for the bill to which the amendment is attached. I should like to vote for that particular portion of it which looks to the relief of the mortgage situation. I think there is a legitimate field for relief in that direction and that it is more or less fundamental. The provision has some dangers in it, but they are, I think, not very great. I cannot, however, Mr. President, go to the extent of placing agriculture under the control of one man; and certainly I cannot go to the extent of inflating the currency, with all the disastrous results to follow, if there shall ensue the effects for which the proponents of the bill are looking. I regard this particular movement, if it shall succeed as is now contemplated, as the greatest and most unnecessary gamble with the future of our people ever engaged in in all history. If enacted, this bill will cause the rich to become richer and the poor to become poorer, for it is the rich who are the common-stock holders and the poor who are the bondholders. I cannot vote for such a proposal as this in the face of the fact that you are starting something that you cannot stop. The talk of controlled inflation is mere nonsense in a government where politics controls.

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from Pennsylvania [Mr. REED] on behalf of himself and the Senator from Missouri [Mr. PATTERSON] to the amendment of the Senator from Oklahoma [Mr. THOMAS].

Mr. HATFIELD. Mr. President, at the conclusion of my remarks I ask unanimous consent to have printed in the RECORD a statement by the president of the American Federation of Labor dealing with the subject of currency inflation.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit A.)

Mr. HATFIELD. Mr. President, I shall be brief in what I have to say by way of explanation of my vote upon this measure, which could well be termed an omnibus bill.

As I have heretofore discussed the farm-relief and farm-mortgage sections of the measure, previous to the amendment that has been offered by the senior Senator from Oklahoma [Mr. THOMAS] upon the subject of inflation of our monetary system, I shall confine my remarks to his amendment.

Mr. President, there is little doubt in my mind but that we should have an expansion of our monetary system. If not this, then there should certainly be a liberalization of the Federal Reserve System that will end this deflation and restore credit and protection to the debtor class so that they may be saved from complete loss of their investments, and in many instances of their homes.

The character of expansion that I favor, if it is practicable, and I believe it to be, is one that should be made upon a sound basis without in any way reducing the metal base that has served us so well from the beginning of our Government down to the present time.

The first method of extending credit is through the Federal Reserve banks, but it has one objection, namely, that it deprives of the credit facilities private and public enterprises and also the individual citizen who is sorely in need of such credit at the present time. If the obligation is assumed by the Federal Reserve System through its member banks to the extent of $3,000,000,000 of Government securities, I am impressed with the thought that possibly these banking institutions will limit the necessary credit the public desires if the method proposed shall be adopted.

The second method, which provides for the issue of $3,000,000,000 of fiat money, to be used by the Federal Government to meet maturing obligations and to purchase bonds, is not my idea of properly safeguarding a sound financial system, such as the United States has enjoyed since the return to specie payments and the redemption of the greenbacks in 1879.

In the past, when the opportunity afforded, I have voted against this idea of inflation.

I am so impressed, Mr. President, with the importance of providing some relief, which does not seem to be forthcoming through the Federal Reserve System, that, out of necessity, and due to my confidence in the never-failing response of the taxpayers of this country in support of their Government from the beginning down to the present time, I feel I would be justified in giving my vote, under the circumstances, in favor of the first two methods of providing additional credit. Especially is that true, Mr. President, when there is a limitation as to the amount of the issue of this fiat money, not unlike that provided in the case of the fiat money which was issued during the direful period of the Civil War, which saved for us the Union which we enjoy at the present time.

To the third method I am unalterably opposed, and I trust that this paragraph may be eliminated from the amendment as a tribute to the development of our Nation, to its progress, and to its welfare, in that we have never in the history of 150 years in any way depreciated our currency except in one period, and that was during the period

of the issuance of greenbacks, which finally were redeemed at par.

The one outstanding achievement of the American people in the conduct of their Government through the succeeding Presidents and legislative bodies, from its foundation to the present time, has been their fundamental conviction favoring a monetary basis that was indestructible and never failing in its value as a redeemer for all mediums of circulation that might flow in the stream of commerce and trade, and that the recipient or owner of one of the certificates of indebtedness represented by our paper currency could find an element, basic in its character, that would redeem and keep it upon a parity with the gold standard which was adopted on April 2, 1792, and which has continued down to the present time, its value not being reflected because of its adornment by being minted, but represented in the basic element, the value of which has not varied for a period of 100 years.

The ruinous prices the distinguished senior Senator from Oklahoma [Mr. THOMAS] speaks of in his masterful address on April 24, 1933, are going on not only in the sale of farm products but in the factory and the mine as well.

The buying power of one third of the people has long been dissipated, and it has been reduced by 50 percent for the other two thirds. There has been no effort made to create work opportunities for the industrial worker. There could be a greater amount of employment made possible, but the Congress has failed to provide these opportunities.

Can these opportunities be reclaimed through international conference, where money values are to be discussed and agreed to, if possible? I admit that it is an important phase to stabilize the entire economic condition that exists in the world. This conference, however, is far away and does not hold any immediate hope to the hungry.

In the month of June the parley takes place, and in all probability it will be many weeks or months beyond the ending of the parley before any real relief comes. In the meantime we are doing nothing in the way of an effort to relieve our own people in a permanent way. This attitude has been continued for the past 1½ years, while other nations have acted, and that, too, with telling results, where idleness has been ameliorated and many industrial workers have found employment in these countries. Much of this employment, which is enjoyed by the workers of Europe and Asia who were formerly idle, has been to the great disadvantage of our own workers.

What we need in America is business—a demand for industrial products, which means work for the unemployed. This accomplishment would bring about purchasing power. What the industrial owner and industrial worker need today is credit, which is more and more denied to them for the reason of their lack of earning power, first, on the part of the owner, and, secondly, on the part of the worker.

This element of credit is the very lifeblood of individual and industrial existence and is being denied at the present time by the banking institutions for the lack of demand for the products of these industries which deprives them of earning power.

The query that I make, Mr. President, is whether credit will come, even should inflation be voted by Congress, with the present set-up in the way of facilities through the Federal Reserve System. I am sure this will not be the case if it is left to them to liberalize credit unless business is assured to those in need of financial credit. Indeed, it would be an injustice to inflate our currency if we are not at the same time going to provide work opportunities for the unemployed.

In keeping with the facts that have been presented in the able discussion by the senior Senator from Oklahoma [Mr. THOMAS] a campaign for contraction and deflation instead of liberalization must be uppermost in mind of those responsible and who represent the controlling power of the Federal Reserve Banking System. In my judgment, they justify this attitude upon the continuous and ever-failing business condition in the way of a lack of demand for the products of the average manufacturing industry of the country.

This fact was well proven by the distinguished senior Senator from Oklahoma [Mr. THOMAS] in his able argument when he pointed out that there were only two industries in America at the present time entitled to credit. The one is the brewery and the other the bottling industry of America.

It may be argued that the brewery and bottling business is not pertinent to the question I raise. The support that I wish to offer to this contention is that both the representatives of industry and labor are in accord; and if there is anyone who doubts, I would respectfully refer him to the hearings that were held before the Ways and Means Committee of the House on the subject of depreciated currency in January and February 1933.

If American industry was placed on a competitive parity with the European and Asiatic countries in the American trade, I have not the slightest doubt, Mr. President, that millions and millions of our unemployed would be put to work. The steel mills would increase their production. This would call from the mines, the forests, and the furnaces the products necessary to the operation of this basic industry.

I have had sufficient proof in the study of unemployment from the time Europe and Asia went off the gold standard to convince me that if the opportunity were afforded it would have my enthusiastic support, as I am thoroughly convinced that it would do more to relieve the distress which exists today than any other legislation we can enact.

Mr. President, labor is the basis of all wealth. Sound money is the lifeblood of any nation of people. Without it they fail and decay. I am in agreement with President Roosevelt when he stated "that it is imperative that we have sound money."

I can follow enthusiastically and patriotically the admonitions given by that great American, Thomas Jefferson, whose name we so often hear extolled on this floor. In 1792 Jefferson wrote Hamilton as follows:

> With respect to the dollar, it must be admitted by all the world that there is great uncertainty in the meaning of the term, and therefore all the world have justified Congress for their first act of removing the uncertainty by declaring what they understand by the term, but the uncertainty, once removed, exists no longer, and I very much doubt a right now to change the value, and especially to lessen it. It will lead to so easy a mode of paying off their debts. Besides, the parties injured by this reduction of the value would have so much matter to urge in support of the first point of fixation.

Do we wish to bring back the doubt eliminated by Jefferson when the value of the gold dollar was agreed on? I think we should continue in the future, as we have in the past, to maintain the standard of our basic money at a value of 23.22 grains of pure gold to the dollar.

Again, Mr. President, I have been aided in my arrival at a conclusion as to the course I shall take in dealing with the third clause in the bill by the expressions of that great statesman, Daniel Webster, who graced this Senate body 90 years ago in the trying hours of our Nation's future destiny. At that time, referring to cheap money, he said:

> He who tampers with the currency robs labor of its bread. He panders, indeed, to greedy capital, which is keen-sighted and may shift for itself, but he beggars labor, which is unsuspecting and too busy with the present to calculate for the future. The prosperity of the work people lives, moves, and has its being in established credit and steady medium of payment.

Mr. President, I am convinced that there is something wrong with the banking institutions of this country and those who are responsible for the direction of this important and essential necessity to the American people.

We are told they have something in liquid reserve ranging between 60 and 70 percent. There must be some reason for the masters of these banks continuing to grind down upon those who owe them obligations, destroying individuals and industries without reason or justification in an apparently unsympathetic and heartless manner regardless of the security that may underwrite the obligations. In other words, Mr. President, deflation with an average banking

institution is being carried on now with a more relentless hand than ever before in the progress of this depression. The explanation given by the patriotic senior Senator from Oklahoma [Mr. THOMAS] in justification for the attitude he takes in advocating this radical legislation, which he says is epochal and not in keeping with any principle submitted to a parliament in the last 6,000 years, is clearly disclosed when he points out the course adopted by the Federal Reserve System.

Mr. President, it is within my personal knowledge that in their examinations the bank examiners treat any loan as doubtful, and in many instances as bad, if the maker cannot liquidate it on demand, regardless of the worth of his collateral. Pray tell me, Mr. President, why any man living under the American flag would wish to borrow money when he could liquidate any obligation that he places with the bank? It is beyond my understanding and it is not in keeping with sound business. If this attitude of those who control the Department of the Comptroller of the Currency, as exhibited through the examiner, reflects the attitude of the banker toward his customer in this merciless campaign of deflation against the citizen who finds himself unfortunately a debtor in this direful period, this practice should be stopped and should have the first consideration of the President. Or is it the policy adopted by the Federal Reserve System? If so, it should be remedied. Any additional assurance of relief in the way of money will not improve the situation until the practice has been changed.

If it is the policy to place the additional liberal credit which the second section of this bill gives through the same channels, with the same set-up and the same policy that now controls, it will not bring relief. Indeed, it will be a failure.

In many instances we find moneys invested in stocks which are frozen, for the reason that the industry is not operating; and if that is so only to the extent of 15 percent of the time, these stocks are worthless today, according to the average national-bank examiner. They are held to be of no value; and the same thing is true of any local stock the value of which is not reflected or expressed in some way or other on the stock market of this country. This has been the attitude of the bank examiners, even in prosperous times.

In other words, Mr. President, instead of that the Federal system of banking encourages local and individual and independent enterprise, which would tend to build up a community, the reverse is the attitude of the gentlemen with almost plenary power representing the Comptroller of the Currency in the examinations of the local banking institutions of this country. These examiners are governed by the quotations of stocks and bonds on the stock exchange, which vary from day to day, and do not truly represent the book value or the values at maturity of the stocks and bonds and other securities held by the bank. The fictitious value of stocks represented on the stock exchanges do not represent the true assets of stocks held by the bank. Nevertheless these bank examiners insist upon marking down the assets of the bank in accordance with quoted prices on various exchanges.

For that reason, Mr. President, many, many a bank is closed today because the examiner, supported by the Comptroller of the Currency and the chief examiner here in Washington, required securities to be charged off as worthless or at their market price, although when they matured they were in fact redeemed at par by those who issued them. I know of instances of that kind that have taken place since the adoption of this policy by the Treasury Department.

Statistics show that there is more money in circulation now than ever before in the history of the country.

The following table shows the amount of money in circulation at certain periods of our history:

Jan. 1, 1879	$816,266,721
June 30, 1914	3,450,434,174
Mar. 31, 1917	5,126,267,436
Oct. 31, 1920	6,761,430,672
June 30, 1924	5,226,242,000
June 30, 1926	6,358,384,000
June 30, 1927	6,604,431,000
June 30, 1928	$6,379,202,000
June 30, 1929	6,603,283,000
June 30, 1930	6,263,075,000
June 30, 1931	7,047,992,000
Mar. 31, 1932	7,365,012,747
Feb. 28, 1933	8,177,608,183
Mar. 31, 1933	8,639,786,602

In addition, the Glass-Steagall Act gave the Federal Reserve System additional power to issue Federal Reserve notes partially based on United States Government obligations.

Mr. President, in support of the contentions that I have so frequently expounded I wish to quote from an article entitled "National Ideals and Internationalist Idols", which appeared in the Harvard Business Review of April 1933. It is by Wallace B. Donham, dean of the Harvard Business School. I quote as follows:

> I am aware that I am accused of narrow nationalism, of advocating even cultural isolation. Neither criticism is one to which I can assent. I agree with an eminent Englishman who recently said to me, "The best service you can do for Europe is to work out your own problems."

Continuing, Mr. Donham said:

> Speaking specifically about the greatest curse of modern civilization, unemployment, he went on, "It is too late for us to originate solutions in England; it is too late on the Continent. It is not yet too late, but soon will be, in America. It may not yet be too late for us in Europe to learn from your experience." Still speaking specifically of unemployment, but for myself, I have no hope we can work out this problem except by isolating it at our national border beyond which understanding and control cease.

This course seems to me to be logical, safe, and sound. This policy, if adopted, deals with something we control. The fact that history establishes beyond dispute that the American people purchase more imports when they are in full control of their home market is most confirmatory as to the safe course that should be taken, without experimenting with new theories at this hour of our peril, and, if adopted, would bring a greater amount of happiness and the greatest assurance of speedy relief that is within our power.

Debts can be contracted by law, but they must be redeemed by toil.

Is it possible that those who bought Government bonds during the World War to enable the Federal Government to procure credit under a Democratic administration to assist in the financing of Europe must now be compelled to take fiat money in payment, although these obligations bore the guaranty that they would be redeemed in gold?

For years before and after our entry into the World War we enjoyed the comforts of going into debt. The facility of credit was developed by the increased circulation of money issues, amounting to $5,000,000,000, and by the execution of notes, letters of credit, and trade acceptances to the amount of many more billions of dollars.

While it will be admitted that our country and our people may be in financial difficulties, it is my belief that the history of America warrants the statement that it is unnecessary for us to repudiate any of our solemn obligations at this time.

The devaluation of the gold dollar, I forecast, will be referred to by future historians as the epochal period of the economic and commercial history of this country wherein the Congress of the United States, at the dictation of a President, deliberately voted power to the President which would enable him to repudiate solemn obligations to our people.

There is only one way for us to escape from the morass we are in, and that is by giving our own industrial workers employment. The best way to do this is to give them the market we control, which has been lost to them by the onslaught of foreign goods from depreciated-currency nations because Congress has failed to protect our own market.

Charity and the dole deprive their recipients of individualism. The constructive thing which accomplishes real good is to help others to help themselves, to give them the opportunity to transmute intelligence and muscle into wealth by the production of useful products that go to make up our commerce and trade.

Mr. President, no Member of this body who is guided by those policies which have made America great, those policies which have made the United States the leading nation of the world, those policies which have made residence in the United States the desire of the peoples of the world, those policies which have made it possible for the American in any part of the world to be proud of his heritage, those policies through which America can honestly say that we stand for the soundness of contracts and the soundness of money, can vote for this legislation, which devaluates the gold dollar, and transfers this responsibility, in violation of the Constitution, to another branch of the Government.

Mr. President, for the information of the Senate I should like to offer for the RECORD, and ask unanimous consent to do so, a statement of the production of gold in the world beginning in 1910 and coming down to the present time.

The PRESIDING OFFICER. Without objection, permission is granted.

The matter referred to is as follows:

Production of gold in the world

	Fine ounces
1910	22,022,180
1911	22,397,136
1912	22,605,068
1913	22,254,983
1914	21,301,836
1915	22,737,520
1916	22,031,094
1917	20,345,528
1918	18,614,039
1919	17,698,184
1920	16,130,110
1921	15,974,962
1922	15,451,945
1923	17,790,597
1924	19,631,001
1925	19,025,942
1926	19,349,118
1927	19,431,194
1928	19,755,622
1929	19,496,721
1930	20,836,318
1931	22,818,701

Mr. HATFIELD. This table shows that for the period 1910 to 1931 the yearly average production of gold in the world amounted to approximately 20,000,000 fine ounces, valued at $413,000,000. From this table the percentage of increase or decrease in the production of gold from year to year during this period can be easily computed.

I desire also to offer for the RECORD a similar table dealing with the production of gold in the United States from 1906 down to 1931.

The PRESIDING OFFICER. Without objection, permission is granted.

The matter referred to is as follows:

Production of gold in the United States

	Fine ounces
1906–10	22,993,218
1911	4,687,053
1912	4,520,719
1913	4,299,784
1914	4,572,976
1915	4,887,604
1916	4,479,057
1917	4,051,440
1918	3,320,784
1919	2,918,628
1920	2,476,166
1921	2,422,006
1922	2,363,075
1923	2,502,632
1924	2,528,900
1925	2,411,987
1926	2,335,042
1927	2,197,125
1928	2,233,251
1929	2,208,386
1930	2,285,603
1931	2,395,878

Mr. HATFIELD. This table shows that during the past quarter of a century the United States produced a yearly average of approximately 3,500,000 fine ounces of gold valued at $72,340,000.

EXHIBIT A

[From the American Federation of Labor Official Information and Publicity Service, released for publication Saturday, Apr. 22, 1933]

William Green, president of the American Federation of Labor, issued the following statement by authority of the executive council regarding the new policy of currency inflation just announced by the administration:

"The executive council of the American Federation of Labor is fully appreciative of the fact that the new policy of currency inflation just announced by the administration is a matter of moment and of grave importance to labor. In operation it will seriously affect the economic and social welfare of the masses of the people. An increase in the price of articles which enter into living costs is bound to follow the inauguration of currency inflation. In fact, the primary purpose of inflation is to elevate price levels and to increase commodity prices.

"Obviously, labor will be at a decided disadvantage if commodity prices increase and wages remain stationary at the depressed level to which they have been forced through the pursuit of a wage-deflation policy. The buying power of the masses of the people has been greatly reduced through the imposition of reductions in wages. It has already reached the point where the workers are unable to buy either in quantity or in frequency. If prices are to be driven upward through currency inflation, the very limited buying power of the masses of the people will be further curtailed. This is especially true because it is reasonable to conclude that the price of the necessities of life will increase under the inspiration and influence of currency inflation.

"When there is added to this plan the further proposal to increase the price of agricultural products through the imposition of a tax to be collected by processors of farm products, which will add very greatly to an increase in the cost of living of the masses of the people, we have a full realization of the plight of labor under the operation of currency inflation and the enactment of the agricultural bill.

"Labor realizes that an acute situation is being developed as a result of these economic, financial, and legislative proposals. Government workers, who are passing through a period of wage deflation and of increasing unemployment, through dismissals from the service and impending dismissals, have had no opportunity to readjust themselves to their changed financial and economic status.

"The effect of these proposed changes upon the millions of part-time workers will be most injurious. Part-time work means part-time pay. They have already suffered a double reduction, part of which is reflected in reduced wages and the other part in reduced working time. An increase in commodity prices will add very greatly to the economic and financial difficulties of this group of working men and women.

"The millions who are unemployed will also be seriously affected.

"Unless the relief allowance now being made by relief agencies is increased proportionate with the increase in commodity prices, the relief agencies will be compelled to substantially reduce, and in many instances withhold, the very small amount of relief now being distributed among those who are dependent and suffering. The problem of supplying relief to the millions who are in dire need has become one of the most serious problems facing our people.

"As a matter of sound public policy, as well as of justice, an increase in wages should precede an increase in commodity prices. Unless this is done the consuming power of the people will be lowered, rather than increased, through the adoption of a policy of currency inflation.

"The members of the executive council are determined to safeguard the interests of the wage earners by insisting upon increases in wages immediately. The deleterious effect of currency inflation upon the social and economic life of working people can only be offset through increases in wages and through an increase in mass purchasing power throughout the Nation.

"We propose to call upon labor to begin the fight immediately for wage increases and to use such legitimate influence and power as may be at their command to bring about the restoration of the buying power of the masses of the people."

Mr. COUZENS obtained the floor.

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

Mr. COUZENS. I yield.

Mr. LA FOLLETTE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Brown	Costigan	Goldsborough
Ashurst	Bulkley	Couzens	Gore
Austin	Bulow	Cutting	Hale
Bachman	Byrd	Dickinson	Harrison
Bailey	Byrnes	Dieterich	Hastings
Bankhead	Capper	Dill	Hatfield
Barbour	Caraway	Duffy	Hayden
Barkley	Carey	Erickson	Hebert
Black	Clark	Fess	Johnson
Bone	Connally	Fletcher	Kean
Borah	Coolidge	Frazier	Kendrick
Bratton	Copeland	George	Keyes

King	Murphy	Robinson, Ark.	Trammell
La Follette	Neely	Robinson, Ind.	Tydings
Lewis	Norbeck	Russell	Vandenberg
Logan	Norris	Sheppard	Van Nuys
Lonergan	Nye	Shipstead	Wagner
Long	Overton	Smith	Walcott
McAdoo	Patterson	Steiwer	Walsh
McCarran	Pittman	Stephens	Wheeler
McGill	Pope	Thomas, Okla.	White
McNary	Reed	Thomas, Utah	
Metcalf	Reynolds	Townsend	

The PRESIDING OFFICER (Mr. POPE in the chair). Ninety Senators have answered to their names. A quorum is present.

Mr. REED. Mr. President, will the Senator yield?

Mr. COUZENS. I yield.

Mr. REED. I desire to offer a modification of the amendment which I have heretofore offered to the pending amendment. I have moved to strike out the first 18 lines on page 5. I modify that suggestion now, as follows: I move to strike out the first 18 lines of page 5, and to insert in lieu thereof the matter which I send to the desk.

The PRESIDING OFFICER. The clerk will report the amendment.

The LEGISLATIVE CLERK. The Senator from Pennsylvania offers the following modification of his amendment, on page 5 of the amendment of Mr. THOMAS of Oklahoma to strike out lines 1 to 18, inclusive, and in lieu thereof to insert the following:

By proclamation to fix the weight of the silver dollar in grains nine tenths fine at a definite fixed ratio in relation to the gold dollar at such amounts as he finds necessary from his investigation to stabilize domestic prices or to protect the foreign commerce against the adverse effect of depreciated foreign currencies, and to provide for the unlimited coinage of such gold and silver at the ratio so fixed.

Mr. REED. Mr. President, the purpose of this amendment is to narrow the question down to the debasing of the gold dollar. If my amendment as modified shall be agreed to, it will not affect the action of the Senate taken last night in adopting the Wheeler amendment, relating to the coinage of silver. I present this amendment for the purpose of bringing the question squarely upon the matter of the modification of the gold dollar, as it is called.

Mr. BORAH. Mr. President, does not this mean the constitutional question with reference to the delegation of power just the same as it would be with reference to the gold dollar?

Mr. REED. It does.

Mr. COUZENS. Mr. President, I would not be in favor of the pending amendment if I thought we would not have any more legislation with respect to currency inflation and deflation. I am convinced that within a year or less we will be again legislating with respect to these matters.

We have been following the road of deflation now for over 3 years, and the climax of this ruthless deflation is now here. We have thousands of banks closed and practically no yardstick for measuring values. The life's savings and accumulations of millions and millions of our citizens are being wiped out. Much has been said during the debate regarding the effect of inflation upon the holders of insurance policies, the savings in savings banks, and the savings of our people being affected by this inflationary proposal. However, let me point out that under the ruthless deflationary policy now going on the savings of our people are in greater jeopardy than ever before, and are in greater jeopardy than if we passed the pending amendment. My understanding is that the effort of the administration is to stabilize the value of money, because they are aware that inflation, if permitted to run too fast, would be a calamity. They know that when deflation occurs, as it is now, industry stalls, exchange of goods is stopped, unemployment occurs, and there is starvation in the midst of plenty. Everyone knows that when the medium of exchange fails to function the organization of society that depends on this medium is attacked. They know if we cannot have a stable measure of value there is danger of forcing some kind of socialistic state that will attempt to regulate distribution of the production and the earnings of the people.

The word "inflation" is an anathema to some people, the same as the word "dole" is an anathema to others, but in neither case is a reasonable consideration given to these movements. The country has been deflated to such a point that there must be some inflation to reflate the deflation. Almost everyone will agree with this, but the differences will arise as to the method. There is, however, a group of our people who believe we should go through with deflation and proceed with bankruptcy, foreclosures, public defaults, and repudiation of every kind. They recognize that the lending of money is merely postponing the end, and, believing that, they have found fault with the loans made by the Reconstruction Finance Corporation almost from the beginning.

Shortly after the operations of the Reconstruction Finance Corporation were begun I recognized that this would not accomplish what we contemplated at the time the act was adopted. Shortly I realized that we were pouring into the railroad structure millions of dollars that were not justified. I realized that we were doing that with many banks and some insurance companies. The deflationists also recognized that their interest was in a complete deflation, while my objection was based on the preservation of the Government's credit and the weeding out of false values and false capital structure.

Mr. President, to carry on this deflationary movement will take perhaps a decade. It will mean bankrupt homes, farms, and industries. It will mean sales at less than new costs of construction, regardless of how low these costs may fall. There will be no revival of basic or heavy industries. There will be more severe unemployment than now exists. There will be vigorous efforts to reduce taxes, but these reductions will not even meet the requirements for feeding the unemployed. The ruthless cutting of wages and taxes will simply mean more taxes to feed the unemployed. Public debts will increase, and many Government units will default in their obligations. The strain on the public for taxes to feed the unemployed and the social confusion from such general bankruptcies may make it impossible to complete the deflationary program. So far as I know no such violent deflation has been carried in any modern nation.

CREDIT EXPANSION

There has been justifiable criticism of the Federal Reserve System. Weak and inadequate steps were taken during the orgy of credit and speculation in 1928 and 1929. They could have properly managed credit at that time and prevented the crash which every thinking person knew would occur. The future could not be capitalized for years in advance, and so the inevitable crash.

To be fair, however, it might be said that the Federal Reserve System could not have prevented all of the stock-market boom, but had they started early enough they could have curbed it sufficiently to have prevented the almost entire collapse that we have suffered. Some say that credit management could not have prevented a decline in commodity prices, but I submit that all of the evidence clearly indicates that the crash in commodity prices came immediately after the financial or credit collapse.

Causes cannot always be defined, but there is sufficient evidence to indicate some of the causes which brought about the collapse. Not only was there excessive speculation but there were millions of our citizens living beyond their incomes, capitalizing the future through installment buying, and always having in mind the idea of getting something for nothing. Now, when we come to consider ways and means of bringing about an equality between debtor and creditor the gold interests consider it sacrilegious. The mere suggestion of taking anything from gold is called "the urge of pronounced left-wing radicalism." Even on the floor of the Senate yesterday it was said that this left-wing radicalism, with which the administration is charged, means socialism or communism. It was even said with great vehemence and force by my colleague that he was not sure but that the trend was "in the direction of the edge of pronounced right-wing radicalism, which bespeaks its power and its efforts and its authority in the terms of Hitler-ism and Mussolini-ism."

Mr. President, no such force and energy and no such language were used when there was put in the hands of the President, in the passage of the Economy Act, the power to affect the lives and the living conditions of millions of our citizens. In fact, the Economy Act was passed with considerable enthusiasm. There were many in the Senate who were delighted at the opportunity of taking $400,000,000 away from the war veterans and $100,000,000 more from underpaid Federal employees. They were enthusiastic in the victory of the National Economy League. There was no left- or right-wing radicalism in that vote. The most vigorous opponents of the pending admendment are the ones who most gleefully voted for the Economy Act.

A distinguished Member of the House of Representatives, in a speech at Philadelphia the other night, said that the measures already passed and proposed by the Roosevelt administration would reduce the country to economic slavery. Well, Mr. President, what have we now? We have perhaps everything else but the name. Do the workers of the Nation have any voice in their destinies? They do not. They accept what their masters dictate. They take handouts from the States and municipalities, containing the vitamins that the authorities say they should have.

Mr. President, the colored people when in slavery in the South were better cared for than millions and millions of our workers today are. Oh, it is one thing to take something from gold; that is reprehensible and in violation of a sacred contract. Everything with respect to property is sacred; but it is the highest degree of statesmanship to take billions out of the veterans and the workers of the Nation. That takes courage. It is said that is the highest degree of administrative ability; but when you tread on the sacred rights of property, then that is sacrilegious; it must not be.

Mr. President, I am no more in favor of an autocracy or a dictatorship than any other Member of this body, but I recognize a crisis and I am willing to give an opportunity to the people's leader to develop ways and means of relieving these intolerable conditions.

The Senator from Pennsylvania, only a few months ago, stated on the floor of the Senate that what this country needed was a Mussolini. There was no criticism when the four M's—Morgan, Mellon, Mills, and Meyer—had complete authority to rule the volume and the value of our money. There was no complaint about that absolute autocracy. Now we are proposing to set up an autocrat to deal with our currency, but one who has been selected by the people themselves. What is there so terrible about selecting our own autocrat, rather than letting the self-appointed ones do the job?

My colleague, the able and intelligent Senator from Michigan [Mr. VANDENBERG], said yesterday, "We cannot rebuild American commerce and American economics on a basis of uncertainty." What does he mean by that? Does he mean that in the last 3 or 4 years we have proceeded with certainty? Does he mean that American commerce and American economies have been proceeding with certainty? The only certainty my colleague seems to be assured of is the certainty that the thousands of banks are not going to be permitted to be opened and that the ruthless deflation will continue.

I am convinced that there is no salvation in title I of this bill, which puts such an autocratic power as to prices and taxes in the Secretary of Agriculture. I have no confidence in the mortgage-relief section of the bill; not any more than I had in the infamous home-loan bank bill, which was passed at the last session of Congress for purely political reasons. Neither have I any faith in any of this patchwork legislation relating to our economic system. The only exact justice that can be done, as I see it, is to raise prices, and have the rise affect all alike.

Finally, I do not anticipate that the President will use the section permitting the revaluation of the gold content of the dollar unless it be for the purpose of creating international parity in exchange. Should that be accomplished under this authority, the welfare of even the bondholders who hold bonds requiring payment in gold will be better off; but, whether they are or not, there has certainly been no justice done to the farmers and the workers of the Nation through the maintenance of the gold standard; and if they have been required all these years to make sacrifices for its maintenance, then those who have profited by its maintenance should be willing to make some sacrifices.

Mr. President, the problem today is not whether creditors will be paid any particular brand of a dollar, but whether they will get anything at all. Sometimes they get less than nothing, for they get a non-income-bearing property with delinquent and future taxes to care for.

The PRESIDING OFFICER. The time of the Senator from Michigan has expired on the amendment.

Mr. COUZENS. Mr. President, I will reserve what time I may have on the bill.

Mr. WALSH. Mr. President, falling prices have been the outstanding phenomenon of the depression, which is now in its fourth year.

We have had deflation on a scale unprecedented in history. For months and years we have tried to stem the tide of steadily falling prices, which have wiped out the equities of home owners, shut down plants, paralyzed industries, prostrated agriculture, and thrown millions out of employment, and have doubled and trebled the debt burden.

We have tried one expedient after another in an attempt to stay the downward sweep of prices. There is little dispute that most of the economic troubles from which our country and the world are now suffering root in the inability of man to sell either his labor or his goods for an adequate price.

Economic recovery, if and when it comes, must bring higher prices. We all believe that higher prices will bring about the revival of trade and industry, which is the only cure for unemployment. Our common objective, then, is higher prices.

Inflation, by whatever method employed, is admittedly a short cut to higher prices. When prices rise the purchasing power of the dollar is diminished. The dollar, in terms of what it will buy, is cheaper. Now we are contemplating the same thing in "reverse English"—cheapening the dollar by expansion of the currency, which diminishes its purchasing power and increases prices.

A cheaper dollar is not necessarily an unsound dollar. A cheap dollar may be just as sound as a dear dollar. We have heard much talk about a stable dollar, but what has been stable about our dollar during the past 3 years—a dollar which has soared in value while all else has fallen in value? Is a dollar which buys more tomorrow than it does today any more stable than a dollar which buys less tomorrow than it does today?

The Democratic Party during the last campaign pledged the American people sound currency. Our President renewed this pledge when he took his oath of office.

Those who oppose granting to the President the power and authority contained in the measure now before us to expand our currency or to devaluate our gold dollar or to remonetize silver contend that this is destructive of sound money. Quite obviously the measure lodges with the President a power which could be exercised to destroy our money, but no fair-minded person can believe that the power will be so exercised.

The grant of authority is tremendously broad. It is virtually unrestricted. It is without precedent. But the grant of authority does not in and of itself debase or inflate. It is but a permission.

I am mindful that our course is fraught with danger, but in our present situation the perils of standing still and doing nothing are just as great as the perils of moving forward.

So far as our currency is concerned, so far as our money is concerned, there are but three courses open to us:

First, we can do nothing. We can stand still; we can let nature take its course.

Second, Congress can, in theory at least, deal explicitly and specifically with our currency. We can, by an act of Congress, change the gold dollar or coin silver or issue bank notes. But if we face the realities of our situation we must

recognize that Congress in the present emergency cannot do this, for the reason that it is impossible to secure a concurrence of opinion of the Congress as to which of any one of a half dozen plans is the best one to meet our situation. This disagreement is no reflection upon Congress, because no group in Congress may with assurance at the present moment say positively how much inflation or what kind of inflation may best meet the needs of our own condition and the requirements of the world situation.

The third alternative, and the one which we are now proposing to follow, is to vest in the President a broad authority over our currency. As a practical matter, unless we do this we do nothing. It is contended that this course leads to uncertainty, because we do not know definitely what steps he may take. But is that uncertainty any greater than our present uncertainties? Is it any greater than the uncertainty implicit in impending corporate and individual bankruptcies, in the threatened collapse of our mortgage banks and insurance companies and in the bankruptcies of our municipalities, in wholesale defaults and debt repudiations? Is it any greater than the uncertainties implicit in what action Congress would take in the months to come if there be no betterment in conditions? There is only one certainty about the situation, and that is the certainty that something must be done and will be done to halt deflation and to lift the price level, with the confidence that rising prices will bring a revival of trade and industry and a reemployment of the millions now idle.

The threat of lower and still lower prices has paralyzed trade. The threat of higher prices, if "threat", be the word to apply to it, has the opposite effect. It stimulates buying, and buying promotes trade and trade promotes employment.

We all agree that inflation must be controlled. We all recognize that an uncontrolled inflation is the road, the certain road, to destruction. But how are we to control it?

We must lodge the power and authority over our currency somewhere. It is said that we are engaged in a great war on depression. We are fighting the battle on many fronts. The American people, by an overwhelming vote, have named their Commander in Chief.

Where else in the present crisis should that power and authority be lodged than with him?

I am mindful that we are told that inflation once embarked upon is impossible to control. We are told what happened in Germany and Russia when the printing presses were employed to utterly destroy the value of the currencies in those countries. The destruction was deliberate; their objective was to extinguish all debts. They employed inflation to commit financial suicide. Does anyone seriously contend that we intend to do likewise? Of course not.

France resorted to inflation; France depreciated her currency approximately 80 percent, and then halted it and stabilized at a 20-percent level. Inflation in France was tremendous, but it never got out of control. Those who point to Europe's experience with inflation, those who talk about inflation being a dynamite and explosive, indirectly assume that the control granted in this legislation will not be exercised intelligently, courageously, and without flinching; they assume that those who administer this power will not set a reasonable level and attain it steadily, methodically, and skillfully.

It is contended that any kind of inflation is a scheme for the relief of debtors at the expense of their creditors; that it subtracts from the value of bank deposit; that it is, in effect, a cut in wages. Such contentions entirely fail to take account of what has happened during the past 3 years, and what is happening today. During the past 3 years idle dollars in the banks, measured in terms of purchasing power, have been constantly increasing in value. That increase has gone on and on through the medium of low and still lower prices, to an accompaniment of bankruptcy, ruin, want, and destitution. We are going to stop that if we can. It is self-evident that to whatever extent our currency is inflated to that extent the purchasing power of bank deposits is diminished. We are subtracting something from them, but we are only subtracting from them part of the unearned increment, which has accrued to the dollars while millions have suffered.

With respect to the effect of higher prices on wages this ought to be said: If higher prices bring increased employment, then, though the individual dollars in the pay envelope be less, there are many more dollars in the total pay envelope of the wage earners of the country. Will the millworker, now on part time, be heard to complain if, because, though inflation depreciates the purchasing power of his daily wage, he now has a wage every day in the week rather than 2 days of the week? Will the man with a job now complain at a course which seeks to give a job to his brother next door who is now without a job?

What about debtors and creditors? We are proposing a course calculated to help the debtor pay his debts; but it is said we are helping the debtor at the expense of his creditor, and by that is meant that we are requiring the creditor to accept a cheap dollar instead of a dear dollar. But is the creditor worse off to collect his debts 100 cents on the dollar in cheap dollars than to be obliged to compromise his debt for 50 cents on the dollar in dear dollars, or to collect nothing at all, through the bankruptcy of his debtor? And that is what has been facing the creditors of the country for the past 2 years and continues to face them.

Mr. President, I believe the country commands the course which we are now taking. There has been a profound reversal of public sentiment on this question. My own attitude on this question has been one first of fear, then of doubt and uncertainty, and finally of confidence and conviction that we may safely embark on this course, and that only through the means of an expansion of credit and currency can we stem the tide of deflation which is submerging our country.

The change in public opinion does not mean that the country 6 months ago favored sound money and today favors unsound money. It is not that the country desires an orgy of depreciated currency, but it is because the country has finally reached the conviction that we must at all costs force prices upward, because the country understands that a cheaper dollar will mean higher prices, because the country has an unparalleled degree of confidence in our President—a confidence in both his courage and his capacity, a confidence that he will not misuse or abuse the powers which we are now to confer upon him.

The President has declared that he intends to use this power sparingly, that he intends to maintain his promise of sound currency, that he intends to do nothing revolutionary and nothing destructive with respect to our money. I am content, and I fully believe that the country is content, to rest upon that pledge. I support the pending amendment with the firm faith that it is for our country's welfare.

Mr. President, I ask to have read at the desk in my time an editorial from one of the leading Republican papers of Massachusetts.

The PRESIDING OFFICER. Without objection, the clerk will read, as requested.

The legislative clerk read as follows:

[From the Worcester Sunday Telegram, Apr. 23, 1933]

THE COUNTRY MUST HAVE INFLATION

The question may be raised legitimately whether those four Republican Members of Congress—Senator REED, of Pennsylvania, Senator WALCOTT, of Connecticut, Representative SNELL, of New York, and Representative LUCE, of Massachusetts—who have issued a counterblast to the Roosevelt inflation plan, really represent the dominant sentiment of the Republican Party. True, the Republican Party since 1896 has regarded itself as the defender of "sound money"; but there has arisen of late doubt as to what constitutes "sound money." Today it would appear that some of the swans of the "sound money" men were nothing more than ducks.

The contentions in the counterblast suffer grievously from a curious detachment from reality. They might just as well have been penned in 1896, 1908, 1921, or 1925, for they take no cognizance of current conditions. The radical inflationist spirit rampant in Congress, the temper of the public which observers are watching anxiously in many parts of the country, the pressing need that the drastic deflationary process be sharply reversed, the general situation at home and abroad—all these matters are ignored. Surely the great mass of Republicans cannot share this extraordinary aloofness from what is happening in the world.

Another serious weakness in the statement of the four gentlemen is that it contains no plan of its own. Thus it becomes neither more nor less than a plea to the Nation to resume standing pat. Now, nothing is deader than standpatism—not even Scrooge, who, it may be recalled, was deader than a doornail. President Roosevelt's present popularity, which no observant person can fail to note, is due not to the wisdom of his action, for that must be left to the future for determination, but rather to the fact that he has taken some action. The country had become thoroughly impatient with the do-nothing policy which Mr. Hoover maintained almost unbroken and in which Mr. Mills, his Treasury Secretary, who is mentioned as a sort of godfather to the counterblast, apparently acquiesced.

The American people today have put aside partisanship. They are not interested in the prospects of either the Republican or the Democratic Party. They are not interested in the ultimate political fate of Mr. Roosevelt or Mr. Hoover or Mr. Mills or Mr. Whoozis. What they are interested in, first, last, and all the time, is to get out of this depression. And they are convinced that they can't get out of it by sitting idle and listening to the pious mouthings of inert preachers of salvation through inaction.

Of course, the powers which the President asks for are awe-inspiring in scope. Of course, there is a chance that he will misuse those powers. But it is a chance we must take. If deflation is permitted to do its worst, we are bound to suffer, and to suffer more, in all probability, than we would from some degree of even unwise inflation. The problem boils down to the question whether we would prefer to have Franklin D. Roosevelt, as President, at the controls of the inflation machinery or to have Congress there. For nothing is more likely than that Congress, sooner or later, would go in headlong for inflation, perhaps grand-scale inflation, if it is not forestalled by the proposed grant of powers to the President. We think that, confronted with this choice, the considered opinion of the Nation favors the President.

Mr. BARKLEY. Mr. President, I realize, as most of us here do, how impossible it is to shed very much light upon the age-old question of money and its relationship to human welfare, in the short space of 15 or even 30 minutes. Nevertheless, I desire to give voice to some observations which I wish to submit on the subject as the result of whatever study I have been able to give to it during my spare time in the performance of other duties since the question has been before the Senate.

I dare say that outside of the spoken language of the nations of the world nothing else has had a greater influence over civilization than the question of money, its kind, its origin, its stability, its contraction, and its expansion. There are all sorts of theories about money, about the fluctuation of its value, about its standard and its soundness. The different theories about money are probably as extensive and as various as the theories or explanations or excuses which are given for the present economic condition, not only in the United States, but in the world.

In looking into the question with a view to seeking its solution, we cannot restrain ourselves merely by national boundaries. We must consider international conditions. We must consider the interrelationship of nations, of the exchange of products of the human hand and the human brain. We must consider the value of exchange among the markets of the world. We must consider how any given financial condition or standard in any country may be affected by world conditions, and in turn how that standard may affect world conditions.

We need not delude ourselves into the belief that we know all there is to be known about money. Four hundred years before the Christian era there was a definition of money by a great philosopher. Aristotle said something on the subject of money, and what he said about it is as true today as it was when he spoke the words.

After discussing its various relationships somewhat generally, he said:

> Money, then, has been made by agreement, as it were, a substitute for demand, and is so called because it exists not by nature but by law. It is within the power of the people or of governments to change it and to make it useless for the purpose for which it was coined or created. But money itself is not always of the same value. Money makes all things commensurable, for all things are measured by money.

Mr. President, there are two kinds of money recognized in the world, one being primary money and the other secondary money. Primary money is a money that is coined of metal, whichever may be the standard, and in our case gold is the primary money of the United States. It is the primary money of most of the nations of the world. Secondary money may be said to consist of subsidiary coins, of paper money issued by the Government, of bank deposits, and of checks and credits which are just as much money in the transaction of the business of the world as if they were gold or silver coin stamped with the imprimatur of the Government.

There has been developed in the world a sort of religious veneration for gold, and there are many who contend that gold is more valuable as money, not because it has been declared to be so by a government, not because it has been used for generations as the most convenient and most valuable medium of the coinage of money, but because of its intrinsic value. Mr. President, gold, outside of its quality as money, has no greater intrinsic value than any other commodity, depending upon the circumstances and the relationships and the desire for it anywhere in the world.

If I should be cast up tomorrow on a desert island and had to make my choice between a ton of gold and a barrel of apples, I would take the apples, because they would have an intrinsic value to me as food, whereas a ton of gold would be worth nothing and would have no intrinsic value. Gold money does not get its preference or value because of its intrinsic worth but because it has been recognized by the nations of the world as the most convenient form of metallic money. That is what has given it its value. If that were taken away from it, gold would have no more intrinsic value than it would be worth as a commodity in the arts and sciences of the world.

I think everybody, those who are for and those who are opposed to this amendment, recognize the fact that the world today is suffering from a fall in the level of commodity prices which has assumed the proportions of a catastrophe. Whether it be in the United States, or in England, or in France, or in Belgium, or in Australia, or in South Africa, we all recognize that the distress of the people, whether they be merchants or bankers or laboring men or farmers, is due to the catastrophic decline in the level of prices of products.

What has caused the decline of which we speak, and which we are seeking in some measure to remedy? Has it been an overproduction of the commodities that human necessity requires? Have the agencies of men been overworked in order that greater quantities of products may be turned out?

It may be true that in the case of some commodities there has been an overproduction. There probably has been too much sugar produced, too much coffee raised, too much copper produced; but, on the whole, throughout the world, as an average, there has been no such thing as overproduction. Because one half of the world may be hungry, we cannot ascribe that hunger to the fact that the other half has produced too much food. Because one half of the world may be naked today, it cannot be charged to the fact that the other half has made too much clothing. As a matter of fact, if we take the period from 1922 to 1928 as a fair average of the normal advance of an economic world, we find that there has been no overproduction, because the increase in the average production of the human race has been only about 3 percent per annum, which I think most economists will agree is not an abnormal increase in the productivity of the human family, based upon a growing civilization, based upon the desire of men and women everywhere in the world to improve their condition, based upon a desire to enjoy more of the necessities of life and more of the luxuries likewise as they are able to increase the consumption of necessities.

So, Mr. President, we need not delude ourselves into the belief that the distressful situation which we are seeking to remedy has been brought about by overproduction; but there has been an underconsumption, not only among the people of Asia, of Africa, of Russia, of England, or of Europe, but on the part of the people of the United States, and that underconsumption has been brought about by their inability to buy the necessaries of life. In other words, demand has not kept pace with production; and by "demand" I mean desire plus the ability to purchase—for that, after all, is what demand is.

It makes no difference how much I may desire a suit of clothes, or a new house, or a new automobile; unless I possess the purchasing power, there is no demand in the real sense of the word. So that when we speak about supply and demand, we may speak on the one hand of the amount of goods available to be purchased, which may be controlled in its price by the demand of the people; but when we speak of "demand" we speak not of desire, not of wishes, not of longings, but we speak of desire in its relationship to our ability to translate that desire into the possession of the thing we want, which cannot be done unless we possess the purchasing power, which, in these modern days, is money.

I can recall, as a schoolboy in knee trousers, the campaign of 1896, when the great Presidential election between Bryan and McKinley revolved around the question of money. I recall how, upon any street corner in any village, any man of any information who stopped to talk about anything was immediately surrounded by an eager crowd of men and women seeking to obtain some information upon the intricate problem of civilization which we call money. It was contended then that there was not enough money in circulation; that there was not enough money in the hands of the people, or doing the work of commerce, to keep pace with the growing demands of the American people or of the world.

It may be interesting to note, Mr. President, that from 1824 to 1849 production decreased in the United States, prices decreased in the United States, and money decreased in the United States. Then from 1849 to about 1870 or 1872 there was a continued increase because there was more money in circulation, due to the discovery of gold in California and Australia. Then from 1872 to 1894 there was a falling off in production, there was a falling off in prices, and there was a consequential falling off in the circulation of money. Then following the discovery of gold in Alaska and elsewhere, production increased, prices increased, and money increased. It may be said that production and prices increased because money increased.

Take any period in the history of the United States in the last 100 years, and we will find that as money has increased in circulation, production has increased, and the prosperity of the people likewise has increased as these three elements have gone hand in hand.

There was an increase in the productivity of the nations of the world from 1923 to 1929 of about 3 percent. There was an increase in the available supply of gold for monetary purposes during the same period of about 1.2 percent. In other words, while production—not in America alone, but in the entire world—from 1923 to 1929 increased by a normal percentage of about 3 percent, the amount of gold produced in the world for monetary purposes increased only 1.2 percent.

The VICE PRESIDENT. The time of the Senator from Kentucky on the amendment has expired.

Mr. BARKLEY. I will consume my time on the bill.

The question may be asked, "What difference does that make over a period of 6 years?" It may not make much difference in a period of 6 years, but if we may assume that in the normal development of human society, in the acquirement of the things necessary to supply that desire, in the constantly growing demand of people to improve their condition, to enjoy the necessaries of life and to branch out in the endeavors that make civilization worth while and worthy of a boast, a 3-percent normal increase in production and in the enjoyment of production may continue in this country, or in the world at large, then if we are to assume that an increase of only 1.2 percent in the gold supply of the world is to be available along with that 3 percent in increasing the productivity of the human hand and the human brain, how long will it be until the available supply of gold for money falls so far behind the procession, as I believe it already has fallen, that we shall be required to take some remedial steps, either by reducing the amount of gold in the dollar, or by thinning the base of gold used as a foundation for currency, or by the remonetization of silver, or by the other resort to pure, unadulterated paper money upon which the imprimatur of the Government has been stamped that gives it its legality in the payment of debts? We cannot hitch ourselves to a post.

As I understand the object of this amendment to the bill, it is based upon a fair and frank recognition of our conditions, recognizing the fact that throughout the history of civilization, as money has gone out of circulation, prosperity has declined; and as money has increased in circulation in reasonable bounds, production has likewise increased, and human welfare has increased. We must not ignore these three equations in determining what importance is to be attached to the kind and quality and quantity of money that is to be circulated among our people.

The Roman Empire fell because Rome could no longer obtain gold and silver from Greece and Spain; and her farmers, who were no longer able to produce farm products at a profit, moved into the cities to become a part of the rabble; and when the enemy invaded the territory of Rome, no armies could be put in the field, because they had no money with which to equip them.

Following the fall of the Roman Empire came that period in history known as "the Dark Ages", when all the arts and sciences disappeared from the earth, and when money itself ceased to be a circulating medium among the people. Along about the twelfth or thirteenth century the replenishment of the supply of gold and silver, brought to the nations of the Old World by discoveries in the East and the Western World, allowed civilization again to blossom, and allowed all the things that had been destroyed in the Dark Ages to reappear upon the face of the earth. Since that time, however, in periods of fluctuation and decline, somewhat like an inverted rail fence, we have seen the welfare of mankind fluctuate with the supply of money, as I indicated a moment ago.

Now we are at the very bottom of one of those fluctuations. Not only here but around the world prices have declined, and by reason of the decline of the prices of products purchasing power has declined, and laboring men have been thrown out of employment. We need not debate here the legal technicalities of whether 23 grains of gold or 18 grains of gold will make a better dollar; whether we ought to authorize the printing of 3 billion or 6 billion dollars of money by the Treasury of the United States. We are confronted with a problem that requires immediate solution. We need not be afraid to step out on untrod territory. We need not be afraid to be bold, if necessary, in our efforts to find a solution, because it was as the result of boldness that America was discovered 4 centuries ago. It was boldness that made Thomas A. Edison the greatest inventor of all time. It was incredible boldness that took Charlie Lindbergh across 3,000 miles of water and made him an international hero in 32 hours.

We need not be afraid to step out on untrod territory. If we find that we have made a mistake—and we may make one, because all of us are groping our way blindly in the darkness; none of us knows how any experiment that we may undertake here will work out—if we find that we have made a mistake, we can retract our steps; but let us consider the situation which we are seeking to remedy. Today there are $8,000,000,000 in money and in credit frozen up in the closed banks of the United States.

The banks of our country today hold 51 percent of the short-term obligations of the United States, thereby freezing up again more than $3,000,000,000 of money. We passed the Emergency Banking Act, and while we were passing it and while the banks were closed the Bureau of Engraving and Printing here in Washington printed $2,000,000,000 of money against the reopening of the banks and the resumption of normal business; and yet, because of the lack of confidence, because the bankers will not loan that money to the people, or because the people cannot borrow it, and therefore they have no need to take it out and use it, only $23,000,000 of that $2,000,000,000 has been called for and used by the banking institutions of the United States.

In addition to that under our Federal Reserve System we could have issued over $4,000,000,000 in new currency if the confidence of the people and the willingness of the banks to use their institutions as agencies of commerce had been possible or available.

I am not criticizing the banks. They have other people's money to look after and protect, and undoubtedly they considered that it was safer in their vaults than loaned out to equivocal or unsuccessful financial operations or enterprises.

Mr. President, if the entire $6,000,000,000 of so-called "inflation" should be printed and put into circulation, as provided in the amendment, it would not absorb all of the money already tied up and frozen up in the banks of the United States, which cannot be unlocked and unfrozen until there shall be some way of breaking the economic ice floe in the United States and in the world. If by the injection of $3,000,000,000 into the veins of the commercial body of our country, whether it be temporarily or permanently, if by a rekindling of confidence, a reestablishment of the hopes of the people, we may start the wheels of industry to rolling, if we may start the smoke to curling above the smokestacks, we can afford to take the chance and to make the leap, in the belief that even if it does not accomplish all we hope for and expect it is at least a demonstration to the American people and to the world that the people of the United States have the confidence to start out upon a new highway, which may in the reverberations in the economic and commercial and social life of the world be worth a million times more than the chance of some loss which may be sustained by taking this step.

I do not know what the President will do with the authority which is to be given to him to revalue the gold dollar. I have that amount of confidence and faith in his integrity and in his wisdom to believe that if, in our dealings with the commercial situation here and abroad, with a survey of world conditions, he finds it necessary to devalue the gold dollar, he has the courage and the boldness to do that; but if he does not find it necessary, as a last resort, in behalf of some stimulation in the prices, in the profits, in the labor of the American people, he will not exercise the power merely because the authority has been conferred upon him.

Mr. President, I should like to see it tried out. It has been a hundred years since Congress revalued the dollar. How many more hundred years will it be, in spite of all the revolutionary changes which have come over the human race since 1842, before Congress will undertake to adjust the value of the dollar somewhat in proportion to the values of other things for which it is a substitute? It may never be necessary to exercise this authority herein conferred on the President. I hope conditions may so adjust themselves as to make its exercise unnecessary. But I feel that the best interests require that the authority be granted.

I am willing to take chances on President Roosevelt, and I believe his exercise of this power will be wise and cautious and actuated only by a profound conviction that it is his duty, not only to inaugurate such policies as may lift the American people out of the ditch into which they are today floundering, but, by our example, we may give courage and hope to the world that a new deal—a new era—has been ushered into the history of mankind.

Mr. President, for the reasons I have stated I shall vote against the amendment offered by the Senator from Pennsylvania [Mr. REED] and for the amendment offered by the Senator from Oklahoma [Mr. THOMAS], and I sincerely hope it may be adopted.

SOLDIERS' PAYMENT ADVOCATED

Mr. LONG. Mr. President, I have before me an editorial appearing in this morning's Washington Post, dealing with the bonus question, which I send to the desk and ask to have read in my time. It is the editorial headed "Inflation and the Bonus." It is a very short editorial.

The VICE PRESIDENT. Without objection, the clerk will read.

The legislative clerk read as follows:

INFLATION AND THE BONUS

Revival of the bonus issue is a natural result of the inflation measure with which Congress is struggling. The bonusites were the original inflationists, so far as the present emergency is concerned. A year ago they were demanding that the Government print money to pay the bonus, expand the currency, and start the Nation on the way to prosperity. The House of Representatives accepted their program, but it was emphatically defeated in the Senate. Now, when the Senate is rushing headlong into depreciation of the currency, the bonusites think they see a great opportunity to win their case.

If the Government is going to raise billions of dollars to aid the farmer, the home owner, the unemployed, and the railroads, and if Congress is going to cheapen the dollar in a frantic effort to create more money and send commodity prices upward, why shouldn't it raise a few billions more and pay the bonus? That is the reasoning behind the present drive. The bonus advocates also count upon an appeal to Congress to help the veterans who are to suffer from reductions in the Economy Act.

If Congress is going to issue greenbacks to enable corporations to pay their debts, why should it not issue greenbacks to pay the veterans their bonus? It is difficult to refuse the bonus if there is to be an ocean of cheap money for everybody.

Mr. LONG. Mr. President, this editorial in the Washington Post is a radical departure from the position taken by this and other newspapers last year. There is only one error in the editorial. We would not have to issue any additional currency under the inflation program in order to pay the bonus. Paying the bonus would not call for the issuance of another dollar of money. We would issue only the same amount of money, but instead of it being locked up in the Federal Reserve vaults it would be paid out to the soldiers of the United States, and thereby spread among the people.

The amendment which has been offered by the Senator from Indiana [Mr. ROBINSON] simply provides for taking the first $3,000,000,000 the Federal Reserve Board is authorized to issue, and provides that it shall issue whatever is necessary to pay off the debt we owe to the soldiers. That will probably be around two and a quarter or two and a half billion dollars, as I understand. That would leave a half billion dollars or three quarters of a billion more to be issued, and we would not have inflated a dime more. We would have spread the inflation to 120,000,000 people, in effect, and we would have paid off a debt which we will have to pay anyway within the next 10 or 11 years.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. ROBINSON of Indiana. Except that if we pay the debt now we pay it to the veterans. If we pay it in 10 or 12 years we will pay it to the money lenders, who will by that time have all the certificates.

Mr. LONG. If we want to get any benefit whatever into the hands of the veterans, into the hands of the people, we are going to have to pay the bonus now, because in the present stringent circumstances the soldiers are gradually taking whatever advances they can get on their certificates, and the certificates will be worth very little to them unless we make a rather immediate settlement.

Mr. President, there is another reason why we ought to do this, which I hope Senators will bear in mind. We have recently cut the compensation of the disabled veterans. After cutting the compensation of some of them as much as 50 percent, and of some of them more than that, we are probably going to reduce the value of the dollar 50 percent. I am sure that had we taken into consideration the fact that we were going to cheapen the dollar we are paying the soldier we would never have thought of cutting his compensation down by 50 to 75 percent, then cutting it down 50 percent more, because by doing that some soldiers who have been cut down to as low as $12 a month may be getting $6 a month by the time we devalue the dollar and otherwise inflate the currency.

If we are to spread the money to be issued among 120,000,000 people, if we want to get the money cut so that it will not be locked up in the vaults of the banks; if we want to discharge a debt which the United States owes, which it has to pay anyway; if we want to inflate in the manner that will do the most to relieve destitution and suffering; if we want the people to get the greatest and the most wide-spread benefit; if we want to keep faith with the boys of the United States who went to the front; if America wants to pay its debts and relieve suffering; if America wants to do the right thing, inasmuch as we have already put the ax on the neck

of the soldier before we got to inflation, instead of giving him a double dose let us include him in the benefits and pay off the bonus debt which the United States has already agreed to pay anyway.

Mr. President, that is a sound thing to do, and when big newspapers, conservative as they are supposed to be, which opposed this movement last year in every way they could, are coming out today and announcing themselves in favor of paying the bonus, the least thing we here, with progressive ideals, could think about doing today would be to include the veterans in the program, because we would not have to issue one more dollar in money, it would not cost the Government another cent; we would pay off a debt which we will have to pay anyway; we would spread the currency throughout the country; we would give hope and happiness to the people, and provide circulation for the establishment of a purchasing power among the masses, which they otherwise would not have, and we would do what, in a measure, would be a corrective for a mistake we have made.

Mr. President, it may have been that we had to make the mistake of enacting the economy law, but all know it was a mistake. Now, however, that we have made the soldier the first man to feel the weight of the deflation, now that we have taken away promises and pledges of the country made over a period of 10 or 15 years, and now that we have made him stand the first shrinkage, it is not a fair thing to come today and devaluate the dollar, and not include the soldier in the benefits which this program of inflation is to bring about.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield for a moment?

Mr. LONG. I yield.

Mr. ROBINSON of Indiana. Let me give the exact figures to the Senator in reference to the regulations which have been issued as to the cuts of veterans, showing the difference between rates being paid now under the Economy Act and the rates paid under the laws repealed by the so-called "economy legislation", speaking now of disabilities incurred in action, at the battle front:

Leg and thigh amputations at various levels: 9 classes were reduced, on the average, by 30 percent.

Amputations, ankylosis, stiffness, and complete loss of motion in joints, and injuries producing limitation of motion in extremities: 73 classes are reduced 35.5 percent, on the average.

Those figures relate to injuries which were received in action, at the front.

Mr. LONG. Mr. President, those veterans were reduced, as I understand it, around 35 percent. Let me make a calculation. That means that the Government is today giving them 65 percent of what they were getting. If we come along now and cut the value of the gold dollar 50 cents, or inflate the currency 100 percent, when we finally complete the job they will be getting 32½ percent of what they were getting.

In other words, do not forget that we are inflicting a penalty upon the soldiers in the pending amendment. It is necessary for the country, but do not forget that the man who is disabled, who was getting, we will say, $60, has already been cut down to something like $40 or $38, and when we come along and double the currency we cut him down $19 more, and that man's compensation will have gone from $60 to $19, or a net reduction of $41.

Mr. President, I am for the inflation program; it is absolutely, positively necessary, vital, and essential for the country, but in our advocacy of it here now we are running a risk of doing the soldiers an injury.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. LONG. I yield for a question.

Mr. TYDINGS. My mind is not clear about this matter, and I want to ask the Senator if it is not a fact that, under the economy law, the reductions were made in part due to a decrease in the cost of living, and is it not a fact that the President, under that law, would have the authority, without additional action of Congress, to increase the amount of compensation should the cost of living, under an inflation policy, increase?

Mr. LONG. I do not understand that to be the law, I will say to the Senator. I understand that relates only to Federal employees.

Mr. TYDINGS. Yes; I believe that does relate to Federal employees alone.

Mr. LONG. That is true.

Mr. TYDINGS. I was not certain as to whether or not that same provision applied to the veterans. If it does not apply to the veterans, of course what the Senator says would be pertinent. However, what he is saying would not apply to the Government employees, because the President could, without any action by Congress, raise their compensation; but I am not sufficiently familiar with the law to say whether or not that is so as to the veterans.

Mr. LONG. I will say to the Senator from Maryland that I am informed by Senators around me who have given it perhaps better study than either one of us that it does not affect the veterans. I am not urging, I will say to the Senator from Maryland, that we include Government employees, because the President can adjust their compensation, but, as the Senator from Maryland so pointedly says, the reason for the economy bill reducing the compensation of veterans was that the cost of commodities had fallen to such an extent that a dollar was worth a great deal more than formerly. Now we are undoing that, Mr. President. We have already cut the veterans' compensation because of the fact that the dollar would buy more, and now we are coming back, we are bringing up commodity prices so that now the veteran who has had his compensation cut 35 or 40 percent finds that he is going to receive a cut of 50 percent more. That is absolutely the effect. The purpose of the pending bill is to raise prices. That is why I am advocating it. Long before the pending bill was introduced I contended that we had to cheapen the value of the dollar in order to bring up commodity prices. Now that we have taken the veteran and cut his compensation 35 percent, we are going to cut his compensation 30 percent more, that is, 50 percent of what he is now getting, unless we include him in the bill by providing that the bonus shall be paid.

It is the best thing we could do, Mr. President. How are we going to get money in circulation if we do not know whether the Federal Reserve Board is going to put it out so that it will ever get to the people or not? I said to one of the Senators across the aisle today that I presumed they strained the milk in the section of country from which he comes, but I have never seen a milk strainer that was anything like as restricted as the straining process that has been used by the Federal Reserve System to let money get out to the people. I hope to see a more liberal management of the Federal Reserve System, but whether there shall be or not, by giving the veterans this money we inflate, anyway. I have not the exact number, and I will ask the Senator from Indiana what is the total number of veterans in the United States who would receive the bonus if we should now provide for the payment of the money that we have obligated ourselves to pay?

Mr. ROBINSON of Indiana. The total number is approximately three and a half million.

Mr. LONG. Three and a half million veterans will spend around two and a half billion dollars. That will mean, Mr. President, that there will hardly be a family in the United States who will not receive an immediate direct benefit; it will mean instead of trying to inflate from the big man at the top until it reaches the little man at the bottom, we will begin our inflation with the little man at the bottom and let it work up to the top. Inflation, Mr. President, is good either way you take it, but it is better by one process than it is by another. It is a great deal more safe to depend upon the big man sucking up what the little man has than to depend upon the little man getting what the big man loses. It does not work that way always, nor does it work nearly so fast. We know that as time goes on the big eat up the little; that is a rule of economy which we cannot change.



The pending farm bill, Mr. President, proposes a very fine economy. I have read the provisions to restrict the output of hogs. I have wondered just how that is going to be enforced, what is going to be the rule, because we are going to have to reduce the size of litters in order to make the law work; but that will probably be figured out.

What I am advocating is a sound, economic, workable proposal that will not increase the money the Government is going to put out by one copper cent. It will reduce a debt that the Government owes amounting to $2,500,000,000, a debt which the Government has got to pay, and it will guarantee a circulation of currency. It is a sound, feasible, workable, understandable corrective for what we are aiming to correct here in the way of an injustice to the men who fought the war, whose compensation we have already cut, by restoring them to their previous status by giving them the benefit of this inflation.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Indiana?

Mr. LONG. I yield.

Mr. ROBINSON of Indiana. As a matter of fact, it would save the Government money annually, because we are now placing in the reserve fund that is set aside to take up these certificates in 1945 approximately $112,000,000 annually. Four percent on $2,288,000,000, the amount required for the payment of the adjusted-service certificates, would only be about $89,000,000 to go into a sinking fund, while at present we are placing in the reserve fund approximately $112,000,000 annually against the final payment in 1945.

Mr. LONG. I think I get the Senator's point.

Mr. ROBINSON of Indiana. If we adopt this so-called "bonus amendment" we will only be required to place in the sinking fund 4 percent, or $89,120,000, representing a saving to the Government annually of something like $22,000,000.

Mr. LONG. Mr. President, I was going to make a calculation on that basis, and I have written down what the Senator has said. It will actually mean that we will save from twenty to thirty million dollars a year, and the debt will be retired at the end of the 11 years. The United States Government is setting aside today $112,000,000 a year to pay the bonus when it shall become due. We can now issue this currency; we can retire it at the rate of 4 percent a year; by the time the certificates come due we will have been out only $89,000,000 a year; we will have paid the bonus; and in the meantime we will have a net saving of from $20,000,000 to $30,000,000 every year.

It will actually save the Treasury from $20,000,000 to $30,000,000; it will pay off the debt; it will help balance the Budget; it will spread currency; it will relieve destitution; it will correct the injury that we have already done the veterans, because we have reduced their compensation on the ground that they can live cheaper, but now when we are going to cheapen the dollar we are going to cut their compensation in two again unless we include the veterans in this inflation program. Nothing could be sounder or more practicable or more just than this proposal. Mr. President, there is not a scintilla of argument nor is there any reason on the face of the globe why we should not adopt this sound, safe idea in discharge of this debt.

There is not anybody who needs this money any more than do the veterans. There is nobody on earth who needs the money as badly as do the disabled veterans of the war, and there is nobody who is more entitled to it than the men who went to the war. If we were to try to pick out a class of people, whether we owed them or not—and bear in mind I did not participate in the decision regarding the bonus; the Congress long before I became a Member of it went on record that the Government owed the veterans this money; that was done before I ever came here. So it is not a matter of policy; Congress has already determined that the veterans are a preferred set of creditors against the resources of the United States. They need this money today; they need it badly; their families need it; their people need it. It will mean, Mr. President, that we are doing for them something that is to a reasonable extent a measure of compensation to which they are entitled in these distressed times. If there is a person on earth that we do not want to punish by inflation, it is the soldier, and yet we have passed the economy bill and cut his compensation and now we are going to take his compensation and reduce its value in half again unless we include him in this inflation program by the adoption of the bonus amendment.

Mr. President, I do not know how the administration stands on this question. I have always undertaken to talk in the Senate to the leaders on this side and on the other side.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. LONG. Yes, sir; I yield.

Mr. TYDINGS. Without wishing to oppose what the Senator says, has it occurred to him that, according to the pending proposal, we will be paying off an obligation in money that may be worth half the value of the obligation?

Mr. LONG. That is another thing to be thought of; I thank the Senator; that is something else; that is a fact. [Laughter in the galleries.]

The VICE PRESIDENT. The galleries will refrain from any demonstration of approval or disapproval.

Mr. LONG. What the Senator from Maryland has said is well said.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Indiana?

Mr. LONG. I yield.

Mr. ROBINSON of Indiana. Even so, many of these lads are now hungry, and they will get some bread, some food and shelter and clothing, while in 1945 it will all go to the money lenders. They will by that time have received the certificates.

Mr. TYDINGS. Mr. President, will the Senator from Louisiana yield?

Mr. LONG. Yes, sir; I yield.

Mr. TYDINGS. Of course, to be absolutely logical, if we are going to devalue the dollar to 50 percent of its present worth we ought to pay the total amount of the face value of the bonus certificate.

Mr. LONG. I think I can say that the veterans would rather have the face value now even in depreciated or devalued money, because they are in a fix where they cannot be choosers.

I suggested a little argument to the Senator from Arkansas last night which the Senator from Maryland has answered for me today. It occurred to me that, inasmuch as this money did not become due for a few years, perhaps we might be able to depreciate somewhat the total amount which the Government should pay, but I well see the justice of the suggestion of the Senator from Maryland, for we are paying them less money, in effect, and therefore we are deducting a certain amount by making it a lump-sum payment now instead of in 1945. If we pay them in a dollar of the present value in 1933 we pay them in a dollar of 50 percent of its previous value, and thereby we are actually deducting 50 percent from the face of the certificates in order to pay them in cash today, assuming we inflate.

What could be better and fairer and more proper than the adoption of this amendment? It would help the country discharge its debt; it would help balance the Budget—do not forget that. I want to make a plea to the Senate to help us balance the Budget in this way. [Laughter in the galleries.]

The VICE PRESIDENT. The Senator from Louisiana will suspend. It is the duty of the occupants of the galleries to remain silent, and, unless the rule of the Senate is observed by visitors in the galleries, it is the duty of the Chair to order the galleries cleared. The Senator from Louisiana will proceed.

Mr. LONG. There are a number of us here who have urged, above everything else, the necessity of balancing the Budget. It has worried the leaders on the Republican side

as it has worried the leaders on the Democratic side, and the would-be leaders—all of them. How are we going to balance the Budget? We find that we will save by adopting this amendment a net $23,000,000 a year to the United States Treasury; we will pay off the bonus; we will spread the currency throughout the country; we will pay a debt the Government owes; we will correct an injury that has been done by the passage of the economy bill; and we will save inflicting upon the veterans an additional burden by cutting in half what we are yet giving them.

Mr. BAILEY. Mr. President——

Mr. LONG. I yield to the Senator from North Carolina.

Mr. BAILEY. I wish to make a suggestion to my friend with regard to his very simple and impressive calculation. If we can save all this money by paying the soldiers in the manner suggested, we might pay off all the bonded indebtedness of the United States Government in the same way and declare a dividend.

Mr. LONG. I am not so certain but that the Senator from North Carolina will develop that point at a later date so that even I may understand it better. I am not opposed to something of that kind, within limits. If I had time enough—and my time has only a few minutes more to run—I might discuss that question. I have never been able to understand the argument that it is safer to issue a bond of the Government and pay 4 percent a year on it and owe the whole principal when the bonds have run for 25 years than it is to issue currency and retire it at the rate of 4 percent a year. Such currency would be a sound currency; it would be a much sounder Government obligation, or whatever it might be called, than bonds. If the Government is going to pay off in 25 years and can issue a circulating medium and retire it at 4 percent a year, then it would not pay the 4 percent but once, whereas if it issues a bond it pays 4 percent a year for 25 years and then has to pay 100 percent at the end of that period, and so the debt is paid twice. I think the Senator from North Carolina and I are very much in harmony on this question.

On the bonus question I am going to give some political advice. I have discussed the matter only from the viewpoint of the economics involved.

Some Senators who have seen no merit in any advice I have given them on any other question have to some limited extent considered my political advice sound, occasionally, at election time—not many, but a few of them have. I want to say to my fellow Senators that it is going to be a bad lot for us all if we do not vote for the bonus amendment, not because of the number of veterans—not solely on that account; not because of the wives and children, some of whom vote also; not because of their fathers and mothers, their uncles, aunts, and cousins, some of whom also vote—not solely because of that, but because of the fact that we are inflating the currency and we have already made the soldier pay his one third. Now we are going to come along and inflate and reduce the two thirds to half its value, when we have already reduced it to two thirds. Then we are not going to give him the benefit of an inflation that will be world-wide, but we are going to provide for an inflation manifestly that is supposed to do justice, but which does not do justice to the soldier and which does not accomplish the easy means of the ready inflation that the bonus would.

I advise my fellow Senators and Members of the body at the other end of the Capitol, politically, not to vote against this just amendment. I advise them to advise the President to be in favor of it himself. That is my advice to the President. I am not offering this advice directly. I am undertaking to secure direction by indirection. I am hoping that this will permeate to him. I believe if our great President had the time and were presented with the philosophy and the facts, he himself would be in favor of the amendment. I am confident he would be.

The Senator from Oklahoma [Mr. THOMAS] very properly answered the Senator from Indiana [Mr. ROBINSON] yesterday. The Senator from Oklahoma is sponsoring the administration measure and cannot at this time commit the administration; but I know the Senator from Oklahoma well enough to know that he is going to vote for the bonus amendment. He cannot accept it for the administration, but he is going to vote for the amendment, I am confident, knowing him as I do and without asking him just how he is going to vote. It is the time to do it. It is the only thing to do. It is the fair thing to do, the right thing to do, the sound thing to do.

Mr. President, I hope, having taken these few moments, that we will include the soldier, wipe out this debt, and help our fiscal affairs.

The VICE PRESIDENT. The question is on the amendment submitted by the Senator from Pennsylvania [Mr. REED] in behalf of himself and the Senator from Missouri [Mr. PATTERSON] to the amendment of the Senator from Oklahoma [Mr. THOMAS].

Mr. REED. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. ROBINSON of Arkansas. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Johnson	Reed
Ashurst	Costigan	Kean	Reynolds
Austin	Couzens	Kendrick	Robinson, Ark.
Bachman	Cutting	Keyes	Robinson, Ind.
Bailey	Dale	King	Russell
Bankhead	Dickinson	La Follette	Sheppard
Barbour	Dieterich	Lewis	Shipstead
Barkley	Dill	Logan	Smith
Black	Duffy	Lonergan	Steiwer
Bone	Erickson	Long	Stephens
Borah	Fess	McAdoo	Thomas, Okla.
Bratton	Fletcher	McCarran	Townsend
Brown	Frazier	McGill	Trammell
Bulkley	George	McNary	Tydings
Bulow	Glass	Metcalf	Vandenberg
Byrd	Goldsborough	Murphy	Van Nuys
Byrns	Gore	Neely	Wagner
Capper	Hale	Norbeck	Walcott
Caraway	Harrison	Norris	Walsh
Carey	Hastings	Nye	Wheeler
Clark	Hatfield	Overton	White
Connally	Hayden	Patterson	
Coolidge	Hebert	Pope	

The VICE PRESIDENT. Ninety Senators having answered to their names, a quorum is present.

Mr. GLASS. Mr. President, it has been my desire to make a somewhat complete exposition of the pending bill in order that I might indicate to the Senate and to the country precisely why I feel compelled to vote against it. I find myself physically unable to do that, however; but I cannot refrain from briefly indicating my objection to the measure.

The newspapers of yesterday and today have stated that the senior Senator from Virginia has created a sensation by disagreeing with the President. The implication is, of course, that any Senator who now preserves his intellectual integrity and consistently maintains the views which he has privately and publicly expressed for many years is creating a sensation. I have not deserted my party. I wrote with my own hand that provision of the national Democratic platform which declared for "a sound currency to be preserved at all hazards."

I was unable because of illness to make more than one speech during the entire Presidential campaign. In that one speech, with all the righteous indignation that I could summon and in terms, perhaps, of some bitterness, I reproached the then President of the United States and the Secretary of the Treasury for saying that this country was within 2 weeks of going off the gold standard. The reaction to that speech—and I do not say it in any boastful way—was that I now have bound in excess of 5,000 telegrams and letters, from people mostly strangers to me, commending that utterance. The first telegram in the first bound volume is one from Franklin D. Roosevelt, now President of the United States, who said the speech was to him an inspiration. In his public utterances at Brooklyn and at other places he textually commenced that part of the speech which so bitterly criticized his political adversary and competitor for suggesting that this country was in imminent danger of going off the gold standard.

This simple recital will indicate that I have not deserted anybody or any party in opposing the bill. I am simply consistently maintaining an attitude of earnest conviction on public questions, which is more important to me than the favor of party or potentate.

I object to the first section of the bill because, as I said yesterday, it degrades the Federal Reserve Bank System into a servile agency of the Treasury Department. It was not instituted for that purpose. By law we took the reserve funds of the national banking associations of the United States out of the money centers, rescued them from the hands of the stock gamblers, and impounded them in regional Federal Reserve banks for the avowed use of commerce and industry and agriculture. Giving the Federal Reserve Board the right to define eligible paper, within certain limitations, we expressly denied to it the right to comprehend in its definition those who were engaged in stock gambling and speculation; and we set up this system, not as an adjunct to the Treasury Department—which has used it as a doormat—not to finance the public indebtedness of the United States, but to respond to the requirements of the tradesmen and of the industry and of the agricultural interest of this country, the agricultural interest being given precedence in the maturity of its paper. The first section of this amendment transforms it from a system of that kind into a mere agency of the Treasury Department, to be dominated by the Secretary of the Treasury, and to be used, not for business purposes but to enable the Government to float its term and time indebtedness.

Today, the Federal Reserve System has a gold supply on the 40-percent reserve basis that would enable it to expand its credits nearly $4,000,000,000. It has chocked its portfolios with nearly $2,000,000,000 of Government bonds, practically by direction of the Secretary of the Treasury and the board here, not a dollar of which it required in its business. It did that in a financial adventure upon the principle of the bill introduced by Representative GOLDSBOROUGH, which assumed that by an inflation of the currency the commodity prices of this country would be increased. It has today every dollar of those bonds, without any use. It cannot dispose of them without utterly demoralizing the entire bond market of the United States; and yet here we have a proposition to accentuate that disastrous condition and further to imperil the Reserve System, by adding $3,000,000,000 more of United States bonds to its portfolios!

What does that mean to the business interests of the country? It means that just in that measure the Federal Reserve banks of the United States will be unable to accommodate their member banks, and just in that measure their member banks will be unable to accommodate trade. That is what it means. It does not mean inflation; it means deflation of business; and all that was accomplished in that transaction, I may say to the limited credit of the Federal Reserve Board and banks, was to release nearly $2,000,000,000 of reserve indebtedness of the member banks to the Federal Reserve banks, with the main idea that the member banks thereupon would release credits to business, which they did not do and they are not doing; and there is nothing in this bill that compels them to do it, and there is nothing in any law that can compel member banks to loan the deposits of their depositors to anybody, for any purpose.

I think the first section of the amendment is vicious. The authors and proponents of it thought it was ineffective. They did not dare make it imperative, because it would have been confiscation and unconstitutional. They made it permissive; and the distinguished Senator from Idaho [Mr. BORAH] thinks that that means impairment. If he could know as I know the influences at work that have applied themselves to the activities of the Federal Reserve Board and banks, he would know that it means $3,000,000,000 more of United States securities in the portfolios of the Federal Reserve banks, and an almost literal paralysis of the facilities of those institutions to accommodate trade.

Very likely I shall surprise some of my colleagues by the statement that the least objectionable feature of the amendment is the so-called "greenback feature." It is the most defensible feature of the amendment. It is, perhaps, the only feature of the amendment that will get any so-called "money" in circulation above that now in circulation. It means simply to transform time obligations of the United States, bearing interest, into demand obligations of the United States bearing no interest; and those who hold to the gold standard have said to us that it would wipe out every dollar of the reserve gold in the United States Treasury over night—and it would if people would demand redemption. Experience over a long period of years, however, has determined that even less than 4 percent is required to meet the redemption demands in ordinary times, unless people should be unpatriotic enough to raid their own Treasury; and this feature of the amendment provides a 4-percent redemption fund for the retirement of these greenbacks.

While I do not advocate that section of the amendment, I again say it is the most defensible provision of the amendment. I do not advocate it primarily because the Federal Reserve System is now, with its gold reserve, prepared to expand to the extent of a billion dollars more than the proposed $3,000,000,000 of greenbacks. Because business is not being transacted, it does not expand; and because confidence has not yet been restored, it does not expand; and are we here doing anything to restore confidence?

Why, we have literally destroyed the mortgage-bond market of this country. The Federal land banks, with all the millions of assistance the Government has given them, cannot sell their tax-exempt bonds today—not to save their lives. There is no market for them. We have destroyed the mortgage-bond market.

The VICE PRESIDENT. The Senator's time on the amendment has expired.

Mr. GLASS. I will take the balance of my time on the bill.

We are proceeding upon the assumption that nobody hereafter will desire credit; that farmers hereafter will not want credit, or need it, because we are destroying credit, and largely have done so. No man outside of a lunatic asylum will loan his money today on farm mortgages, because we have destroyed the market for farm mortgages, and for almost all types of mortgages.

I cannot in any circumstances, painful as it is to me to differ from the occupant of the White House and from my party colleagues, support the second section of this amendment, relating to the devaluation of the gold dollar.

England went off the gold standard because she was compelled to do so, and not from choice. She had less than a million dollars in gold left after paying her indebtedness to the United States. Of course she went off the gold standard; and her going off has not resulted in increasing the prices of commodities. There was a temporary flurry then, as there has been in this country now; but the inevitable reaction came.

Why are we going off the gold standard? With nearly 40 percent of the entire gold supply of the world, why are we going off the gold standard? With all the earmarked gold, with all the securities of ours that they hold, foreign governments could withdraw in total less than $700,000,000 of our gold, which would leave us an ample fund of gold in the extremest case to maintain gold payments both abroad and at home.

To me, the suggestion that we may devalue the gold dollar 50 percent means national repudiation. To me, it means dishonor. In my conception of it, it is immoral. All the legalistic arguments which the lawyers of the Senate, men of eminent ability and refinement, may make here or have made here have not dislodged from my mind the irrevocable conviction that it is immoral, and that it means not only a contravention of my party's platform in that respect but of the promises of party spokesmen during the campaign.

Mr. President, there was never any necessity for a gold embargo. There is no necessity for making statutory criminals of citizens of the United States who may please to take their property in the shape of gold or currency out of banks and use it for their own purposes as they may please.

As I remarked to the Senator from Pennsylvania the other day, we have gone beyond the cruel extremities of the French when they made it a capital crime, punishable at the guillotine, for any tradesman or individual citizen of the realm to discriminate in favor of gold and against their printing-press currency. We have gone beyond that. We have said that no man may have his gold, under penalty of 10 years in the penitentiary or $10,000 fine.

An expansion of the currency? Federal Reserve notes outstanding today exceed by nearly $3,000,000,000 the outstanding Federal Reserve notes in 1929, in those days of prosperity on paper, prosperity in the orgies of the stock gamblers who have ruined this country. Yet we have not been willing to pass a bank bill in the Congress of the United States designed and effectively framed to avert a repetition of that sort of thing. If there were need to go off the gold standard, very well, I would say let us go off the gold standard; but there has been no need for that. If there were need for currency expansion, I would say let us expand, though I fail to comprehend how much better off one is with $2 which will purchase no more than the dollar which he had yesterday.

The history of inflation has been recited. Bacon, the wisest philosopher since Christ, the author of the inductive system, from which we have drawn all of our inventions, valued experience. Edmund Burke, the greatest rhetorician of all times, was logician enough to magnify experience. Patrick Henry, the greatest advocate of human liberty, said that his feet were lighted by the lamp of experience. Yet here today we are flying right in the face of human experience, rejecting it all.

My colleagues talk about serving the public. What public? The men who work for a wage, the neediest of all classes of the public, the clerks and the stenographers and the professional men, constituting, in the aggregate, half, yea, more than half, of our laboring population, will be the people to suffer under this unbridled expansion. That is what it is, because the rein is so loose that the steed will never stop until he goes over the precipice, killing his rider.

Mr. President, I find that I must desist. I regret to disagree with my colleagues. It is painful to disagree with the occupant of the White House, whom I love and respect, and who has exhibited unparalleled courage in trying to bring the Government within its budgetary requirements. But whether it be a commonplace or whether it be sensational, I am one Democrat who is going to vote against this inflation amendment even if every one of the 94 other Senators vote for it. I may have regrets, but shall never make apologies for acting upon my own convictions and conscience.

Mr. GORE. Mr. President, I desire to ask unanimous consent at this point, if the Senator from Virginia does not object, that there be printed in the RECORD the speech which he delivered during the campaign last autumn.

The VICE PRESIDENT. Is there objection?

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

THE FACTS ABOUT THE FISCAL POLICY OF OUR GOVERNMENT DURING THE PAST FEW YEARS

[Radio speech by Senator CARTER GLASS, former Secretary of the Treasury, delivered Nov. 1, 1932]

No person of sensibility could welcome the task of directly assaulting the record of persons in high places with whom he has associated in the business of Government at Washington. Especially is it repugnant to an accepted sense of propriety, except in imperative circumstances, to contravene statements made by the President of the United States or his more responsible Cabinet ministers. It is because these imperative circumstances have arisen that I am venturing now to examine certain assertions made from public rostrums by President Hoover and disseminated throughout the country on the eve of a vitally important national election.

AMAZING DEGREE OF RANK INGRATITUDE

I do this with less hesitation because the action of the President in making these statements involves an amazing degree of rank ingratitude toward those in the legislative branch of the Government at Washington whose nonpartisan cooperation he constantly implored during the entire last session of Congress and even for weeks before the Congress convened. Moreover, the statements made, as well as the conclusions deduced, are flagrantly contrary to the facts, thus presenting a picture to the American people which is far away from the truth and which, in a vital sense, exaggerates conditions only that the President might magnify his own alleged achievements in correcting situations and saving the country.

To speak with suitable restraint, I may say that neither Hans Christian Andersen nor Karl Grimm, in appealing to the fancies of children, ever overtaxed his imagination as President Hoover repeatedly has done in his endeavor to regain the lost favor of the American people. Contrasted with his speech of acceptance and his addresses at Des Moines, Cleveland, and elsewhere, Æsop's Fables deserve to rank as an accurate history of things that actually occurred.

That I have delayed, to this late moment, drawing these fabulous statements into question is due only to the fact that I have been precluded from platform participation in the pending political campaign by reason of illness, due to excessive physical and mental strain at the past session of Congress, for which reason I have lain on my bed racked with resentment at shocking perversions of fact concerning problems of which I have some degree of intimate knowledge and amazed at a priori conclusions based on these false statements.

PREDOMINANT CAUSES OF DISTRESS

It is not too late to make a searching review of economic events with a view of determining the predominant causes of the prevailing depression, nor to examine the nature of the legislative and administrative expedients which were devised for recovery. Bad as were the expedients adopted, they are not as vicious as originally proposed by the administration. Nevertheless, at the expense of the taxpayers, President Hoover has converted the Treasury at Washington into a national pawnshop and infected the Central Government with the fatal germ of financial socialism. All semblance of state initiative and community pride has been extinguished and the minions of Federal bureaucracy are given full sway to distribute huge sums of money picked from the pockets of the American people. Instead of being the servant and instrument of the people, with certain delegated powers, the Washington Government has been made the creditor and overlord of the States, with power to coerce and subjugate these subdivisions of the Nation at the will of the party in power whenever pay day approaches or an election needs to be won.

The President and his Cabinet ministers insist that the collapse in the United States "was superinduced by economic convulsions abroad", and that this country was the unavoidable victim of European disturbances. This is a strange doctrine from those who have persisted in a policy of isolation of the United States so severe as that we must not participate with all other nations in promoting the peace of the world, but must pursue a detached and independent course in all things.

I insist that the very reverse of the President's contention is largely true. I assert that the improvidence, if not the direct profligacy, of incompetent Republican administrations at Washington is measurably, if not predominantly, responsible for the deplorable situation in which we find ourselves today.

With the advent of the Harding administration in 1921 (not to speak of its shameless disorder and corruption, which every sensitive citizen would like to forget) we were started forth on a prolonged era of cheap money and unrestrained speculation in every conceivable pursuit of business. President Coolidge actually boasted of the cheap-credit policy of the Republican Party at a time when caution was essential. Those in authority manifested their impatience and discontent with existing institutions by setting up bureau upon bureau to expand expensive Federal activities and agency after agency to enable groups of people readily to increase the measure of their indebtedness, and, not satisfied with the almost incredible domestic expansion, they induced our people to engage in an orgy of foreign speculation.

I judge from one of President Hoover's speeches that he himself made a considerable purchase of the utterly debased currency of Germany, and exhibited at Cleveland his holding of depreciated German marks as a warning against the monetary "printing press." Thousands of others were induced to speculate in the depraved currencies of foreign nations. With insatiable avarice, great banking institutions in the United States, through their lawless affiliates with their high-pressure salesmanship, brought over and unloaded on the investing public of America billions of dollars of foreign securities, now practically worthless. The total amount has been computed as high as $16,000,000,000, equal to the total national indebtedness of the United States up to 1929, and twice as great as the credit facilities of our Federal Reserve Banking System. Witnesses before the Senate Finance Committee estimated the volume of these foreign securities at a minimum of $10,000,000,000, equal to two thirds of the entire bonded indebtedness of the United States. The record warrants the assertion that the Republican administration at Washington, through its Department of State, was consequentially responsible for the flotation of these worthless foreign securities.

PASSED ON LOANS WITHOUT SANCTION

The State Department, without sanction of law constitutional or statutory, and in utter disregard of all precedent, assumed the function of passing on these loans. It required the great international bankers and their affiliates to submit to the Government every one of these projected foreign flotations for objection or approval. The State Department, when called to task for this usurpation of authority, set up the childish, technical distinction between the term "approval" and the term "unobjected." The

administration's ablest spokesman on the floor of the United States Senate frankly admitted that, in the circumstances, the State Department's failure to object to these foreign loans was tantamount to approval. Individual investors and bankers imputed moral responsibility to the Government; and expert salesmen, not too scrupulous to invoke the moral obligation thus incurred by the State Department, were enabled to sell these high-interest-bearing, but now worthless, foreign securities in competition with our own State, municipal, industrial, and commercial securities. Undeniably, they filled the portfolios of interior banks, sometime by coercion, with this immobile junk, so that when the crash came, these banks were in a state of paralysis, utterly unable to respond to the legitimate requirements of their respective communities. There resulted an era of bank failures unprecedented since the foundation of the Republic, unapproached by financial collapse in any other nation on the globe. The State Department at Washington may deny its culpability until its spokesmen are black in the face, but the record explicitly condemns them.

WARNINGS DISREGARDED

The official explanation given to the Senate of the United States was so manifestly puerile and untrue that by unanimous vote regardless of party division, that body rejected it and warned the State Department to desist from this dangerous and ruinous usurpation of authority. Secretary Stimson treated the unanimously expressed sense of the United States Senate with a contempt that entitled him to impeachment. He persisted in his denial that the State Department was doing the very things which the record shows it was doing.

As I speak, I have before me a written communication from the late J. P. Cotton, transmitting a list of foreign loans passed on by the State Department within 14 months theretofore, aggregating $1,193,000,000. More than a year previously I had, as a responsible member of the Banking and Currency Committee of the United States Senate, textually warned the State Department that—

"The supply of American funds for investment purposes is not inexhaustible; and when the overload of those prodigious foreign flotations begins to sour or default in the hands of those attracted by the will-o'-the-wisp of Government approval, the authorities at Washington may then realize that my criticism is neither partisan nor unfriendly, but is a reasonable protest against transferring financial transactions from the realm of sound economy to the bogs and pitfalls of evil politics."

This and similar protests and warnings were contemptuously treated by President Coolidge and the Secretary of State. They evidently expected the Congress and the public to accept the silly and insufficient excuses offered by them.

In the earliest centuries, when that Florentine spendthrift called "Lorenzo the Magnificient" held sway over continental Europe, the average diplomat thought there was nothing better in life than a successful lie. The State Department at Washington had not yet learned that there are few things worse in life than a stupid lie.

Aside from the prodigious amount of these foreign securities crowded in our bank portfolios and exhausting the investment capabilities of the people, our Federal Reserve Banking System for 5 years or more gave more attention to stabilizing the finances of Europe than it gave to the requirements of American commerce and industry. Under the chairmanship and dominance of "the greatest Secretary of the Treasury since Alexander Hamilton", the 12 great Federal Reserve banks themselves loaned hundreds of millions of dollars abroad. It is asserted upon reliable authority that our Reserve banks endorsed millions of dollars of acceptances for foreign banks—a thing unprecedented, I am advised, in the whole history of central banking.

The very spirit and text of the Federal Reserve Act indicate that the system was set up solely for the purpose of rendering assistance to our own commerce and industry. Its credits and currency were intended to rest upon business transactions in the United States; but under the chairmanship and predominant influence of "the greatest Secretary of the Treasury since Alexander Hamilton" the rediscount operations of the system were submerged in the open-market transactions in an unwise, if not actually lawless, attempt to cure the financial maladies of European nations. Our Reserve banks dealt in alleged "acceptances" to the extent of millions of dollars that represented no more of a domestic business transaction than stored goods abroad shipped from one foreign country to another.

Worse than these things, in utter defiance to the text and shameless disregard of the spirit of the Federal Reserve Act, the facilities of the Federal Reserve banks were further misused. With Mr. Andrew W. Mellon as chairman of the Board and the predominant figure, in a single 6-month period in 1929 ten of the largest banks in New York alone were given access to $750,000,000 of Federal Reserve credits under the 15-day provision of the act. Plainly interpreted, this means that a large, if not a greater, part of this sum was being loaned to brokers for stock-gambling purposes.

An official communication inserted recently in the CONGRESSIONAL RECORD by the Republican Chairman of the House Banking and Currency Committee showed that, in 2 recent years, the enormous sum of $118,000,000,000 was loaned to member banks of the Federal Reserve System under the 15-day provision of the act, which means that, at the very peak of speculative orgies, when stocks were quoted at 75 times their earning capacity, incredible reserve sums were utilized for stock-gambling purposes. The open-market provision of the act was put in for emergency purposes, with no particle of expectation that it would ever be put to stock-gambling uses; but under the benign chairmanship and influential administration of Secretary Mellon the system was largely driven away from its commercial and industrial purposes and made a medium for speculative investment activities.

PROTESTS AND WARNINGS DISREGARDED

Protest after protest was uttered by those who had vital responsibility in the enactment of Federal Reserve legislation. Warning after warning was given that the foreign-security loans floated with the assistance of the State Department at Washington and the speculative use of the Federal Reserve facilities and the riot of gambling in real-estate mortgages and commodities of all kinds, especially in stocks and bonds on the exchanges, were heading this country toward the brink of ruin. President Hoover in his Cleveland address contemptuously asserted that he "did not notice any Democratic Jeremiahs" during this period. It was not certain that he or his predecessor wanted to be bothered with the warnings of prophets.

We have seen that Mr. Coolidge approved the lawless foreign activities of his State Department. The country was literally shocked when this President of the United States figuratively jumped into the stock pit and cheered on the gamblers when brokers' loans had reached the stupendous figure of $3,810,023,000! He said there was no cause for concern; and that these loans were far from excessive. He said this when Paul M. Warburg, among the foremost international bankers in the world, was earnestly warning the country against the inevitable consequences of this insane riot of speculation. Said Mr. Warburg:

"If a stock exchange debauch is quickly arrested by prompt and determined actions, it is not too much to hope that a shrinkage of inflated stock prices may be brought about without seriously affecting the wider circles of general business. If orgies of unrestrained speculation are permitted to spread too far, however, the ultimate collapse is certain not only to affect the speculators themselves, but also to bring about a general depression involving the whole country."

There was a Jeremiah for Mr. Coolidge and Mr. Hoover to heed. But they heeded not. Mr. Coolidge's response to the warning was to declare that he could see nothing except "a natural expansion of business in the securities market, and nothing unfavorable in it." And the wildest of the gamblers agreed with him. One of them told Federal Reserve authorities to go to hell, and another immediately sought to have me disciplined in Virginia for seeking to curb wicked speculation with the trust funds of the Federal Reserve System.

Dr. Ralph W. Robey, lecturer in banking at Columbia University and a financial writer of distinction, ascribed to President Coolidge tremendous responsibility for the continued upswing of the market; and so the "debauch" spoken of by Mr. Warburg continued at a rapid pace. A little later, President Hoover and Secretary Mellon followed Mr. Coolidge into the stock pit as cheerleaders for the speculators, until these brokers' loans reached the stupendous total of $8,000,000,000. Thus, credits and currency were sucked into this financial maelstrom from every hamlet between the two oceans and drawn from foreign nations.

Yet in the face of this ineradicable record the President and his Secretary of the Treasury now talk about our troubles having originated in Europe. The fact is that our excesses contributed to European distress. Sir Phillip Snowden, Chancellor of the British Exchequer, as well as other foreign ministers of finance, complained bitterly of the draughts on their resources to feed the flames of stock gambling in this country. In a budgetary talk, exactly 20 days before the October break, Sir Phillip warned the British public against being drawn into these transactions to the serious embarrassment of their own country.

Long after his inauguration as President, Mr. Hoover, the superman, could see nothing alarming in this situation. Ten days before the crash of October 24, 1929, his Secretary of Commerce petulantly "denied rumors that a severe depression in business and industrial activity was impending." The day after the crash President Hoover was quoted as saying: "The fundamental business of the country is on a sound and prosperous basis." Six months after the crash President Hoover said: "I am confident we have now passed the worst. We have succeeded in maintaining confidence and courage. We have avoided monetary panic and credit stringency. These dangers are behind us." And Dr. Klein, that ever convenient and accommodating statistician of the administration, 10 days after the crash said: "We have come to see more clearly that the stock market is not the principal barometer of business, and that our American prosperity is deeply and firmly rooted."

Secretary Mills insists that our troubles started in Europe. Here was a financial crash right under his nose in New York City, involving a loss of $82,423,000,000 in security values alone, to say nothing of its blighting effects on general business. In its pitiful consequences the disaster reached into the remotest recesses of our business and social fabric, ruining as well the fortunes of thousands of adventurous people in foreign lands. Yet Mr. Mills says our "panic" originated in Europe with the failure of a great bank in Austria 18 months after the "panic" started in New York. Mr. Mills ascribes our financial troubles over here to England's abandonment of the gold standard, which took place 2 years, lacking 1 month, after the enveloping crash here described on the New York Stock Exchange. Thus, according to the President and his chief Cabinet minister, our depression and consequent consternation originated in Austria, was communicated to Germany, and found its last expression in England's temporary relinquishment of the gold standard.

BREAD LINES, PANIC, AND THE TARIFF

Ten million idle men were tramping the streets and countrysides of the United States before the bank failure in Austria and before the abandonment of the gold standard by England. Miles of bread lines ranged alone the streets of our towns and cities, and free-soup kitchens were as numerous as the leaves in Vallombrosa before anybody could know of the financial difficulties in Austria or of the temporary expedient at the Bank of England.

I do not exactly comprehend Mr. Mills' meaning of "panic." If we had no "panic" in this country that paralyzed banking and business long before the events described by Mr. Mills, what did we have? We had "panic" that had no relation to foreign financial transactions; panic that produced cessation of business and frightful decrease in industry of all kinds; panic that threatened starvation and created humiliation and made unwilling beggars of people who were proud to work; and the only thing that Europe had to do with the situation was to stand by in consternation while we erected a tariff wall which literally wrecked our trade with that continent and with the nations of every other continent, causing these nations in a spirit of retaliation to place tariffs and embargoes against the products of our fields and factories, so that our foreign trade in 2 years dropped from $9,640,356,268 to $4,513,561,337, exports being reduced by $2,817,235,963 and imports by $2,309,558,968. So eager were Mr. Hoover and his Republican legislators for this tariff wreckage or that he called Congress in extraordinary session for the avowed purpose of equalizing agricultural privileges with the benefits of protected industry, only to wind up the session by multiplying the inequalities and exacting further enormous tribute from agriculture.

The Smoot-Hawley-Grundy Tariff Act constitutes moral insensibility as well as economic insanity. It will take its place in history as a legislative and administrative enormity, purchased from the Government at Washington by the contributors to Mr. Hoover's campaign fund. Equally with the frightful financial debacle, this measure is responsible for unemployment. Along with that intolerable legislative bastard, known as the Farm Board Act, these measures have reduced the American farmer to the point of penury.

Thus I have traced, with unerring accuracy I think, the causes of the panic and the inevitable consequences. These were not caused by the World War or by European disturbances, as alleged by Mr. Hoover. We had in 1922 largely gone through the processes of liquidation and of deflation in financial, commercial, and industrial enterprise. The country was prepared to go forward in an orderly fashion when the speculators seized the reins and, under the stimulating influence and applause of Republican administrations at Washington, embarked us on a career of adventure and inordinate inflation that carried us over the precipice. The World War had no more to do with this, nor Europe either, than the wars of the Phoenicians or the conquest of Gaul by Caesar. It was caused by the combination of factors which I have recited in the course of this address.

Now what were the remedies proposed and applied? Where rests the responsibility or credit for them, and in what degree have they been or are they likely to be effective?

The President of the United States was pathetic and importunate in his plea for "nonpartisan cooperation" in the effort to rescue business after he could no longer escape the conclusion that something needed to be done. For months and months Mr. Hoover seemed utterly ignorant of the stupendous disaster which had overtaken the country. From time to time he persisted in telling us that "prosperity was just around the corner", and his Department of Commerce statistician figured it out on paper accordingly.

PSYCHOLOGICAL POULTICES

However, when the President was actually brought to his senses and made to see that men and women were shivering in the cold, that unemployment and actual distress had reached alarming proportions, he resorted to the use of psychological poultices. He summoned railroad executives and captains of industry to a mass meeting at the White House and seemed to think he had exacted from these gentlemen an explicit agreement not to curtail employment or to reduce wages. In the existing situation the very suggestion betokened an utter misunderstanding of economics, if not mental aberration. The simplest person on earth should have known that men would not be employed if their services were not needed, and that wages would not remain unmolested if there was no market for the products of fields and factories.

It was predicted at the time of the White House announcement that if these railroad executives and captains of industry made the promise imputed to them by the President, they had exposed themselves to the bitter charge of bad faith whenever curtailment and reduction should occur. And so it happened. Responsible officials of the American Federation of Labor made exactly this complaint because there occurred curtailment of employment of 6,230,000 laborers with an annual wage or cash earning power of $7,507,155,000, together with a loss of work for 2,670,000 trained persons with a cash earning power of $5,564,280,000. This made a total of 8,900,000 persons out of employment, with a loss of $13,071,435,000 in earning power, since that famous White House conference. Thus this psychological device proved futile; and only 10 days ago the country witnessed the humiliating spectacle of the President of the United States begging railroad executives not to reduce wages further until after the Presidential election.

Then we had the moratorium on foreign debts, which was supposed to prove a psychological blessing. Those having intimate knowledge of the situation knew perfectly well that a moratorium or repudiation was inevitable and that if this country should not grant it some of our foreign debtors would be compelled to take it, and so the psychological effect of that device soon faded away and confidence was not yet restored.

Next we had the pitifully amusing expedient of organizing mass meetings to persuade against runs on banks and hoarding. Since this silly movement was more calculated to disturb confidence than to assuage fear, it was soon laughed out of existence. They tell us now, nearly a year after this absurd psychological attempt, that hoarding, computed to amount to a billion and a half dollars, has ceased to the extent of $250,000,000. This is a mere preelection conjecture, based upon attenuated inferences and in nowise substantiated by substantive bank figures, which show that deposits in member banks of the Reserve System alone have fallen off $2,882,000,000 since January 1, 1932. Mere reduction in circulation is by no means an exact index to hoarding. Any patriotic citizen could cheerfully wish that a more encouraging picture might truthfully be drawn; but nobody should have one particle of tolerance for partisan preelection assertions designed only to magnify the alleged achievements of a candidate for the Presidency.

BURDENING THE TAXPAYER

The next expedient in order was the White House announcement that certain eastern bankers in the money centers had been induced by the President generously to promote a National Credit Corporation, making itself responsible for the use of $500,000,000 to acquire the frozen assets of threatened banks to prevent continued failures. It was suspected at the time that this corporation would be permitted, as was subsequently proposed, to dump its frozen assets in the lap of the Federal Reserve Banking System. Those of us responsible for legislation in Congress set our faces severely against anything of the kind; but it is now disclosed that before taking a step in the premises these eastern bankers at a secret meeting with the President of the United States and his Secretary of the Treasury at Mr. Mellon's apartment in Washington were definitely promised that a Government agency would take over the acquired assets of the corporation. This meant in plain terms that this "burden" of these generous eastern bankers was to be unloaded on the shoulders of the taxpayers of the United States! And in a round-about way this has been done; because the Reconstruction Finance Corporation, using exclusively the public funds, has already taken in excess of $100,000,000 of the assets of the National Credit Corporation by extending loans to individual banks throughout the country to enable them to repay the loans made by the National Credit Corporation under the secret promise of the President and his Secretary of the Treasury to take over these loans. I assume that nobody will deny the accuracy of this statement; if anyone does, I refer him to the statement of Percy H. Johnston, president of the Chemical Bank & Trust Co. of New York City, before the Senate Banking and Currency Committee on March 25, 1932, as recorded on page 147, part I, of the hearings. There Mr. Johnston definitely asserts that he was present when the President of the United States and Secretary Mellon made this agreement.

This National Credit Corporation did practically nothing for months until prodded into action by a threatened congressional inquiry. The Senate committee could not even persuade the chairman of the corporation to come to Washington and tell us what they were doing. Great banks were failing at its very doorsteps in the East; 825 were tottering in 3 months throughout the country. Hence the President was compelled by this inaction to suggest a revival of the old War Finance Corporation, organized under the Wilson administration to assist industries that were contributing to the conduct of the war. The Hoover idolators acclaim his great genius for devising this instrument of relief. He had not one thing on earth to do with it. The act is almost a complete paraphrase of the act drawn by the Treasury Department under Mr. Wilson. Coincidentally, the very man appointed by me as Director of the War Finance Corporation, with the approval of Mr. Wilson, was picked to run this revised edition of this resurrected corporation, and was worked to the point of death. While the legislation was pending it was a profusely and repeatedly avowed fact that but for the unstinted cooperation of Democratic leaders in the House and Senate nothing whatsoever could have been done. Now all this is forgotten in order to magnify the alleged achievements of the man who besought this aid.

UNSOUND AND DANGEROUS

Even at that the bill as sent up from the Treasury was saturated with unsound and dangerous provisions, amounting to an assault upon the very integrity of our banking system. Under its terms $2,000,000,000 of hazardous loans were made eligible for purchase and rediscount at the Federal Reserve banks. One can reasonably conjecture that this proposal was in pursuance of the secret agreement made by the President and Mr. Mellon with the National Credit Corporation. Those of us who adhered to safe and sound banking principles were compelled, up to the last moment, to resist this and other questionable suggestions.

I assert that there is not a safeguard in the Reconstruction Finance Corporation Act, few as they are, that was not written into it by a Democrat or progressive Republican after the bill came from the Treasury Department. I assert that but for the constant vigilance and active cooperation of the Democratic leaders in the House and Senate this revived War Finance Corporation could not have gotten on the calendar of either branch of Congress. This was repeatedly asserted by administration spokesmen in terms of grateful appreciation at the time; and we are now justified in resenting the attempt of President Hoover, in sheer campaign desperation, to appropriate to himself and his party whatever credit may attach to this irregular and unortho-

dox method of relief, the permanent effectiveness of which is far away from being established. In my 30 years of public life I have never witnessed such an exhibition of political ingratitude.

I shall not attempt here to discuss the seemingly profligate waste of the taxpayers' money in fabulous schemes, few of which would be dreamed of in the ordinary course of business. I will say, however, that the President will never be able to justify this waste of public funds by craftily imputing responsibility to an alleged "Democratic majority" on the spending board. We are told that the astounding loans of this board, apparently reeking with political significance, will not cost the American taxpayers a dollar; but few people should be simple enough to credit this preposterous assertion. The very fact that not one dollar of the Corporation's debentures has been offered to private investors, but every dollar of them unloaded on the Federal Treasury, is a clear portent of the burden which the taxpayers of the country will be compelled to endure. Some of its loans have been so opportunely timed and so geographically distributed as to make some people wonder why the Republican Party should trouble itself to raise a campaign fund when the Reconstruction Finance Corporation, as in the case of California and other debatable States, is acting with such singular promptitude and precision. The country must wait until pay day shall have come to contrast the profligacy and the wisdom of this Corporation. Only in the final reckoning may the country know whether it has definitely helped or largely disorganized and crippled legitimate business—whether indignant denial of partisan political influence is pardonable sham or upon a frank basis. At all events, there was neither genius nor statesmanship nor engineering skill in the resurrection of Mr. Wilson's war device with which to cure the timidity and culpabilities of Mr. Hoover's administration. We shall later, perhaps too late, determine whether there has not been extraordinary political guile in its administration.

AN ATTEMPT TO DEBASE THE CURRENCY

The next legislative contrivance was the Glass-Steagall bill, made desirable by Presidential representations to the country that we needed to "broaden the base" of Federal Reserve credit facilities. This Executive misrepresentation of the credit situation persisted in the face of the fact that the Federal Reserve Board, justified by authentic reports from every member bank of the system, officially declared that $3,000,000,000 of commercial paper in excess of outstanding discount was available for loans, together with $5,000,000,000 of Federal securities held by the member banks. Back of this eligible paper was a supply of gold sufficient to expand bank loans by $4,000,000,000! It was in proof, by authentic statistics, that the distribution over the country of this excess in eligible commercial paper and in bonds was almost ideal. While I supported the bill to please the President's fancy, I nevertheless stated the facts to the Congress and the country. The ensuing results justify every prediction we made. Not a dollar has been loaned to a single bank under the first provision of the act, relating to associations of banks; and but 39 limping banks out of a membership of 7,600 were aided in the comparatively inconsequential sum of $27,000,000 under section 2 of the act. When it is considered that the total loans of member banks at the time amounted to nearly $31,000,000,000, the insignificance of this transaction is apparent, and the utter vice of Mr. Hoover having created alarm over our credit structure is mathematically demonstrated.

Even this Glass-Steagall bill, when brought to us by spokesmen for the President, was saturated with hazardous provisions. It would have permitted member banks to unload their frozen assets on the Federal Reserve banks while retaining their liquid assets in their own possession. It would have made eligible for rediscount at the Federal Reserve banks as many billions of foreign securities as the banks might be willing to receive. It would have permitted the big banks to absorb the credits of the Reserve banks to the practical exclusion of the smaller banks. As in the case of the Reconstruction Finance Corporation bill, every safeguard in the Glass-Steagall bill was written after the measure had left the Treasury Building.

In Republican official quarters it has been proclaimed that this Glass-Steagall bill kept the United States on the gold standard. I assert that this is false in fact and implication. I assert that those of us responsible for legislation never had the remotest intimation from the administration that the gold standard was in danger. I assert that the President and accredited spokesmen bitterly denounced the mischievous talk. I repeat the assertion that anybody who now says anything to the contrary of what is alleged here is either ignorant of the facts or indifferent to the truth.

Anybody who says this country was within 2 weeks of being "driven off the gold standard" actually impeaches the official integrity of the President of the United States and of the Secretary of the Treasury. The latter official, from January 1, 1932, to June 30, 1932, with the approval of the President, sold to the banks and private investors in the United States $3,709,213,450 of Treasury notes and certificates of indebtedness, redeemable in gold at the Treasury. Of this amount $2,014,224,050 represented 1-year certificates, and $1,034,152,000 were redeemable in 90 days from issue. If the President and the Secretary of the Treasury had knowledge of the fact that this country was faced with imminent disaster by being "driven off the gold standard in 2 weeks", and failed to so advise the banks and private investors who purchased nearly $4,000,000,000 of these Federal securities, they were guilty of amazing dishonesty; they were cheating the investing public; and could not even appropriate to themselves the solace of future oblivion, because their names would have been remembered in terms of anathema for a century to come.

Despite this suggested infamy, the authentic figures and facts show that no such situation existed as that which politicians have conjured up for discreditable campaign purposes in order to exaggerate the executive prowess of a candidate for the Presidency. The figures are conclusive, and persons who repeat this campaign hoax do not seem to realize that they are impeaching the common honesty of the President of the United States and the Secretary of the Treasury.

The third section of the Glass-Steagall bill was not even used until nearly 3 months after the time now fixed by administration spokesmen for this imaginary disaster; and shocking maladministration of the act, in direct conflict with repeated promises to the contrary, came nearer inciting both foreign and domestic raids upon our gold supply than anything that happened before the enactment of the law.

Mr. Hoover insists that the very essence of prosperity for the Nation is public confidence; and, that being so, just behold the plight of this country when the foremost publicist of continental Europe felt justified in cabling to the metropolitan press of America that Mr. Hoover's gold-standard assertion at Des Moines, repeated at Indianapolis, was in such direct conflict with assurances given last winter and spring as that the banks and responsible officials of France were finding it impossible to attach importance to any statement from the President of the United States.

A STRUTTING TRUMPETER

In this connection the newspapers report that Secretary Hurley, of the War Department, has openly proclaimed from the public rostrum that should the Democratic Party succeed at the November election, "the United States will be driven off the gold standard." For the sake of decency, it must be hoped that Mr. Hurley did not say that. If he did say it, he was guilty of a dangerous calumny. If he said it, he is totally unfit for official responsibility, and the President should have booted him out of office before breakfast time of the following day. Indecency, even in a political campaign, has its limitations. This alleged declaration, if made by this strutting trumpeter of the President, was not far short of treason to the country.

I come now to the last so-called "relief measure." It bears the name of WAGNER, the Democratic Senator from New York, who spent days and nights and weeks and months in reviewing the problems involved. Other Members of the Senate of both parties contributed thought and effort to the measure. It was a composite bill, reflecting the varying judgment of many minds. It provided for huge expenditures of public funds for special purposes. Vicious proposals by the administration were rejected; others of a different nature were accepted by the Senate. Inadvisable proposals by the House of Representatives were cast aside and others of a different nature were embodied in the bill. Personally, I regard the measure as utterly extraordinary and unorthodox; but I and others agreeing with me, not caring to appear as obstructionists, went along with this mammoth measure for relief.

No one man, be he the President of the United States or a legislative leader, can truthfully appropriate all the credit attaching to this relief act. No group of men of either party can with good grace make any such claim; and it is amazing to those who would prefer to respect the President of the United States that he should parade over this country and pretend that he and his party only are entitled to praise for this yet undemonstrated relief act.

If I were asked to pick out the three men in Washington more responsible for legislative relief to the unemployed and to the destitute of the country, I should never name President Hoover. I'd name ROBERT WAGNER, Democratic member of the Banking and Currency Committee of the Senate; BOB LA FOLLETTE, Republican Chairman of the Senate Committee on Manufactures; and BOB BULKLEY, junior Senator from Ohio. This does not mean that there were not many Senators and Representatives in Congress, Republicans and Democrats, who devoted their very souls to the problem.

HOOVER NOT IN THE PICTURE

I have given you briefly a recital of the causes of panic and depression in the United States, and have told you of the expedients employed in Washington to arrest the ravages. Nowhere in this picture can you discern the martial figure of Herbert Hoover in death grapple with the panoplied forces of financial, commercial, and industrial disaster. Naturally, the President's eyes were too intently gazing on foreign convulsions to permit him clearly to see the wreckage at his feet. With great agitation he noted the failure of the Bank of Austria and ignored the 6,208 banks which toppled in this country before the Austrian debacle. He saw a temporary renunciation of the gold standard in England on September 21, 1931, and imagined that it caused the failure of over 5,000 banks in the United States before September 21, 1931.

Secretary Mills tells us that there was no "panic" in this country before the bank failure in Austria and the momentary abandonment of the gold standard in Great Britain. He thinks the greatest era of bank failures and of losses to depositors since the foundation of the Government came about in a quiet way without business agitation or loss of confidence until a bank failed in Austria and until England went off the gold standard. And Ogden Mills has a brilliant mind.

But now let me turn to the flagrant charges made by the President and Secretary Mills against the Democratic Party.

They say the administration was obstructed in its efforts to reduce Federal expenses by the resistance of Democratic leaders in Congress. I assert that, on the contrary, every effort made by

the two Houses of Congress to reduce expenses of government was resisted by the President's own Cabinet ministers. No attempt was made in this direction until nearly 3 years after Mr. Hoover was inaugurated. Meanwhile rank Government extravagance was reflected in enormously increased expenditures. Mr. Hoover seemed to think the Nation could squander itself into prosperity. His slogan for the Government and the populace was: "Spend! Spend! Buy! Buy!" Budgetary disaster should have been foreseen in swiftly mounting costs and frightfully declining revenues. Taxes had been abolished which should have been retained. Four million taxpayers, at one swipe, had been released from all obligation to their Government. President Hoover, like Mr. Coolidge, permitted things to drift. The great engineering instinct seemed to have dried up. Although terrifying deficits threatened, Mr. Hoover played the part of a Presidential Micawber, "waiting for something to turn up." Not until last December was there one particle of interest manifested in these Budgetary disarrangements. Then the President frantically began to urge economy on Congress, and the next day after Cabinet ministers would troop to the Capitol not only to resist but to denounce congressional efforts at economy. Notwithstanding this, the official records, as attested by the Republican Chairman of the Senate Committee on Appropriations, show that Congress reduced appropriations $334,294,094.18 under the approved Budget estimates of the President himself.

I assert from actual knowledge of the facts that at the very moment the President was lustily preaching economy his Cabinet ministers were appearing before the Appropriations Committee of the Senate and offensively characterizing efforts at economy. His suave Postmaster General was disseminating throughout postal officialdom, from one end of the country to the other, a classified statement of 30,000 postal employees that he claimed he would be compelled to discharge should he carry out a Senate order to reduce expenses in his Department by 10 percent. This document was sent out obviously to incite all these employees to deluge Congress with protests against discharges that were never contemplated. We had hoped to make the 10 percent reduction without discharging anybody, but by reducing salaries, cutting expenses, and revoking, if possible, improvident and shameless subsidies for which the Post Office Department had contracted, paying in a single instance $820,000 for carrying $1,700 worth of mail to South America. Scores of such items appear in the list of expenditures. The Secretary of the Treasury appeared before the Senate Appropriations Committee and was so denunciatory of the attempt of the Senate to bring about economy as to create intense resentment among the committee members. He characterized the Senate resolution as "brutal" and "inhuman."

THE BUDGET UNBALANCED

These are but passing examples of the difficulties encountered by Congress in getting cooperation from the administration to effect economy. I am not seeking to minimize the gravity of President Hoover's difficulties; but he shall not be permitted, without protest, to lay them on the Congress. Our adversaries started this debate; I am simply giving them "a Roland for their Oliver."

The President and Mr. Mills charged Congress with obstructing the efforts of the administration to balance the Budget. I shall not waste your time and mine with a repetition here of the diverse views and contrasting figures submitted by each side to the controversy. Congressional disputants allege with apparent reason that it was never possible to get anything like an accurate estimate from the administration of the amounts required to balance the Budget. This I do know and assert: The pretense on the eve of adjournment that the Budget was balanced was pure political subterfuge and as far from the truth as any other preelection claim. Members of the Appropriations Committee of both Houses openly charged that the Budget was not balanced and that the administration, in a Presidential election year, had not courage enough to reduce expenses sufficiently or to propose a tax levy high enough to effectively balance the Budget. It was charged, upon the expert computations of competent actuaries, that the measure finally passed would not come within a billion dollars of balancing the Budget. Treasury receipts and disbursements to date, after all mitigating factors are considered, would seem to indicate that we did not come within one and one half billion dollars of balancing the Budget. Hence, additional taxes must be levied unless extraordinary expenditures are discontinued.

It is an indisputable fact that beyond sending messages to Congress in general terms the President gave no particle of help. At the very last moment of the session, after Democratic leaders had agreed with him at the White House on the final abortive attempt to balance the Budget and when Senate action was imminent, the President breathlessly rushed to the Capitol and publicly addressed the Senate in order to get publicity for himself. In the newspapers he was figured as "forcing the Senate" to do something that had been agreed on the night before and the consummation of which by the Senate was delayed for the exact time required for Mr. Hoover to thus uselessly pose in public on the stage. The camera men were at hand to snap the superman and exhibit him on the screen. The self-advertising machine was in full swing; but the President seemed not to know that the Budget was not balanced. It was a billion dollars out of gear. The only thing he had done was to fool himself and get in the pictures.

BONUS HYPOCRISY

The President and his Secretary of the Treasury put responsibility on the Democratic Party in general for the so-called "Patman bonus bill", merely because the Democrats have a slender margin of five votes in the House of Representatives, where the bill was projected by intraparty revolts. They make this charge in spite of the recorded fact that 60 Republicans in the House voted for this bill, which would have been defeated but for Republican support, and in spite of the much more pregnant fact that an overwhelming majority of Democratic Senators defeated the bill in the Senate. The only body authorized to speak for the Democratic Party of the country was its national convention. The platform committee of that convention had the courage to vote down every importunate plea for immediate payment of bonus certificates. The Republican convention was too cowardly to even intimate opposition to a legislative measure which the Republican President had said would debase our currency and wreck the Federal Treasury!

In the last analysis this bonus problem is a legacy of sordid Republican politics. This Government obligation was incurred by a Congress overwhelmingly Republican in both branches, with the almost fatal and predicted result of burdening the American taxpayers in behalf of more than 2,000,000 of able-bodied men who never got within 3,000 miles of the European battle front, thus rendering impossible more generous treatment of the men actually disabled in war and the widows and orphans of men who were killed. The President suggests that, when paid, the bonus should be paid with "a sound dollar." Given 4 years more of President Hoover and there will not be left a sound dollar in the Federal Treasury to pay anybody for anything.

Moreover, in response to the President's charge that the legislation proposed in the House and adopted with Republican aid involved "fiat money", I assert that we had from the administration at the last session of Congress inflationary proposals that would have rocked the foundations of our banking system. The adoption of them would not only have tempted foreign raids on our gold reserves but would have incited a dangerous domestic demand for redemption. Had these proposals been adopted, they would have made millions of dollars of foreign securities with which this country was deluged by administration connivance a basis for tremendous credit expansion; and, while I voted against the bonus to able-bodied men and against the House bill for immediate payment, I assert that the Government certificates of indebtedness to the World War veterans are sounder security for credit or currency expansion than the securities of tottering South American republics and other foreign nations. Both are dangerous and unorthodox.

Finally, under this head, I direct your attention to the fact that the Democratic national platform declares for "a sound currency, to be maintained at all hazards." But if the Republican Party captures the next Congress, the Chairman of the Banking and Currency Committee of the House of Representatives will be the Honorable LOUIS T. MCFADDEN, until last December chairman of that committee. Mr. MCFADDEN voted for the Patman "fiat money" bill, which the President charges threatened to wreck the Treasury and "debase our currency." MCFADDEN will be the Republican pilot in banking and under a Republican majority! Mr. Hoover expatiates on certain dangerous provisions of a House bill involving individual loans, but he very carefully withholds the fact that he and Secretary Mills urged a measure on the Banking and Currency Committee of the Senate authorizing loans of public moneys to private business concerns. He fails to disclose the fact that, when asked by a foremost Republican Senator to give an example of the type of concerns he had in mind, the President "happened" to designate an automobile corporation the head of which is asserted to have contributed $25,000 to Mr. Hoover's campaign fund and to have been given an ambassadorship in requital. But for Democratic and progressive Republican vigilance this sort of appalling abuse of public funds would now prevail.

President Hoover and Secretary Mills charge the Democratic Party with responsibility for the proposal to guarantee bank deposits; but they refrain from telling the country that such an overwhelming number of House Republicans voted for this untried experiment as that it was impossible to get one fifth of the Membership to order a recorded vote. Mr. Hoover and Mr. Mills fail to reveal that this proposition sought the approval of the Democratic National Convention and was so overwhelmingly defeated as that it would not get the one-fifth parliamentary requirement to call the roll of States. Must the country infer that there is no longer any frankness left in Republican campaign speakers, who seek thus to deceive the people? The primary cause for the revival of this deposit-guaranty question is the $4,000,000,000 potential loss of deposits under the incompetent administration of Mr. Hoover. The overwhelming vote of Republican Members for this "guaranty" scheme may be regarded as their contribution to the conscience fund for the benefit of pillaged depositors.

HAVE FRANKNESS AND HONESTY DISAPPEARED?

Three times President Hoover has denounced a Democratic House of Representatives for passing the so-called "Goldsborough stabilization bill", tauntingly characterizing the measure as "the rubber dollar bill." He charges it was a Democratic scheme, ignorant of the fact that it was a mere revival of a measure drafted by a New England Republican and urged for adoption in the House for 5 years successively by Mr. Strong, of Kansas, ranking Republican member of the House Committee on Banking and Currency. Infinitely worse than this, the President studiously concealed the fact that 117 Republican Members of the House, constituting two thirds of the entire Republican force, voted for this eccentric bill. Will the President dare go into the States of these 117 Republican Congressmen and advise their rejection at the polls because they voted

for this "rubber dollar bill"? The President also failed to state that the passage of this bill, so ridiculous in its terms, was arrested by a Democratic Senator, on whose motion every word after the enacting clause was stricken out and a substitute adopted over Presidential protest, under which $120,000,000 of sound national-bank currency has been issued to 450 banks suffering from lack of expansive resources. Have frankness and honesty ceased to be a desirable element in political campaigns?

In order to frighten business Mr. Hoover makes scarecrows of alleged Democratic measures that were not enacted into law even with overwhelming Republican support; he appropriates exclusive credit to himself for Democratic measures that were enacted into law. This vice permeates every speech the President has delivered. The other day he avowed that the United States had saved the railroads from bankruptcy. The country wants to know what is to save the United States from bankruptcy with 4 years more of Hoover.

The President and his Secretary of the Treasury warn the country that the selection of a Democratic Congress and a Democratic administration would retard the business of recovery. And this coming from an administration that has increased the debt liability of the United States $4,000,000,000 in 3 years! In face of the facts here cited, that warning amounts to positive audacity; and in face of facts and figures that I shall now give it amounts to amazing effrontery. Every effort of relief by this Republican administration at Washington last winter and spring constituted a shuffling appeal to measures devised by a Democratic administration. The Reconstruction Finance Corporation Act is a resurrection in exaggerated form of Wilson's War Finance Corporation Act; and the chief reliance of this country, great as have been some of the mistakes made, was and is the Federal Reserve Banking System, devised and adopted under the administration of Woodrow Wilson. This act was voted against by an overwhelming majority of Republicans in the House and voted for by only three Republicans in the Senate, and denounced by Republican politicians throughout the Nation. This is the Democratic measure that has saved this country from total wreck and that now, under wise administration, will make recovery possible.

Listen to this amazing recital in response to the amazing declaration of President Hoover and Mr. Mills that a Democratic administration cannot be trusted to conduct the Government.

1. There have been more bank failures in the United States nearly every month under the Hoover administration than there were in the entire 8 years of Woodrow Wilson's administration, although 4 years of the Wilson regime had to contend with the convulsions of the World War.

2. There were almost as many business failures in the past 3½ years under Hoover as there were in the entire 8-year period of the Wilson administration.

3. The amount of business losses in the past 3½ years under Hoover was approximately a billion dollars more than the business losses in the entire 8 years of the Wilson administration—an excess greater than the entire bonded indebtedness of the United States before the World War.

4. To be exact, in the 8 years under Wilson there were 112,635 business failures, involving a loss of $1,882,953,000; whereas from January 1, 1929, to October 1, 1932, there were 102,556 business failures under Hoover, involving a loss of $2,645,476,000. The losses averaged $19,000,000 per month under Wilson, including 4 years of World War, and $58,000,000 per month under Hoover in 3 years of profound peace.

5. But 69 national banks failed during the whole 8 years under Wilson, whereas 800 national banks have failed in 3 years and 2 months under Hoover.

6. The last 3 years of the Wilson administration witnessed the failure of 8 national banks, whereas the past month witnessed the failure of 12 national banks under Hoover.

7. In the last 3 years of Wilson's administration 201 State banks failed, whereas in the last 3 years and 2 months under Hoover 4,061 State banks failed. Bank failures during 3 years under Hoover caused the jeopardy or actual loss of $4,198,358,000 to depositors.

Undertaking to minimize the horrible consequences of the nearly 7,000 bank failures in the United States, Secretary Stimson, lawlessly responsible for many of them, made the astounding assertion in New York some nights ago that our bank failures were consequent upon "the failure of banks in countries all about us." Never was there a more shameless falsification of fact indulged in by a responsible public official. England has not had a bank failure in 10 years. Her Dominion of Canada, across the St. Lawrence River, has not had a bank failure since 1925. France during this financial convulsion had not a single bank failure, nor had Italy. Even German and Austrian banks stood up until thousands in the United States had failed. Where are the bank failures "in the countries all about us" of which Mr. Stimson spoke? They were in his imagination and brought out solely for political effect in the desperation of a losing campaign.

Secretary Mills, at Baltimore, asserted that things were improving for banks, attributing the improvement to the Reconstruction Finance Corporation; but Mr. Mills failed to tell his audience and the country that, with all the desperate and doubtful expenditures of the taxpayers' money to help decrepit banks, 1,096 banks have failed since the Reconstruction Finance Corporation began its work of salvage last January. These failures involved the jeopardy or actual loss to depositors of $603,757,000. Mr. Mills proudly tells us that stock prices and bond values have recently "moved up." If they moved at all they had to move up, because under this Republican administration they were, like McGinty, at the bottom of the well. Mr. Mills failed to tell the country that while there was a slight increase in the value of stock-exchange securities, there was a pitiful actual decrease in all commodity prices and that the products of field and factories are at the lowest ebb in the entire economic life of the Nation.

After this history of fright and helplessness and humiliation, Mr. Hoover and his really lovable Secretary of the Treasury have the assurance to warn the American people that a return of Democratic administration would menace the business interests of the United States. The Democrats couldn't do worse were they to try; and, unless the signs of the times are completely out of joint, after the 8th day of November the Democrats are going to be given a chance to rescue the country.

Franklin D. Roosevelt as Governor of one of the largest States of the Union, clean of body and clear of mind, dealing promptly with almost insuperable difficulties, is amply prepared for the tremendous task of reconstruction which will face the next Federal administration. He will not go to sleep at his post. The congressional contacts and understanding and plain common sense of John Garner preeminently equip him for helpful service in promoting the legislative program of a Democratic administration.

We shall not make impossible promises and then proceed to break them. We shall not employ Lydia Pinkham political pills nor psychological poultices as a cure for the maladies of the country. We shall not rely upon transient devices and mere temporary remedies for serious situations; but, holding fast to sound Jeffersonian principles and applying tested orthodox processes, we shall hope to rescue the Government and the country from the unendurable confusion and distress into which Republican maladministration has thrust us. So serious is the situation that only by the help of Almighty God can this be done.

Mr. REED. Mr. President——

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Pennsylvania [Mr. REED] and the Senator from Missouri [Mr. PATTERSON] to the amendment of the Senator from Oklahoma [Mr. THOMAS]. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll, and Mr. ADAMS voted "yea" when his name was called.

Mr. REED. Mr. President, I desire to make a statement as to the modification which has been made in this amendment. A number of Senators were not in the Chamber when the amendment was modified.

Mr. THOMAS of Oklahoma. Mr. President, a point of order. The roll call has started.

The VICE PRESIDENT. Senators will be in order and take their seats, so that the Senate may proceed in order. What is the request of the Senator from Pennsylvania?

Mr. REED. That I may explain the modification to the Senate. I asked for recognition before the roll call began.

Mr. THOMAS of Oklahoma. Mr. President, the roll call has been started, the first name has been called, and the Senator has responded. Therefore it is not in order for further explanations or speeches to be made.

Mr. REED. Mr. President, I asked for recognition before the roll call began.

Mr. ROBINSON of Arkansas. Mr. President, I ask unanimous consent that the amendment as now proposed be stated by the clerk.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the clerk will state the amendment.

The LEGISLATIVE CLERK. The Senator from Pennsylvania proposes, on page 5, to strike out lines 1 to 18, inclusive, and to insert in lieu thereof the following words:

By proclamation to fix the weight of the silver dollar in grains nine tenths fine at a definite fixed ratio in relation to the gold dollar at such amounts as he finds necessary from his investigation to stabilize domestic prices or to protect the foreign commerce against the adverse effect of depreciated foreign currencies, and to provide for the unlimited coinage of such gold and silver at the ratio so fixed.

Mr. REED. A parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. REED. Is not the effect of the amendment as it now stands to strike out the revaluation of the gold dollar, but to leave unchanged and unchallenged the action of the Senate last night in acting on free silver?

The VICE PRESIDENT. The Chair understands that to be the effect of the amendment.

Mr. LONG. A point of order.

The VICE PRESIDENT. The Senator will state it.

Mr. LONG. Am I to understand that all we are voting on is leaving unchanged the silver amendment? Is the Senator taking out the gold devaluation altogether?

Mr. REED. Exactly.

Mr. THOMAS of Oklahoma. I demand the regular order.

The VICE PRESIDENT. Senators will have to determine for themselves the effect of the amendment. The Chair will not take that responsibility. The clerk will continue with the roll call.

The legislative clerk resumed the calling of the roll.

Mr. GORE (when his name was called). I have a general pair with the senior Senator from Minnesota [Mr. SCHALL], who is absent. If I were at liberty to vote, I would vote "yea." I desire to have this announcement stand for the day.

Mr. LOGAN (when his name was called). I have a general pair with the junior Senator from Pennsylvania [Mr. DAVIS], who is absent on account of illness. I transfer that pair to the junior Senator from Utah [Mr. THOMAS] and vote "yea."

Mr. LEWIS (when Mr. PITTMAN's name was called). The Senator from Nevada [Mr. PITTMAN] is at present engaged in council with the President and representatives of foreign nations upon international matters. I merely announce his absence, and cannot state what attitude he would take upon the pending question.

Mr. TOWNSEND (when his name was called). I have a general pair with the senior Senator from Tennessee [Mr. MCKELLAR]. If I were permitted to vote, I should vote "yea."

The roll call having been concluded, the result was announced—yeas 35, nays 53, as follows:

YEAS—35

Adams	Dale	Hebert	Patterson
Austin	Dickinson	Kean	Reed
Barbour	Fess	Keyes	Steiwer
Borah	George	La Follette	Stephens
Caraway	Glass	Logan	Tydings
Carey	Goldsborough	McAdoo	Vandenberg
Copeland	Hale	McCarran	Walcott
Costigan	Hastings	McNary	White
Cutting	Hatfield	Metcalf	

NAYS—53

Ashurst	Clark	King	Robinson, Ind.
Bachman	Connally	Lewis	Russell
Bailey	Coolidge	Lonergan	Sheppard
Bankhead	Couzens	Long	Shipstead
Barkley	Dieterich	McGill	Smith
Black	Dill	Murphy	Thomas, Okla.
Bone	Duffy	Neely	Trammell
Bratton	Erickson	Norbeck	Van Nuys
Brown	Fletcher	Norris	Wagner
Bulkley	Frazier	Nye	Walsh
Bulow	Harrison	Overton	Wheeler
Byrd	Hayden	Pope	
Byrnes	Johnson	Reynolds	
Capper	Kendrick	Robinson, Ark.	

NOT VOTING—7

Davis	McKellar	Schall	Townsend
Gore	Pittman	Thomas, Utah	

So the amendment of Mr. REED and Mr. PATTERSON, as modified, to the amendment of Mr. THOMAS was rejected.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Oklahoma [Mr. THOMAS], as amended.

Mr. ROBINSON of Indiana. I desire, of course, to offer the so-called "bonus amendment", if I have the opportunity at this time.

The VICE PRESIDENT. The amendment referred to by the Senator from Indiana is in order.

Mr. ROBINSON of Indiana. I now send to the desk and ask to have read, at least, by title, the amendment which I propose to the amendment of the Senator from Oklahoma.

The VICE PRESIDENT. The Senator from Indiana offers an amendment to the amendment, which the clerk will read.

The LEGISLATIVE CLERK. The Senator from Indiana offers the following amendment to the amendment proposed by the Senator from Oklahoma:

On page 8, after line 21, insert the following:

"SEC. 38. Title V of the World War Adjusted Compensation Act, as amended, is amended by adding at the end thereof three new sections to read as follows:

"'PAYMENT OF CERTIFICATES BEFORE MATURITY

"'SEC. 509. (a) The President of the United States, in his discretion, is authorized to pay to any veteran to whom an adjusted-service certificate has been issued, upon application by him and surrender of the certificate and all rights thereunder (with or without the consent of the beneficiary thereof), the amount of the face value of the certificate as computed in accordance with section 501.

"'(b) No payment shall be made under this section until the certificate is in the possession of the Veterans' Administration, nor until all obligations for which the certificate was held as security have been paid or otherwise discharged.

"'(c) If at the time of application to the Administrator of Veterans' Affairs for payment under this section, the principal and interest on or in respect of any loan upon the certificate have not been paid in full by the veteran (whether or not the loan has matured), then, on request of the veteran, the Administrator shall (1) pay or otherwise discharge such unpaid principal and so much of such unpaid interest (accrued or to accrue) as is necessary to make the certificate available for payment under this section, and (2) deduct from the amount of the face value of the certificate the amount of such principal and so much of such interest, if any, as accrued prior to October 1, 1932.

"'(d) Upon payment under this section the certificate and all rights thereunder shall be canceled.

"'(e) Any veteran may receive the benefits of this section by application therefor, filed with the Administrator of Veterans' Affairs. Such application may be made and filed at any time before the maturity of the certificate (1) personally by the veteran or (2) in case physical or mental incapacity prevents the making or filing of a personal application, then by such representative of the veteran and in such manner as may be by regulations prescribed. An application made by a person other than a representative authorized by such regulations, or not filed on or before the maturity of the certificate, shall be held void.

"'(f) If the veteran dies after the application is made and before it is filed, it may be filed by any person. If the veteran dies after the application is made, it shall be valid if the Administrator of Veterans' Affairs finds that it bears the bona fide signature of the applicant, discloses an intention to claim the benefit of this section on behalf of the veteran, and is filed before the maturity of the certificate, whether or not the veteran is alive at the time it is filed. If the death occurs after the application is made but before the negotiation of the check in payment, payment shall be made to the estate of the veteran, irrespective of any beneficiary designation, if the application is filed (1) before the death occurs, or (2) after the death occurs, but before the mailing of the check in payment to the beneficiary under section 501.

"'(g) Where the records of the Veterans' Administration show that an application disclosing an intention to claim the benefits of this section has been filed before the maturity of the certificate, and the application cannot be found, such application shall be presumed, in the absence of affirmative evidence to the contrary, to have been valid when originally filed.

"'SEC. 510. If at the time this section takes effect a veteran entitled to receive an adjusted-service certificate has not made application therefor he shall be entitled, upon application made under section 302, to receive at his option either the certificate under section 501 or payment of the amount of the face value thereof under section 509.

"'SEC. 511. The Administrator of Veterans' Affairs, in the exercise of his powers to make regulations for payment under section 509, shall to the fullest extent practicable provide a method by which veterans may present their applications and receive payment in close proximity to the places of their residence.'

"SEC. 39. Payment of the face value of the adjusted-service certificates under section 509 or 510 of the World War Adjusted Compensation Act, as amended, shall be made in United States notes of the character described in subsection (b) (1) of section 34 of this act; and the Secretary of the Treasury is authorized and directed to issue such notes in an amount sufficient for such purpose. The amount of the notes authorized by such subsection is hereby reduced by the amount of the notes issued pursuant to this section."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Indiana [Mr. ROBINSON] to the amendment offered by the Senator from Oklahoma [Mr. THOMAS].

Mr. ROBINSON of Indiana. Mr. President, for the past 3 years and more we have sought to effect a cure for the unfortunate condition in which the United States has found itself. We have been in the midst of a depression the like of which, of course, the world has never before known. Many remedies have been tried to effect a cure, but conditions have steadily grown worse. One administration has gone out of existence, and on the 4th of March last another administration came into the control of the Government of the United States. Since March 4 a great deal of legislation has been enacted. With some of that legislation I have been in sympathy; most of it I have opposed. Especially did I oppose the so-called "economy bill" which did not effect any

real economy and which was cruel and unjust to the defenders of the Nation. In my judgment, that legislation was, is, and will continue to be indefensible from any standpoint; but it was passed; and I think it is not too much to say that millions of American citizens are now suffering and are in dire distress because it was passed.

Mr. President, the Chief Executive of the Nation is undertaking—I think his intentions are good—to alleviate the deplorable situation that obtains throughout the country. Since he took office, due directly to legislation enacted since March 4 and because of the bank holiday, the reduction in benefits to the veterans and the slashes in pay to Federal workers, to say nothing of the slashes in the wages of industrial workers throughout the country, brought about by the example by the United States, in my judgment, we have suffered $11,000,000,000 of additional deflation. I think there are today half a million more men unemployed than were unemployed on March 4. Purchasing power has been enormously curtailed; we are going downhill constantly, and unless we turn around and go in the other direction, Mr. President, we shall see catastrophe and chaos in this country before the middle of the summer.

Therefore I want to go with the President in this inflation program, though in doing so I am voting against the teachings of a lifetime. We have tried everything else, to no avail, and now I am willing to try inflation to see if the Nation may not be saved—conditions are as bad as that.

If we propose to inflate the currency, and if we propose to undertake this program, the power to bring about the reforms must be lodged somewhere. It is impossible for 531 men and women in the Congress of the United States, collectively, to execute a law of this kind. Therefore, I know of nothing else to do but place the authority and the power in the hands of the one man who holds a mandate directly from the people of America, hoping that he will use that vast power discreetly, wisely, and in the best interests of all the people of the Nation. Therefore, Mr. President, I am going along in this inflation program. Nothing else has worked; I hope inflation will.

It is one thing, however, to inflate the currency and another thing to get the money out among the people. I understand that $2,000,000,000, recently authorized and created as a result of the banking legislation, is on the shelves now, but the banks will not use it; they will not put it out. I hope to see a distribution of some of this money, to the end that there may be real purchasing power in the land and that we may revive industry through that purchasing power.

Accordingly, directly in line with such a program, I offer this so-called "bonus amendment" to the Thomas amendment, providing for the immediate payment of the adjusted-service certificates to veterans who hold them.

Mr. President, if Senators will read this amendment they will note that it proposes to pay in full the adjusted-service certificates to the veterans under subsection (b)(1) of section 34, which provides that $3,000,000,000 may be issued.

Mr. DILL and Mr. TYDINGS addressed the Chair.

The VICE PRESIDENT. Does the Senator from Indiana yield; and if so, to whom?

Mr. ROBINSON of Indiana. I yield first to the Senator from Washington.

Mr. DILL. I want to invite the Senator's attention to the language in line 18, "shall be made in United States notes of the character described in subsection (b) (1) of section 34," and so forth. I take it the Senator means issued under the requirements of this provision?

Mr. ROBINSON of Indiana. That is true.

Mr. DILL. I wonder if the Senator would be willing to amend in line 18, after the word "character", by inserting the words "and under the requirements"? In other words, I want to make it certain that if this money is issued and paid to the soldier it will be under the 4-percent fund that is provided for it.

Mr. ROBINSON of Indiana. I am entirely agreeable to that suggestion provided the Senator understands, as I do, that that will not make it impossible to pay the money on the certificates immediately. I am anxious that those who are needy and in distress shall have the money at once. The requirements of the section are that the notes shall be issued at the discretion of the President. I wish the Senator would look at that view of it while I proceed.

I yield now to the Senator from Maryland.

Mr. TYDINGS. Assuming the amendment offered by the Senator from Indiana is to be adopted and carried into effect, I assume that each soldier holding a bonus certificate would receive the full face value of his certificate in one payment. Am I correct?

Mr. ROBINSON of Indiana. That is my understanding.

Mr. TYDINGS. Has the Senator contemplated, instead of paying all this money out at one time in one lump payment, now that we are in a depression, now that we do not know when we will emerge, the idea of making the payments, if they are to be made at all, in monthly installments rather than in one lump sum?

Mr. ROBINSON of Indiana. That is a suggestion worthy of careful consideration. I have not, however, given it any consideration up to this moment. I had expected to have the Government pay the money on the certificates in one sum immediately, and at the earliest possible moment, to relieve the distress.

Mr. TYDINGS. Mr. President, will the Senator permit a further observation?

The PRESIDING OFFICER (Mr. WHITE in the chair). Does the Senator from Indiana yield further to the Senator from Maryland?

Mr. ROBINSON of Indiana. I yield.

Mr. TYDINGS. I think if the proposal is to be carried into effect, it would be much better to have a part of it in a lump sum and pay the remainder of it in monthly installments, because then the soldier who holds a certificate would get the same amount of money, but he would have it coming in to tide him over at least a part of the depression. I submit that to the Senator from Indiana for whatever consideration he may care to give it.

Mr. ROBINSON of Indiana. The suggestion is appreciated and it is, of course, worthy of careful consideration. I had not thought of doing that at this time, at any rate, for the reason that most of the men need the money, need all they can get at the present time, and I think it would immediately circulate throughout the country.

Mr. NORRIS. Mr. President, I will not interrupt the Senator if he wishes, because his time is limited.

Mr. ROBINSON of Indiana. That is true, but I am glad to yield to the Senator from Nebraska.

Mr. NORRIS. I want to suggest, in addition to the other suggestions, that it seems to me the amendment would reduce the $3,000,000,000 referred to in the Thomas amendment on page 2, line 21, by the amount paid out on the certificates. Is that true?

Mr. ROBINSON of Indiana. That is true.

Mr. NORRIS. Then we are in this dilemma. The Senator's amendment would be compulsory. The other provisions are that the President may take all or any of them as he sees fit. If we agree to the Senator's amendment, we are in the attitude then of having, in effect, rejected the balance of the bill for this amendment.

Mr. ROBINSON of Indiana. I do not understand it that way.

Mr. NORRIS. I should like to support the Senator's amendment if it came in the same category with the other provisions of the bill or if it came in the nature of a straight amendment, which in legal effect it does, anyway, because it cuts down the $3,000,000,000 provided for in subsection (a) on page 2.

Mr. LONG. Mr. President, will the Senator yield?

Mr. ROBINSON of Indiana. I yield.

Mr. LONG. I recognize the position of the Senator from Nebraska. I have not had time to consider the amendment. While the Senator from Indiana is carrying on his discussion, I suggest that the Senator from Nebraska prepare such a modification as he has in mind. I do not think it would require very much change to bring it in the desired category.

I believe the Senator from Indiana would be willing to accept it.

Mr. ROBINSON of Indiana. The only thing about it that I fear, if I understand it, is that it places the payment of the certificates entirely in the discretion of the President, so that if he desires to pay the holders he may do so, but if he does not desire to do so they are no better off than they were before.

Mr. NORRIS. I appreciate the strength of the Senator's argument, but the Senator must remember that the whole bill is for the President to use as he sees fit. I would dislike very much to have one compulsory provision placed in the bill, all the other provisions of the bill being discretionary, and that one compulsory which in effect would amend one of the discretionary powers given to the President. It seems to me it is hardly a logical position.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. ROBINSON of Indiana. In just a moment I will yield to the Senator from New York.

It may be logical and the Senator from Nebraska may be right, and we may have to go to the old theory that half a loaf is better than no loaf at all. That is what I tried to avoid doing in writing the amendment. I want it made mandatory that the money shall be paid so that the needy veterans, who have just been deflated to the extent of 35 to 100 percent, may have money with which to buy food and provide shelter and clothing.

I yield now to the Senator from New York.

Mr. COPELAND. I should like to ask the Senator from Nebraska, if I may have his attention——

The PRESIDING OFFICER. The time of the Senator from Indiana on the amendment has expired.

Mr. ROBINSON of Indiana. I will take my time on the bill, then. I want to yield to the Senator from New York, and then I am going to ask Senators not to interrupt me further because of the time limit. I am glad to yield to the Senator from New York for a question.

Mr. COPELAND. I was wondering why the Senator does not simplify his amendment by taking the Thomas amendment and, on page 4, line 7, after the word "obligations", insert the words "and retiring the adjusted-service certificates." Is not that what the Senator is seeking to do? The adjusted certificates would then have the same standing as other Federal obligations.

Mr. ROBINSON of Indiana. What is the amendment suggested by the Senator?

Mr. COPELAND. Instead of having the rather long amendment proposed by the Senator from Indiana, I suggest, on page 4 of the Thomas amendment, line 7, after the word "obligations", to insert a comma and the words "and retiring the adjusted-service certificates."

Then the certificates would be on exactly the same plane as other Federal obligations.

Mr. ROBINSON of Indiana. I do not believe that would be at all effective. I feel that that would be utterly nothing gained for the service men. I do not like to seem stubborn in the matter, but I think the veterans ought to be paid this debt, which has been due since the armistice was signed. We paid the railroads a big bonus, hundreds of millions of dollars, as soon as the war was over. We did not ask them to wait until 1945. We paid the contractors who built the cantonments and various camps all over the country. We paid them a cash bonus. We paid the Federal civilian workers in cash. The only class we have asked to wait until 1945 for payment of a debt which we conceded was due in 1924 are the veterans of the country who were over there stopping bullets for a dollar a day.

Mr. COPELAND. I am going to vote for the bonus payment, but I was only thinking about what might be a better way to do it. That is the thought I had in mind.

Mr. TYDINGS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Maryland?

Mr. ROBINSON of Indiana. I yield for a question.

Mr. TYDINGS. Let me ask the Senator if under his amendment the power of the President is discretionary? That is correct, is it not?

Mr. ROBINSON of Indiana. Not under my amendment. I did not intend it to be discretionary.

Mr. TYDINGS. It is compulsory?

Mr. ROBINSON of Indiana. Yes.

Mr. TYDINGS. Then may I ask the Senator if the President is compelled to pay the full value of the bonus, or could he pay 50 or 75 percent of the face value?

Mr. ROBINSON of Indiana. Under the amendment as written the Secretary of the Treasury would be directed to pay the entire amount of the balance of the bonus due.

Mr. President, I should like to place in the RECORD at this point some statistics with reference to the fund on hand and the amount necessary to retire the certificates.

The maturity value of the outstanding certificates as of March 31, 1933, is $3,514,476,919.

The amount of the adjusted-certificate fund now available to be applied to the certificates is $1,225,990,885.

The amount required to retire the certificates is $2,288,486,034. Of this amount the veterans would receive $1,945,236,682.

Then, Mr. President, here is an item that gives me a great deal of concern: The balance of $343,249,352 would be paid to banks and Government life-insurance funds holding liens against service certificates. In other words, that figure is approaching half a billion dollars; that is to say, if we go on for 3 or 4 years and continue to ignore this just obligation of the United States Government to the veterans, my fear is that the veterans will receive nothing; that all of the certificates will be held by the money lenders, and that the money lenders will cash in on the certificates in 1945. So I think it is necessary that these sums be paid, and paid at the earliest possible moment.

I stated a while ago—it is in the RECORD—that we are now paying into this reserve fund, for the redemption of the certificates in 1945, approximately $112,000,000 annually. Under the provision of the Thomas amendment, which provides for the issuance of $3,000,000,000 in Treasury notes, the sinking-fund requirement is only 4 percent. That means a net saving to the United States Government annually of $22,000,000 in ready money. In other words, as it stands now, we are placing in this special fund annually $112,000,000 for the redemption of the certificates. If this amendment is added to the Thomas amendment, and the bill passes and becomes a law, we shall be required to pay into the sinking fund only 4 percent on the amount of the certificates outstanding, or $89,120,000 annually, meaning a difference of approximately $22,000,000 each year. That would represent in operating the two funds a saving to the Government of that sum.

If we pay these certificates, Mr. President, we do not increase the indebtedness of the United States in the slightest degree. What we do is to discharge a debt of the United States that, regardless of any controversy that may arise as to when it may be due—some of us think it has been due since the armistice was signed November 11, 1918; others think it will not be due until 1945—is, in any event, a debt which must be paid at the latest in 1945. If this amendment is successful, that debt will be liquidated immediately; the difference being that the needy veterans and their families will receive the money, whereas if we wait until 1945 it will go largely to the money lenders, and the veterans, for whom Congress enacted the legislation in 1924, confessing the indebtedness, will receive practically nothing.

Mr. President, I know there are powerful interests in this country that are opposed to this legislation. I need mention only the National Economy League, composed largely of wealthy taxpayers of the land. They have opposed all veterans' legislation; and the program finally adopted by the Congress is precisely the program espoused by that organization, resulting in the passage of the so-called "economy bill."

Mr. HASTINGS. Mr. President——

Mr. ROBINSON of Indiana. I yield to the Senator from Delaware.

Mr. HASTINGS. Will the Senator give me a moment to call attention to the fact that the organizations that have been opposing the passage of the bonus bill have been doing it upon the theory that it would be necessary to borrow something like $2,250,000,000 on Government bonds, and pay interest on it from that time on? I desire, however, to call the Senator's attention to the fact that under the Thomas amendment we have entirely gotten away from that method of financing, and paragraph (2) distinctly provides that the President may issue this paper money to the extent of $3,000,000,000 and thereby retire $3,000,000,000 of the bonds. The Senator from Mississippi [Mr. HARRISON] says there is no objection to that, because the bonds have gone and have been replaced by this money.

The situation here is entirely different, if we have started upon this method of financing, because under this plan, while it probably would be necessary to increase the $3,000,000,000 to $5,250,000,000 in order to get this done, we may today take that $2,250,000,000, cancel the obligation due in 1945, have no interest at all to pay upon it, and if the soldier be willing to take that kind of money for an obligation of the Federal Government, I do not see why the National Economy League that the Senator mentions would not now change its position.

Mr. ROBINSON of Indiana. I should think so, and I should think Members of the Senate who voted previously against this legislation would change their position, too.

Mr. HASTINGS. May I be permitted to add that I do not see how it is possible for anybody who supports the Thomas amendment to object to paying the soldier bonus in the same kind of money that he is going to make legal tender for the rest of the Nation.

Mr. ROBINSON of Indiana. I thank the Senator for his observation.

Mr. COPELAND. Mr. President——

Mr. ROBINSON of Indiana. I yield to the Senator from New York.

Mr. COPELAND. The Senator has not finished, then?

Mr. ROBINSON of Indiana. If the Senator from New York expects to speak on this amendment, I desire to confer for a minute with some other Members of the Senate in connection with suggestions that have been made for additions to the amendment.

I desire to conclude, Mr. President. I think everybody understands the question, and I do not care longer to detain the Senate. I believe this is an honest obligation that should have been paid long ago; and regardless of what the reason might have been for voting against the so-called "bonus" last year—and I know the reasons that were advanced—I agree thoroughly with the Senator from Delaware [Mr. HASTINGS] that those reasons do not obtain now. As long as we are going to have this inflation program, and this money is provided for, I see no reason in the world for denying payment to these veterans.

The PRESIDING OFFICER. The time of the Senator from Indiana has expired. The question is on the amendment of the Senator from Indiana to the amendment of the Senator from Oklahoma.

Mr. COPELAND obtained the floor.

Mr. LONG. Mr. President, will the Senator from New York yield to me for just a moment? I promise to interrupt him for a second.

I desire to ask the Senator from Indiana if he will not amend his amendment, on page 1, lines 5 and 6, by striking out the words "Administrator of Veterans' Affairs" and in lieu thereof inserting the words "President of the United States, in his discretion", and in line 6 by striking out the words "and directed", leaving the amendment to read:

> The President of the United States, in his discretion, is authorized to pay to any veteran—

And so forth?

Mr. ROBINSON of Indiana. Mr. President, I confess that I do not like to add that language. At the same time, I do not desire to seem obstinate and to stand in the way of possible adoption of the amendment. I am anxious for results, and I suppose everybody here is. I know that all those who are interested in the veterans' welfare are anxious for results. Therefore, I am inclined to accept the amendment, because I fear I could not get it adopted without adding that language. I may not be able to anyhow, but perhaps it gives us a better opportunity of success; and, with that understanding, I accept the amendment.

The PRESIDING OFFICER. The Senator from Indiana accepts the proposed modification of his amendment.

Mr. BLACK. Mr. President——

Mr. COPELAND. I am sorry that I cannot yield.

Mr. BLACK. I do not desire to have the Senator yield. I desire to ask a question about the amendment of the Senator from Louisiana. Can that be done without unanimous consent?

The PRESIDING OFFICER. The Chair understands that the Senator from Indiana has the right to accept a modification of his own amendment.

Mr. COPELAND. Mr. President, in April 1924 I offered an amendment to the measure then pending providing for the payment of the bonus in cash. That was voted upon on the 23d of April. It received 37 votes in the Senate as against 48, and, of course, was defeated.

Some of us last year were forced, against our convictions, to vote against payment of the bonus at that time. When we had up the economy bill, the Senator from Massachusetts [Mr. WALSH] and his colleague [Mr. COOLIDGE] and my colleague [Mr. WAGNER] and I joined in a statement pointing out why we could not vote for the cash bonus last year. I desire to quote just 2 or 3 sentences from that statement, which is found in the RECORD of June 17, 1932.

We said:

> If the country were prosperous and free from the danger of an economic breakdown, we could defend this vast expenditure in view of the distressed condition of many veterans. But, unfortunately, the veterans are not the only unemployed sufferers; millions of other Americans are in the same sad plight. But even this situation would ordinarily justify preference to the veterans.

At another point we said:

> The Federal Treasury is the last hope of a distressed people. Upon this we must depend if all else fails. It may prove our only hope to save the people from starvation. If the Nation's credit is further contracted, as is certain to be the effect of this proposal, the depression may continue indefinitely, with even the danger of our institutions, financial and political, being irreparably impaired.

That was our position in June of 1932.

We have before us today, however, a very different proposal. If it were proposed now to take out of the depleted Treasury a million dollars or a billion dollars, let alone 2¼ billions, it would be unthinkable. But we have here a proposal to provide, through unusual financing, large sums of money which may run into six or seven billions of dollars. Under these circumstances we may well pause, even at this late hour, to give thought to the obligation which we owe to the veterans of this country.

I desire to say to Senators that on the 1st day of next August, when the veterans and the widows of veterans fail to receive the checks which they have been receiving, there will be distress and discomfort, and we know not how much disturbance because of the failure of the Government to pay. If we are actually going to provide, through unusual means, for the issuance of money, why should we not at the same time include enough to take care of the veterans?

Proposals have been made to the Congress at this session and given approval which would have been impossible of enactment 1 short year ago. So great is the confidence of the country in the President and in his well-understood determination to restore prosperity, that most Members of the Congress are loyally supporting him. In order to give this support, it has been necessary in some instances for many of us to set aside our fundamental views. Certainly that has been my feeling regarding many of the proposals advanced.

As a matter of fact, we are living in a period without precedent. We are groping, seeking to find a way out of our

troubles. The Thomas amendment is a proposal of a radical change in our monetary system and is somewhat shocking to conservatives. We feel, however, that the people have given President Roosevelt a mandate. The Thomas amendment is merely one part of his plan to carry out a program of reconstruction. Without committing ourselves to the Thomas amendment, we hold open minds, and desire, if possible, to be guided by the advice and recommendations of the President.

It has been well brought out today that it is the law of the land that 12 years from now the bonus must be paid. I think we may digress just a moment to enlarge upon that. Every time this matter comes up for discussion there is aroused a sentiment throughout the country which would seem to indicate that paying the soldiers is a brand-new idea. That policy has been determined, and in 1945, whether we wish to do it or not, we must pay that money. We have obligated ourselves to do it. So 12 years from now we are going to pay the adjusted-service certificates anyhow. Therefore we do not need to discuss the merits of the original legislation. It was enacted into law, and that pledge has become the moral and the legal obligation of the Government.

Mr. LONG. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. LONG. The Senator has very appropriately stated, and in connection with his remarks just a moment ago I desire to emphasize, that we would not be enlarging our currency by paying the bonus at all. It is coming out of the three billion provided in the first section of the amendment. We are setting aside, as I previously stated, $120,000,000 a year to retire the bonus debt, which is due in 1945, whereas we will be able by paying $89,000,000 a year, some $23,000,000 less, to pay the bonus now and save the Government the actual payment of that amount of money.

Mr. COPELAND. I agree with the Senator, and also it would provide the money to pay the proposed 4 percent on the retirement of the $3,000,000,000 which we borrow.

It has been my view, and that position has been proven by my vote, that we could not consent to take out of a depleted Treasury the cash to pay these certificates. But the Thomas amendment provides for the issuance of money, to be used, among other things, for a specific purpose, namely, the purchase and the placing in the Federal portfolio of the Treasury bills and other obligations of the United States; and among these obligations resting upon us is a solemn, moral, and legal obligation to pay the adjusted-service certificates.

There is no greater obligation than the obligation to pay the certificates when they are due. Our Government has made a pledge to the veterans. Last year we said that we would be glad to pay the certificates at the earliest possible moment, and at that time, as a debtor to his creditor, we said to this creditor: "We do not have the money to pay you now, but when we can we will do so promptly. By the Thomas amendment we are providing the means to get money, and we are taking care of other obligations. You waited; you were good and patriotic sportsmen; you agreed to delay to a deferred date, and now we are taking care of everybody but you."

We are taking care of all these other obligations, taking care of the banks and the railroads, taking care of every obligation of the Government, and yet we are saying to the veterans, "We cannot take care of you."

If we can, through the extraordinary powers proposed by the amendment, raise money to pay these other obligations, certainly we should pay the veterans. It would be unfair and unjust to that group to do otherwise. If the pending proposal is to be enacted into law, I believe that no higher obligation rests upon us than to meet the pledged obligation to the veterans.

We assume that the only reason why the adjusted-service certificates were not included among the "other obligations" of the United States was because of the need of haste in the preparation of the bill. In the heart of our President is exactly the same feeling we have of sympathy and regard for the veterans, and the same desire to see that justice is given them. We accord the President the same high motives and impulses that we claim for ourselves.

Assuming that we are actually to provide for the purchase of Treasury bills and other obligations of the Government, it is our solemn conviction that the service certificates should be included. To this end, we are hoping it may meet the approval of the Congress and of the President.

If accepted, it would have the advantage of placing immediately into circulation 2¼ billion dollars.

The VICE PRESIDENT. The Senator's time on the amendment has expired.

Mr. COPELAND. I will take my time on the bill, which I have not had, even to the fraction of a second.

Mr. President, as far as I am concerned, I am going ahead and finish what I have to say. I am going to have my conscience clear, anyhow. Other Senators must take care of their own consciences.

This plan would place in circulation at once two and a quarter billion dollars. I heard this afternoon a very interesting and logical address by the Senator from Ohio [Mr. FESS]. He brought together very much valuable material. He pointed out how necessary it is not to pile up our banks with money, but to put the money into circulation.

In a little conversation I had with Mr. Mellon a couple of years ago, I said, "Mr. Secretary, with the reserve gold we have, we could now issue $2,000,000,000 more currency, could we not?"

"Yes", he said, "we could; but what good would it do unless we could circulate it?"

I said, "There is no trouble about that. Pay the soldiers' bonus."

He laughed and said, "That certainly would put it into circulation."

Mr. President, the money we are about to issue will be of no value in the country in the improvement of conditions unless it circulates. We have found how silly, how foolish, how absurd and useless are many of the things we have done in past years. We put into the home loan bank bill last year, in July 1932, a provision permitting the national banks to issue circulating notes by placing the securities of the Government in the Treasury. Under the terms of that measure $995,000,000 could have been put into circulation in the way of currency. It had potentialities to that extent. As a matter of fact, the Treasury told me today that on April 1, $220,000,000 had been called for under the terms of that provision. That is less than a quarter of what could have been had if there was use for the money.

There are ample provisions for the issuance of money. We have in the banks $5,000,000,000 of eligible paper which has not yet been presented to the Federal Reserve. Why do we talk about more money? It is not money we need; it is the circulation of money.

Mr. President, I shall not attempt to discuss that particular matter; but I simply want to inquire, when we are proposing by this easy method to issue $3,000,000,000 or $6,000,000,000 of money, why not put $2,000,000,000 where it would go into circulation and do some good, and at the same time quiet the distress of these veterans? If we are to have a public-works program, which personally I approve, that, together with the payment of the certificates, would help materially to overcome unemployment and to aid the credit facilities of the country. It would quiet the distress of millions of veterans, who are wondering why we help banks, railroads, and industry without thinking of them.

We wish to emphasize our loyalty to the President and our desire to assist his program in its completed form. Frankness compels us to say, however, that unless these soldiers are provided for now, when we are seeking to absorb other obligations of the United States, it would be an act of unfairness and injustice.

Our plea is that Congress demonstrate its sincerity of purpose. If we are to proceed as proposed, there would be a lack of sincerity on the part of Congress in adopting the

Thomas amendment without giving the veterans relief already promised, when the amendment provides the means for doing so.

Mr. President, those are the things I wanted to say. If we were seeking to take money out of a depleted Treasury, my feeling today would be exactly as it was last year, but when we are providing a means for paying all the other obligations of the Government, I am clear in my mind that there is a solemn obligation upon us to meet the claims of the veterans and to pay the adjusted-service certificates.

Mr. WAGNER. Mr. President, I desired to address the Senate briefly on the pending Thomas amendment. However, I understand we are about to take a recess, so I will proceed in the morning, if I may be recognized at that time.

The VICE PRESIDENT. The Senator from New York will have the floor when the Senate convenes tomorrow.

HOURS OF EMPLOYMENT AND WAGES

Mr. BLACK. Mr. President, I ask unanimous consent to have printed in the RECORD an article from the Washington Evening Star of this date, by Mr. Walter Trumbull, relative to the long hours of work and the extremely low wages paid labor in the United States.

There being no objection, the article was ordered printed in the RECORD, as follows:

[From the Evening Star, Washington, D.C., Thursday, Apr. 27, 1933]

"SWEATED" LABOR DEMANDS REFORM—LONG HOURS AND EXTREMELY LOW WAGES HAVE BECOME WIDE-SPREAD IN UNITED STATES

By Walter Trumbull

NEW YORK, April 27.—"Sweated" labor in the United States has increased to such an alarming degree that social workers are up in arms, and there is country-wide demand for State and Federal legislation involving shorter hours and a minimum wage.

A report from Mississippi indicates that 50 cents a day in the textile business is not an uncommon wage. Figures in the North put wages of mill hands as low as $5 to $7 a week. Not only is pay poor but hours are long. A cotton bleachery in the South shows a 91-hour week. A garment factory in New England discloses a 94-hour week.

Instances like these have instituted such legislation as the Black bill in Congress for shorter working hours and many labor-control bills in State legislatures. President Roosevelt considers such legislation vital.

Estimates of the unemployed in the United States have run as high as 12,000,000 to 14,000,000. But owing to the scale of wages in many industries the plight of thousands who have jobs is about as bad. They are worn, weary, and undernourished, victims of sweated labor.

NOT LIMITED TO GARMENTS

The term "sweated" labor is suggested by welfare workers rather than "sweatshop" labor. The latter conveys the idea of dirty, dark, unventilated lofts or cellars. It also suggests the garment trade. Today, in New York, with an excellent labor law, conditions which prevailed in the old sweatshop are infrequent. Nor is sweated labor confined to the garment trade or even to cities. In many places where room, light, and air are plentiful, workers are expected to live on the air. Starvation wages in comfortable surroundings frequently exist.

There still are sweatshops. There are, for example, operators who cut goods in New York and then, to avoid the law, truck them into a neighboring State where they have some little shop that can be abandoned without loss in case of investigation. There they hire girls to sew the goods. Such girls frequently receive little or nothing. This is accomplished by taking them on trial as "learners." While learning they receive no pay. Later they are discharged and new learners taken on.

Aside from the garment trade, sweated labor is common in the silk, wool, toy, candy, hosiery, shoe, lamp shade, and laundry trades. Canneries are full of it. Clerical workers are affected, and instances have been discovered in the tobacco and motor industries.

APPALLING SITUATION

In New York, called "the richest city in the world", facts and figures gathered by the National Consumers' League present an appalling situation. They show workers who spend the night in subways because they cannot afford room rent. They show women paid 12½ cents for making a dress, while the finisher of that dress gets 3 cents.

Reports gathered by the league from employment agencies and hospital social-service departments record such cases as that of a woman who got 21 cents for putting linings in 72 pairs of slippers, so that to earn $1.05 a day she had to handle 720 slippers in 9 hours.

A woman who was the support of two children and a jobless husband worked as a finisher and received 4 cents a dress. She averaged between $5.50 and $6.50 for a 60-hour week. Women finishing expensive pajamas have been getting 40 cents a dozen, which is more than a day's work.

An expert lamp-shade maker receives 1¾ cents to bind the top and bottom of each lamp shade. This takes 10 minutes, so her wage is 10½ cents an hour. Adult women workers in a hand-sewed rug manufactory average 50 cents a day.

Experienced seamstresses, making neckwear, receive 13½ cents an hour. A girl who had 3 years' experience in a dress factory is now working in an apron factory and gets 2½ cents an apron. Working at top speed, she makes 20 cents a day.

ADOPT PIECEWORK BASIS

Many factories which formerly paid living wages have gone on the piecework basis. One such factory pays 75 cents for a gross of garter belts. The fastest workers average $3 a week. Three workers in a linen house showed their pay slips. They called for 59, 75, and 80 cents for a day's work.

Reports from employment agencies show a lawyer offered $8 a week for an expert typist with knowledge of German. Another paid his secretary, a college graduate and court stenographer, $6 a week. A dentist who wished an assistant to answer the telephone, receive patients, assist at the chair, sterilize instruments, type bills, and dust 6 days a week was willing to pay $10.

The situation of some junior workers, many of them the sole support of a family, is shown in a complaint received by the New York State Labor Department in regard to a food factory. It read:

"The company employs about 500 people. They are mostly girls of 13, illiterate, second-generation Americans. The floor and tables are sloppy. There are no chairs available and there is no health examination—a very ordinary precaution required in food factories. The wages of a most expert worker average 50 cents a day."

In Connecticut wages have been withheld and workers cheated of part of the little they earned by assessments for mythical benefits. Contract shops have employed minors and worked them long hours for little or no pay.

WAGES EXTREMELY LOW

Similar conditions exist in Massachusetts. While a minimum wage law exists in Massachusetts it is not mandatory, and sweatshop competition has forced reputable concerns to break down their wage standard. In western Massachusetts records show wages of 1 cent an hour and in other parts of the State the wage scale has been reported as 5 cents an hour.

In Pennsylvania reports show that many children under 16 are employed at a medial wage of $3.10 a week. In the textile and clothing industries many of them have been making less than $2 a week. Twenty percent of the women employed in these industries are reported to have been earning less than $5 a week.

For a week's work in New Jersey, sometimes 54 hours or longer, women's wages in individual cases are reported as $3.26, $5.01, $3.92, $3.29, $5.36, and $1.96. One check for 3 weeks' work amounted to 70 cents. Another for a full week's work, with overtime, totaled $1.

A report from Illinois has shown that a girl in a large Chicago candy store and tea room received $5 for 2 weeks' work. A millinery worker got a little over $5 for 2 weeks' work. Women working on cotton dresses receive $1 a day. Ironers in laundries get $1.50 for ironing 60 shirts a day.

Reports of the same nature have been made from Maine to California. Cotton mills of the South have been running day and night shifts and paying anything they could hire workers for in an employers' market.

Wherever labor laws exist the violations and evasions of them have increased. And in many cases the penalties have not been sufficiently heavy to act as a deterrent.

RECESS

Mr. SMITH. I move that the Senate take a recess until 11 o'clock tomorrow.

The motion was agreed to; and the Senate (at 6 o'clock p.m.) took a recess until tomorrow, Friday, April 28, 1933, at 11 o'clock a.m.

HOUSE OF REPRESENTATIVES

THURSDAY, APRIL 27, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Our blessed Heavenly Father, Thou are still steadfast, still unchangeable, still watching with eternal eyes of care. Thy holy word is with us: "Thou shalt love thy neighbor as thyself." We pray that this commandment may permeate our thoughts, our plans, and our honor. Lead us to help him and wound him not, to lift him up and feel pain at his downfall, and always rejoice at his uprising. In our ways may we carry this spirit of working and serving for others. As we move among men, in all our relationships, may we be in affectionate service. O God, enlarge our visions and give us to understand this long-unheeded sign of the golden age. To the glory of Thy holy name. Amen.

The Journal of the proceedings of yesterday was read and approved.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 4225. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge across the Allegheny River at or near Parkers Landing, in the county of Armstrong, Commonwealth of Pennsylvania; and

H.R. 4332. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge across the Allegheny River at a point near the Forest-Venango county line, in Tionesta township, and in the county of Forest, and in the Commonwealth of Pennsylvania.

JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on April 26, 1933, present to the President, for his approval, a joint resolution of the House of the following title:

H.J.Res. 135. Resolution to amend section 2 of the act approved February 4, 1933, to provide for loans to farmers for crop production and harvesting during the year 1933, and for other purposes.

EXTENSION OF REMARKS

Mr. DIRKSEN. Mr. Speaker, I ask unanimous consent to have printed in the RECORD a short editorial on the gold standard.

Mr. RICH. Reserving the right to object, whose editorial is it?

Mr. DIRKSEN. It is from a newspaper and it is only a factual article.

Mr. RICH. I must object to anything unless it is the gentleman's own remarks.

Mr. DIRKSEN. It is not my own remarks.

Mr. RICH. Mr. Speaker, I object.

LOANS TO HOME OWNERS

Mr. STEAGALL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 5240) to provide emergency relief with respect to home-mortgage indebtedness, to refinance home mortgages to extend relief to the owners of homes occupied by them and who are unable to amortize their debt elsewhere, to amend the Federal Home Loan Bank Act, to increase the market for obligations of the United States, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 5240) providing for loans to home owners, with Mr. DRIVER in the chair.

The Clerk read the title of the bill.

Mr. STEAGALL. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

Mr. GOSS. Reserving the right to object, I shall not object if the bill is printed in the RECORD.

The CHAIRMAN. Without objection, the bill will be printed in the RECORD.

There was no objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama [Mr. STEAGALL]?

There was no objection.

The bill referred to is as follows:

Be it enacted, etc., That this act may be cited as the "Home Owners' Loan Act of 1933."

DEFINITIONS

SEC. 2. As used in this act—

(a) The term "Board" means the Federal Home Loan Bank Board created under the Federal Home Loan Bank Act.

(b) The term "Corporation" means the Home Owners' Loan Corporation created under section 4 of this act.

(c) The term "home mortgage" means a first mortgage on real estate in fee simple or on a leasehold under a renewable lease for not less than 99 years, upon which there is located a dwelling for not more than three families, used by the owner as a home or held by him as his homestead, and having a value not exceeding $15,000; and the term "first mortgage" includes such classes of first liens as are commonly given to secure advances on real estate under the laws of the State in which the real estate is located, together with the credit instruments, if any, secured thereby.

(d) The term "association" means a Federal savings and loan association chartered by the Board as provided in section 5 of this act.

REPEAL OF DIRECT-LOAN PROVISION OF FEDERAL HOME LOAN BANK ACT

SEC. 3. Subsection (d) of section 4 of the Federal Home Loan Bank Act (providing for direct loans to home owners) is hereby repealed.

CREATION OF EMERGENCY LOAN CORPORATION

SEC. 4. (a) The Board is hereby authorized and directed to create a corporation to be known as the Home Owners' Loan Corporation, which shall be an instrumentality of the United States and which shall be under the direction of the Board and operated by it under such bylaws, rules, and regulations as it may prescribe for the accomplishment of the purposes and intent of this section.

(b) The Board shall determine the minimum amount of capital stock of the Corporation and is authorized to increase such capital stock from time to time in such amounts as may be necessary, but not to exceed in the aggregate $200,000,000. Such stock shall be subscribed for by the Secretary of the Treasury on behalf of the United States, and payments for such subscriptions shall be subject to call in whole or in part by the Board and shall be made at such time or times as the Secretary of the Treasury deems advisable. The Corporation shall issue to the Secretary of the Treasury receipts for payments by him or on account of such stock, and such receipts shall be evidence of the stock ownership of the United States. In order to enable the Secretary of the Treasury to make such payments when called, the Reconstruction Finance Corporation is authorized and directed to allocate and make available to the Secretary of the Treasury the sum of $200,000,000, or so much thereof as may be necessary, and for such purpose the amount of the notes, bonds, debentures, or other such obligations which the Reconstruction Finance Corporation is authorized and empowered under section 9 of the Reconstruction Finance Corporation Act, as amended, to have outstanding at any one time, is hereby increased by such amounts as may be necessary.

(c) The Corporation is authorized to issue bonds in an aggregate amount not to exceed $2,000,000,000, which may be sold by the Corporation to obtain funds for carrying out the purposes of this section, or exchanged as hereinafter provided. Such bonds shall be issued in such denominations as the Board shall prescribe, shall mature within a period of not more than 18 years from the date of their issue, shall bear interest at a rate not to exceed 4 percent per annum, and shall be fully and unconditionally guaranteed as to interest only by the United States, and such guaranty shall be expressed on the face thereof. In the event that the Corporation shall be unable to pay upon demand, when due, the interest on any such bonds, the Secretary of the Treasury shall pay to the Corporation the amount of such interest, which is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated, and the Corporation shall pay the amount of such interest to the holders of the bonds. Upon the payment of such interest by the Secretary of the Treasury the amount so paid shall become an obligation to the United States of the Corporation and shall bear interest at the same rate as that borne by the bonds upon which the interest has been so paid. The bonds issued by the Corporation under this subsection shall be instrumentalities of the United States and shall so state on the face thereof, and shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States or any District, Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. The Corporation, including its franchise, its capital, reserves and surplus, and its loans and income, shall likewise be exempt from such taxation; except that any real property of the Corporation shall be subject to taxation to the same extent, according to its value, as other real property is taxed.

(d) The Corporation is authorized, for a period of 3 years after the date of enactment of this act, (1) to acquire in exchange for bonds issued by it, home mortgages and other obligations and liens secured by real estate (including the interest of a vendor under a purchase-money mortgage or contract) recorded or filed in the proper office prior to the date of the enactment of this act, and (2) in connection with any such exchange, to make advances in cash to pay the taxes and assessments on the real estate, to provide for necessary maintenance and make necessary repairs, to meet the incidental expenses of the transaction, and to pay such amounts, not exceeding $50, to the holder of the mortgage, obligation, or lien acquired as may be the difference between the face value of the bonds exchanged plus accrued interest thereon and the purchase price of the mortgage, obligation, or lien. The face value of the bonds so exchanged plus accrued interest thereon and the cash so advanced shall not exceed in any case $10,000, or 80 percent of the value of the real estate as determined by an appraisal made by the Corporation, whichever is the smaller. In any case in which the amount of the face value of the bonds exchanged plus accrued interest thereon and the cash advanced is



less than the amount the home owner owes with respect to the home mortgage or other obligation or lien so acquired by the Corporation, the Corporation shall credit the difference between such amounts to the home owner and shall reduce the amount owed by the home owner to the Corporation to that extent. Each home mortgage or other obligation or lien so acquired shall be carried as a first lien or refinanced as a home mortgage by the Corporation on the basis of the price paid therefor by the Corporation, and shall be amortized by means of monthly payments sufficient to retire the interest and principal within a period of not to exceed 15 years; but the amortization payments of any home owner may be made quarterly, semiannually, or annually, if in the judgment of the Corporation the situation of the home owner requires it. Interest on the unpaid balance of the obligation of the home owner to the Corporation shall be at the rate of 5 percent per annum. The Corporation may at any time grant an extension of time to any home owner for the payment of any installment of principal or interest owed by him to the Corporation if, in the judgment of the Corporation, the circumstances of the home owner and the condition of the security justify such extension. As used in this subsection, the term "real estate" includes only real estate held in fee simple or on a leasehold under a renewable lease for not less than 99 years, upon which there is located a dwelling for not more than 3 families, used by the owner as a home or held by him as a homestead, and having a value not exceeding $15,000.

(e) The Corporation is further authorized, for a period of 3 years from the date of the enactment of this act, to make loans in cash subject to the same limitations and for the same purposes for which cash advances may be made under subsection (d) of this section, in cases where the property is not otherwise encumbered; but no such loan shall exceed 80 percent of the value of the property securing the same as determined upon an appraisal made by the Corporation. Each such loan shall be secured by a duly recorded home mortgage, and shall bear interest at the same rate and shall be subject to the same provisions with respect to amortization and extensions as are applicable in the case of obligations refinanced under subsection (d) of this section.

(f) The Corporation shall have power to select, employ, and fix the compensation of such officers, employees, attorneys, or agents as shall be necessary for the performance of its duties under this act, without regard to the provisions of other laws applicable to the employment or compensation of officers, employees, attorneys, or agents of the United States. No such officer, employee, attorney, or agent shall be paid compensation at a rate in excess of the rate provided by law in the case of the members of the Board. The Corporation shall be entitled to the free use of the United States mails for its official business in the same manner as the executive departments of the Government, and shall determine its necessary expenditures under this act and the manner in which they shall be incurred, allowed, and paid, without regard to the provisions of any other law governing the expenditure of public funds. The Corporation shall pay such proportion of the salary and expenses of the members of the Board and of its officers and employees as the Board may determine to be equitable, and may use the facilities of Federal home-loan banks, upon making reasonable compensation therefor as determined by the Board.

(g) The Corporation is further authorized, for a period of 3 years from the date of the enactment of this act, to exchange bonds and to advance cash, subject to the limitations provided in subsection (d) of this section, to redeem or recover homes lost by the owners by foreclosure or forced sale by a trustee under a deed of trust within 2 years prior to such exchange or advance.

(h) Any person indebted to the Corporation may make payment to it in part or in full by delivery to it of its bonds which shall be accepted for such purpose at face value.

(i) The Board is authorized to make such bylaws, rules, and regulations, not inconsistent with the provisions of this section, as may be necessary for the proper conduct of the affairs of the Corporation. The Corporation is further authorized and directed to retire and cancel the bonds and stock of the Corporation as rapidly as the resources of the Corporation will permit. Upon the retirement of such stock, the reasonable value thereof as determined by the Board shall be paid into the Treasury of the United States and the receipts issued therefor shall be canceled. The Board shall proceed to liquidate the Corporation when its purposes have been accomplished, and shall pay any surplus or accumulated funds into the Treasury of the United States. The Corporation may declare and pay such dividends to the United States as may be earned and as in the judgment of the Board it is proper for the Corporation to pay.

FEDERAL SAVINGS AND LOAN ASSOCIATIONS

SEC. 5. (a) In order to provide local mutual thrift institutions in which people may invest their funds and in order to provide for the financing of homes, the Board is authorized, under such rules and regulations as it may prescribe, to provide for the organization, incorporation, examination, operation, and regulation of associations to be known as "Federal savings and loan associations", and to issue charters therefor, giving primary consideration to the best practices of local mutual thrift and home-financing institutions in the United States; but no such association shall be incorporated by the Board unless in its judgment the community to be served is insufficiently served by local thrift and home-financing institutions.

(b) Such associations shall raise their capital only in the form of payments on such shares as are authorized in their charter, which shares may be retired as is therein provided. No deposits shall be accepted and no certificates of indebtedness shall be issued except for such borrowed money as may be authorized by regulations of the Board.

(c) Such associations shall make loans only upon real property located within 50 miles of their home office, and such loans shall be first liens upon homes, or combination homes and business property, having a value not exceeding $20,000, except that not exceeding 15 percent of the assets of such an association may be invested in first liens on other improved real estate. Such associations may also lend upon the security of their own shares and may invest in stock of a Federal home-loan bank or in obligations of the United States or in Federal home-loan bank bonds.

(d) The Board shall have full power to provide in the rules and regulations herein authorized for the reorganization, consolidation, merger, or liquidation of such associations, including the power to appoint a conservator or a receiver to take charge of the affairs of such association, and to require an equitable readjustment of the capital structure of the same; and to release such association from such control and permit their further operation.

(e) No charter shall be granted except to persons of good character and responsibility, nor unless in the judgment of the Board a necessity exists for such an institution in the community to be served, nor unless there is a reasonable probability of its usefulness and success, nor unless the same can be established without undue injury to properly conducted existing local thrift and home-financing institutions.

(f) Each such association, upon its incorporation, shall become automatically a member of the Federal home-loan bank of the district in which it is located, or, if convenience shall require and the Board approve, shall become a member of a Federal home-loan bank of an adjoining district. Such associations shall qualify for such membership in the manner provided in the Federal Home Loan Bank Act with respect to other members.

(g) The Secretary of the Treasury is authorized on behalf of the United States to subscribe for preferred shares in such associations which shall be preferred as to the assets of the association and which shall be entitled to a dividend, if earned, after payment of expenses and provision for reasonable reserves, to the same extent as other shareholders. It shall be the duty of the Secretary of the Treasury to subscribe for such preferred shares upon the request of the Board; but the subscription by him to the shares of any one association shall not exceed $100,000, and no such subscription shall be called for unless in the judgment of the Board the funds are necessary for the encouragement of local home financing in the community to be served and for the reasonable financing of homes in such community. Payment on such shares may be called from time to time by the association, subject to the approval of the Board and the Secretary of the Treasury; but the amount paid in by the Secretary of the Treasury shall at no time exceed the amount paid in by all other shareholders, and the aggregate amount of shares held by the Secretary of the Treasury shall not exceed at any time the aggregate amount of shares held by all other shareholders. To enable the Secretary of the Treasury to make such subscriptions when called there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $100,000,000, to be immediately available and to remain available until expended. Each such association shall issue receipts for such payments by the Secretary of the Treasury in such form as may be approved by the Board, and such receipts shall be evidence of the interest of the United States in such preferred shares to the extent of the amount so paid. Each such association shall make provision for the retirement of its preferred shares held by the Secretary of the Treasury, and beginning at the expiration of 5 years from the time of the investment in such shares, the association shall set aside one third of the receipts from its investing and borrowing shareholders to be used for the purpose of such retirement. In case of the liquidation of any such association the shares held by the Secretary of the Treasury shall be retired at par before any payments are made to other shareholders.

(h) Such associations, including their franchises, capital, reserves, and surplus, and their loans and income, shall be exempt from all taxation now or hereafter imposed by the United States, and all shares of such associations shall be exempt both as to their value and the income therefrom from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States; and no State, Territorial, county, municipal, or local taxing authority shall impose any tax on such associations or their franchise, capital, reserves, surplus, loans, or income greater than that imposed by such authority on other similar local mutual or cooperative thrift and home-financing institutions.

(i) Any member of a Federal home-loan bank may convert itself into a Federal savings and loan association under this act upon a vote of its stockholders as provided by the law under which it operates; but such conversion shall be subject to such rules and regulations as the Board may prescribe, and thereafter the converted association shall be entitled to all the benefits of this section and shall be subject to examination and regulation to the same extent as other associations incorporated pursuant to this act.

ENCOURAGEMENT OF SAVING AND HOME FINANCING

SEC. 6. To enable the Board to encourage local thrift and local home financing and to promote, organize, and develop the asso-

ciations herein provided for or similar associations organized under local laws, there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $250,000, to be immediately available and remain available until expended, subject to the call of the Board, which sum, or so much thereof as may be necessary, the Board is authorized to use in its discretion for the accomplishment of the purposes of this section without regard to the provisions of any other law governing the expenditure of public funds.

PENALTIES

SEC. 7. (a) Whoever makes any statement, knowing it to be false, or whoever willfully overvalues any security, for the purpose of influencing in any way the action of the Home Owners' Loan Corporation or the Board or an association upon any application, advance, discount, purchase, or repurchase agreement, or loan, under this act, or any extension thereof by renewal deferment, or action or otherwise, or the acceptance, release, or substitution of security therefor, shall be punished by a fine of not more than $5,000, or by imprisonment for not more than 2 years, or both.

(b) Whoever (1) falsely makes, forges, or counterfeits any note, debenture, bond, or other obligation or coupon, in imitation of or purporting to be a note, debenture, bond, or other obligation, or coupon, issued by the Home Owners' Loan Corporation or an association; or (2) passes, utters, or publishes, or attempts to pass, utter, or publish, any false, forged, or counterfeited note, debenture, bond, or other obligation, or coupon, purporting to have been issued by the Home Owners' Loan Corporation or an association, knowing the same to be false, forged, or counterfeited; or (3) falsely alters any note, debenture, bond, or other obligation, or coupon, issued or purporting to have been issued by the Home Owners' Loan Corporation or an association; or (4) passes, utters, or publishes, or attempts to pass, utter, or publish, as true any falsely altered or spurious note, debenture, bond, or other obligation, or coupon, issued or purporting to have been issued by the Home Owners' Loan Corporation or an association, knowing the same to be falsely altered or spurious, shall be punished by a fine of not more than $10,000, or by imprisonment for not more than 5 years, or both.

(c) Whoever, being connected in any capacity with the Board or the Home Owners' Loan Corporation or an association (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise intrusted to it; or (2) with intent to defraud the Board or the Home Owners' Loan Corporation or an association, or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiners of the Board or the Home Owners' Loan Corporation or an association, makes any false entry in any book, report, or statement of or to the Board or the Home Owners' Loan Corporation or an association, or, without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, mortgage, judgment, or decree thereof, shall be punished by a fine of not more than $10,000 or by imprisonment for not more than 5 years, or both.

(d) The provisions of sections 112, 113, 114, 115, 116, and 117 of the Criminal Code of the United States (U.S.C., title 18, secs. 202 to 207, inclusive), insofar as applicable, are extended to apply to contracts or agreements of the Home Owners' Loan Corporation and an association under this act, which, for the purposes hereof, shall be held to include advances, loans, discounts, and purchase and repurchase agreements, extensions and renewals thereof, and acceptances, releases, and substitutions of security therefor.

SEPARABILITY PROVISION

SEC. 8. If any provision of this act, or the application thereof to any person or circumstances, is held invalid, the remainder of the act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

The CHAIRMAN. Under the order of the House, this bill will be considered under general debate, confined to the provisions of the bill, for a period of 1 hour and 30 minutes, to be equally divided between the gentleman from Alabama and the gentleman from Massachusetts.

The gentleman from Alabama is recognized for 45 minutes.

Mr. STEAGALL. Mr. Chairman, the purpose of this bill is to supply to urban-home owners similar emergency relief to that which we are undertaking to provide for farmers who find themselves in danger of losing their homes.

I need not tax the patience of Members of the House in discussing the distressed conditions that obtain at this hour. They are recognized by all, and, of course, all of us, charged with legislative responsibility, share the desire to afford relief, as far as we may, with due regard to constitutional limitations and the financial resources of the Government.

This bill sustains very much the same relation to the home-loan bank system that the emergency farm relief legislation, to which I have referred, sustains to the farm credit system afforded under the Federal Farm Loan Act. The Home Loan Bank Board is authorized under the provisions of this bill to establish an emergency home owners' relief association, a corporation to be known as "Emergency Mortgage Corporation."

Mr. SNELL. Does the gentleman care to yield for a question at this point?

Mr. STEAGALL. Yes; I shall be glad to yield.

Mr. SNELL. I am not clear in my own mind just how this affects the home loan bank bill that was passed last session. Will there be 2 organizations set up, or will there be 1 with added power?

Mr. STEAGALL. I was just approaching a discussion of the portion of the bill which I think will answer the inquiry of the gentleman from New York.

Mr. PARSONS. Will the gentleman yield?

Mr. STEAGALL. May I answer the gentleman from New York [Mr. SNELL] first?

Let me explain first to the gentleman from New York: The Home Loan Bank Board is authorized to organize an emergency-mortgage corporation. The corporation is to be supplied with $200,000,000 of capital out of the Treasury of the United States to be subscribed by the Secretary of the Treasury. The corporation is authorized to incur obligations or issue bonds to the amount of $2,000,000,000, which are to bear an interest rate of 4 percent, and the interest on the bonds is to be guaranteed by the Government. The corporation is expected to exchange its bonds for mortgages against homes where there is a necessity for relief to avoid the loss of homes.

Mr. BLANCHARD. Will the gentleman yield?

Mr. STEAGALL. In a moment.

The corporation is to be under the control and supervision of the Home Loan Bank Board, but the organization of the corporation is to be entirely separate and apart from the organization of the home-loan banks except that it is to be under the management of the Home Loan Board.

Mr. SNELL. Will the gentleman yield right there?

Mr. STEAGALL. Certainly.

Mr. SNELL. Does the gentleman mean there will be an entirely new organization to cover the whole country, the same as the old Home Loan Bank Board has now throughout the various States of the Union?

Mr. STEAGALL. No; I did not intend to say that. There will be a separate organization, but it is in no sense a duplication of the organization of the home-loan bank system. The corporation to be organized under this act is entirely a temporary, emergency organization, and would be operated under the control and direction of the Home Loan Bank Board, through such employees, agencies, and representatives as the Board may find necessary.

I now yield to the gentleman from Illinois.

Mr. PARSONS. The farm mortgage bill provided for a loan of 50 percent of the appraised value and 20 percent of the insurable value of the buildings thereon. Why should discrimination be made against farm lands and only loans to the extent of 50 percent of the value of farm lands made, while 80 percent of the value of city property is allowed to be loaned? I realize the distinguished chairman of the Committee on Banking and Currency did not have the farm mortgage bill under his supervision, but does not the gentleman think we should have a higher rate of appraisal in the farm mortgage bill or a lower rate of appraisal in the home mortgage bill so as to give equitable treatment to each of the two classes?

Mr. STEAGALL. There are many difficulties in attempting to make the two methods parallel. In dealing with the farm-mortgage situation we had to take care of loans and mortgages that had been brought about under the operation of the Federal land banks and of the joint-stock land banks and other loaning agencies in the country. The problem was entirely different from the one that confronts us with reference to homes. Maybe the other act was not as liberal as it might have been. I am not attempting to pass judgment upon that question, but certain it is the provisions of this bill are very liberal as regards the valuation upon which loans are to be made.

The valuation authorized under this measure is 80 percent, but this runs for only 15 years and is purely an emergency measure. It has no relation whatever to, and no connection with, loans that have been made under the permanent home-financing system provided in the original home loan bank bill.

Mr. PARSONS. Mr. Chairman, will the gentleman yield further?

Mr. STEAGALL. Certainly.

Mr. PARSONS. I have no objection to the 80-percent valuation. It all depends upon what standard they use. If you are going to use the 1928 or 1929 standard of value, of course, it is still going to be inflated to a certain extent; but if you are going back to pre-war value, I doubt if you can assist any mortgagor, whether he be in the city or in the country, unless the debt is very materially scaled down by the mortgagee.

Mr. STEAGALL. The values would be based upon contemporaneous appraisals. This, of course, explains in part the liberality of the act with respect to valuation. It is recognized that values are far below normal. Under this bill loans may be made to 80 percent.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. RICH. The gentleman says we are going to have a separate corporation acting under the jurisdiction of the Home Loan Bank Board. Does not the gentleman think we could dispense with this new organization and have the Home Loan Bank Board or this organization perform the functions recommended for both?

Mr. STEAGALL. That, of course, depends on whether men can do twice the work they are doing now. It is assumed that in setting up the necessary personnel they will employ no more help than is required and that every employee will be given a full day's work and the same as to those who now work in the organization of the home-loan bank system. The whole activity of this corporation would be under the control of the Home Loan Bank Board, with such agencies as they might see fit to employ.

Mr. BLANCHARD. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. BLANCHARD. The language of this bill provides the bonds shall be guaranteed as to interest only. I think the gentleman stated that the bonds are to be guaranteed.

Mr. STEAGALL. I did not intend to make that statement. If I did, it was an inadvertence. Of course, it is only the interest on the bonds that is guaranteed. Back of these bonds is the initial capital of $200,000,000 subscribed by the Government, together with the securities supporting the mortgages and loans and safeguarded by other provisions of the bill and by competent management. No loan may be made in excess of $10,000. No loan may be made in excess of 80 percent of the value of the property; and no home having a valuation of over $15,000 is eligible for a loan. These are the three limitations within which loans must be made.

Mr. FITZPATRICK. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. FITZPATRICK. Where the mortgage is due and the mortgagee refuses to renew, can the owner of the building make application to the Government to renew that mortgage? Will the mortgagee have to accept the bonds or can he get cash?

Mr. STEAGALL. He cannot get cash. The plan provides for the exchange of bonds of the corporation for mortgages.

Mr. FITZPATRICK. Then if a man refuses to accept the Government bonds at 4 percent, the owner of the property cannot get any relief?

Mr. STEAGALL. We cannot relieve every situation, but we hope that in a great many instances we shall be able to exchange these bonds the interest upon which is guaranteed by the Government and protected by capital set-up and other safeguards in a way to afford a large measure of relief.

Mr. FITZPATRICK. It will not relieve the situation of the ordinary citizen who has a mortgage of $5,000 or $10,000 and the mortgagee wants to get his cash and will not accept these bonds.

Mr. STEAGALL. Of course, there are two points of view about that. I have on my desk right now a telegram from a man who is known in this House, whose judgment is highly respected in this House, who takes just the contrary view and insists that the interest rate required is too high, that everybody who has mortgages would gladly exchange them for bonds.

We have tried to set a rate on the bonds that would appeal to mortgagees and enable us to render the service contemplated, and meantime fix such an interest rate against mortgagors as will not be unduly burdensome but sufficient to relieve the Government of loss in these transactions. In other words, we tried to work it out so that the Government would lend its credit but not be driven into making drains upon the Treasury to take care of these obligations. The interest rate on the bonds is 4 percent. The interest rate on the mortgage is 5 percent.

Mr. DOWELL. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. DOWELL. Is there any provision in the bill whereby the person purchasing his home under contract can secure a loan?

Mr. STEAGALL. Yes. The bill covers all prior liens, contracts of sale, and, as far as we knew how to draw the bill, it is designed to meet just such situations as that pointed out by the gentleman from Iowa. Not only that, we authorized advances in cash for the purpose of taking care of taxes, assessments, and other charges, including insurance.

Mr. BRIGGS. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. BRIGGS. Does not the gentleman think it is particularly wise to leave within the law the privilege to this corporation to make direct loans where the benefits cannot be obtained through any other source which, in turn, may receive accommodations from this organization?

Mr. STEAGALL. I may say to my friend that one of the fundamental purposes of this bill is to afford direct relief to mortgagors who are in danger of losing their homes. That is just the object sought. No provision is made, except for direct relief to home owners.

This is the particular service which we are attempting to render through this legislation to exchange bonds to any mortgagee who has a mortgage on a home, where by proper negotiation such an exchange may be arranged.

In addition, the bill provides for the organization of local home-loan associations. There are hundreds of counties in the United States that are not supplied with borrowing agencies having access to the facilities of the home-loan bank system. To meet conditions of this kind and to take care of individual borrowers, the bill provides for the organization of local home-loan associations and supplies $100,000,000 of funds out of the Treasury of the United States for the purpose of supplying capital to aid in forming these organizations. Such organizations, when formed, become members of the home-loan bank system.

Mr. BRIGGS. Does not the gentleman feel that a great deal of value and utility of the Reconstruction Finance Corporation has been defeated by individuals or firms not having an opportunity of borrowing when they could not get the accommodations from financial institutions that did have the money?

Mr. STEAGALL. Of course. In principle there can be no differentiation as to classes among those who should be permitted to come directly to the Treasury of the United States for aid, but, as a practical proposition, I am sure I need not argue with my friend that it is not desirable to have the Treasury of the United States undertake in an adequate and comprehensive manner to respond to all the credit requirements of the people of the United States. It would not take long, under that kind of scheme, to find the end of the ability of this Government to obtain the cash with which to

make loans, and, of course, we are confronted with a practical situation in undertaking to legislate along the lines indicated by my friend.

Mr. BRIGGS. But the gentleman will admit that the House and Senate did adopt that very principle in the last Congress, although it was not approved by the then President of the United States, where applications for loans were based upon adequate security and they could not be obtained from other sources, the Reconstruction Finance Corporation was to be permitted, in such an event, to give consideration to such cases.

Mr. STEAGALL. Yes; I voted for that bill just as my friend did, because of the principle involved; but, of course, we all recognize the difficulties involved in putting such a plan into practical operation.

Mr. BRIGGS. Is not one of the chief difficulties that the individual is encountering today his inability to obtain the credit that the Government is providing through these huge agencies? It is just as if they go right through a pipe line that is tapped along the way, and then there is a gate valve that keeps this credit from reaching the people, and is not that one of the things we are trying to correct in this proposed legislation?

Mr. STEAGALL. We are trying to correct that, and I think we are correcting it to some extent, possibly not in a way that will be entirely satisfactory when we come to the end of it, but that is the direction in which we are going, and that is our purpose.

I may say to my friend, although it is aside from this discussion and I am not going to enlarge upon it, I believe there is only one way to restore normal business conditions in the United States, and that is by proper legislation to bring about a resumption of the use of normal bank credits with which the business of our people has always been done. [Applause.]

There can be no substitute for it. All other methods serve a limited purpose and are wholesome as far as they go. We all sympathize with the purpose, and we are glad to join in the effort, but we have found how trivial is the aid that could be supplied out of the limited funds of the Reconstruction Finance Corporation; and all these efforts to supply credit will prove inadequate until we find a way to restore banking to a normal basis in the United States. It is bank credit that supports business values in the United States. But we want to grant such limited and temporary aid as we may.

Mr. MAY. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. MAY. Of course, the gentleman remembers the provisions of the bill which was passed at the last Congress that provided for some direct connection between the borrower and the banks.

Mr. STEAGALL. Yes.

Mr. MAY. Has the gentleman considered the idea that while you perhaps cannot provide for that in this bill, yet you might make it possible for the man who owes a mortgage on his home to go to a member of the Federal Reserve System in his community and let the credit be approved by that bank and transmitted to the other banks concerned?

Mr. STEAGALL. That has already been done. Under the emergency legislation passed since this session of Congress began, there is no limit upon the securities that a Federal Reserve bank may take for a member bank or a nonmember bank, and we did not stop with making all the assets of all classes of banks eligible for loans with the Federal Reserve banks, but we provided that such assets may be used as a basis for the issuance of Federal Reserve bank notes. The results to follow that legislation must depend upon the administration of the Federal Reserve System.

I must conclude, in order to save time for other Members who desire to discuss this bill in general debate. We are going to have the day for the consideration of amendments.

Mr. DONDERO. Will the gentleman yield?

Mr. STEAGALL. For a question; yes.

Mr. DONDERO. If the mortgagee refuses to take the bonds provided for in this bill, is there any relief for the mortgagor who must receive aid or have his mortgage foreclosed?

Mr. STEAGALL. It requires an agreement at that point.

Mr. ZIONCHECK. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. ZIONCHECK. Referring to page 5, section (b), you have in line 18 the word "vendor", but you have nothing about the assignee of the vendor. Was the word "assignee" purposely left out?

Mr. STEAGALL. No; the assignee of the vendor is not left out, because we have by broad language made the bill applicable to all existing liens.

Mr. ZIONCHECK. In line 22 you have taxes and assessments that can be paid by cash. Would the committee object to an interlineation or an amendment including valid and subsistent liens of mechanics and material liens?

Mr. STEAGALL. It is the view of the committee that that is covered by the provisions of the bill.

Mr. HOEPPEL. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. HOEPPEL. There is provision in section 5 whereby the private individual may invest in these securities. Can the gentleman state what rate of interest private citizens would receive?

Mr. STEAGALL. There is no arbitrary provision in regard to that.

Mr. CELLER. Will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from New York.

Mr. CELLER. Why does the bill provide for a guaranty of interest on bonds and does not guarantee the principal? Does the gentleman believe that the public will invest in these bonds without a guaranty of the principal?

Mr. STEAGALL. I thought I had covered that question. It was thoroughly discussed in the committee. It is felt that with the capital of $200,000,000 and the security supporting the mortgages the bonds will be found attractive. The gentleman must remember that recently the Treasury of the United States on short-term loans had to pay over 4 percent to get the money to carry out its program. It would be a serious thing to have the Treasury undertake to guarantee principal and interest on bonds covering the enormous home-mortgage indebtedness of the country, amounting to over $20,000,000,000. There is an end to what can be prudently done in having the Treasury assume the burdens involved in such a stupendous program. [Applause.]

Mr. Chairman, I reserve the balance of my time.

The CHAIRMAN. The gentleman from Massachusetts [Mr. LUCE] is recognized for 45 minutes.

Mr. LUCE. Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Without objection, it is so ordered.

Mr. LUCE. Mr. Chairman, I have had but few requests for time, so that I shall be able to use nearly all the time myself, and I shall be glad to answer any questions after I have made a statement. So permit me to make the statement without interruption, unless it be necessary to clarify something I say.

The chairman of the committee has adequately explained the general purposes of the bill, and it would be but repetition for me to attempt a further analysis of it. I wish to address myself chiefly to a phase of the situation that Members ought to understand.

Last year we passed the home loan bank bill. There is throughout the country wide dissatisfaction with the operation of that bill, and many Members of Congress are disposed to criticize.

I fear Members will equally be disposed to criticize the operation of this new law, for they will find the same discontent over its operation; and in anticipation of their need for information on the subject, in order that this bill may better stand the shafts of criticism that will be thrown at it throughout the land, I wish to make clear to you the nature of the bill we passed 9 months ago and why we are passing this bill.

Unfortunately, after last year's bill was enacted the public gained the impression from the press that any man might go to some agency of the Government and borrow on real estate whatever money he might need. I admit that I was in part to blame for this wrong impression, because when the bill of last year was drafted in its first section it gave to the institution the title "Federal Home Loan Discount Bill." It struck me that was a long and awkward name, that the people would talk of it as a home loan bill, and that we might well drop out the word "discount." That was done. It is possible that if the word "discount" had been left in, then the public would have better understood what we were doing, which at the start was simply to create a system for rediscounting mortgages.

It was never the intention of those who conceived that bill, nor of those who worked over it in the House, nor indeed of most of those who worked over it in the committee in the Senate, that there should be any direct loans. We were not intending to set up an institution that would compete with existing lending agencies, and we are not here intending to set up any such institution. If gentlemen can make their constituents understand that we do not now intend to embark the Government in competition with savings banks, building and loan associations, and other lending agencies, they may escape some part of the grief that will come to their constituents, in the real sense of that word, and the grief that will come to themselves in the sense in which it is often used nowadays. So I am trying to get over the fact that we never have meant, and we do not now mean, to embark the Government in the lending of money to individuals save for emergency need, and then only where there is no other opportunity to get the money.

I will now show why my friend from Missouri [Mr. COCHRAN], whom I am glad to see present, has been disturbed in this matter without perhaps appreciating what has gone on in his own neighborhood. If I mistake not, Missouri is in the Des Moines home-loan bank district. That bank, from the beginning of its operations October 15 of last year to February 1, had 6,682 requests for loans. It turned out that 937 of them were requested on farm property, which is not within the scope of the law.

Seven hundred and fifty of those persons asked for loans in excess of the limitation put in the law. There has been criticism of this limitation, but that bill cannot succeed to the extent hoped for and this bill cannot succeed unless bonds can be issued, and bonds cannot be sold unless there is the finest of security behind them. Gentlemen who desire much more extensive lending operations than these two laws will permit fail to recognize that neither institutions can possibly succeed unless there is security behind the loans. Seven hundred and fifty of these people could not furnish the security to the extent they wished to borrow.

The Government cannot and must not lend without adequate security.

One hundred and fifty-four wanted to borrow on second mortgages; 128 had made no attempt to get money through the ordinary channels. Eleven had no home on the property. Fifteen wanted loans on property valued at more than the limit of $20,000. One hundred and eleven wanted to borrow on business property, 65 on farm property, 12 on buildings housing more than 3 families. One hundred and ninety-three had no ability to make payments. Sixty-seven filed incomplete applications and 242 wanted to borrow on residences which they did not themselves occupy as their own homes. One hundred and thirteen could show no state of distress warranting action by the bank.

Investigation was made of those applications for loans the bank thought might be available, 1,185 in number, and in 490 of the 610 cases heard from it was found that the security offered was not enough to warrant the loan, while in 36 cases the present mortgagees agreed to continue the loan, or the application was withdrawn. Out of all that mass of applications only 84 were found that could comply with the requirements of the law.

When this bill goes through, precisely the same thing is going to take place, if you encourage the distressed and unfortunate people who have not enough security, in the idea that they are going to be able to save their homes. We cannot save the unfortunate man whose property has so depreciated that it is already mortgaged in excess of 80 percent of its value. He is the man whom nobody can save in this emergency by any method of this sort.

I hope many of them can be saved, however; and that quickly, by a revival of that confidence which is now so lacking. I view these measures we are passing one by one, not with first in mind their individual merit or demerit. I am paying slight attention to that. The question is, Can all these measures, taken together, so encourage the people of the United States that you and I and everybody else will begin to spend money once more. So in this particular case the great benefit will be found in what encouragement we can give all the people by legislation as far as we can prudently go, meant to help distressed home owners in cases that can be brought within the law.

Mr. PARSONS. Mr. Chairman, will the gentleman yield?

Mr. LUCE. For clarity? Have I not made myself clear?

Mr. PARSONS. The gentleman stated that there were 84 applications that were investigated and found could be given loans. That was 84 out of how many?

Mr. LUCE. Out of 1,185.

Mr. PARSONS. Were those loans made direct to the individuals?

Mr. LUCE. These were loans where the examining institution stated willingness to make the loan at once or after receiving funds from the home-loan bank.

Mr. PARSONS. But not direct to any individual?

Mr. LUCE. I shall take the matter of direct loans up next, if I may. Gentlemen in another branch—and I am not criticizing—believed that in addition to what we of the House provided last year, we should furnish direct loans. That is, we should authorize the home-loan bank to lend money direct to applicants. That was never in the minds of those who conceived the bill, of those who framed the bill, or of the Members of the House who persuaded the House in the passage of the bill. In the Senate—and it was not the present Senate, so I think I am outside the rule—it was seen fit to put on an amendment authorizing direct loans. We of the House felt that the original purpose of the bill ought to be maintained, but the amendment to which I have referred, authorizing direct loans, came toward the end of many months of controversy, and the House, as well as the Senate, was anxious to go home, and, under duress, the House accepted that amendment because we knew if we did not accept it the bill could not become law. We foresaw the harm it would do. We knew that thousands upon thousands of our citizens would be encouraged by false hopes that could not be fulfilled. We knew that this would be advanced as criticism against the bill itself. We knew that it would do immeasurable harm, and it did.

Mr. JOHNSON of Texas. Will the gentleman yield?

Mr. LUCE. If I am not making myself clear; yes.

Mr. JOHNSON of Texas. I simply want to ask, Did the Home Loan Board make any loans, directly?

Mr. LUCE. Practically no loans have been made directly.

Mr. JOHNSON of Texas. I wanted to know if there had been any. Does the gentleman know whether they have made any direct loans or not, under the existing law?

Mr. LUCE. As far as I know, none has been made; but there may have been a few.

I was going on to explain that this amendment was inadequate. It did not furnish the machinery for making direct loans. It ran up against doubt as to its conflict with other provisions of the bill, in the minds of certain attorneys connected with the Government or the institutions concerned; and for this group of reasons it was an unworkable amendment. It did nothing but deceive the people. So one of the things we are doing in this bill is to repeal that amendment. It never has worked; it never will work; it ought not to have been in the bill; but we are trying to supply machinery that in another way will accomplish, at least in part, what was in the minds of those who framed the direct-loan amendment.

Mr. JOHNSON of Texas. Will the gentleman yield further?

Mr. LUCE. If for clarity; yes.

Mr. JOHNSON of Texas. Can the gentleman inform us how an individual who cannot secure a loan through a cooperative association could get relief under the bill? In a great many of the smaller towns in districts like mine and others throughout the country there are people who are losing their homes and there are no building and loan associations in the vicinity, and they cannot secure a loan. I want to know what relief that class of people will have.

Mr. LUCE. In all courtesy, I may say to the gentleman that this and other features of the bill I had hoped to reach in the orderly process of my remarks, which is why I requested to be able to finish them without interruption, hoping I would reach such topics in due course. However, I will take this one up now.

There are in this country 3,072 counties. There are 1,566, almost exactly half, that have no building and loan associations, no mutual savings bank, and no insurance company, and therefore cannot benefit by the provisions of last year's law. It has now been conceived that it will be a social advantage, a blessing to the people of the land, if we try to encourage the creation of thrift institutions in that half of the counties of the United States where they do not now exist. For that purpose the latter part of this bill provides an appropriation by the expenditure of which the home-loan bank system may encourage and stimulate the creation of thrift associations and may foster them in the 1,500 or so counties that now do not have them.

Mr. JOHNSON of Texas. What minimum capital would those thrift associations be required to subscribe?

Mr. LUCE. There is no specification of that. The chairman of the Board, Mr. Stevenson, a former Member of this House, who had the respect of all its Members and who, on the Committee on Banking and Currency, demonstrated unusual capacity and very sound judgment, assures us that those associations will be formed in accordance with the best building-and-loan practice, and I feel sure we may rely upon him and his Board to carry out that promise.

Next, there was much dissatisfaction because the last law did not get into action quickly. There were thousands upon thousands of persons disappointed because they could not at once get relief. Mr. Chairman, it will be precisely the same with this bill. Constituents of Members of this House will be disturbed in great numbers because they cannot instantly profit by its operation. If memory serves me right, it was 11 months after the Federal Reserve System was created before it got into operation. These big machines can only be started slowly, but what have we done in the matter of the home-loan bank? The law was passed only at the end of last July, and at this very time 8 of the 12 home-loan banks are more than paying expenses. The banks, all told, are putting out $7,000,000 a week.

What were the obstacles in the way? Notice this, please, and then see if you longer complain. There were 36 States where the legislatures had to be convinced of the necessity of statutory changes. Thirty-six State legislatures had to be induced to pass laws. Only one has yet refused to do it. Only 1 of the 48 States had not acted previous to the passage of the home-loan bank bill or has not since acted. That is the State of Nebraska, and it is believed that before the session of its legislature adjourns Nebraska, too, will have acted.

Complaint has come to us in some measure from Missouri, and that is why I wanted the gentleman from Missouri on the floor. His State got into line only last week. Only last week did the Legislature of Missouri allow this system to function there to its fullest extent. Nevertheless much criticism has come because that law has not furnished the flood of money Missouri desired.

When the last figures were obtained the home-loan banks all told had disbursed $28,195,605 and had authorized further disbursements, now in process, of $35,430,766, making a total of $63,626,371 that we have put out or got under way in less by 2 months than the time it took for the Federal Reserve System even to make its first discount.

There are already in the System 1,070 building and loan associations; and there are pending 1,000 more applications where they have put up the money. So more than 2,000 building and loans associations are already engaged in the good work.

It is contemplated by the bill before us to put the machinery in the hands of the Home Loan Bank Board. They must for some of the purposes of the bill function under a legal fiction as a corporation, but it is to be the same organization, the same men, the Home Loan Bank Board; and I think I can assure you that with equal celerity this bill will go into operation. Nevertheless, for a time you will be disturbed, you will be agitated, by complaints from your neighbors that the bill is not working.

As fast as it can be done we are going to put the urban and the suburban home owner, the town, and the village home owner, on much the same plane which we propose to put the farmer.

In general, I should like to point out that the farm mortgage bill is broader, more expensive, and more dangerous than this bill. We had our own way, to some measure, in the shaping of this bill. We have carried out the general desire to the administration, but we saw fit in the framing of the bill to apply the same meticulous care by the use of legislative counsel that we did with the home loan bill; and we have made this a safer bill. We have made it possible to sell the bonds more readily. We have created an institution that in part is meant to be permanent, that we hope will accrue to the benefit of all the people of the land through many years to come.

And so, after this study, this careful scrutiny, this hard work, taking advantage of our experience in framing the home loan bill, we present to you unanimously this measure in the hope of its speedy enactment and as prompt meeting of the needs of distressed home owners as far as is practicable. [Applause.]

Now I will answer any questions.

Mr. BLANCHARD. Mr. Chairman, will the gentleman yield?

Mr. LUCE. I yield.

Mr. BLANCHARD. I respect the gentleman's judgment in this matter, but may I ask at this point if the gentleman considered the matter of reducing the interest rate by one half percent less than that carried in the bill at the present time?

Mr. LUCE. This matter received much discussion, and I have no doubt when we reach it under the 5-minute rule all the considerations pro and con will be presented.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. LUCE. I yield.

Mr. RICH. Does the gentleman think that the feature of the bill exempting these bonds from taxation is a good thing for the country?

Mr. LUCE. The gentleman broaches a question that has had long discussion both in the committee, in the House, and outside. If we were to start afresh, I should, I think, vote against tax exemption for Federal and municipal securities, but to now begin to draw the line here without facing the general proposition seems to me undesirable.

Of course, the gentleman could very well say that the time to begin is the time to begin; that we ought to begin now. One consideration is often lost sight of in the general proposition, namely, that if you remove the tax exemption you have to pay a higher rate for your money, and it has always seemed to me to be a case of even-Stephen. For that reason it does not in the end make very much difference whether you have tax exemption or not; but for the moral effect I think it might be wise for us at once to abolish all tax exemptions. [Applause.] But to do it immediately is probably impracticable.

Mr. HEALEY. Mr. Chairman, will the gentleman yield?

Mr. LUCE. I yield.

Mr. HEALEY. Will the gentleman briefly explain the manner in which an individual whose home is in danger of foreclosure may initiate the procedure provided under this bill for his relief?

Mr. LUCE. He goes to the home-loan bank and explains his situation. Thereupon they offer to take over the mortgage and pay for it in bonds—bonds guaranteed as to interest but not as to principal.

So far the progress is very easy and simple. The hitch comes when the mortgagee is confronted with an offer of the bonds. Now, we cannot tell whether the mortgagee will accept these bonds or not. We do not know. We think in most cases he will. Judging from my own attitude toward a certain piece of real estate in the gentleman's city that I hold as trustee, I would be delighted if I could swap the property for bonds.

Mr. HEALEY. The individual mortgagor himself may initiate the procedure by filing an application with the banks or agencies which are set up to administer the provisions of this bill. Is this correct?

Mr. LUCE. Yes.

Mr. BACON. Mr. Chairman, will the gentleman yield?

Mr. LUCE. I yield.

Mr. BACON. What were the considerations which led to a limitation of the benefits of this bill to homes valued at under $15,000? I have particularly in mind——

Mr. LUCE. If I may interrupt the gentleman, this feature is sure to have long and earnest debate when we reach it under the 5-minute rule. Unless the gentleman particularly cares to go into it at this moment, will he not defer it until this point is reached under the 5-minute rule?

Mr. BACON. May I ask one further question then?

Mr. LUCE. Yes.

Mr. BACON. What happens in the case a small home has a small first mortgage and a second mortgage in addition to the first mortgage? Has provision been made to permit a home owner under such circumstances to make application for a loan where the two mortgages do not exceed the appraised value of the home?

Mr. LUCE. I had so understood. The bill is complicated and some of my answers must have a string attached to them, but it is my understanding that when the total of the mortgages comes within the limit they can be handled under this law.

Mr. MARTIN of Oregon. Mr. Chairman, will the gentleman yield?

Mr. LUCE. I yield.

Mr. MARTIN of Oregon. I want to thank the gentleman for his lucid explanation of this bill. I wish him to make a further explanation of the 80-percent valuation provision. Our experience in Oregon with home-loan mortgages has resulted in losses through overappraisement of property. I do not understand that it is a good business venture to loan on property up to 80 percent of its value when it is notorious that appraisers overappraise, especially in reference to Government loans. Will the gentleman be so kind as to explain how this 80 percent is to be arrived at?

Mr. LUCE. In reply to the gentleman's question, I may say that in my own State the mutual savings banks may loan up to 66⅔ percent. For a long time the cooperative banks, another name for building and loan associations, could lend up to 75 percent. We found it safe to increase that to 80 percent. This was the figure we used in the home loan bill last year, because the greater part of the building and loan associations do lend up to 80 percent. In view of the terrible drop in land values in the last 3 years, thousands of banks and other lending institutions have been caught because they lent too large a percentage of the security. I share the gentleman's apprehensions. For my own part I would have been willing to have had that reduced in order to get greater safety, but in consideration of the fact that the first part of this bill is an emergency proposal confined to 3 years, I came to recognize that by reason of the great distress of these people, threatened with the loss of their homes, we well might not insist on the extreme of ordinary business prudence.

Mr. CELLER. Section 5 of the bill provides that Federal saving-and-loan associations may be established in districts now insufficiently served by local thrift and home-financing institutions, and then on page 14, subdivision (i), section 5, provision is made for any Federal home-loan bank to convert itself into a Federal savings and loan association, whether that particular district is sufficiently or insufficiently served by the present loan thrift or home-financing institution. Does not the gentleman think that this will have a tendency to force the mutual savings and loan associations into the Federal System? In other words, if you have a group of mutual saving and loan associations and one is permitted to convert into a Federal institution, this in and of itself will force more business to the Federal association to the detriment of the other mutual associations.

Mr. LUCE. It is not understood that that would be permitted by the Board.

Mr. CELLER. I believe that would be the effect.

Mr. LUCE. I have no doubt it would, and we have tried very hard to guard against it.

Mr. CELLER. For example, in the city of Newark there are 500 mutual associations and if 2 or 3 or 4 of those associations should convert, they would very soon drive the others out of business.

Mr. LUCE. We never dreamed of the possibility of permitting such a thing as that.

Mr. CELLER. Why do you provide for conversion and what is the necessity for it?

Mr. LUCE. Because there are places in my own State, for example, numerous small towns, that have but one cooperative bank and if it desires to convert we thought it should have the possibility of doing it. In my own city, however, there are two of them, and I have not the remotest idea that the Board would ever permit one alone of the two to convert.

Mr. CELLER. You have a proper limitation in the first provision?

Mr. LUCE. We leave such things to the judgment of the board. We give the board great power to administer the act.

Mr. CELLER. In this instance you take away the power and do not set up a standard when you allow conversion. If you put the same limitation on conversion that you do on establishing the Federal institutions in the first instance, I would go along with the gentleman, but in this particular you take away the safeguarding provision.

Mr. LUCE. On that particular, if the gentleman can convince the chairman of the committee it is wise to accept such amendment, I would not object.

Mr. STUDLEY. Did the committee give consideration to the situation that confronts the home owner in the metropolitan area of New York? and I presume the same thing is true in Boston, where the land is of great value and $10,000 will not satisfy the mortgage. Therefore this bill will bring no relief to such persons.

Mr. LUCE. It will not. I cannot speak for the whole committee as to their views, but my own view is that we ought to have followed the home-loan bank bill of last year.

Mr. RICH. Are the valuations of today to be considered in respect of these properties on which they are going to lend up to 80 percent, or are you going to take 80 percent of the value in 1928 or 1929?

Mr. LUCE. Present value.

Mr. KELLER. Along the same line, may I ask the gentleman whether or not, as a matter of fact, you are not justified in placing the percentage of the loan at 80 percent because of the present terrifically devalued condition of property in the country?

Mr. LUCE. That is one factor, and it will be further considered when we reach that section of the bill, because I am certain amendments will be offered.

Mr. KELLER. May I also ask when and by what method we can bring before this body consideration of further prevention of tax-proof securities? I will appreciate the information.

Mr. LUCE. A resolution to that effect would go before the Committee on Ways and Means.

Mr. MOTT. I was very much interested in the gentleman's statement that the people should be warned that they must not expect either too direct or too speedy action in this regard. I think the gentleman is correct, and I would ask him if it is not his opinion that not only the title of the bill itself, but the message of the President in regard to it, and the newspaper comments that have gone out to the country about it are all calculated to raise in the people the hope that they will get both direct action from the Government by way of direct loans and also speedy loans.

Mr. LUCE. It is a big problem, this, of how far you are justified in cheering up the public. I will not answer the question. I cannot answer it.

Mr. MOTT. I am asking now, in view of your statement that a damper should be put on the people, if it is not a fact that heretofore their hopes have been too optimistically aroused both by the title of the bill itself and the President's message in regard to it.

Mr. LUCE. The gentleman is absolutely right.

Mr. JENKINS. Suppose in a town where they have three building and loan companies, one of them has availed itself of the opportunity to become associated with the home-loan bank and the other two have not, and suppose an individual living in that community wishes to avail himself of the opportunities of this bill, will he have to apply to that representative or that one building and loan association that is now a part of the home-loan bank or can he make his application direct to the home-loan bank?

Mr. LUCE. I cannot give the gentleman a definite answer. I will have to check up on that.

Mr. DE PRIEST. Will the gentleman yield?

Mr. LUCE. I yield.

Mr. DE PRIEST. On page 2, line 8, you limit the value of the homestead to not exceeding $15,000.

Mr. LUCE. I beg the gentleman's pardon, but that will come up under the 5-minute rule.

Mr. DE PRIEST. I received a letter from a man who owns a home in which he lives, for which he paid $30,000 and he only owes $8,500. Could he get any relief under this bill?

Mr. LUCE. I am sorry to say that he could not get any. I tried to get that remedied, but I was not successful.

Mr. SWICK. Will the gentleman yield?

Mr. LUCE. I yield.

Mr. SWICK. On page 6, line 20, there is a provision with reference to making payments sufficient to retire the interest and principal within a period not to exceed 15 years. Suppose that a man has not been able to pay the interest or the principal for 3 years or taxes for 3 years. Will he benefit by this loan?

Mr. LUCE. That question has been raised, and an amendment has been suggested—I do not know whether it will be offered or not—to take care of the 3-year period by a moratorium, so to speak. The framers of the bill thought that we had gone as far as we should go.

Mr. ZIONCHECK. Will the gentleman yield?

Mr. LUCE. I yield to the gentleman from Washington.

Mr. ZIONCHECK. The home-loan corporation created by the act will not be able to make a direct loan. Must he turn the money into the banking board association?

Mr. LUCE. Gentlemen will understand that this corporation is the Home Loan Board under another guise, and if he will look at section 5, page 5, paragraph (d), and page 7, paragraph (e), he will find that this corporation may make loans under conditions set forth.

Mr. DONDERO. Will the gentleman yield?

Mr. LUCE. I yield.

Mr. DONDERO. Is there anything in the bill which would permit the sale of the bonds for cash, so that some cash would be available to pay the mortgage? In other words, if the mortgagee threatens to foreclose——

Mr. LUCE. If the bank has taken over the mortgage and given bonds for it, it is expected that will meet whatever the mortgagor can require.

Mr. DONDERO. Suppose the mortgagee, in view of the fact that the principal is not guaranteed by the United States, refuses to accept the bonds and continues the foreclosure against the mortgagor. Does not that defeat the purpose of the bill in giving relief?

Mr. LUCE. To what extent that will be possible I do not know, but I believe that nearly all the mortgagors of homes will be able to get relief under this bill.

Mr. RICH. Will the gentleman yield?

Mr. LUCE. I yield.

Mr. RICH. The gentleman said awhile ago that you would take the present valuation of the property. If you start the inflation, you will not be able to take in all the property——

Mr. LUCE. I would be willing to discuss that subject with the gentleman at a much greater length of time than I have now.

Mr. ADAMS. Will the gentleman yield?

Mr. LUCE. I yield.

Mr. ADAMS. Is there any provision made for payment of back taxes?

Mr. LUCE. There is a direct loan for that purpose to the mortgagor.

Mr. ADAMS. Is that mortgage increased in any amount?

Mr. LUCE. If the gentleman will read the section at the bottom of page 5 to which I have referred, he will find the provision.

Mr. PIERCE. Mr. Chairman, will the gentleman yield?

Mr. LUCE. Yes.

Mr. PIERCE. Under this bill interest on the bonds alone is guaranteed by the Government?

Mr. LUCE. Yes.

Mr. PIERCE. What is supposed to be the difference in market value between bonds carrying a guaranty of interest only and straight Government bonds?

Mr. LUCE. I do not think that matter was brought out in the hearings.

Mr. PIERCE. Has the gentleman any estimate of the difference in value in the market?

Mr. LUCE. I could not give the gentleman any estimate.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. GOLDSBOROUGH. Mr. Chairman, I yield 5 minutes to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN of Missouri. Mr. Chairman, the gentleman from New York agreed to yield his 5 minutes to me.

Mr. GOLDSBOROUGH. I have not any more time to yield.

Mr. COCHRAN of Missouri. Very little can be said in reference to this proposition in 5 minutes.

The problems confronting the home owner cannot be exaggerated. His condition is most critical. The question as I see it is whether the Congress is going to stand by and see hundreds of thousands of honest citizens and their families turned out into the street, lose their life savings, because they are unable to renew mortgages upon their homes. Hundreds of thousands of our God-fearing citizens, home-loving people, have already been turned out of their homes. I have heard from these people by the thousand, and I say to the distinguished gentleman from Massachusetts [Mr. LUCE], always interesting, a man who always knows his subject, that the reason thousands of applications were not filed in the Des Moines, Iowa, office was because the people knew that they would be wasting a 3-cent stamp if they filed an application. They knew absolutely that there was no opportunity for an individual to secure a loan from the Home Loan Bank Board; and my prediction made months and months ago that no loans would be made to an individual came true, and it is true today, because not one individual has ever received a loan from that Board. If the speech just made by the gentleman from Massachusetts [Mr. LUCE] had been made on the floor of this House in the closing days of the last session, we would not have had a Home Loan Bank Board today, because that speech would have been defeated in the House.

Mr. REILLY. Mr. Chairman, will the gentleman yield?

Mr. COCHRAN of Missouri. Not now. We were led to believe by the chairman of the committee, and other members of the committee, that the individual would be taken

care of. We enacted the bill, and it is nothing more than a sales agency for the building and loan associations. [Applause.] That is all it is. Analyze it in any way that you desire and that is the final conclusion to which you must come. We all know how one becomes a member of a building and loan association. A man cannot simply walk into the office and join. How is a person who has a mortgage on his home, who cannot pay taxes or interest, going to make any subscription to a building-and-loan association in order that he might become a member and make a loan or have them take up his mortgage?

Officials connected with the Home Loan Bank Board tried to build a fire under me out in Missouri just before election because I would not keep still. I welcomed their opposition. Since our legislature has been in session officials of the Home Loan Bank Board have sent me letters and telegrams urging me to urge the members of the legislature to adopt legislation that will permit the building and loan associations of my State to participate. I am here not representing one particular class of people, but I am here representing all of the people. [Applause.] I pity any individual who is unable to join such an association, and he is the man I want to see the Government take care of. Gentlemen speak of not making it a direct loan to the individual. Does anyone know of any better security in the world than the homes of the country?

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. GOLDSBOROUGH. Mr. Chairman, I yield the gentleman 2 minutes more.

Mr. COCHRAN of Missouri. Mr. Chairman, the country is full of money. Pass a real bill here and you will pry that money loose that is now in hoarding. Let me give you the best evidence in the world in reference to this country's being full of money. I have it here from the Treasury Department. How long has it been since anyone here has seen any of the old large money? It is years. Yet on March 31, 1933, the Treasury Department tells me, there were still outstanding, that has not shown up for redemption, $426,972,925 of the old money. Where is it? It is sewed up in mattresses, hidden in chimneys, or down under the ground somewhere—put away. The people are scared. You will pry loose that money the minute you show them that the Government is going to take over these mortgages. Your banks will then loan some of the money they have on hand. I propose under the 5-minute rule to have something else to say about this bill. I think we should let it be known now that the purpose of this legislation is to take care of the individual, and I will offer such an amendment at the proper time.

We cannot rewrite a bill of this character on this floor. There has been too much mystery surrounding this legislation. Nobody saw this bill until last night. Nobody could look at it. Why be in a hurry. We are a month or two ahead of the Senate. Legislation of this character should be carefully considered and the Members should have had reasonable time to prepare amendments.

I cannot see the necessity for setting up corporations of this kind in the States. I think the present bank can take care of this proposition. If we can loan money to the farmers for seed and feed for cattle when the only collateral we have is the crop and the cattle, why not loan a man money on his home? The home is there. It is better security than anything else that could be given to the Government. [Applause.]

The CHAIRMAN. The time of the gentleman from Missouri [Mr. COCHRAN] has expired.

Mr. GOLDSBOROUGH. Mr. Chairman, I yield 3 minutes to the gentleman from Ohio [Mr. DUFFEY].

Mr. DUFFEY. Mr. Chairman, I desire to voice my approval of H.R. 5240.

During my active practice of law in Toledo, Ohio, the financing of homes and the legal work incident to this class of transaction has been a matter of particular study. At the time that the original act was passed in the Seventy-second Congress, I acquainted myself with its provisions. It is my judgment that the legislation then did not adequately meet the problem of the home owner who was at that time in the position where mortgage refinancing was essential. After the Federal Home Loan Bank Board was organized under that statute and the various district boards throughout the country were organized, I gave further study to the provisions and operations of the law. Mr. James V. Davidson, of Toledo (one of the directors of the Federal Home Loan Bank Board of Cincinnati, known as district no. 5, embracing the States of Ohio, Kentucky, and Tennessee) called my attention to the excellent report of the reviewing committee for that district, which recently submitted the semiannual report on the financial condition, practices, and policies of their board. Such report is very enlightening and shows how great benefits can be realized when properly administered. However, I have never really been satisfied with the general operation under the existing statute for the particular reason that the provisions of the law, as well as the rules and regulations adopted, did not reach the individual problems of the home owners themselves who were intended or should have been intended to be aided and benefited by that law. Mr. Chairman, the proposed H.R. 5240 corrects this situation. The bill actually will provide direct, necessary, and urgent relief to millions of home owners in the United States, who are today threatened with the loss of their homes and the equity which has taken years to acquire. Delinquent taxes and assessments have accumulated. In my congressional district, where foreclosure suits were filed by the hundreds, our courts on their own motion saw fit to withhold the order of sale where it appeared that the defaulted mortgagor was a home owner in possession. And on the other hand, in many instances, the mortgagee has been some life insurance company or a building and loan association, a bank, or similar financial institution, whose assets and reserves were invested in first mortgages on homes, an investment always considered as a safe form of investment. This class of mortgagees are to be considered in fact as trustees for thousands of depositors and policyholders, who have been dependent on such assets and should have protection and a return on their insurance policies. Therefore, it is not only the home owners but also thousands of beneficiaries who receive aid and benefit through the provisions of the proposed act.

The bonds to be exchanged for these mortgages will bear interest at 4 percent, to be guaranteed by the Government; the new mortgages will be at the rate of 5 percent. The spread of 1 percent is hardly sufficient to meet all the necessary administrative expenses; but even if the Government should lose something in this matter, it is well worth it in the interest of homes and society. One of the results of this bill will be that both the mortgagor and the mortgagee will be benefited, and if any benefits accrue in the scaling down of the obligations, this reduction will go to the mortgagor, the home owner.

I have conferred with the members of the Federal Home Loan Bank Board in Washington, and I have requested certain definite information and figures which will be of great benefit to all the Members of the House in analyzing the exact situation which faces the defaulted home owner in every State in the Union. These facts, data, and statistics are now available for your information. [Applause.]

Mr. Chairman, I ask unanimous consent of the House to extend my remarks by adding the following memoranda and statements.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The memoranda are as follows:

APRIL 24, 1933.

Hon. WARREN J. DUFFEY,
House of Representatives, Washington, D.C.

MY DEAR MR. DUFFEY: In response to your request of April 20 I am very glad to send you with this letter a memorandum containing our estimate of the volume of urban home mortgages and other urban mortgages outstanding on January 1, 1932, and broken down among the principal types of mortgage lenders.

Accompanying the memorandum you will find tables showing the total volume of all mortgages held by building and loan associations, banks, and insurance companies. Wherever these are

shown by States the figures represent the volume of mortgages held by institutions whose principal offices are located in the respective States. This means that all mortgages held by large insurance companies, such as the Prudential, for example, are shown in the figures for New Jersey, etc. So far I have been unable to find a satisfactory analysis of the volume of insurance-company loans in each State. All other types of mortgage lenders, however, confine their loans almost exclusively to their respective States, and accordingly the State pictures for these institutions are clearer than they are for insurance companies. The national totals are equally clear for all types of institutions.

Please note that the figures in our memorandum, showing a grand total of $36,295,000,000 urban mortgages, of which our estimate shows $21,450,000,000 in urban home mortgages alone, does not involve farm mortgages. The latest estimate made by the United States Department of Agriculture shows that the total indebtedness on farms (including mortgages held by individuals, as well as junior mortgages) amounted to $8,500,000,000.

Trusting that these figures give you the information you desire, I am,

Sincerely yours,

ARTHUR J. MERTZKE, *Economist.*

Estimated volume of urban mortgages in the United States in 1932 [1]

[Prepared by Division of Research and Statistics, Federal Home Loan Bank Board, Washington, D.C., Mar. 31, 1933]

Institution	Total urban mortgages	Urban mortgages, other than home mortgages	Home mortgages		
			Total	Eligible [2]	Noneligible
Total	$36,295,000,000	$14,844,500,000	$21,450,500,000	$11,956,500,000	$9,494,000,000
Federal Reserve member banks	2,500,000,000	1,050,000,000	1,450,000,000		1,450,000,000
Mutual savings banks	5,850,000,000	2,457,000,000	3,393,000,000	3,393,000,000	
All other banks	1,800,000,000	756,000,000	1,044,000,000		[3] 1,044,000,000
Building and loan associations	7,205,000,000	720,500,000	6,484,500,000	6,484,500,000	
Insurance companies	5,940,000,000	3,861,000,000	2,079,000,000	2,079,000,000	
Mortgage companies	3,000,000,000		3,000,000,000		3,000,000,000
Real-estate mortgage bonds	5,000,000,000	5,000,000,000			
Individuals	5,000,000,000	1,000,000,000	4,000,000,000		4,000,000,000

[1] See attached memorandum for explanation of estimates.
[2] Eligible as collateral for loans from Federal home-loan banks.
[3] Includes stock savings banks eligible for membership in Federal home-loan banks.

APRIL 24, 1933.

ESTIMATED VOLUME OF URBAN MORTGAGES IN UNITED STATES IN 1932

The accompanying table shows the estimated volume of urban mortgages held by banks, building and loan associations, insurance companies, and mortgage companies, as well as estimates of the total outstanding real-estate mortgage bonds and mortgages held by individuals. The aggregate volume of mortgages held by all these groups, as estimated for each group, is $36,295,000,000.

The figures showing the total urban mortgages held by Federal Reserve member banks, mutual savings banks, and all other banks are based upon December 31, 1932, reports filed with the Comptroller of the Currency. The total for building and loan associations is based upon figures compiled as of December 31, 1931, by C. F. Cellarius, Secretary of the United States League of Building and Loan Associations. The total figure for insurance companies is based upon the aggregate mortgage holdings of all insurance companies, on December 31, 1931, as shown by Best's Insurance Reports, minus the volume of farm-mortgage loans of life-insurance companies in 1931 (and the same proportion was also deducted from the total mortgage holdings of casualty-, fire-, and marine-insurance companies).

The figures representing the volume of mortgages held by mortgage companies represent a conservative guess based upon limited data. The United States Department of Agriculture estimated that in 1928 mortgage companies held $1,600,000,000 in farm mortgages alone. Scattered studies on the volume of second mortgages indicate that in ordinary times these constitute from 10 percent to 15 percent of the volume of first mortgages. Hence this item alone would ordinarily represent an amount in excess of the estimated total of $3,000,000,000 in mortgages held by mortgage companies at the present. The figures representing real-estate mortgage bonds are based upon tabulations showing the aggregate volume of such bond issue since 1920, minus maturities and repayments to date. Urban mortgages held by individuals are very difficult to estimate accurately, but such sample studies as have been made indicate that in the farm-mortgage field, for example, individuals hold 30 percent of all farm mortgages. More limited studies in the urban-mortgage field indicate that this percentage is less in the urban field and approximates 20 percent in urban-home mortgages. Among urban mortgages on properties other than homes, the percentage of mortgages held by individuals would doubtless be much lower.

DIVISION BETWEEN HOME MORTGAGES AND OTHERS

Banks

The figures representing urban-home mortgages of banks are based upon the total mortgage holdings of these institutions as reported to the Comptroller of the Currency on December 31, 1932.

A survey of the mortgage holdings of banks shows a wide variation among institutions in the percentage of urban-home mortgages to total mortgages. Mutual savings banks in the northeast portion of the United States, for example, invest from 60 to 90 percent of their mortgage loans in urban-home mortgages, whereas in some of the Western States urban-home mortgages represent less than 30 percent of the total mortgage holdings. The average for the United States was 58 percent. Consequently, the figures shown on the attached table represent 58 percent of the total mortgage holdings of all six types of banking institutions included in the tabulation.

Building-and-loan associations

In the case of building-and-loan associations, the estimate of the volume of home mortgages was based upon the aggregate volume of mortgages held by building-and-loan associations in each State as shown by the 1932 annual report of the secretary of the United States Building and Loan League. A survey of building and loan associations' mortgage investments indicated that in general 90 to 95 percent of their mortgage investments are in the form of small urban-home mortgages. Accordingly, the figures shown on the attached table as the volume of mortgages on small urban homes represent 90 percent of the total mortgage holdings of all building and loan associations in each State.

Insurance companies

In computing the estimated total volume of urban-home mortgages held by insurance companies, the total volume of all mortgages held by insurance companies in each State was first tabulated. These figures were taken from Best's Insurance Reports for 1932, and represent mortgages held by insurance companies on December 31, 1931. The figures include mortgages held by fire, marine, and casualty companies, as well as life-insurance companies. The great bulk of these mortgages, however, are held by life-insurance companies, as may be seen from the following tabulation:

Types of companies

	Total amount of mortgages held
Life-insurance companies	$7,752,377,409
Fire- and marine-insurance companies	89,830,191
Casualty- and miscellaneous-insurance companies	8,021,706,305
Total	8,021,706,305

The urban mortgage holdings of insurance companies were obtained by deducting their farm-mortgage loans as explained above. The balance, or $5,940,000,000, representing urban mortgages, was divided between home and other mortgages in the following manner:

On the basis of a survey covering 84 of the principal life-insurance companies of the United States it was found that the volume of home mortgages held by these 84 companies represented approximately 35 percent of their total urban-mortgage holdings at the close of 1931. Accordingly the figures showing in the attached table the volume of urban-home mortgages held by insurance companies in each State represent 35 percent of the total volume of urban mortgages held by all insurance companies whose principal offices are located in the respective States.

Farm-mortgage debt

The indebtedness on farms in 1932, as estimated by the United States Department of Agriculture, was $8,500,000,000. In this estimate are included not only first mortgages held by financing institutions but also farm mortgages held by individuals and second mortgages on farms.

On the basis of the foregoing figures, the total real-estate mortgage debt in the United States in 1932 was as follows:

Urban-home mortgages	$21,450,500,000
Other urban mortgages	14,844,500,000
Farm mortgages	8,500,000,000
Total	44,895,000,000

ARTHUR J. MERTZKE, *Economist.*

FEDERAL HOME LOAN BANK BOARD,
April 25, 1933.

The attached tables, showing figures by States, represent part of the "raw material" used in preparing our estimate.

I enclose them for the partial light they throw upon the volume of mortgages in the several States, even though the figures for banks are incomplete and the figures for insurance companies are shown in the States of the "home offices" of insurance companies.

A. J. MERTZKE.

Total mortgages held by building-and-loan associations

[Taken from page 377 of the Building and Loan Annals, 1932. Prepared by the Division of Research and Statistics, Federal Home Loan Bank Board, Washington, D.C.]

United States	$7,205,339,610
Alabama	21,334,440
Arizona	4,244,939
Arkansas	39,161,397
California	376,294,355
Colorado	47,829,502
Connecticut	24,119,570
Delaware	13,737,035
District of Columbia	77,909,000
Florida	9,974,671
Georgia	5,896,577
Idaho	4,518,016
Illinois	420,693,084
Indiana	253,283,000
Iowa	43,330,170
Kansas	104,800,641
Kentucky	117,769,255
Louisiana	144,521,927
Maine	23,697,954
Maryland	(1)
Massachusetts	494,649,494
Michigan	147,105,279
Minnesota	36,220,560
Mississippi	16,783,600
Missouri	174,798,717
Montana	18,318,003
Nebraska	113,541,355
Nevada	875,400
New Hampshire	13,503,444
New Jersey	1,026,215,919
New Mexico	4,255,224
New York	387,958,762
North Carolina	76,194,700
North Dakota	12,098,430
Ohio	1,030,943,146
Oklahoma	113,008,382
Oregon	20,806,860
Pennsylvania	975,000,000
Rhode Island	31,629,854
South Carolina	(1)
South Dakota	5,554,716
Tennessee	15,440,871
Texas	110,740,498
Utah	35,716,777
Vermont	4,923,043
Virginia	53,374,187
Washington	$56,249,507
West Virginia	30,399,384
Wisconsin	254,423,561
Wyoming	8,789,404
Other States	202,700,000

[1] Included in "Other States."

Total mortgages held by building-and-loan associations—Con.

Total mortgages held by all insurance companies

[Source: Best's Insurance Reports. Figures as of Dec. 31, 1931]

	Total mortgages of life-insurance companies	Total mortgages of fire and marine insurance companies	Total mortgages of casualty and miscellaneous insurance companies	Total mortgages of all insurance companies
United States	$7,752,377,409	$98,830,191	$170,498,705	$8,021,716,305
Alabama	4,129,734	372,411	226,000	4,728,145
Arizona		507,481		507,481
Arkansas	911,977			911,977
California	102,919,555	5,117,765	21,715,000	129,752,320
Colorado	9,275,883	407,266	43,036	9,726,185
Connecticut	371,144,179	5,599,509	57,001,500	433,745,188
Delaware	5,210,739	233,200		5,443,939
District of Columbia	29,937,299	1,859,349	85,000	31,881,648
Florida	578,233			578,233
Georgia	222,125	399,270		621,395
Illinois	141,237,633	3,766,774	9,122,611	154,127,018
Indiana	109,215,866	1,112,531	1,787,489	112,115,886
Iowa	192,726,396	4,710,827	713,264	198,150,487
Kansas	34,366,527	825,922	157,000	35,349,449
Kentucky	9,709,060	129,325		9,838,385
Louisiana	13,561,356	412,100	2,265,000	16,238,456
Maine	1,033,205	7,657		1,040,862
Maryland	17,317,581	617,376	2,254,000	20,188,957
Massachusetts	652,316,921	3,261,684	8,312,236	663,890,841
Michigan	42,774,648	5,445,994	2,422,151	50,642,793
Minnesota	20,342,222	3,183,238	226,786	23,752,246
Mississippi	4,705,185	193,136		4,898,321
Missouri	94,084,207	897,359	5,550,421	100,531,987
Montana	1,644,463	38,899		1,683,362
Nebraska	42,546,000	1,606,641	586,529	44,738,579
New Hampshire	1,519,869	278,880	41,500	1,840,249
New Jersey	1,390,340,049	10,290,361	9,703,162	1,410,333,572
New Mexico	186,850			186,850
New York	3,024,601,192	14,672,224	21,311,150	3,060,584,566
North Carolina	33,792,797	861,230	84,000	34,738,027
North Dakota	3,725,163	25,612		3,750,775
Ohio	330,421,979	2,455,656	17,808,239	350,685,874
Oklahoma	4,527,793	404,693		4,932,486
Oregon	2,133,619	67,869	61,000	2,262,488
Pennsylvania	364,447,824	15,707,245	4,054,100	384,209,169
Rhode Island	92,100	371,967		464,067
South Carolina	2,665,097	320,558		2,985,655
South Dakota	1,920,664	64,675	139,240	2,133,579
Tennessee	28,992,742		249,191	29,241,933
Texas	82,308,319	4,207,465	2,078,282	88,594,066
Utah	3,493,897	348,912		3,842,809
Vermont	63,001,346		12,000	63,013,346
Virginia	64,626,708	955,706	153,175	65,735,589
Washington	9,104,826	1,078,951	60,000	10,243,777
West Virginia	4,474,157	309,470		4,783,627
Wisconsin	434,090,415	5,703,603	2,275,643	442,069,661

Total mortgages held by banks

[Source: U.S. Comptroller's Report; figures as of June 30, 1932. Figures in this table are complete for national banks only]

	Total mortgages of all banks	National banks	State banks	Loan and trust companies	Stock savings banks	Mutual savings banks	Private banks
United States	$9,889,572,000	$1,612,264,000	$1,076,166,000	$1,233,493,000	$67,658,000	$5,895,095,000	$4,896,000
Alabama	20,785,000	9,695,000	9,935,000		1,037,000		118,000
Arizona	8,423,000	1,487,000	6,936,000				
Arkansas	17,893,000	5,105,000	12,788,000				
California	573,387,000	492,606,000	4,255,000	3,200,000	24,511,000	48,815,000	
Colorado	10,943,000	7,562,000	1,866,000	1,515,000			
Connecticut	497,342,000	22,227,000		56,090,000		408,857,000	168,000
Delaware	30,408,000	1,869,000	4,834,000	9,898,000		13,787,000	
District of Columbia	28,467,000	3,729,000		17,196,000	7,542,000		
Florida	15,633,000	6,361,000	6,891,000	2,033,000	348,000		
Georgia	30,370,000	8,009,000	22,354,000				7,000
Idaho	4,049,000	1,705,000	2,354,000				
Illinois	166,379,000	27,687,000	138,692,000				
Indiana	32,031,000	32,031,000					
Iowa	16,297,000	15,634,000					663,000
Kansas	29,523,000	9,271,000	15,589,000	3,785,000	872,000		6,000
Kentucky	13,605,000	13,605,000					
Louisiana	53,518,000	6,961,000	46,557,000				
Maine	76,305,000	8,873,000		33,161,000		34,271,000	
Maryland	124,848,000	10,202,000	19,487,000	20,391,000		74,768,000	
Massachusetts	1,427,062,000	75,739,000		111,084,000		1,240,229,000	
Michigan	426,571,000	203,226,000	144,818,000	67,353,000	10,531,000		643,000
Minnesota	22,824,000	22,824,000					
Mississippi	8,570,000	8,570,000					
Missouri	13,345,000	13,345,000					
Montana	5,526,000	2,099,000	3,427,000				
Nebraska	12,119,000	4,893,000	7,226,000				
Nevada	7,671,000	2,198,000	3,694,000		1,779,000		
New Hampshire	83,130,000	5,974,000				78,056,000	
New Jersey	460,236,000	84,173,000	8,920,000	171,389,000	14,058,000	181,496,000	200,000
New Mexico	3,050,000	2,106,000	447,000	497,000			
New York	4,035,427,000	112,643,000	48,275,000	337,909,000		1,536,142,000	458,000

Total mortgages held by banks—Continued

[Source: U.S. Comptroller's Report; figures as of June 30, 1932. Figures in this table are complete for national banks only]

	Total mortgages of all banks	National banks	State banks	Loan and trust companies	Stock savings banks	Mutual savings banks	Private banks
North Carolina	$4,373,000	$4,373,000					
North Dakota	8,306,000	6,058,000	$2,248,000				
Ohio	498,386,000	71,590,000	384,690,000			$39,891,000	$2,215,000
Oklahoma	12,584,000	12,584,000					
Oregon	17,808,000	9,087,000	8,037,000	$513,000	$171,000		
Pennsylvania	603,513,000	158,005,000	58,073,000	262,456,000		124,728,000	251,000
Rhode Island	143,276,000	4,509,000		70,993,000		67,774,000	
South Carolina	2,486,000	2,486,000					
South Dakota	7,275,000	3,197,000	3,576,000	510,000			1,000
Tennessee	10,547,000	10,547,000					
Texas	59,757,000	35,226,000	24,365,000				166,000
Utah	33,159,000	2,271,000	8,093,000	15,986,000	6,809,000		
Vermont	82,132,000	6,322,000		34,038,000		41,772,000	
Virginia	21,426,000	21,426,000					
Washington	8,924,000	8,924,000					
West Virginia	12,441,000	12,441,000					
Wisconsin	103,534,000	20,134,000	75,395,000	3,496,000		4,509,000	
Wyoming	3,908,000	1,575,000	2,333,000				

The CHAIRMAN. All time has expired. The Clerk will read the bill.

The Clerk read as follows:

Be it enacted, etc., That this act may be cited as the "Home Owners' Loan Act of 1933."

Mr. COCHRAN of Missouri. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I wish to ask the gentleman from Maryland a question, but may I state first that my colleague has no higher regard for Mr. Stevenson than I have?

The gentleman said the corporation was authorized to issue $2,000,000,000 worth of bonds. Does the gentleman feel it is an absolute necessity to form additional savings-and-loan associations?

Mr. GOLDSBOROUGH. If a county has no organization whatever to loan money, the gentleman knows, probably as well as or better than I, that it is almost impossible to get money from a bank at this time. It was on this theory that these associations were authorized to be set up.

Mr. COCHRAN of Missouri. My question is prompted by the fact that Congress has passed laws appropriating hundreds of millions of dollars for the purpose of being loaned to individual farmers for seed and crop production and for feed for cattle, and so forth. Under such laws regional offices have been opened throughout the country. There is one in my city. All the farmer has to do to get a loan is to fill out the proper application blanks and file them with the regional office. He then gets money for seed and plants the seed.

Why cannot this corporation carry on in the same way, by opening up regional offices, and where they find people who come within the terms of this act, who fill out the proper application blanks and submit the proper affidavits showing they are unable to get a loan elsewhere, take over their mortgages?

Why not clarify and simplify the matter by taking out all the red tape and all the delay and make the loans to people entitled to them after due inspection and examination of the facts of the individual case?

Mr. GOLDSBOROUGH. The gentleman knows that such a set-up is not within the scope of this bill.

Mr. COCHRAN of Missouri. I am trying to simplify matters.

Mr. GOLDSBOROUGH. May I ask the gentleman if he has introduced a bill covering the ground he speaks of?

Mr. COCHRAN of Missouri. I introduced a bill in the last session of Congress and also in the present Congress providing that direct loans under the Home Loan Bank Act could be made up to 80 percent.

Mr. GOLDSBOROUGH. The only answer I can make is that what the gentleman speaks of does not come within the scope of this legislation. It is not intended to cover every case. It is intended to cover cases as far as individual mortgagors are concerned where there is a state of mind on the part of mortgagor and mortgagee which would permit the refinancing; that is all; that is the scope of the bill.

Mr. COCHRAN of Missouri. In other words, then, only the owners the gentleman referred to a minute ago can get relief, the case of a mortgagee owning a $10,000 mortgage willing to take $7,000 or $7,500 in bonds rather than go through foreclosure proceedings. Only mortgagees in that class of cases are covered by this legislation.

Mr. GOLDSBOROUGH. That is correct; yes.

Mr. COCHRAN of Missouri. And the individual having a $3,000 or $4,500 mortgage against his property wishing to refinance it gets no relief at all?

Mr. GOLDSBOROUGH. If the gentleman has read the bill, he knows such an individual cannot get relief under this bill.

Mr. COCHRAN of Missouri. Is it going to be another fraud like the one we enacted at the last session of Congress?

Mr. GOLDSBOROUGH. This is not a fraud. The bill has been thoroughly explained, has been correctly explained. Had the gentleman listened to the general debate, he would now understand the bill.

Mr. COCHRAN of Missouri. Are we, then, going to be honest and tell the people that this bill is not a set-up through which the Government will take over their mortgages?

Mr. GOLDSBOROUGH. Not at all. Only people coming within the purview of the bill can get relief under it. If a person does not come within the terms of the bill, his case will be no different than had this legislation not been passed.

Mr. COCHRAN of Missouri. It depends upon whether or not the man who holds the mortgage will accept bonds. Insurance companies and building-and-loan associations cannot accept the bonds under the State laws.

Mr. BRUNNER. Of course, if the mortgagee does not want to do any refinancing, he cannot be compelled to do it.

Mr. COCHRAN of Missouri. In that event we cannot allow the mortgagor anything to pay off taxes and liens.

Mr. GOLDSBOROUGH. Oh, yes; there is such a provision in the bill. Money can be loaned for the purpose of paying taxes.

Mr. COCHRAN of Missouri. That will be a second lien.

Mr. GOLDSBOROUGH. No; it will be a first mortgage.

Mr. COCHRAN of Missouri. Suppose a first mortgage already exists on the property. In such a case you could not loan him money to pay interest and taxes.

Mr. GOLDSBOROUGH. If 80 percent of the appraised value of the property amounts to more than the first mortgage, the mortgagor can get an additional loan.

Mr. COCHRAN of Missouri. Is the bill to be administered on the basis of assessed value or appraised value?

Mr. GOLDSBOROUGH. On 80 percent of the appraised value.

[Here the gavel fell.]

Mr. CELLER. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I am in favor of this bill, but I want to point out certain developments which have occurred in Newark, N.J., where is located the Federal home-loan bank serving New York State.

It is one thing for us to pass legislation of as good a character as this legislation, but it is another thing to have our good efforts frustrated and our glorious purposes balked by inefficient and self-seeking officials.

Now, I charge that the board of directors, with few exceptions, of the Federal home-loan bank in Newark, its whole personnel and staff, have done everything in their power to frustrate our efforts. We sought to help mutual savings and loan associations and small-home owners. They sought to prevent carrying out of our efforts.

For example, section 4 (a) of the old act provides that relief may be given directly to home owners up to a certain percent of the appraised valuation of their properties. Deliberately the officials passed some sort of a general order or regulation which in effect prevented the carrying out of our express mandate that home owners should be directly relieved.

The home-loan bank officials in Newark deliberately went out of their way to prevent giving the relief which was so desired and which was so necessary to the distressed home owners in New York City, including Brooklyn, all Long Island, and the various other sections and communities of the States of New Jersey and New York.

Soon after the home-loan bank was established at Newark there developed a definite hostility to the bank. Newspapers flayed it and its directors and personnel. Instead of attempting to assuage this antipathy, they seemed not to care. They seemed to assume an attitude of the "public be damned." Instead of meeting the people half-way, explaining their difficulties and limitations, they coldly and unsympathetically received applicants, if they did not actually slam the door in their faces. These directors and officers and their attitude rendered not service but disservice. Politics ruled the day. The bank was simply a place to dish out political jobs. Franklin Fort put his partners, associates, friends, and political henchmen in places of power and influence. To get relief, the sine qua non was one's Republicanism.

Mr. CAVICCHIA. Will the gentleman yield?

Mr. CELLER. I yield.

Mr. CAVICCHIA. The gentleman is reviving a question that former Congressman LaGuardia spoke of on this floor. Does not the gentleman know that the present chairman of the Board, a former Member of this House, is following out the same practice because they cannot make direct loans?

Mr. CELLER. No; he is not. He is gradually changing the situation for the better. We have to iterate and reiterate these matters in order to get relief. What our former colleague, Mr. LaGuardia, said is absolutely correct so far as Newark is concerned, and I lay the whole business at the door of our former colleague, Franklin Fort, because of the disservice he rendered to the Federal home-loan bank rather than service. He appointed all his ward heelers to political office, or rather made political officers of the staff and officers of the Federal home-loan bank at Newark. He paraded before the people of Newark and of New Jersey that this was a political proposition, and he caused all kinds of havoc. He turned public opinion against the bank. So much so, that if you ask anybody in New York or New Jersey who is a home owner about the Federal home-loan bank, he will throw up his hands in dismay. They think there that there can be no possible relief from the Federal home bank because of the actions of Franklin Fort and his political sycophants who are either members of the Board or a part of the personnel. I only make three exceptions to the statement that every one of the members of the Board have not demeaned themselves in a patriotic and efficient manner. I am going to name the three exceptions so as to get the record straight. George Lloyd has done good service. So has Eustace Seligman. George McDonald has likewise performed good service. Every one of the others is not worth a pinch of snuff, and their resignations should be demanded forthwith.

Mr. CAVICCHIA. The gentleman is making it a matter of politics.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. CELLER. No. Politics should play no part.

Mr. FITZPATRICK. The gentleman said 50 percent. Was not 40 percent all they would allow?

Mr. CELLER. They would not allow anything directly to home owners. They deliberately dodged the whole scheme and said it was not part or parcel of the purpose of Congress to make any direct loans in this way. They simply frustrated our efforts.

I have the greatest confidence in the present chairman of the Federal home-loan bank, our former esteemed colleague, Mr. Stevenson, of South Carolina. I am sure he is going to weed out these fellows in the Newark office.

I will say to the gentleman from New Jersey [Mr. CAVICCHIA] it is not a question of politics. I do not want the Democrats necessarily to control this situation any more than I want the Republicans to control it. This is a nonpartisan board, and their activities ought to be conducted in a nonpartisan spirit, but this was not the case with Fort in the saddle. It was conducted, and has been conducted up to this very moment in Newark, in a clearly partisan spirit, and it is time to call a halt in this regard. There is indeed need for a complete housecleaning. [Applause.]

Mr. REILLY. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, the gentleman from Missouri [Mr. COCHRAN] in an address in the general debate on this bill made the statement that the home-loan bank bill would not have been passed by the House were it not for the fact that the Chairman of the House Banking and Currency Committee and his friends misrepresented the bill as giving relief to the individual home owner.

It was my privilege to write the report of the committee recommending the bill to the House for passage, and it is distinctly stated in that report that there was no help or hope for the individual home owner unless through membership in some home-financing institution. There was not one word in the debate in this House wherein there was any deception or fraud of any kind practiced. No member of the committee on either side of the House pretended in any way that the bill provided for direct loans to the individual home owner.

Mr. COCHRAN of Missouri. I am not talking about the House committee, I am talking about the conference committee after the Senate amendment was added.

Mr. REILLY. The home-loan bank bill was designed to serve existing home-financing institutions, as the Federal Reserve System at the present time serves its member banks.

Mr. COCHRAN of Missouri. But the Senate made it for individuals.

Mr. REILLY. The idea of a direct loan was grafted on the bill, as you have been told by the chairman of the committee today, and by the gentleman from Massachusetts [Mr. LUCE], and as the gentleman from Missouri ought to know, in the Senate, and the members of the Banking and Currency Committee of the House tried to get it out of the bill in conference, because there was no machinery for carrying into execution a direct loan. The direct-loan idea is contrary to the theory and purpose of the bill, and the gentleman from Missouri ought to know it, and not stand upon the floor of this House and send out to the country the charge that the Banking and Currency Committee of this House put a fraud over on the House and people in passing the home-loan bank bill by claiming it provided for direct loans to the home owner.

There was no fraud practiced on the House in the passing of the home-loan bank bill. The home-loan bank law was designed to work just as it is working. As one of the members of the Banking and Currency Committee of this

House who played a humble part in the framing of that bill, I may say I am well satisfied with the way the law is working. [Applause.]

[Here the gavel fell.]

Mr. McGUGIN. Mr. Chairman, in all fairness, it does seem to me that this legislation which we are about to consider today is in the first instance only another piece of legislation that is going to dash the hopes and aspirations of millions of people on the rocks.

There are some nine or ten billion dollars worth of mortgages which come within the provisions of this act. At least, I understand that is the estimate.

Now, how are we going to give them relief? The first thing is that there must be some money obtained to do it. Under this bill, $200,000,000 is in sight. The rest of it comes over here in section (c), page 4, where it provides for the authorization of $2,000,000,000. How is that $2,000,000,000 obtained? Why, by selling bonds paying 4-percent interest, and the Government guarantees the interest but nothing more.

What security is back of these bonds? Collateral taken up on distressed-mortgage property. I do not believe that the bonds can ever be sold. Why should any citizen, in his right mind, buy bonds at 4 percent on which the Government guarantees the interest only when he can go into the open market and buy Government bonds paying 4¼ percent, on which the Government guarantees both interest and principal. I hope it does not turn out that way, but my common sense tells me that this bill is going to be another case of leading the people to false hopes.

I have never committed myself to the proposition that it is the obligation of the Government to take care of the financial liabilities of the people or corporations. I have thought that that was radicalism. I cannot conceive of anything more radical than the Government taking the money out of your pocket and giving it to some other person or corporation.

Here the Congress is enacting a bill on the idea of giving relief to mortgage-distressed people in this country, and it must make some provision to get the money. If that is what Congress intends to do, then some member of the committee, when we come to section 3, page 4, should be courageous enough to offer an amendment whereby the Government of the United States guarantees both the principal and interest. If you are not willing to adopt that, let us not pass legislation which will lead the people of the country to false hopes.

The gentleman from Missouri criticizes the bill because it talks about giving credit but does not do it.

There are $9,000,000,000 mortgage indebtedness, and this bill leads the people to believe that the Government is going to take care of them. Let Congress be courageous enough to provide the money to do it.

So far as the bill is concerned, it only provides, with certainty, $200,000,000. It looks to me like it is on a parity with a salesman going out and selling stocks and guaranteeing to keep up the interest but does it by selling more stock.

Any plan where all that is guaranteed is payment of the interest and not repayment of the principal has something basically wrong about it, and that wrong consists in the fact that it is questionable whether it is a good security. If the proposed board sells this $2,000,000,000 worth of bonds, they will be sold only because innocent American people buy them believing that the Government is standing back of them, interest and principal. I say now to the people of the United States that if any living soul buys one of these bonds he must buy it knowing that the Government of the United States is not back of it, and that the Government guarantees nothing but the interest. I hope the people will realize that. Merely printing it on the bond is not going to be enough to save the people from being deceived.

Mr. GREEN. Mr. Chairman, I move to strike out the last four words in order to ask the gentleman from Wisconsin [Mr. REILLY] a question. Under the old Home Loan Act, States with local statutes prohibiting reassignments could not participate. As I understand it, this bill does not embrace that feature.

Mr. REILLY. This bill is entirely along different lines than the home-loan bank bill at present, and State statutes cannot interfere with its working.

Mr. GREEN. Does it carry that provision in the old bill that we passed last year?

Mr. REILLY. This is an amendment taking out of the present home loan bill the provision as to direct loans to individuals.

Mr. McCLINTIC. Mr. Chairman, will the gentleman yield to me to ask a question of the gentleman from Wisconsin?

Mr. GREEN. Yes.

Mr. McCLINTIC. I want to know if there is any alternative in the bill which will allow an individual to obtain a loan, when there is not an association located in his immediate community.

Mr. REILLY. The bill provides the same as the Farm Loan Act, where the mortgagor can negotiate with the mortgagee, and if he can provide for an exchange of Government bonds for his mortgage, and get it all below 80 per cent, he can go and get the mortgage direct from the Government and amortize it.

Mr. GREEN. And these loans will be based upon the appraised present value of the land?

Mr. REILLY. The appraised value at the present time.

Mr. GREEN. And this appraisal will be made through home-loan organization?

Mr. REILLY. Through the corporation set up by the home-loan organization?

The Clerk read as follows:

DEFINITIONS

SEC. 2. As used in this act—

(a) The term "Board" means the Federal Home Loan Bank Board created under the Federal Home Loan Bank Act.

(b) The term "corporation" means the Home Owners' Loan Corporation created under section 4 of this act.

(c) The term "home mortgage" means a first mortgage on real estate in fee simple or on a leasehold under a renewable lease for not less than 99 years, upon which there is located a dwelling for not more than 3 families, used by the owner as a home or held by him as his homestead, and having a value not exceeding $15,000; and the term "first mortgage" includes such classes of first liens as are commonly given to secure advances on real estate under the laws of the State in which the real estate is located, together with the credit instruments, if any, secured thereby.

(d) The term "association" means a Federal savings-and-loan association chartered by the Board as provided in section 5 of this act.

Mr. BACON. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BACON: Page 2, line 8, after the word "exceeding", strike out "$15,000" and insert in lieu thereof "$20,000."

Mr. BACON. Mr. Chairman, I am offering this amendment because in the larger cities of the country, particularly in the suburban sections, where real-estate values are higher than they are in the rest of the country, a limitation of $15,000 will not bring the relief this bill is intended to bring. Gentlemen should not forget that there is a limitation later on in the bill that no loan shall exceed $10,000. It seems to me entirely safe, therefore, to increase this limit from $15,000 to $20,000. After all, if we continue the limitation at $10,000 contained hereafter in the bill, it seems to me that the security that the home owners' loan corporation can receive is better if the value of the home is $20,000 rather than $15,000. Unless this amendment be adopted, many of the small home owners in the suburban sections of the large cities of the country will not have the relief that the bill purports to give them and will lose their homes entirely.

Mr. FITZPATRICK. Mr. Chairman, will the gentleman yield?

Mr. BACON. Yes.

Mr. FITZPATRICK. Is it not a fact that in the gentleman's district, the same as in mine, the average home costs

from $15,000 to $25,000, and this bill will relieve only a very small percentage of the home owners?

Mr. BACON. The gentleman is correct. I have also in mind the matter of the 2- and 3-family homes, which the bill will not reach unless the limit is raised from $15,000 to $20,000.

Mr. FITZPATRICK. It is a fact that the 2-family houses run from $18,000 to $30,000. I probably represent more individual home owners than any other Member in the House.

Mr. BACON. The gentleman is quite correct, and I hope that the committee will accept this amendment. The people who have been hardest hit are the skilled mechanic and the small-salaried man, who has been trying to buy a home for his family, and now finds himself without a job.

Mr. KENNEY. Mr. Chairman, will the gentleman yield?

Mr. BACON. Yes.

Mr. KENNEY. Why is it necessary to place any limit at all upon the value of a man's home where the loan is limited to $10,000?

Mr. BACON. I think the gentleman is correct. If we limit the amount of the loan to $10,000, I do not see any reason why we should limit the appraised value of the house, because the greater the appraised value, the more security there is behind the $10,000 loan.

Mr. KENNEY. There was no limit fixed on the value of farms, was there?

Mr. BACON. Yes; I think there was a limit of $50,000.

Mr. GILCHRIST. Will the gentleman yield?

Mr. BACON. I yield.

Mr. GILCHRIST. There was a limit of much less than that, so that in the great State of Iowa you could not put a loan upon an acre of ground exceeding $45 an acre. It was limited to 50 percent of the value of the land and 20 percent only of the value of the buildings. I am not opposing the gentleman's suggestion, but I am simply stating the facts.

Mr. BACON. I voted for the farm mortgage relief bill and I am glad the gentleman is supporting my amendment. I want to reiterate that there has been a limit of $10,000 placed on the amount of the loan later on in the bill. Therefore the greater the value of the house, the more the security back of that loan of $10,000. I am offering my amendment in the interest of people in dire need who are in danger of losing their homes.

Mr. ZIONCHECK. Will the gentleman yield?

Mr. BACON. I yield.

Mr. ZIONCHECK. If no limitation is put on, cannot the city of New York absorb this $2,000,000,000 of itself?

Mr. BACON. I do not get the significance of the gentleman's question.

Mr. ZIONCHECK. In other words, if there is no limitation put on the value of the house, the city of New York alone can absorb, in $10,000 loans, the whole amount of this $2,000,000,000?

Mr. DOWELL. And all the money will be paid to those who are not intended to receive it under this bill.

Mr. ZIONCHECK. That is right.

Mr. BACON. I disagree absolutely. This bill purports to help those in real need, who will lose their homes unless this limit is raised from $15,000 to $20,000. The gentleman must not forget that in the big cities there are many 2- and 3-family homes. In fact, they are more usual than otherwise, and if you are going to protect those home owners, you must raise the limit from $15,000 to $20,000. And do not forget the skilled workman and small-salaried man, who has lost his job, who may now be working at a greatly reduced wage——

Mr. STUDLEY. Will the gentleman yield?

Mr. BACON. I yield to my colleague.

Mr. STUDLEY. Is it not true that this condition arises largely because of the value of land in the metropolitan area of New York, and not because of the particular value of the houses built upon that land?

Mr. BACON. That is exactly what I tried to bring out, that the value of the land is greater in the metropolitan areas than it is in the smaller towns. Therefore, while the house may cost exactly the same, the appraised valuation will be greater in city and suburban sections where the value of the real estate is greater. Unless my amendment is adopted, many distressed, harassed, and deserving people will lose their homes. This bill does not go far enough.

The CHAIRMAN (Mr. LANHAM). The time of the gentleman from New York [Mr. BACON] has expired.

Mr. WEIDEMAN. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from New York [Mr. BACON].

Mr. Chairman, I do not believe the valuation of a house eligible to benefit under this law should be raised from $15,000 to $20,000. The gentleman from New York speaks about high land values in his city. I happen to represent a district that has as much poverty as any in the country and I also represent the richest village in the State of Michigan. I represent the Grosse Pointe area, whose land values are also high, and those people will get along better than the workingman owning a small home. If we change the limit of the valuation of the eligible home from $15,000 to $20,000, what will happen? The people who own the high-priced and expensive homes in my district through acquaintanceships and friendships will come in and be able to borrow this money. That will happen in my district and in every other district. I want to put a limitation on this thing so that the little man will get what he is entitled to. That is what this bill is intended for.

Mr. BACON. Will the gentleman yield?

Mr. WEIDEMAN. Yes; I yield.

Mr. BACON. I am not in disagreement with the gentleman on that proposition, but there is a limitation on the amount of the loan, no matter what the value of the house.

Mr. WEIDEMAN. That is right. If they allow $10,000 loans to every applicant who comes in, the fund will soon be exhausted. The gentleman knows, as well as I, as a practical matter, that if the gentleman from New York knows the administrator of his district, he will help his friends get these $10,000 loans and diminish the area over which this money should be distributed, and I contend it is the purpose of this law to allow as many $500, $1,000, and $2,000 loans as possible. If you want to destroy the purpose of this bill, then change this limit. I am not in favor of raising this limitation one cent. I have just as fine homes in my district as any district in America, not excluding the district of the gentleman from New York, and the people who have $20,000 and $30,000 homes can better take care of them than the little man who owns a thousand-dollar home.

Mr. LANZETTA. Will the gentleman yield?

Mr. WEIDEMAN. I yield.

Mr. LANZETTA. Does the gentleman know that the average lot in New York City is worth between $6,000 and $10,000, and he will find owners of that property who are working people?

Mr. WEIDEMAN. Yes; but there are other districts in this country outside of New York City. I can buy the finest residence in Grosse Pointe today for $10,000. It is a residence fit for a king. We must take into consideration all the little homes worth five and six hundred dollars or a thousand dollars. Those are the people who need relief.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. WEIDEMAN. Yes; I yield.

Mr. FITZPATRICK. We are not legislating for any one section of the country, but it is for the country as a whole.

Mr. WEIDEMAN. That is right; and we are not legislating for New York City alone.

Mr. FITZPATRICK. That is right; and we, of course, are legislating for the whole country. In my district there are thousands of 2-family homes occupied and owned by mechanics and laborers who have mortgages on their homes, and they would not be able to get any relief. I think the laborer and the mechanic in New York City, owning a home worth $20,000, is entitled to relief just as much as those living in any other section of the country.

Mr. WEIDEMAN. I agree with the gentleman, but if a laborer and a mechanic can afford to pay $20,000 for a home,

he removes himself from the classification of laborer and mechanic.

Mr. FITZPATRICK. The gentleman does not understand the standard of living in this country.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. WEIDEMAN] has expired.

Mr. DE PRIEST. Mr. Chairman, I offer a substitute amendment for the amendment offered by the gentleman from New York.

The Clerk read as follows:

Substitute offered by Mr. DE PRIEST for the amendment offered by Mr. BACON: Page 2, line 6, strike out beginning with the word "for" down through line 7 and insert in lieu thereof "in which the owner occupies a unit as a home"; page 2, line 8, strike out "$15,000" and insert in lieu thereof "$40,000"; so that the paragraph will read as follows:

"(c) The term 'home mortgage' means a first mortgage on real estate in fee simple or on a leasehold under a renewable lease for not less than 99 years, upon which there is located a dwelling in which the owner occupies a unit as a home or held by him as his homestead, and having a value not exceeding $40,000; and the term 'first mortgage' includes such classes of first liens as are commonly given to secure advances on real estate under the laws of the State in which the real estate is located, together with the credit instruments, if any, secured thereby."

The CHAIRMAN (Mr. LANHAM). In the opinion of the Chair, the amendment offered is not in the nature of a substitute. It is not germane to the pending amendment offered by the gentleman from New York, which deals solely with the matter of amount. In the opinion of the Chair, the amendment of the gentleman from Illinois would have to be considered as a separate amendment rather than as a substitute for the amendment offered by the gentleman from New York.

Mr. DE PRIEST. That being the case, Mr. Chairman, I move to amend the amendment of the gentleman from New York by striking out the figure "$15,000" and inserting in lieu thereof "$40,000."

The Clerk read as follows:

Amendment offered by Mr. DE PRIEST to the amendment offered by Mr. BACON: On page 2, line 8, strike out "$15,000" and insert in lieu thereof "$40,000."

Mr. DE PRIEST. Mr. Chairman, I know certain Members think this is an absurd amount; and, on the face of it, it is absurd—but unless the amount is raised a class of people intended to be helped will not be reached.

Later on I shall offer a perfecting amendment which will make clear the substitution of $40,000 for $15,000.

Let me explain my purpose: Under the terms of the present bill a man owning a 3-flat building valued at $15,000 can get but $10,000 as a loan. To help the people we really want to reach out and help, the people in the cities whom this bill will not cover at all, I propose to offer later on, if this amendment is adopted, a further amendment limiting the loan percentage according to a sliding scale. For instance, the bill now provides not to exceed 80 percent on a $15,000 home. I want this to stand as it is, and insert thereafter language to this effect: Not to exceed 60 percent on a valuation between $15,000 and $25,000; not to exceed 50 percent on a valuation between $25,000 and $40,000. Such an amendment will increase the security holdings, make the paper better, and will not take a great deal more money.

It will do what? I received a letter this morning from one of my constituents telling me he had a $8,500 loan due on some property, which he was about to lose through foreclosure proceedings. This property consists of a 6-apartment building. Under the terms of this bill he could not make a loan of $8,500, even though the security he has to offer is a 6-apartment building.

Through this effort we are trying to reach out and help the middle class, the so-called "white-collar people", who need help, and need it badly. They used to have a dollar, but practically all of them are broke under existing conditions. We want to so frame this bill that it will reach the great number of people who need help, and this is why I wish the limitation raised to $40,000.

I have made this explanation so you would understand my reason for making the amount $40,000. As I said, under an amendment I propose to offer, these loans would be made on a sliding-scale basis, 80 percent on a $15,000 valuation; 60 percent on a valuation between $15,000 and $25,000; and not to exceed 50 percent on a valuation between $25,000 and $40,000.

Mr. BRUNNER. Mr. Chairman, I offer a substitute for the amendment offered by the gentleman from New York [Mr. BACON].

The CHAIRMAN. A substitute for the amendment offered by the gentleman from New York [Mr. BACON] is now pending.

Mr. BRUNNER. Then, Mr. Chairman, I shall offer my amendment later.

The CHAIRMAN. The question is on the substitute amendment of the gentleman from Illinois [Mr. DE PRIEST].

The substitute amendment was rejected.

The CHAIRMAN. The question recurs on the amendment of the gentleman from New York [Mr. BACON].

Mr. PIERCE. Mr. Chairman, may the amendment again be read for the information of the House?

The CHAIRMAN. Without objection, the Clerk will again report the amendment.

The Clerk again read the Bacon amendment.

The question was taken; and on a division (demanded by Mr. STEAGALL) there were—ayes 59, noes 73.

Mr. LANZETTA. Mr. Chairman, I ask for tellers.

The CHAIRMAN. The gentleman from New York asks for tellers. Those in favor of taking this vote by tellers will rise and stand until counted. (After counting.) Twelve Members have risen, not a sufficient number, and tellers are refused.

Mr. BOYLAN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BOYLAN. More than 12 Members rose. I counted 20.

Mr. GOSS. Mr. Chairman, I make the point of order that a Member cannot appeal from the decision of the Chair on a demand for tellers.

The CHAIRMAN. The point of order is sustained.

Mr. BRUNNER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BRUNNER: Page 2, line 8, after the word "homestead", strike out "and having a value not exceeding $15,000."

Mr. BRUNNER. Mr. Chairman, the reason for this amendment is that further on in the bill there is a provision stating that the loan cannot exceed a certain amount, and I do not see why a man who owns a home worth $25,000 or $30,000 should not be permitted to receive a loan on that home up to the amount that is put in the bill here, which is $10,000. I do not think that is enough and I expect to offer an amendment later making it $16,000. However, I do not see why the person who owns a home worth $35,000 or $40,000 should be excluded from the provisions of this bill, because, after all, in my district and in many other districts, some of those who are hardest hit by this depression are business men who own homes valued over $25,000 and now have absolutely no income. In most instances they have a 70-percent equity in these homes.

I am going to vote for this bill, no matter in what form it is finally presented to the House, because I think it is going to offer a small measure of relief to some. I wish it were possible for all you Members to come to my district and see the suffering that is there. I represent a district of almost 1,000,000 people, and in this district we have over 250,000 home owners. Fifteen thousand of them have already lost their homes since 1929 because they could not keep up their payments. Sixty-five percent of the owners of homes in my district are now in distress, and this does not tell half the story.

Mr. WEIDEMAN. And the small-home owners are the ones that lost their homes.

Mr. BRUNNER. Yes; and a good many of the owners of large homes lost them, too. I can refer my colleague to a man who was in business making $25,000 or $30,000 a year



who is not making $1,000 a year today. I think he is hit just as hard as the poorer fellow who owns a $10,000 home.

What I have said does not tell half the story. The savings banks, title companies, and lending institutions have been exceedingly lenient in extending time, and right now I want to congratulate them upon their public spirit.

Personally, I think most of the owners who expect to obtain relief from this bill will be very much surprised. First, because the present holders of the mortgages must be willing to accept 4-percent bonds, to run for 15 years; second, because the principal is not guaranteed and the holder of the bonds will find it difficult to turn his bonds into cash; and, third, because the appraisals will be made as of present-day values, when everybody knows it is impossible to make such appraisal fairly. The only homes that have been disposed of in the last 4 years are those for which the owner was compelled to accept anything he could get above the mortgage and in most instances he was glad to accept a few dollars above the mortgage because he knew he could not carry on any longer, and even a hundred dollars or so would keep the wolf from the door a short time.

I hope the committee will agree to my amendment.

Mr. STEAGALL. Mr. Chairman, I assume it will be sufficient to say that the amendment would remove all limitation as to valuations of homes that would be eligible for loans. Surely, the House would not destroy every purpose of the bill by the adoption of this amendment. This is all I care to say.

Mr. BRUNNER. Will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. BRUNNER. Farther on in the bill, is there not a restriction on the amount one may borrow?

Mr. STEAGALL. Yes.

Mr. BRUNNER. Under the bill at the present time, if a man's home is worth $15,100 he cannot be considered under the terms of this bill.

Mr. STEAGALL. That is quite true; but the purpose of this bill is to afford a measure of relief, not complete relief, but a measure of relief to distressed home owners. Nobody contends that we should go to the extent of opening up the Treasury or its credit for adequate relief for all home owners in the United States. We only hope to relieve some of them, and we wish to see that the aid goes to those worst in need. The task of relieving all would be too stupendous at this time. We are attempting to do for urban home owners what we formerly started out to do for the farmers, and that is to give an opportunity to the man of small means with a family to save his home. This is as much as we think can be accomplished at this time, and, fundamentally, I do not see how any man can justify the contention that we should open up the Treasury and grant tax-free securities to obtain loans for men of wealth living in costly and elaborate homes. That is foreign to every purpose of this bill. Under such a plan the funds available would soon be exhausted, and a large portion—in fact, the larger portion—of the funds would go to make loans on property worth $20,000, $25,000, $50,000, and more.

Can there be any justification for issuing tax-free bonds to obtain funds to make a loan to a citizen who has a $50,000 home or a $100,000 home? I call attention to the fact that under present valuations an appraisal of $15,000 based upon present market value in the average community of the United States does not represent more than one third of the value of that home in normal times.

Mr. BRUNNER. Does the chairman mean to convey to the members of the committee here that the Home Loan Bank Board will lend money to these rich people he talks about? This is an emergency measure that is to help the people who are in distress, is it not?

Mr. STEAGALL. I assume the Board will follow the purposes of Congress as disclosed by its enactment and the purposes as they are made clear in these debates. If this amendment is adopted, there is no limit as to valuations. The funds would be consumed without any possibility of accomplishing the purposes that we have in mind.

That is what happened to the Federal land bank system. We started out by limiting loans to $10,000. The clamor came and we raised the limit to $25,000. The Federal land banks soon found themselves in serious difficulties.

The joint-stock land banks were loaning under $50,000 limit. We know what has happened to them. I hesitate to state what has occurred in the case of the Federal land banks. The story is one of disappointment to all of us who had any part or pride in the establishment of the system and who were interested in its success.

Mr. GOSS. Mr. Chairman, I move to strike out the last two words in order to ask the gentleman a question. Why did you put the limit of $50,000 in the Farm Mortgage Act and only $15,000 in the home loan bill?

Mr. STEAGALL. I will say this: If the gentleman were familiar with the record of the chairman of this committee in connection with the Federal Farm Loan Act and amendments to that act, he would not have propounded that question. I stood on the floor of this House and opposed the amendment which raised the limit of loans in the Federal land banks from $10,000 to $25,000, and I think everybody agreed later that it was a mistake.

Mr. GOSS. In the agricultural mortgage bill, passed last week, the limit was $50,000.

Mr. STEAGALL. I am not responsible for that. It was done by other gentlemen who are responsible for that legislation. I had nothing to do with it.

Mr. BOILEAU. Will the gentleman yield?

Mr. GOSS. I yield.

Mr. BOILEAU. May I suggest that the mortgagors can borrow 80 percent, where in the farm loan bill the farmers can borrow only 20 percent. A home owner has a greater advantage over the farmer, because at the present valuation farmers will not be able to get any loan whatever.

Mr. BEEDY. Will the gentleman yield?

Mr. GOSS. I yield.

Mr. BEEDY. I want to call the attention of the House to the fact that 80 percent of the valuation on property today means about 48 percent on its value at the time the mortgage was given. Property now is 60 percent—to be very generous in the estimate—of its value at the time the mortgages were given. You are offering a relief to the home owner of 48 percent on the value of the property when the mortgage was made. National banks can lend up to 50 percent of the value.

Mr. GOSS. The gentleman from Maine does not think there is a fair ratio between the two bills?

Mr. BEEDY. I do not. I think it was a mistake to raise the limit to $50,000. It was intended to help the poor man.

Mr. FITZPATRICK. What was the interest on the loan to farmers?

Mr. GOSS. I do not know, but in this act it is 5 percent.

Mr. GILCHRIST. Mr. Chairman, I come from a wholly farming community. I very much deprecate the talk that is going on here which compares the benefits of this home loan bill with the farm loan bill. Gentlemen from the city seem to say that this bill provides relief in a very much less degree than the farm bill did. I think they are in error. The facts are that the farm bill will not admit of a loan of probably more than 40 percent of the value of the property. That was pointed out at the time in a speech made by the gentleman from Wisconsin and in a few remarks by me. This bill provides for loans up to 80 percent of the value of the home.

Mr. LANZETTA. Mr. Chairman, will the gentleman yield?

Mr. GILCHRIST. Not now. Furthermore, gentlemen have suggested that the rates are better in the farm bill than they are here. Again gentlemen are in error. The farm loan bill provided that the farmer could get a 4½-percent rate, but he was compelled to go into an association to get that rate, and it will be remembered that he was loaned only $95, for which he paid 4½ percent. So when you come to compare the rates of interest you are again wrong.

There was one provision of the farm loan bill which provided that where these associations did not exist, then the

farmer would have to pay 5 percent—exactly the same as in this bill. Let us try not to find fault with the farm loan bill. I want to go along with the Members who live in the cities. I am under obligation to them for votes which they have given to farm legislation—gentlemen from Chicago and New York and from other cities all over the country. In the remarks I have heretofore made I have thanked these gentlemen for their votes in support of the farming interests. I thank them again today. I want to go ahead with the gentlemen from the cities who think that this bill now ought to be made so that it is workable for them, and I shall support this amendment, because I think we ought to be fair to all classes. When we represent the interests of the whole country, then we are, indeed, representing the interests of our own districts, and that ought to be what actuates us here in voting.

Let us not have any more talk about how the farmers have been favored. It is not so. They were not especially favored by the farm loan bill. If there is any discrimination, it is in favor of the home owner under this bill. I thank the Lord that destitute and despoiled home owners are to get relief. I know people who live in the towns and the cities who cannot now pay their mortgages or the interest upon them, but who will be relieved under this bill. If there is any man in a city who has a home, let that home be saved for him. I want to vote for him.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. GILCHRIST. Yes.

Mr. BOILEAU. A statement was made on the floor that loans to farmers could be made as high as $50,000. Is it not a fact that the farm mortgage bill provided loans should not exceed $25,000, and then only in exceptional cases with the endorsement of the Secretary of Agriculture?

Mr. GILCHRIST. The gentleman is entirely right. Why have this talk about a comparison between one bill and the other? Representing a farm district, I want to go along with this amendment, although I know that the farm loan bill was not as favorable to our farmers as this bill is to your home owners.

Mr. LANZETTA. Mr. Chairman, will the gentleman yield?

Mr. GILCHRIST. Yes.

Mr. LANZETTA. Does not the gentleman agree that the farm bill took care of the majority of the farmers?

Mr. GILCHRIST. I certainly do not agree with that. I showed at the time that it cared for a small percentage only of the farmers out in my State; it provided for scarcely any of them. I do not think it took care of 15 percent of the farmers in my district. That is why I wanted to amend that bill. It should have been amended.

Mr. LANZETTA. I was led to believe that it took care of 75 percent.

Mr. GILCHRIST. Then the gentleman did not hear my speech. Nobody then or since then has answered, or even tried to answer, the facts and figures that I then gave to the House, nor the inferences that I then drew from these facts. These inferences were that the farm loan bill would not afford help to the average farmer who stood in average relationship to the farm mortgage situation in my State. I then begged for the right to amend that bill so that it would do us the good it ought to do. But this right was refused. I insisted on this then, and I insist on it now, because I want to lay the foundations for real, honest-to-goodness farm-mortgage relief.

But that is no reason why we should refuse to help the home owner in the city or the town or the village. Let us not wrangle and dispute peevishly about it, but let us go ahead with a wholesome intention to help all who are in distress and who want to save their homes.

Mr. DE PRIEST. Mr. Chairman, I call attention of the Members to the fact that under the provisions of this bill there can be no new mortgages made. According to the report gotten out by the committee, that is so. The report reads as follows:

> This bill does not provide cash to take up mortgages or make new loans.

The bill provides that the bonds shall be exchanged for the mortgages, but it does not provide any cash to take up the mortgages under that interpretation. The chairman remarked awhile ago that if the limit is raised upon the value of the property, pretty soon the rich would be getting the money. The bill provides only for mortgages now in existence, and those mortgages are a matter of record and there is no way of changing them now so that anyone can get any benefit from it. This limitation ought to be raised. It makes no difference what the property is worth so long as the limit of the loan is kept to $10,000. It seems to me that at this time we could with justice to ourselves and in justice to the people we want to help raise the amount of the valuation so long as we hold the loan to $10,000.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. DE PRIEST. Yes.

Mr. DONDERO. As long as the amount of the loan is fixed in the bill at $10,000, does it make any difference what the value of the property is above that?

Mr. DE PRIEST. Not a bit.

Mr. DONDERO. It seems to me it makes the security that much better for the new mortgage.

Mr. DE PRIEST. It is not a new mortgage. You can only benefit property that already has a mortgage upon it.

Mr. GLOVER. Mr. Chairman, I hope this amendment will not be adopted. This bill, if it serves its purpose, will have to be properly administered, and it ought to be safeguarded here so that we can have the spread of it to help the poor class of borrowers, as indicated by the chairman a few moments ago. If you strike out this restriction upon the value of the land, it would affect the financing of these bonds. You have to sell the bonds or exchange them for the mortgage. When you strike out the restriction, you destroy the market for any bond that can be issued here, and that would destroy the purpose of the bill.

Mr. DONDERO. Are these bonds to be sold for the purpose of yielding cash, or are they to be given to the mortgagee in exchange for his mortgage?

Mr. GLOVER. It will have to be exchanged for the mortgage. Anyone who knows anything about this bill knows they will not sell enough of those bonds to have money to loan. They must be exchanged for the mortgage.

Mr. DONDERO. That is just the point.

Mr. GLOVER. If you enlarge the bill to that extent, it will destroy the market for the bonds, so that you cannot sell them for 50 cents on the dollar.

Mr. BRUNNER. Does the gentleman know there is a provision in this bill which prevents the rediscounting of the bonds?

Mr. GLOVER. Oh, if you have that in this bill, you cannot sell them at all.

Mr. BRUNNER. That is what you have got here.

Mr. GLOVER. Whenever you enlarge the purposes of this bill to that extent you will destroy the purpose of the bill and it will accomplish nothing.

Mr. McLEAN. Mr. Chairman, I move to strike out the last three words.

I wish the House would approach this proposition more from the standpoint of what I believe to be the real forgotten man. I sympathize very much with the gentleman from New York [Mr. BACON] and the other gentlemen from suburban districts. I represent a district very much the same. We have in that district men and women who were justified, in prosperous times, in owning homes up to the value of $20,000 or $25,000. There are men and women who are suffering more than any of the individuals who have been described on the floor of the House today. There are men and women who will not go to the local relief association for aid for the reason that in former times their names were found on the list of those who contributed to relief funds.

I have in my hand a letter from the president of a building and loan association in my city, whose average loans will not exceed $15,000, which is an index to the fact that the raising of this limit to $20,000 or more is necessary if this proposi-

tion is going to reach the limit of people who should be reached in this relief.

I ask unanimous consent, Mr. Chairman, to print in the RECORD at this point, as a part of my remarks, a letter from Mr. George H. Parsons, president of the Jefferson Park Building & Loan Association, of the city of Elizabeth, N.J., which is a strong argument for raising this limit to at least $20,000.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The letter referred to is as follows:

ELIZABETH, N.J., *April 15, 1933.*

Hon. DONALD MCLEAN,
Washington, D.C.

DEAR SIR: I see from the newspapers that the new home bill which President Roosevelt is advocating is to apply to homes of $10,000 or less. I think to limit the cost of a home is unfair, as many of our citizens built homes around $20,000 in 1928 and 1929 on parcels of land worth $5,000 to $10,000, securing part of the money from building and loan associations, say, for example, $14,000, which has been reduced by three yearly payments. Some of these citizens are now out of employment, or their income has been reduced, and they are in danger of losing everything.

I am writing this from knowledge gained as president of the Jefferson Park Building & Loan Association of Elizabeth, N.J., and, therefore, protest as an officer of that association against any limit in the cost of a home. The whole thing should be based on a "home"—not a speculation. If a limit is set, I cannot see the fairness or justice in permitting a person owning a $10,000 home to borrow and prohibiting from borrowing a person who owns a $10,100 home.

Trusting you will use your influence to counteract this legislation, I am

Yours very truly,

GEO. H. PARSONS,
96 Wilder Street, Hillside, N.J.

Mr. STEAGALL. Will the gentleman yield?

Mr. McLEAN. I yield.

Mr. STEAGALL. I call the gentleman's attention to the fact that the amendment before us is not to raise the limit of valuation to $20,000 but to remove all limitations.

Mr. McLEAN. Exactly, and I think that is a very wise provision, because then the result will be predicated upon the character of the individual who is being helped, and upon the percentage of value of his property, which is the proper way of making a mortgage loan, and will enable the Government of the United States to give relief where it is needed and deserved.

Mr. McCORMACK. Mr. Chairman, I rise in opposition to the pro-forma amendment.

Mr. Chairman, I am very much interested in the successful passage of this bill, and I am very much interested in the bill obtaining the maximum of benefit intended by Congress in the passage of this bill.

I am interested in this emergency, in trying to assist the average small-home owner. I realize the weight of the arguments advanced by those who have spoken in support of the amendment, and I should like, if possible, to see every class of home owners benefited; but we are confronted with a practical problem, and we are desirous of trying to obtain an objective which will produce maximum results. We are extending the powers of government, under its optional functions, when we pass this bill, reluctantly, but because we feel that necessity prompts and requires it and because private agencies which have handled this problem in the past have fallen down and are at present unable to cope with the emergency and necessity that exist.

This amendment would be very fatal, in my opinion, to the practical objective that we are trying to attain. We propose to try and benefit the average small-home owner, and the average small-home owner is best reflected by those who own 1-, 2-, or 3-family dwelling houses, dwelling houses that the average person who is a home owner is capable of purchasing and owning.

Mr. DINGELL. Will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. DINGELL. What is the reason we cannot include a 4-family house in this bill. Is there any objection to that?

Mr. McCORMACK. That was considered last year when the present home loan law was under consideration. In fact, the committee reported out a bill covering 2-family dwellings, and I introduced an amendment increasing it to 3-family dwellings. At that time the 4-family dwelling amendment was offered by our former distinguished colleague from Wisconsin, Mr. Stafford. We wanted to limit the bill to dwellings. That was then the spirit and intent of the Membership. The 4-family dwelling house brings it more or less in the apartment-house status. I recognize that such owners are very deserving people, but there had to be some limitation; and, therefore, we felt that the 3-family dwelling house was a proper and reasonable limitation.

When the bill went over to the Senate, they put back the 2-family-dwelling provision, and we had to have the provision for the 3-family dwelling inserted when the bill went to conference. I had no objection to the 4-family dwelling then, but there must be a limitation somewhere. The 4-family house enters in the realm of an apartment house or building. For that reason, to keep the bill strictly within the dwelling-house feature, we limited it to 3-family dwellings.

This is the only answer I can give to my friend.

Mr. FITZPATRICK. Can a 3-family house be purchased for $15,000?

Mr. McCORMACK. I should prefer to have the amount $20,000. The $20,000 clause is in the home-loan bank bill of last year. Personally, I should much prefer to have the limitation $20,000. But as between no limitation, as proposed in the pending amendment, and a $15,000 limitation, while recognizing the logic of the argument advanced in support of no limitation, for practical reasons I would vote to retain the $15,000 limitation. That will accomplish the greatest amount of good, and that is what we want to do. We cannot reach everybody. All we can do is to approximate a maximum, and this bill will accomplish this purpose.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. CELLER. I find a very significant provision on page 11 of this bill, that the Federal Reserve Savings & Loan Association may loan on property having a value not exceeding $20,000. Why make it $15,000 in one place and $20,000 in another?

Mr. McCORMACK. As I just explained, personally I would rather have a limitation of $20,000.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, I move that debate on this section and all amendments thereto do now close.

Mr. BACON. Mr. Chairman, some time ago I sent an amendment to the desk. I wish 5 minutes in which to discuss it.

Mr. DIMOND. Mr. Chairman, I, too, have an amendment on which I wish to be heard.

The CHAIRMAN. The question is on the motion of the gentleman from Alabama.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York, which the Clerk will again report for the information of the committee.

The Clerk again read the Brunner amendment.

The amendment was rejected.

Mr. BACON. Mr. Chairman, I offer an amendment which I sent to the desk some little time ago.

The Clerk read as follows:

Amendment offered by Mr. BACON: Page 2, line 3, after the word "first", insert the words "and second."

Mr. BACON. Mr. Chairman, I ask unanimous consent to proceed for 2 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. BURKE of California. Mr. Chairman, I object.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The amendment was rejected.

Mr. CELLER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CELLER: Page 2, line 12, after the period insert a new sentence, as follows: "One- or two-family

dwellings with a store shall qualify as a dwelling subject to a home mortgage under this act, where the owner resides in said property."

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The amendment was rejected.

Mr. DOCKWEILER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DOCKWEILER: On page 2, line 6, after the word "than", strike out the word "three" and insert in lieu thereof the word "four."

The CHAIRMAN. The question is on the amendment offered by the gentleman from California.

The amendment was rejected.

Mr. LANZETTA. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendments offered by Mr. LANZETTA: Page 2, line 6, after the word "dwelling", strike out the words "for not more than three families" and insert the following: ", apartment or tenement building."

Page 2, line 7, after the word "home", insert the following: "and by some of the tenants as and for living quarters."

Mr. GOSS. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. GOSS. Mr. Chairman, I shall ask a division of the amendment; and, pending that, I make a point of order against the first part of the amendment on the ground that it has already been acted on by the committee.

Mr. Chairman, I withdraw the point of order in order to get a vote on the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The amendment was rejected.

Mr. KENNEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KENNEY: Page 2, line 8, strike out the words "and having a value not exceeding $15,000", and insert in lieu thereof the words "having an assessed value not exceeding $15,000."

Mr. KENNEY. Mr. Chairman, I ask unanimous consent to address the House for 2 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

Mr. BACON. Mr. Chairman, I object; and I do so reluctantly, but the gentleman objected to my request awhile ago.

Mr. KENNEY. No; I did not object to the gentleman's request. The gentleman is mistaken.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey.

The amendment was rejected.

Mr. DIMOND. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DIMOND: Page 2, line 15, after subsection (d) of section 2, insert a new subsection to read as follows: "(e) The provisions of this act shall apply to the several States of the United States, to the District of Columbia, the Territories of Alaska and Puerto Rico, and the Virgin Islands of the United States."

Mr. DIMOND. Mr. Chairman, this raises an entirely new question.

Mr. GOSS. Mr. Chairman, I make the point of order that debate on this section and all amendments thereto has been exhausted.

The CHAIRMAN. The Chair sustains the point of order. The gentleman cannot be recognized for the purpose of discussing the amendment.

Mr. DIMOND. Mr. Chairman, I ask unanimous consent to discuss this amendment for 2 minutes.

The CHAIRMAN. Is there objection to the request of the Delegate from Alaska?

Mr. BACON. Mr. Chairman, I made the same request. Objection was made to my request. I object.

The CHAIRMAN. The question is on the amendment offered by the Delegate from Alaska.

The question was taken; and on a division (demanded by Mr. DIMOND) there were—ayes 37, noes 97.

So the amendment was rejected.

The Clerk read as follows:

LOAN BANK ACT

SEC. 3. Subsection (d) of section 4 of the Federal Home Loan Bank Act (providing for direct loans to home owners) is hereby repealed.

Mr. BACON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, a little while ago I offered an amendment to define the expression "home mortgage" to include both first and second mortgages. Under the bill as written homes with second mortgages are apparently placed at a great disadvantage.

I did this for the reason that most of the very small homes in this country have been financed by means of a first and second mortgage.

There is nothing in this bill that gives any relief to the owner of a very small home who may have a second mortgage on his property. If we had adopted the amendment which I offered and which I was prevented from debating, we could have defined the phrase "home mortgage" to include both first and second mortgages. The gentleman from Alabama, the chairman in charge of this bill, saw fit to shut off debate and apply a gag to free expression.

Remember that in a later provision of the bill 80 percent of the value can be lent, and this would have permitted the joining of the first and second mortgages up to 80 percent of present value, and not to exceed $10,000. Unless some provision for taking care of second mortgages is added to this bill many small-home owners will not benefit at all by the passage of this bill, and they will lose their homes.

The amendment which I offered was in the interest of the owner of the very small home, the man who has a small salary or the skilled laborer, and who is buying a house on the installment plan. By choking off debate the Committee has not had a fair opportunity to consider this question or to properly understand my amendment. I maintain, and I think most members of the Committee will agree with me, that the very small-salaried man or laborer who is buying a home on the installment plan has got to have a second mortgage if he is to own a home. This bill does not permit him to get any relief if besides a small first mortgage he has a second mortgage on his small home. The second-mortgage problem is not adequately taken care of in this bill.

Mr. JENKINS. Will the gentleman yield?

Mr. BACON. I yield.

Mr. JENKINS. Someone asked that question of the gentleman from Massachusetts [Mr. LUCE] a little while ago and I do not remember the answer he gave, but is it not possible for the man to have a second mortgage and then refinance his first mortgage and in that way get the benefit of this bill?

Mr. BACON. I asked that question of the gentleman from Massachusetts. In my belief the answer is "no", if the owner of the second mortgage refuses to postpone it or insists on foreclosure. Most of the situations that I have come in personal contact with are cases where the owner of the second mortgage is the one who is forcing foreclosure.

Mr. CELLER. Will the gentleman yield?

Mr. BACON. Yes.

Mr. CELLER. I believe the gentleman will find the remedy on page 5, line 17, where there is provision made to take care of home mortgages and other obligations and liens secured by real estate.

Mr. BACON. I agree that there is one vague reference on page 5 to what might be a second mortgage, where it discusses other obligations and liens, but it seems to me that if we clarify and make certain this terminology on page 2, to define a home mortgage as including both the first and the second mortgage, we will do a great deal to relieve the small-home owner by making definite provisions to bring second mortgages under this bill.

Mr. CELLER. I quite agree with the gentleman.

Mr. BACON. Furthermore, it is a wise definition. Everybody knows that a definition of a home mortgage must include the second mortgage as well as the first.

Mr. DONDERO. And so long as it does not exceed 80 percent, what damage can it do?

Mr. BACON. None whatever.

Mr. Chairman, I ask unanimous consent that we may return to that portion of the bill, section 2, so that the amendment may be considered.

Mr. GOLDSBOROUGH. Mr. Chairman, I rise in opposition to the pro forma amendment.

The CHAIRMAN. The gentleman from Maryland is recognized for 5 minutes.

Mr. GOLDSBOROUGH. I may say that I shall object to the request unless the gentleman lets me speak before the request is put.

The CHAIRMAN. I hope the gentleman will pardon the Chair for overlooking the fact that the time of the gentleman from New York [Mr. BACON] had not expired at the time the gentleman was interrupted.

Mr. BACON. I will gladly let the gentleman from Maryland go ahead now. I think I have made my point clear, that unless you do something for the owner of the small home who may have a second mortgage on his home, you are not going to bring relief to the owners of the very smallest homes in the land, the very people we should all want to help.

Mr. CELLER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. CELLER. The gentleman from New York [Mr. BACON] submitted a unanimous-consent request that was not acted upon.

The CHAIRMAN. The Chair withheld putting the request pending recognition of the gentleman from Maryland [Mr. GOLDSBOROUGH].

Mr. BACON. Mr. Chairman, I withdraw my unanimous-consent request for the moment, so that the gentleman from Maryland may have 5 minutes in opposition to the pro forma amendment. I will renew the request later, as I believe if the Committee are permitted a vote, my amendment will be adopted and that we will bring some relief to the small-home owner who is burdened with a second mortgage.

Mr. GOLDSBOROUGH. Mr. Chairman, subsection (d), page 5, was written for the express purpose of taking care of liens of all kinds, whether it be second mortgages, judgments, mechanics' liens, liens for labor, or any other kind. The language is sufficiently broad to cover second mortgages. For that reason I shall be constrained to object to returning to the section referred to and voting again on the amendment of the gentleman from New York.

Mr. BACON. Will the gentleman yield?

Mr. GOLDSBOROUGH. I yield.

Mr. BACON. What objection is there to clarifying the language by specifying second mortgages? It is limited to 80 percent, and you have nine or ten thousand dollars limit in the bill. It is merely clarifying the situation by permitting first and second mortgagees to get together and relieve the home owner.

Mr. GOLDSBOROUGH. The term "home mortgage" runs all through the bill, and to write in the gentleman's amendment would destroy the sense of the act in a great many particulars. As I said, the language in section (d) was written to take care of the situation the gentleman refers to.

Mr. HEALEY. Will the gentleman yield?

Mr. GOLDSBOROUGH. Yes.

Mr. HEALEY. Is it not true that the second mortgagee could defeat the purpose of the whole bill by refusing to agree to a plan that the first mortgage be refinanced?

Mr. GOLDSBOROUGH. Yes; all those questions could arise.

Mr. GILCHRIST. Will the gentleman yield?

Mr. GOLDSBOROUGH. I will.

Mr. GILCHRIST. On page 2, line 3, you say the term "home mortgage" means first mortgage, and on page 5, line 16, the words "home mortgage" is again used. That could not mean anything less than a first mortgage, could it?

Mr. GOLDSBOROUGH. The language I have quoted, "home mortgages and other obligations and liens secured by real estate", will include second mortgages.

Mr. BACON. Will the gentleman yield?

Mr. GOLDSBOROUGH. I yield to the gentleman from New York.

Mr. BACON. What would happen? Suppose the owner of the second mortgage wanted to foreclose and insisted on foreclosure?

Mr. GOLDSBOROUGH. The only way he could foreclose would be subject to the first mortgage.

Mr. BACON. Of course, that is true, and at the same time if the holder of the first mortgage is willing to let his mortgage stand. But under the terms of the bill the holder of the second mortgage could not foreclose.

Mr. GOLDSBOROUGH. He could foreclose subject to the first mortgage.

Mr. STEAGALL. The language "home mortgage" is intended to define what is meant by the security which the Corporation possesses at the end of the transaction by which it takes up through the exchange of bonds all liens outstanding. That is the meaning of that language.

The CHAIRMAN. The gentleman from New York asks unanimous consent to return to section 3. Is there objection?

Mr. GOLDSBOROUGH. I object.

Mr. CELLER. Mr. Chairman, I move to strike out the last four words. I am going to offer an amendment to page 4, and in taking the floor I want to anticipate that the steam roller may deprive me of making a statement at that time. We are approaching the week-end, and it may be desirable to finish the bill today, and perhaps I will not be given time to discuss my amendment.

It has been stated by the gentleman from Kansas [Mr. MCGUGIN], and properly so, that this bill is doomed to failure unless you can dispose of these bonds. No man is going to exchange his mortgage for these bonds unless these bonds are properly secured and can therefore be sold. All you do in this bill is to provide a Government guaranty of interest. You provide no Government guaranty of principal. The return is but 4 percent. I defy anyone to tell me where you are going to find a market for these bonds under present-day conditions. Let us follow out what will happen under this act. Suppose the man who has a mortgage which is held by the home owners' corporation or by this bank cannot pay his interest, cannot pay his amortization. He cannot go through the amortization arrangement. Will this corporation foreclose? What is the mortgagor going to do? He is going to his Congressman, and if his Congressman happens to be the chairman of this committee, he happily will go to him, and if the majority leader on this side and a minority leader on that side, he will go to them. He will go to a half dozen Congressmen, and he will tell them all of his troubles and what are the Congressmen going to do?

On behalf of his poor distressed constituents the Congressman is going down to the home-loan bank or to the home owners' corporation and endeavor to get extension after extension. He will endeavor to stop the foreclosure. If the foreclosure is in progress, is this corporation going to eject the owner from his property? I am sure that you are not going to get any ejections? Then what do you have? The prospective investors know what they will have. They will have just pieces of paper for security, empty rights, with no worthwhile privilege to foreclose due to political pressure. Under those circumstances you will never be able to dispose of $2,200,000,000 worth of these bonds. When you figure that there is over $9,000,000,000 of distressed property of home owners and apartments and you only have $2,200,000,000 to spend here, if you can spend it, you will see that you will not get any worthwhile relief

whatever. You are giving the people of this country by this provision and the failure to provide for a guaranty of the principal nothing but a gold brick. With all due deference to the chairman of the committee and his colleagues, I say that they are living in a fool's paradise if they think that the people of New York and the people in all the money centers will come forward and buy these bonds.

Mr. GOSS. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield.

Mr. GOSS. Does not the gentleman realize that under the terms of these bonds they cannot be sold, but they can be deposited in the Treasury and we could print money against them?

Mr. CELLER. I do not see any prohibition against the sale. There is no such bar in the bill. But if they cannot be sold, that is all the worse. Then certainly the people will not invest in them, and I say that if you cannot sell them, as the gentleman from Connecticut [Mr. Goss] states, I believe erroneously, then indeed we are giving the people of this country a simon-pure gold brick.

Mr. BEEDY. Does not the gentleman realize that every dollar that the Reconstruction Finance Corporation has paid out has not been by virtue of any sale of any bonds? Does the gentleman not know that all of this money has to be borrowed by the Treasury?

Mr. CELLER. That is different.

Mr. BEEDY. We are going farther on the same road.

Mr. CELLER. There is quite a difference between the bonds of the Reconstruction Finance Corporation and the bonds to be issued by this home owners' loan corporation. You have not the credit of the United States behind the home owners' loan corporation bonds. You have simply these "distressed" mortgages behind these bonds.

Mr. BEEDY. And none of them can be sold.

Mr. CELLER. Absolutely. There will be no market. But they may be sold.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. KVALE. Mr. Chairman, I rise in opposition to the pro forma amendment. I have secured this time in order to read a letter from a constituent who is the president of a land company. He makes an inquiry which I think is pertinent. He says:

> In connection with the two bills that are going to be passed, providing for refinancing of farm loans and city loans, it occurs to me that one condition is apparently being overlooked, viz: a great many people during the depression, in order to save eventual foreclosure expenses for the mortgagee, and in the event of redemption for themselves, have given deeds to the mortgagee on being given a specified time, usually a year, in which they can still redeem on paying up arrears, or in some cases a smaller amount.
>
> The rights of these people should in some manner be covered so as to give them the benefit of such legislation as it is proposed to enact.

Can the chairman state whether or not the definitions on page 2 of the bill, and elsewhere, are broad enough so that it will include that class?

Mr. STEAGALL. Unquestionably, it will.

Mr. KVALE. I am glad to have that assurance for the RECORD.

Mr. STEAGALL. If the gentleman will read subparagraph (g) on page 9 he will find the provision which specifically covers loans to redeem or recover homes lost by owners by foreclosures or forced sale, and so forth.

Mr. KVALE. I thank the Chairman. Now, there is one other question in my mind, but I shall not formally bring it up because I do not believe, within reason, it could be held to be pertinent or germane to this discussion.

There is one class of property owners in my State, and in all other States, who just now are between the devil and the deep blue sea. There is no group, no agency, no company, no source of credit to which they can go. I am speaking about the owners of the small independent stores, the little independent merchants who are now faced with the problem of how to refinance their indebtedness, so that they may continue in business without being subject to foreclosure, and—worse than that—to loss of stock and everything in addition to their property under a deficiency judgment.

I am wondering if the committee has considered that group or the possibility of introducing another bill at a later date to cover that group of individuals?

Mr. STEAGALL. Of course, such a provision could have no proper place in this bill. We all share the solicitude which the gentleman feels for citizens of the country in the class to which he has alluded, but I have not yet seen any legislation designed to afford specific relief to that class.

Mr. KVALE. And none is in formative process now?

Mr. STEAGALL. Not that I know of.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

The Clerk read as follows:

CREATION OF EMERGENCY LOAN CORPORATION

SEC. 4. (a) The Board is hereby authorized and directed to create a corporation to be known as the Home Owners' Loan Corporation, which shall be an instrumentality of the United States and which shall be under the direction of the Board and operated by it under such bylaws, rules, and regulations as it may prescribe for the accomplishment of the purposes and intent of this section.

(b) The Board shall determine the minimum amount of capital stock of the Corporation and is authorized to increase such capital stock from time to time in such amounts as may be necessary, but not to exceed in the aggregate $200,000,000. Such stock shall be subscribed for by the Secretary of the Treasury on behalf of the United States, and payments for such subscriptions shall be subject to call in whole or in part by the Board and shall be made at such time or times as the Secretary of the Treasury deems advisable. The Corporation shall issue to the Secretary of the Treasury receipts for payments by him or on account of such stock, and such receipts shall be evidence of the stock ownership of the United States. In order to enable the Secretary of the Treasury to make such payments when called, the Reconstruction Finance Corporation is authorized and directed to allocate and make available to the Secretary of the Treasury the sum of $200,000,000, or so much thereof as may be necessary, and for such purpose the amount of the notes, bonds, debentures, or other such obligations which the Reconstruction Finance Corporation is authorized and empowered under section 9 of the Reconstruction Finance Corporation Act, as amended, to have outstanding at any one time is hereby increased by such amounts as may be necessary

(c) The Corporation is authorized to issue bonds in an aggregate amount not to exceed $2,000,000,000, which may be sold by the Corporation to obtain funds for carrying out the purposes of this section or exchanged, as hereinafter provided. Such bonds shall be issued in such denominations as the Board shall prescribe, shall mature within a period of not more than 18 years from the date of their issue, shall bear interest at a rate not to exceed 4 percent per annum, and shall be fully and unconditionally guaranteed as to interest only by the United States, and such guaranty shall be expressed on the face thereof. In the event that the Corporation shall be unable to pay upon demand, when due, the interest on any such bonds, the Secretary of the Treasury shall pay to the Corporation the amount of such interest, which is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated, and the Corporation shall pay the amount of such interest to the holders of the bonds. Upon the payment of such interest by the Secretary of the Treasury the amount so paid shall become an obligation to the United States of the Corporation and shall bear interest at the same rate as that borne by the bonds upon which the interest has been so paid. The bonds issued by the Corporation under this subsection shall be instrumentalities of the United States and shall so state on the face thereof, and shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States or any District, Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. The Corporation, including its franchise, its capital, reserves and surplus, and its loans and income, shall likewise be exempt from such taxation; except that any real property of the Corporation shall be subject to taxation to the same extent, according to its value, as other real property is taxed.

(d) The Corporation is authorized, for a period of 3 years after the date of enactment of this act, (1) to acquire in exchange for bonds issued by it, home mortgages and other obligations and liens secured by real estate (including the interest of a vendor under a purchase-money mortgage or contract) recorded or filed in the proper office prior to the date of the enactment of this act, and (2) in connection with any such exchange, to make advances in cash to pay the taxes and assessments on the real estate, to provide for necessary maintenance and make necessary repairs, to meet the incidental expenses of the transaction, and to pay such amounts, not exceeding $50, to the holder of the mortgage, obligation, or lien acquired as may be the difference between the face value of the bonds exchanged plus accrued interest thereon and the purchase price of the mortgage, obligation, or lien. The face value of the bonds so exchanged plus accrued interest thereon and the cash so advanced shall not exceed in any case $10,000, or 80 percent of the value of the real estate as determined by an

appraisal made by the Corporation, whichever is the smaller. In any case in which the amount of the face value of the bonds exchanged plus accrued interest thereon and the cash advanced is less than the amount the home owner owes with respect to the home mortgage or other obligation or lien so acquired by the Corporation, the Corporation shall credit the difference between such amounts to the home owner and shall reduce the amount owed by the home owner to the Corporation to that extent. Each home mortgage or other obligation or lien so acquired shall be carried as a first lien or refinanced as a home mortgage by the Corporation on the basis of the price paid therefor by the Corporation, and shall be amortized by means of monthly payments sufficient to retire the interest and principal within a period of not to exceed 15 years; but the amortization payments of any home owner may be made quarterly, semiannually, or annually, if in the judgment of the Corporation the situation of the home owner requires it. Interest on the unpaid balance of the obligation of the home owner to the Corporation shall be at the rate of 5 percent per annum. The Corporation may at any time grant an extension of time to any home owner for the payment of any installment of principal or interest owed by him to the Corporation if, in the judgment of the Corporation, the circumstances of the home owner and the condition of the security justify such extension. As used in this subsection, the term "real estate" includes only real estate held in fee simple or on a leasehold under a renewable lease for not less than 99 years, upon which there is located a dwelling for not more than three families used by the owner as a home or held by him as a homestead and having a value not exceeding $15,000.

(e) The Corporation is further authorized, for a period of 3 years from the date of enactment of this act, to make loans in cash, subject to the same limitations and for the same purposes for which cash advances may be made under subsection (d) of this section, in cases where the property is not otherwise encumbered; but no such loan shall exceed 80 percent of the value of the property securing the same as determined upon an appraisal made by the Corporation. Each such loan shall be secured by a duly recorded home mortgage, and shall bear interest at the same rate and shall be subject to the same provisions with respect to amortization and extensions as are applicable in the case of obligations refinanced under subsection (d) of this section.

(f) The Corporation shall have power to select, employ, and fix the compensation of such officers, employees, attorneys, or agents as shall be necessary for the performance of its duties under this act, without regard to the provisions of other laws applicable to the employment or compensation of officers, employees, attorneys, or agents of the United States. No such officer, employee, attorney, or agent shall be paid compensation at a rate in excess of the rate provided by law in the case of the members of the Board. The Corporation shall be entitled to the free use of the United States mails for its official business in the same manner as the executive departments of the Government, and shall determine its necessary expenditures under this act and the manner in which they shall be incurred, allowed, and paid, without regard to the provisions of any other law governing the expenditure of public funds. The Corporation shall pay such proportion of the salary and expenses of the members of the Board and of its officers and employees as the Board may determine to be equitable, and may use the facilities of Federal home-loan banks upon making reasonable compensation therefor as determined by the Board.

(g) The Corporation is further authorized, for a period of 3 years from the date of the enactment of this act, to exchange bonds and to advance cash, subject to the limitations provided in subsection (d) of this section, to redeem or recover homes lost by the owners by foreclosure or forced sale by a trustee under a deed of trust within 2 years prior to such exchange or advance.

(h) Any person indebted to the Corporation may make payment to it in part or in full by delivery to it of its bonds, which shall be accepted for such purpose at face value.

(i) The Board is authorized to make such bylaws, rules, and regulations, not inconsistent with the provisions of this section, as may be necessary for the proper conduct of the affairs of the Corporation. The Corporation is further authorized and directed to retire and cancel the bonds and stocks of the Corporation as rapidly as the resources of the Corporation will permit. Upon the retirement of such stock, the reasonable value thereof as determined by the Board shall be paid into the Treasury of the United States and the receipts issued therefor shall be canceled. The Board shall proceed to liquidate the Corporation when its purposes have been accomplished, and shall pay any surplus or accumulated funds into the Treasury of the United States. The Corporation may declare and pay such dividends to the United States as may be earned and as in the judgment of the Board it is proper for the Corporation to pay.

Mr. COCHRAN of Missouri. Mr. Chairman, I offer an amendment.

Mr. WOLCOTT. Mr. Chairman, a point of order. I am a member of the committee and I was on my feet seeking recognition to offer an amendment.

The CHAIRMAN. The gentleman from Michigan, a member of the committee, is recognized to offer an amendment. The gentleman from Missouri [Mr. COCHRAN] will be recognized later.

Mr. WOLCOTT. I offer an amendment which is at the Clerk's desk, Mr. Chairman.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: On page 7, line 20, after the word "encumbered", strike out the semicolon and insert "and if the mortgagee or seller under purchase money, mortgage, or contract shall not accept the bonds of the Corporation in exchange as provided in subsection (d) of this section, and if the Corporation, within its discretion, finds that the necessary amount of the loan cannot be obtained from ordinary lending agencies, then it is likewise authorized to purchase by cash or otherwise the equity and/or interest of the mortgagee or seller under purchase money, mortgage, or contract, provided that the amount of such equity and/or interest and cash advances does not exceed 30 percent of the appraised value of the property."

Mr. WOLCOTT. Mr. Chairman, if there is any criticism which anyone can have of this bill it is that it does not accomplish the purpose expressed in the President's message to Congress on April 13. In that message the President said that the reason for this bill which accompanied his message was as follows:

Implicit in the legislation which I am suggesting to you is a declaration of national policy. This policy is that the broad interests of the Nation require that special safeguards should be thrown around home ownership as a guaranty of social and economic stability, and that to protect home owners from inequitable forced liquidation in a time of general stress is a proper concern of the Government.

Now, we start out on the premise that this bill is going to help the home owner who is hard-pressed by a mortgagee, because if the mortgagor is not hard-pressed by the mortgagee there is no particular reason for this legislation. If the mortgagee is pressing the mortgagor for the payment of the mortgage it is only reasonable to presume that he is that kind of man who will enter into any deal with the idea that he is going to benefit his own pocketbook. I do not think, in a great many instances, the mortgagees will accept these bonds.

So for that reason, where the home owner has paid his mortgage down to within 30 percent of the value which the corporation will place upon the property, the amendment which I have offered authorizes the corporation to purchase the interest or equity of the mortgagee. In other words, it will authorize the corporation to advance the cash by which the operation between the mortgagee and the mortgagor may be terminated, and the mortgagor then may enter into a new obligation directly with the corporation.

As an example, we will assume a man has a home worth $8,000, and that he originally had a $5,000 mortgage on that home. He and his wife and family have skimped and pinched to pay that mortgage down to within a thousand dollars. Is it not good, cold business on the part of that mortgagee to insist upon foreclosure, rather than to take the bonds of the corporation which have a par value when presented to him of $100, and perhaps within 30 days will only have a value of $78? Is he not going to insist upon foreclosure? That is the kind of property we want this corporation to hold as security for its bonds. If we can get that kind of security, possibly we will have something behind these bonds by which they will be made more attractive to the purchasing public, and we will be able to build up a fund by which the purposes of this bill may be accomplished.

Mr. KVALE. Will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. KVALE. I think the gentleman's amendment is a very important one, and I hope the committee will accept it, but why did the gentleman fix a limit of 30 percent rather than 40 or 50 percent?

Mr. WOLCOTT. I may say that the figure is purely arbitrary. I had in mind that if a man had paid his obligations down to within 30 percent of the valuation of his home, he should be helped. It is suggested as being possibly the most equitable figure we can arrive at and still allow the corporation to do business on a sound basis.

Mr. KVALE. The gentleman probably had in mind that the first mortgage was 50 percent.

Mr. WOLCOTT. Yes.

Mr. DONDERO. Will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. DONDERO. In the case the gentleman cited, it would be to the advantage of the man who held the mortgage to refuse to accept bonds, for the reason that he could acquire the property by foreclosure and thereby enrich his own pocketbook, unless this corporation were authorized to pay that amount in money and save the man's home?

Mr. WOLCOTT. Absolutely; because under this bill the mortgagor is at the complete mercy of the mortgagee, and unless the mortgagee accepts the bonds of the corporation there is absolutely not one scintilla of help which can be given under the terms of this bill to the mortgagor unless this amendment is adopted.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. WOLCOTT] has expired.

Mr. BROWN of Kentucky. Mr. Chairman, it seems to me this amendment makes the bill of some value to those who really need it. Under the bill without this amendment, I cannot conceive any set of circumstances under which an individual might receive any benefit unless his property were so heavily mortgaged that it would be better for him to give the property to the mortgagee.

If the amendment of the gentleman from Michigan is accepted, then the man who has paid his mortgage down to a very small amount will have some chance to have his property by paying cash to the mortgagee.

If this amendment is not adopted, greater incentive will be provided for the man holding the mortgage to foreclose on it. This amendment is in line with what the President said he wanted us to do to relieve the home owners of this country.

We ought not to fix it so that the man who has paid his mortgage down to a small amount can be taken advantage of by the mortgagee demanding his pound of flesh. [Applause.]

Without this amendment we will have no bill that will afford relief to the man whose property is worth four or five times the outstanding amount of the mortgage where the mortgagee refuses to accept the bonds. This mortgagee will demand the sale of the property and will bid it in at the courthouse door at one fifth the value of the property.

If you want to help the home owners of the country, support this amendment. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. WOLCOTT].

The amendment was agreed to.

Mr. HANCOCK of North Carolina. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HANCOCK of North Carolina: Page 7, line 2, strike out the figure "5" and insert in lieu thereof the figure "4½."

Mr. HANCOCK of North Carolina. Mr. Chairman, briefly, this amendment is designed to reduce the interest rate on mortgage loans from 5 percent to 4½ percent.

I dislike to indulge in invidious comparisons or to even suggest that in our approach to legislation here we should have our minds on any particular class. For myself, I desire to think in national terms and to let my mind's eye visualize the people as a whole. All of us know that many a ship of state has been wrecked upon the rock of favoritism or special privilege. I believe that the entire Membership of this House are keenly concerned in seeing that our great Government treats all alike. About 2 weeks ago we passed the farm mortgage credit bill, which provided an extension to distressed farm mortgagors at 4½-percent interest. This amendment will place all mortgagors on an equal footing so far as the Government can influence their status. It is not my purpose to discuss the general purposes of the bill. I am going to support it in spite of the fact that it does not conform to my idea of the best way to meet the situation which it undertakes to remedy. With the many considerations involved, I am confident that its authors have done the best they could. Both our chairman and the ranking minority member have covered the salient features of the bill in a clear and effective manner.

If administered right and in keeping with the President's purpose, it can be made an instrument of great good and afford splendid relief to the thousands of distressed mortgage debtors who are living in constant fear and dread of the sheriff's hammer. The government that does not protect the worthy home owner during an emergency like this cannot survive or expect to be held in patriotic esteem and respect by its subjects. The home is the greatest institution in the land, regardless of its structure, style, or cost. From it the Nation receives its strength, and to it the Nation may in time of trouble look for its security.

My contention is that the home owner is entitled to every practical advantage which the Government can properly bestow. I maintain that he is entitled to the lowest interest charge consistent with sound financial practice and policy. In my judgment the mainspring of credit legislation should be for his protection. If the Government be justified in granting any privilege, it should be toward assisting the man with a family who wants to live in peace under his own roof. If you permit further dispossession of home owners through foreclosure in this crisis, you are treading a sure path which will lead inevitably to a complete breakdown of what is left of our civilization.

Besides the desirability of providing an equal rate of interest on all mortgages—and I personally would like to see the rate 3 percent, rather than 4½—under the mechanics of this bill an additional service cost of 1 percent would seem to be exorbitant. As many of you know, under the Federal home loan bank bill provision was made to give the banks a spread of 1½ percent to cover service charges and other essential income. If you will examine the present emergency measure you will see that the home owners' loan corporation is to be operated by and under the Federal Home Loan Bank Board. This being true, why is there any need for any additional service charge? Of course, it is admitted that the corporation will incur some expense. But one half of 1 percent on the total amount which may be loaned, and must be loaned if the relief proposed is extensive, will provide an income of more than $10,000,000. Now, it does not take a keen financial mind to perceive that the bonds proposed to be issued cannot possibly be marketed at any time in the near future, and must be used for exchange purposes. This means that the Treasury Department will have to furnish the money, as it is now doing to the Federal home-loan banks at a rate of 2 percent. Then, too, it must be remembered that this is a temporary, emergency corporation and not set up for profit-making purposes. It is therefore conceivable that a borrower through the two systems will pay the service charge of 2½ percent during this distressful time, when literally millions of good men cannot possibly take care of their families and keep their taxes paid.

All of us realize that capital charges constitute the insuperable barrier against an early readjustment to the new level of prices and new order of things. To break this Gordian knot other than by the sword of bankruptcy, the Government should lead the way in favor of a general scaling down of interest charges. [Applause.]

It should also, as soon as this emergency passes, cease forever the issuance of tax-exempt securities. Time, however, will not permit me to launch into a discussion of this feature of our financial system.

I have listened attentively to the criticisms which have been leveled at this bill by the Membership. Some have been just and some have been unjust. I am confident that through this measure the President hopes to be able to attain his objective in stopping foreclosures and providing ways and means to insure to the home owners free ownership of the individual's kingdom on earth. Candor, based upon a thorough understanding of the bill after weeks of study, compels me to say that I hope the laudable objectives can be attained. But to do so will depend largely upon the attitude and ability of the officers in charge and their capacity to drive advantageous bargains with the mortgagees.

Unless the mortgagee will agree to a reduction in the mortgage debt, which he should do under existing conditions, little relief beyond a breathing spell not to exceed 3 years can result to the borrower. The interest rate of itself, so far as reducing the mortgage debt, carries but a modicum of relief.

In my own judgment, I am not so sure but that it would have been better to have authorized the Board to take up worthy, bona-fide existing home mortgages at their present face value by exchanging therefor similar bonds bearing 2 percent interest, with the understanding that the mortgagor would have an extended period of years within which to discharge the obligation. [Applause.]

At this point I desire to call to the attention of the House that on the first day of this special session I introduced House Joint Resolution 54, which was referred to the Judiciary Committee. That bill proposes a 2-year suspension period on all debts secured by mortgage or other similar instrument and also all bonds issued by any State, Territory, possession, county, municipality, or other political subdivision. If there is any obligation which can afford to stand still during this emergency, it is a secured debt. And I know of no better way to impair the obligation of a contract today than to resort to the remedy provided for its collection. If this measure could be enacted into law, it would greatly aid in effectively working out the provisions of the bill which we are now considering. It would also encourage the debtor and creditor to effect a conciliation or compromise of the debt which would be fair to the lender as well as the borrower.

Out of approximately $20,000,000,000 in home-mortgage loans outstanding today, my information is that more than one half of this amount is today in default. I am likewise informed from reliable sources that it is very probable that within the next 6 months more than 60 percent of the counties and municipalities throughout the breadth and length of this great country will be unable to meet their maturing obligations and will go down in default. It is true that the provisions of this bill will assist not only the distressed mortgage debtors, but it will indirectly aid many individuals and institutions deserving assistance that are carrying these obligations, and also many municipalities and counties will benefit by reason of the provisions which authorize the Corporation to make cash advances to mortgagors to meet taxes and assessments.

In conclusion, let me say that, irrespective of the action taken by the House regarding this amendment, I shall support the measure, because I feel that it can be administered in a way to help many who are in trouble today. At the same time, I am conscious of the fact that there will be thousands who will be disappointed and perhaps left out. All of us recognize that no bill will do all that all of us would like for it to do and that there are certain limits beyond which the Government should not and cannot go in financial legislation. In good conscience and equity, I appeal to the Membership to support my amendment.

Mr. KVALE. Mr. Chairman, I rise in opposition to the amendment.

My opposition is not to the amendment, but to the rate which the gentleman offers in the amendment, and I think at this time there should appear in the RECORD, appropriately, a telegram which was sent to me by a former colleague with reference to the farm mortgage bill, and which also applies in equal measure to this bill. With the permission of the Committee, I am going to read it:

If it is true that farm mortgage bill provides for 5 percent interest, I appeal to you and fellow progressives to vote against such damnable provision. Sanctioning by legislation at this late date of a 5-percent interest rate is not only unconscionable but indecent. By voting against the bill you will not only protect the farmer but will be voting for the best interest of the country and the future of our Republic. I am certain that administration and leadership sponsoring this bill have been not only misinformed and misled but deceived. Bankers' advice should not be heeded; they have not only been exposed of their wretched misconduct and selfishness and disregard of public interest but their incompetency as well. They are discredited and are now cringing, seeking to perpetuate a cruel system of exploitation. Congress must not permit them to capitalize the misery of the farmers and the workers from which they can get dividends for the next 40 years. Mark you that bankers will exchange existing mortgages for absolute good assured bonds provided in the bill. Interest rate cannot afterwards be lowered. You will recall my bill which provided for 3 percent interest of which only 2 percent would be paid to holders of present mortgage. At the time bankers with their backs to the wall were only too glad to get such a measure; it was either that then or a complete loss of farm mortgages. The courageous spirit of self and home preservation displayed by the farmers of Iowa will be emulated all over the country unless their interest rate is brought down. If proper protest is displayed now the country will back such action and a low rate of interest can be written into the law. Bankers are chuckling that they are putting something over on Congress and the American people. They are too stupid to see the handwriting on the wall. Stick to 3 percent interest, of which 2 to the mortgage holders as per my bill, which you will find on file and which at the time I can assure you had the approval of persons up to the very highest of present administration.

F. H. LAGUARDIA.

[Prolonged applause.]

Mr. LOZIER. Will the gentleman yield?

Mr. KVALE. I yield.

Mr. LOZIER. Is it not true that under normal conditions the interest rate on money employed in productive industry and in all lines and vocations is tremendously influenced by the rate on Government or semi-Government or quasi-Government obligations; and by leaving this rate at 5 percent, does it not tremendously influence the rate on other loans in all lines of industry?

Mr. KVALE. Inevitably you thereby hold up the entire interest and credit structure. It is not a matter of the saving of a particular amount estimated by taking your entire mortgage blanket of 20 billion and then taking 1 percent of that as the saving to the home owners, it is the effect upon the interest rates and the structure of your entire credit system throughout the Nation.

Mr. HANCOCK of North Carolina. Will the gentleman yield?

Mr. KVALE. I yield.

Mr. HANCOCK of North Carolina. I assume the gentleman clearly understands that this corporation is not being set up for the purpose of making money out of distressed mortgage bonds?

Mr. KVALE. Certainly.

[Here the gavel fell.]

Mr. CELLER. Mr. Chairman, I offer an amendment as a substitute for the pending amendment.

The Clerk read as follows:

Amendment offered by Mr. CELLER as a substitute for the amendment offered by Mr. HANCOCK of North Carolina: On page 7, line 2, after the word "rate", strike out the word "of" and insert "not exceeding."

Mr. CELLER. Mr. Chairman, the spread that exists in the bill as it came out of the committee is 1 percent. The corporation pays 4 percent for money and gets 5 percent in return. One percent on the potential possibility of loaning the $2,200,000,000 is $22,000,000. Twenty-two million dollars is an excessive profit to make for this home owners' loan corporation.

I agree with the gentleman from North Carolina that the Federal home-loan banks will do all the work. There will probably be no duplication of expense, and therefore, in that light, $22,000,000 will be more than excessive. We ought to reduce the interest rate.

Now, the interest rate for money in sufficient quantities may be reduced even lower than the amount indicated by the gentleman from North Carolina. I think it would be better, therefore, to leave the matter in the discretion of the directors of the corporation rather than to fix it at an arbitrary limit of 5 or 4½ percent. If the profits are sufficient, it may be reduced to 4½ percent or even more.

Mr. HANCOCK of North Carolina. Will the gentleman yield?

Mr. CELLER. I yield.

Mr. HANCOCK of North Carolina. Is it not the gentleman's experience, based upon his contact with banking corporations and knowledge of Government agencies, that when a maximum rate is written into a bill, a rate less than that is rarely, if ever, extended to the borrower?

Mr. CELLER. I do not think that can be stated in reference to an instrumentality of the Government. I do not believe that if they make a loan as the result of this spread that they would exact from the home owner, whom they are sworn to relieve, an amount not consistent with the profit they are making.

Mr. HANCOCK of North Carolina. Does the gentleman understand that all the money now in the coffers of the home-loan banks in the United States has been borrowed from the Government at 2 percent and is being loaned to building and loan associations at 5 to 5½ percent? Now, the gentleman surely does not think that another 1-percent profit for operating expenses should be allowed with its additional burden on the home owner? Such a service cost seems exorbitant to me.

Mr. CELLER. I do not think the gentleman from North Carolina appreciates or apprehends the force of my amendment. I do not put it at 5 percent. Let it be a sliding scale. It may go lower, it may go to 3 or even 2½ percent. Let there be a discretionary power in the hands of the directors. I say let the interest rate be "not exceeding 5 percent."

Mr. HANCOCK of North Carolina. I agree with the gentleman so far as providing a plan which offers a chance for a rate lower than 4½ percent. Let me say here I have the utmost faith and confidence in the leadership of the present Federal Home Loan Bank Board under the supervision of Mr. Stevenson. I am also a stanch supporter of the system. If properly administered, it will become a great and beneficent institution. It is underlaid with wonderful social and economic accomplishments. At the same time I admit that up to now, for reasons which I shall not enumerate, its usefulness has been dwarfed and only partially made effective. As a discount system it should one day equal the Federal Reserve System. There is power for good in it.

Mr. CELLER. I do not know anything about D.D., but the gentleman, I think, ought to accede to my amendment and give them a chance to reduce it below 4 percent if they can really do it.

Mr. LOZIER. Will not the gentleman offer his amendment as an amendment to the amendment of the gentleman from North Carolina, not to exceed 4½ percent?

Mr. CELLER. I will accept that amendment. Mr. Chairman, I ask unanimous consent to modify my amendment so that it will read "not exceeding 4½ percent."

The CHAIRMAN. The gentleman from New York asks unanimous consent to modify his substitute amendment by striking out "5 percent" and inserting "4½ percent." Is there objection?

There was no objection.

The CHAIRMAN. The Clerk will report the modified amendment.

The Clerk read as follows:

Modified amendment by Mr. CELLER, as a substitute for the amendment offered by Mr. HANCOCK of North Carolina: Page 7, line 2, after the word "rate" strike out the word "of" and insert "not exceeding 4½ percent."

Mr. STEAGALL. Mr. Chairman, I rise in opposition to the amendment. There is not a Member of this House nor a citizen of the country outside of this House who would not like to see the debt-burdened people of the Nation relieved of interest charges as far as it is possible to do so. But the question before this House is a practical one. It is easy to talk about reducing interest rates, and it is desirable to do so as far as we can. But more important than the reduction of interest on loans is the proposition of being able to secure funds with which to discharge debts in order that home owners and their families may not be turned out of their homes and into the streets. That is the situation which we are trying to relieve. It is not a mere question of interest rates. Many of these people cannot pay the present rates. These rates now run up to 8 and 10 percent and even higher. Many of them cannot pay 5 percent, and those who cannot pay 5 percent, of course, cannot pay 4½ percent. We have a different proposition in this bill from the provision carried in the original home loan bill to which the gentleman from North Carolina [Mr. HANCOCK] refers. Under the original home loan bill, property eligible for loans cannot be accepted for loans above 40 percent of its value.

The gentleman talks about the original home-loan bank system and of the interest rates paid by those banks, but the facts are, as has been pointed out here repeatedly, the original home-loan bank system down to this hour has proven wholly inadequate to grant the relief so much needed by home owners of this country. The two propositions are not in any legitimate sense related. The bill now under consideration is an emergency piece of legislation. The corporation to be organized is separate and distinct from the original home-loan bank system. It is intended to render a service entirely different. Under this bill a home owner may obtain a loan up to 80 percent of the value of his home. It is far more important that the home owner get the largest possible amount in order to save his home than it is that the interest rate be reduced by a mere trifle.

Mr. HANCOCK of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. In just a moment. It is considered necessary to have a spread of 1 percent in order to administer this emergency system with this liberal valuation provision and to accomplish the purpose for which it is intended. This is the opinion of all who are to be charged with the duty of carrying out the law. If we reduce the interest on the mortgages, we will accentuate the difficulties anticipated by many Members that will confront the administrators of this law in the effort to exchange bonds for mortgages.

Back of those loans not only is the interest to be guaranteed by the Government but the basic protection of these bonds is the security back of the loans, plus the additional protection of the $200,000,000 initial capital of the corporation. This bill has been carefully worked out. There is no one who is not just as anxious as my friend to reduce interest rates. We should all like to do it, but what we want to do above and beyond all things else, as far as we can within the limits of this legislation, is to save the homes of the people. If you hamstring this board as this amendment would do, you will cause many applications of distressed home owners to be turned down, and many citizens in danger of losing their homes will be unable to obtain loans. That is what is involved in this situation.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. HANCOCK of North Carolina. Mr. Chairman, will the gentleman yield to me?

Mr. STEAGALL. If I may have 1 minute more, I will yield. I ask unanimous consent to proceed for 1 minute more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. HANCOCK of North Carolina. Is it not the judgment of the chairman of our committee that none of these bonds will be sold to the public?

Mr. STEAGALL. I do not know that they will be sold. That is not contemplated. It is expected that they will be exchanged for mortgages.

Mr. HANCOCK of North Carolina. Is not the gentleman willing to admit that these bonds are to be used primarily to exchange for mortgages?

Mr. STEAGALL. Yes.

Mr. HANCOCK of North Carolina. Then what difference does it make about the interest rate?

Mr. STEAGALL. Gentlemen have argued here repeatedly that it is going to be impracticable to secure exchange of these bonds for mortgages in order to accomplish the purposes of this act, and every time you strike at the security back of those bonds you have made it more difficult to negotiate the exchange for a mortgage that will save some citizen's home. That is the real object to be accomplished by this legislation.

The CHAIRMAN. The time of the gentleman from Alabama has again expired.

Mr. BYRNS. Mr. Chairman, I move to strike out the last three words. I have not had anything to say with reference to this bill, but it occurs to me that this amendment, as the gentleman from Alabama [Mr. STEAGALL] says, strikes at the very vitals of what the Government is trying to do with reference to saving the homes of this country. I cannot refrain, therefore, from expressing my views with reference to these two amendments which are pending. I agree with the gentleman from Alabama [Mr. STEAGALL], and certainly he expresses what is in the heart and mind of every Member of this House, that we want to give the very lowest possible rate of interest to those people who owe this money. There is no question about that, and if the gentleman from New York [Mr. CELLER] had left his amendment as he originally introduced it, providing that it should not exceed 5 percent, I would have gladly voted for it.

Now, gentlemen, let us not possibly destroy this bill, as you may do as we sit here, merely for what the gentleman from Alabama says is a trifle in interest. The gentleman has called attention to the fact that this bill undertakes to give the mortgagor now an opportunity to receive money up to the extent of 80 per cent of the value of his property, something, we know, that he cannot now do from private interests. You know and I know that in many instances people are now paying upon their homes interest amounting not to 6 percent but in some cases 8 and 10 and even 12 percent, of which I have heard. I am entirely in sympathy with what the gentleman from North Carolina [Mr. HANCOCK] and the gentleman from New York [Mr. CELLER] are seeking to accomplish. They are seeking to help the home owners, as we all are.

I do not want to see this interest any higher than it should be, but we cannot afford to run the risk of making it impossible to carry out the purposes of this bill by lowering the rate of interest to a point beyond that which the Board thinks is necessary in order to carry it out.

Now, we talk about 4-percent bonds. The mortgagee is expected to take those bonds. Is that not a fact? He takes them at 4 percent interest. What security has he for his bonds? The Government guarantees the interest, and he must look to the property itself to pay the principal; and yet, up until yesterday, if I remember correctly, bonds bearing 3⅜ percent interest, bonds of the Government itself, for which the Government is responsible both for the principal and interest, were selling at less than par. So there is something in what these gentlemen say with reference to the possibility of the mortgagee's not taking these 4-percent bonds.

Now, what must be paid out of the 1 percent? All expenses of administration must be paid; all losses that may be incurred by the Board upon the property upon which it lends money must be paid. I do not know whether it will require 1 percent or not; neither do you gentlemen know whether it will require 1 percent or not. If it does not, then I do not want to see them charge 5 percent. I want to see them charge only that amount which is necessary to economically carry out this law in letter and in spirit, in the interest of the home owners of this country, and to enable them to save their homes; but I fear that if we undertake to change this rate of interest which has been approved by the Home Loan Bank Board, which has been carefully considered by gentlemen just as patriotic and just as anxious to serve the people as you and I, we may endanger and destroy just what we are trying to do in the passage of this bill.

What does one half of 1 percent mean upon the greatest amount of loan that can be made? It only means $50 per year. That amounts to something, of course, but I would rather see this home-loan bank charge even 5 percent than run the risk of destroying this bill and the purposes for which we are passing it. [Applause.]

The CHAIRMAN. The time of the gentleman from Tennessee [Mr. BYRNS] has expired.

Mr. LUCE. Mr. Chairman, I rise in opposition to the pro-forma amendment. I rise to endorse what the chairman of the committee and the gentleman from Tennessee [Mr. BYRNS] have said. If the gentleman from New York [Mr. CELLER] had not withdrawn his original amendment and changed it from not to exceed 5 percent to 4½, I should have voted with him; but as it is, I shall now move as a new amendment to insert the words "not to exceed" on page 7, in line 2, before the word "five", making it read "at the rate of not to exceed 5 percent."

Mr. CELLER. The gentleman offers that as a substitute to my amendment?

Mr. LUCE. No; as a separate amendment; as an independent amendment.

Mr. CELLER. The gentleman will offer it?

Mr. LUCE. I do offer it.

The CHAIRMAN. The gentleman from Massachusetts offers an amendment to the amendment.

Mr. LUCE. No, Mr. Chairman; I offer an amendment to the section.

Mr. CELLER. Mr. Chairman, I make a point of order that the amendment is not in order.

The CHAIRMAN. There is an amendment, as a substitute for an amendment, pending. The Clerk will hold the amendment offered by the gentleman from Massachusetts until the pending amendment and the substitute therefor are disposed of.

Mr. LUCE. Then I hope that the House may vote down the pending amendment in order that my amendment may be considered. Furthermore, I desire to add this observation: That we may legislate here as to what interest we will ask the people to pay, but we cannot by legislation compel the lender of money to lend at a lower rate than he sees fit to charge. The basic point in this matter is the price at which you may sell the bonds. We all know the grave uncertainties that confront us in the next 3 years. The price of money in that time may rise or it may fall. The prudent course is to leave this to the judgment of the board, by imposing a maximum in the bill—4 percent upon what we borrow, 5 percent upon what we lend—and trust this Board, which will undoubtedly last at least 3 years in its present control, to get lower rates for borrowing or make lower rates for lending as the opportunity may come. Therefore I hope the amendment will be defeated and that my subsequent amendment may be adopted.

Mr. HEALEY. Mr. Chairman, I offer an amendment to the substitute amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. HEALEY in lieu of the Celler amendment: Page 7, line 2, after the word "rate", strike out the word "of" and insert "not exceeding."

The CHAIRMAN. The question is on the amendment to the substitute offered by the gentleman from New York for the amendment offered by the gentleman from North Carolina.

Mr. HEALEY. Mr. Chairman, my amendment to the substitute is the same as the original amendment offered by the gentleman from New York [Mr. CELLER] at a rate of interest not to exceed 5 percent.

Mr. LUCE. Mr. Chairman, will the gentleman yield?

Mr. HEALEY. I yield.

Mr. LUCE. The gentleman is offering to amend the Celler amendment in its present shape; and the effect of his amendment would be to make the language read: "Not to exceed 4½ percent."

Mr. HEALEY. Not to exceed 5 percent.

Mr. GOSS. Mr. Chairman, I ask unanimous consent that the pending amendment be read for the information of the House.

The CHAIRMAN. Without objection, the Clerk will read the amendment of the gentleman from North Carolina [Mr. HANCOCK] for the information of the House and the substitute amendment offered by the gentleman from New York [Mr. CELLER].

There was no objection.

The Clerk again read the Hancock amendment and the Celler substitute amendment.

The CHAIRMAN. The Clerk will read the amendment to the substitute offered by the gentleman from Massachusetts [Mr. HEALEY].

The Clerk again read the amendment offered by Mr. HEALEY to the substitute amendment.

Mr. ZIONCHECK. A point of order, Mr. Chairman.

The CHAIRMAN. The gentleman will state it.

Mr. ZIONCHECK. I think the parliamentary situation is that the first amendment, the amendment offered by the gentleman from North Carolina, was for 4½ percent. The gentleman from New York offered a substitute amendment providing that the rate not exceed 5 percent. The chairman of the committee then amended the substitute to change the rate to 4½ percent.

The CHAIRMAN. The gentleman from New York asked unanimous consent to amend his substitute and make the rate 4½ percent.

The gentleman from Massachusetts [Mr. HEALEY] is recognized for 5 minutes.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. HEALEY. I yield.

Mr. CELLER. Mr. Chairman, I take it the parliamentary situation is we have first to vote upon the amendment to the substitute, which is to the effect that the rate shall not exceed 5 percent.

I believe this is quite consistent with the remarks of the gentleman from Massachusetts. It is consistent with the remarks of the gentleman from Tennessee to the effect that you will have a sliding scale according to the market price of the bonds, but that the interest shall in no circumstance exceed 5 percent.

Mr. LUCE. Mr. Chairman, will the gentleman yield?

Mr. HEALEY. I yield.

Mr. LUCE. If the interpretation just given by the gentleman from New York is correct, it will accomplish what I meant to accomplish by a subsequent amendment. As I understood the Chair to state the question, my colleague has simply inserted the words "not exceeding" in front of "4½."

Mr. HEALEY. My amendment provides that the interest rate shall not exceed 5 percent.

Mr. LUCE. I have no desire to offer amendments merely for the honor of having offered them, and I am pleased to yield to my colleague from Massachusetts.

Mr. HANCOCK of North Carolina. Mr. Chairman, I rise in opposition to the amendment to the substitute amendment offered by myself, and do so planning to take merely a minute or two to again call to the attention of the Committee that the home owners' corporation is a temporary proposition. It is being set up with the idea of meeting this present emergency. It is to be operated by the Federal Home Loan Bank Board. Still under the bill it is proposed to charge the borrowers 1 percent above the interest rate they pay on their bonds, which every informed student of finance knows cannot be sold until long after the urgent need for the funds has passed. Therefore the money must, as anticipated by the bill, be furnished by the Treasury.

I am getting sick and tired, as a working Member of this House, being led, so to speak, with a ring in my nose. [Applause.] After working for weeks on a bill to have a Member, even like the distinguished, able, and affable leader, stand up here and suggest that a member of the committee favoring and supporting the legislation is trying to wreck the bill is displeasing. He surely could not mean to convey such impression. He is entirely incapable of being unfair.

Mr. BYRNS. Mr. Chairman, will the gentleman yield?

Mr. HANCOCK of North Carolina. I yield.

Mr. BYRNS. I am standing with the chairman of the gentleman's committee, the ranking member of the committee, the gentleman from Wisconsin; and I understand every member of the gentleman's committee save the gentleman himself and one other—I know my friend the gentleman from North Carolina feels as I do toward the distressed home owner and is actuated by the best motive.

Mr. HANCOCK of North Carolina. Now, let me remind this body that this is a representative form of government. There are three distinct branches of it. We are trying to go along harmoniously and like plans whether they fit in with our ideas or not. Let me also say here and now that I am 100 percent behind the administration. I am even willing to bury temporarily definite convictions of long standing and submit gracefully to being called a rubber stamp, but, my God, are we to embalm our bodies and chloroform our minds? Cannot a man think out loud in this House any more, and especially when he is conscientiously trying to perform a duty and service to his country? [Applause.] Has he got to be condemned for that procedure, or perchance accused of disloyalty? Are we not here for debate to insure the wisdom and justice of laws? These are impersonal observations that I must get off my chest. This policy should be abandoned and efforts for good accredited rather than discredited. We are all, I feel, working for the same end and each man's honest views should be accorded respect.

Mr. BYRNS. Is not the gentleman a little sensitive? I never accused him of trying to wreck this bill. I did not accuse the gentleman of trying to wreck it.

Mr. HANCOCK of North Carolina. I regret that I so interpreted the gentleman's statement.

Mr. BYRNS. Your interpretation was entirely wrong.

Mr. HANCOCK of North Carolina. I believe I am right, and I am trying to have my view considered on its merits, unprejudiced by the implication that it would cause wreckage to the bill.

Mr. BYRNS. I simply said that I feared the effect of the gentleman's amendment would be to wreck this bill.

Mr. HANCOCK of North Carolina. I gladly accept my friend's explanation and abhor the misunderstanding.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts [Mr. HEALEY] to the substitute offered by the gentleman from New York [Mr. CELLER] for the amendment offered by the gentleman from North Carolina [Mr. HANCOCK].

The amendment to the substitute for the Hancock amendment was agreed to.

The substitute for the Hancock amendment, as amended, was agreed to.

The Hancock amendment, as amended by the substitute, was agreed to.

Mr. COCHRAN of Missouri. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COCHRAN of Missouri: Page 7, line 17, after the word "cash", strike out the words down to and including "encumbered" in line 20, and insert in lieu thereof the words "to home owners."

Mr. COCHRAN of Missouri. Mr. Chairman, my amendment strikes at the very heart of this question. You have an opportunity now to say whether you desire to make a direct cash loan to the home owner or whether you want to go along in the way that the bill provides, which I fear will only be a help to the one who holds the mortgage, if to anyone.

The gentleman from North Carolina [Mr. HANCOCK], a member of the committee who has studied this question for some 5 weeks, tells you that the bonds are not going to be sold. If that be so, what value is the bill? Suppose the mortgagee refuses to take the bonds, and the gentleman from Michigan has said that he will probably not take them. Who is going to take them?

Is there a man in this House who will deny that the laws of the various States of this country do not prohibit building and loan associations, prohibit savings banks, and prohibit insurance companies from purchasing securities of the character described in this bill? I pause for any Member of this House to cite any law which will permit the building and loan associations, the savings banks, or the insurance companies to take these bonds where the interest alone is guaranteed by the Government. No one seems to contradict this statement, and if it be true, who is going to take the bonds and where is the relief coming to the home owner?

My amendment seeks to do what I have been trying to do on this floor for several years.

Mr. DONDERO. Will the gentleman yield for a question?

Mr. COCHRAN of Missouri. I yield.

Mr. DONDERO. Does the gentleman think the mortgagee will take the bonds in preference to the mortgage he holds?

Mr. COCHRAN of Missouri. I do not.

Mr. KELLER. Why not?

Mr. DONDERO. Because it is not guaranteed by the Government.

Mr. KELLER. But it is not taxable.

Mr. MOREHEAD. Will the gentleman yield?

Mr. COCHRAN of Missouri. Yes.

Mr. MOREHEAD. I do not thoroughly understand the gentleman's amendment. Will the gentleman again explain it?

Mr. COCHRAN of Missouri. My amendment provides that the loan can be made direct to the home owner and it shall not exceed 80 percent of the present appraised value of the property. It is the same amendment I offered to the present home loan bank law.

The question is whether you want to make a direct loan to a home owner or whether you do not want to make a direct loan to the home owner.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. COCHRAN of Missouri. I yield.

Mr. MARTIN of Oregon. Where are you going to get this cash that you are handing out?

Mr. COCHRAN of Missouri. You secured it for other purposes. You loaned money direct to the farmer to buy seed to plant and the security is a crop, if he gets it. You loaned money direct to the farmer to buy cattle, if he had feed, and your security was the cattle, with no telling what was going to happen to the price of cattle. You loaned money direct to the farmer to purchase feed for his cattle, and all the security you had was the cattle.

If a man's home and the ground it is on are not better security than that, I do not want to have anything to do with such a bill. The home is better security than anything the Reconstruction Finance Corporation has as collateral for loans.

Mr. MARTIN of Oregon. Where are you going to get this cash?

Mr. COCHRAN of Missouri. Where did you get it to lend to the railroad companies, where did you get it to lend to the insurance companies, where did you get it to lend to the other great corporations? Where is the real foundation of the country if it is not in the home? The Government still has credit.

Mr. MARTIN of Oregon. The thing you want to do is to print greenbacks.

Mr. HOEPPEL. May I answer the gentleman from Oregon?

Mr. COCHRAN of Missouri. With pleasure, if you desire.

Mr. HOEPPEL. We can get $1,000,000,000 from the postal savings fund at 2 percent, if the gentleman wants to know, which is now being lent to the bankers at 2½-percent interest.

Mr. COCHRAN of Missouri. As I have stated, here is a chance to decide the question, once for all, of whether or not you want to do business direct with the home owner. Never mind handing him any more gold bricks or extending false hopes. If you want to do something for him loan him the money to save his home direct. [Applause.]

Mr. LUCE. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the result of adopting this amendment would be the dropping of the average interest rate in this country by 1 percent.

There are 11,442 building and loan associations, with assets of eight billion four hundred and seventeen million and odd dollars. These associations are not the property of the rich. They are the property of people in moderate circumstances. Many members of the associations would be classed as very far from rich. This proposal in its ultimate result would cost the members of these associations, people of moderate means, $84,000,000 a year by lowering the interest rate. If it reduced the rate in savings banks in the same way, it would add about the same amount of money to the loss, chiefly of wage earners and others with small resources. Also it would in some degree increase the cost of carrying all life insurance.

This is a proposal to lower the inducement to save, to lower the inducement to gather together the money of the masses for their own welfare. As the gentleman said, this will go to the heart of the bill, and if this amendment is adopted it will go to the heart of the thrift of the people of the United States. [Applause.]

Mr. McGUGIN. Mr. Chairman, let us carefully observe what is really done by the amendment offered by the gentleman from Missouri. I hope the Members will look at the bill, page 7, line 15:

> The Corporation is further authorized for a period of 3 years from the date of the enactment of this act to make loans in cash.

Now, where is this new corporation that is being set up going to obtain money with which to make loans in cash? Under the terms of the bill it takes $200,000,000 from the Treasury and the rest of the money is obtained by selling bonds at 4-percent interest, of which the Government guarantees the interest but not the principal.

I can see how it is possible for this board to dispose of 4-percent bonds which the Government only guarantees the interest where mortgage holders are willing to exchange their mortgages for bonds in this corporation. Why, because the man who holds the mortgage may feel that the mortgage is not any too secure and be glad to exchange it for 4-percent bonds which the Government will guarantee the interest.

As noble as may be the purpose of the gentleman from Missouri, if you adopt this amendment what does it mean? That the corporation will loan to individuals in cash, but if you do that with this bill you break faith with these people, lead them to false hopes, because the corporation is not going to have the money to loan to the people.

Mr. COCHRAN of Missouri. Are you not breaking faith when you say you are going to loan the money—have you any assurance that you can sell the bonds?

Mr. McGUGIN. You are going to break faith when you say that you will loan money to individuals if you have not got the money to loan.

Mr. COCHRAN of Missouri. What assurance have you that they can sell these bonds?

Mr. McGUGIN. That is what I am telling you; that is why your amendment will not work.

Mr. DONDERO. Will the gentleman yield?

Mr. McGUGIN. I yield.

Mr. DONDERO. Does the gentleman think that the mortgagee should be put in any different class from the people who refuse to buy the bonds because they are not guaranteed by the United States Government?

Mr. McGUGIN. I do not understand what the gentleman means.

Mr. DONDERO. If you cannot sell the bonds to the people because they are not guaranteed, are you going to ask the mortgagee to take them in place of a mortgage?

Mr. McGUGIN. He may take his choice between keeping his mortgage or exchanging it for these bonds. I really doubt that they are going to do it, and that is why I think the bill may be impractical. Here is what the truth of this thing is. If you want to make these loans, be fair enough to make some provision for this corporation to obtain the money. There is only one way to do that, and that is to place a provision in the bill that the Government will guarantee the principal and the interest; and if you do not do that, then do not hold out to the people of this country that you are going to lend them money when this corporation cannot obtain the money to loan them, because all the power you have given to the corporation to obtain money is to try to sell the bonds on which the Government guarantees only the interest and not the principal.

Mr. CELLER. Is the gentleman going to offer such an amendment? If not, I shall be glad to offer it.

Mr. McGUGIN. I should be very glad to let the gentleman offer it. If you provide that the Government guarantee the payment of the principal of these bonds, you have not done a thing that was not done in the Reconstruction

Finance Corporation, because every dollar that the Reconstruction Finance Corporation borrows the Government guarantees the repayment of, principal and interest. [Applause.] The bill providing for the Reconstruction Finance Corporation authorized the Reconstruction Finance Corporation to borrow money on its bonds and guarantees the repayment of the bonds, principal and interest, and in turn the Reconstruction Finance Corporation loans the money to those institutions which are the beneficiaries under the Reconstruction Finance Corporation Act.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. ZIONCHECK. Mr. Chairman, the gentleman from Kansas gets up here daily waving his hands, and in a vociferous manner shouts "When are you going to do it, and how are you going to do it?" I sit and listen to him sometimes until my very insides growl. I say that the amendment of the gentleman from Missouri [Mr. COCHRAN] is right. It provides for direct loans by the home owners' loan corporation created under this act, and if this bill is what the proponents claim it to be they should have no objection whatsoever to this amendment. One of the most disheartening and terrible things committed by recent Congresses has been the enactment of the Federal Home Loan Bank Act. The small-home owners throughout the country were led to believe that this measure was passed for their benefit to give them some relief from mortgage foreclosures and from forfeitures of real-estate contracts. Today we have the sad confessional spectacle of the senior members of the Banking and Currency Committee plainly stating that at no time was it ever intended that the small-home owner or those who had lost their homes would ever get any relief, direct or indirect, from the Federal Home Loan Bank Act. They now bluntly tell us that the measure was passed for the relief of the building-and-loan associations throughout the country who were suffering for the reason that their assets were frozen; and, to add insult to injury, they admit that in essence this bill follows the same course although couched in different terminology.

I sat up until late studying the provisions of this bill, planning on putting amendments thereto that it might equitably reach the destitution and dire need of many of the people of the State of Washington, as well as those of the other States of the Union, but I am reconciled to the fact that to press these amendments now would be a useless gesture unless the amendment of the gentleman from Missouri [Mr. COCHRAN] is adopted. I feel certain that our President did not have such a bill as this in mind when he sent his message to Congress asking for relief and protection for the small-home owner, and no member of the committee has dared state that the President approves this bill in its present form.

Coming back to answer the question of the gentlemen from Kansas as to where we are going to get the money in the event that this amendment is passed, let me say that if we give the small home-owner the same rights through this corporation which we are giving the bankers today we will have no difficulty whatsoever in obtaining the money. The chairman of the Banking and Currency Committee sits here today and I ask him to deny that under the 1931 Glass-Steagall amendment to the Federal Reserve Act the banks can take bonds, their own bonds or Government bonds, and deposit them with the Federal Reserve banks, which will in turn issue to them Federal Reserve bank notes, which they in turn use as legal tender; and, as far as the people are concerned, they are legal tender. If the mortgagees refuse to accept the 4-percent bonds provided for in this act in exchange for the mortgages they now hold, then certainly the home owners' loan corporation can deposit these bonds with the Federal Reserve System and get Federal Reserve notes for them, can they not? Is that money?

Mr. McGUGIN. Can you do that under the terms of this bill?

Mr. ZIONCHECK. It does not have to be in this bill. This amendment was passed in 1931 for the banks to use it in this manner, and there is no reason why the Federal home-loan bank cannot do the same with the United States bonds at its disposal.

Mr. CELLER. Where is the gentleman's authority for that statement that they can go to the Federal Reserve bank and do what the gentleman says?

Mr. ZIONCHECK. Oh, ask the Chairman of the Committee on Banking and Currency.

Mr. CELLER. Where does the gentleman get his authority?

Mr. ZIONCHECK. Ask the Chairman of the Banking and Currency Committee. The gentleman thinks that because I am a new Member that I do not know what I am talking about, does he?

Mr. CELLER. No, indeed, I do not. I have the greatest respect for the gentleman's knowledge, but I do wish the gentleman would give us the chapter and phrase of the authority. If the gentleman wants to ask the Chairman of the Committee on Banking and Currency, he can do so.

Mr. ZIONCHECK. I will say that it is a matter of fact. I refer to the Glass-Steagall amendment to the Federal Reserve Act of 1931. It is a matter of common knowledge, and if the gentleman from New York does not know it, then he does not know what is going on in the Federal Reserve System.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. ZIONCHECK. Yes.

Mr. McCORMACK. In the home loan bank bill passed last year there was a provision providing for the expanding of the currency in the sum of $995,000,000. They there permitted the Government bonds bearing interest up to 3¼ percent, as I remember it, the same privilege that consuls have now. They have the privilege of depositing them and receiving new currency.

Mr. ZIONCHECK. Yes; new currency. You did it for the banks, but when one suggests that it be done for the little-home owners you hear cries of "greenbacks" or "fiat money." The thing that bothers me about this so-called "home owners loan bill" is that they constantly talk about the poor little-home owner, and still the heads of the committee will not deny that the little-home owner cannot get a loan unless it first meets with the approval of some building-and-loan association and through it. It is the same tactics they used before the last war to instill the hatred for the so-called "Huns" by telling gruesome stories of how the German soldiers ravaged Belgian maidens and were running around with Belgian babies on their bayonets. In order to get this measure through they come out and talk about the poor little-home owner, when in fact this bill is nothing more or less than out-and-out relief for the bankers and the mortgage companies.

They call it a home owner's relief bill, but to do so they do violence to the English language. The amendment of the gentleman from Missouri is absolutely in order, and again I reiterate that if they cannot get the money according to the so-called "regular scheme of things by way of appropriations", then let them use the same scheme that they used for the bankers under the Glass-Steagall amendment of 1931—have the bonds deposited and give the people Federal Reserve bank notes with which to pay their mortgages.

No one can deny that this money can be made absolute legal tender for the payment of debts, both public and private, and if the mortgagees refuse to accept it, it will be just too bad for the mortgagees. I think anyone who has any knowledge of law, or has been in a court room, will recognize whereof I speak.

Again, I want to point out that this present bill is nothing more or less than relief for mortgagees. It proposes to do nothing more than give to the holders of mortgages Government bonds bearing interest at 4 percent per annum, interest guaranteed by the Government of the United States for mortgages which these mortgagees feel doubtful about. Is there a reasonable-minded person within the hearing of

my voice who thinks for one minute that any mortgagee will accept these bonds in lieu of a mortgage that is sound and secure? I say that they will not.

It is my sincere hope that this amendment will be adopted. If it is not, then many of us will be put in the same position in which we were put upon the farm mortgage relief bill, being compelled to vote for it because it will give some relief to a small percentage of select-home owners, for I cannot put myself in the position of voting against any measure as long as it will give a little help, but I feel absolutely certain that if this bill passes without this amendment providing for direct loans to the small-home owner that the small-home owner's condition generally will be worse 6 months from now than it is today unless other measures are passed to counteract its evil effect. [Applause.]

The CHAIRMAN. The time of the gentleman from Washington has expired.

Mr. LOZIER. Mr. Chairman, I rise in support of the amendment offered by my colleague the gentleman from Missouri [Mr. COCHRAN]. While it embodies a wise public policy and its adoption would tremendously augment the benefits that would come from this legislation, I recognize the difficulty of engrafting it onto the pending bill, because, while its purposes are wholesome and benevolent, it is not in harmony with the real purpose and intent of the bill we are considering, and unless this measure is materially amended in other paragraphs, the Cochran amendment could not be easily correlated with the structure around which this act is built. If this amendment is adopted, it will be necessary to rewrite and radically alter the provisions for financing this legislation. It is regrettable that the authors of this bill so constructed and fashioned it as to make it practically impossible to provide for direct loans to home owners. [Applause.]

I speak deliberately and seriously when I say that this bill does not meet the expectations and demands of the American people. It does not offer the home owners the type and degree of relief to which they are entitled. Even if sympathetically administered its operation will be disappointing to the home owners for whose relief it is supposed to be enacted.

In essence it is more a bill for the aid and relief of the owners of mortgages on homes than for the relief of home owners. It does not give the home owner direct access to the relief agencies it creates; and only by indirect action and by long, tedious processes can the individual home owner approach the throne of grace and crave the help this measure is supposed to afford. Any home owner relief act Congress may pass will be disappointing and wholly inadequate unless it makes provision for the individual home owner to deal directly with the home owners' loan corporation, the agency created by this act, without the intervention of building and loan associations and other loan organizations. [Applause.]

This bill as written provides an agency by and through which the holders of mortgages on homes may find a market for their securities, but there is no provision under which a home owner may apply for or secure a loan from or through this home owners' loan corporation to save his home from sacrificial foreclosure sale. The one outstanding purpose of this measure is to provide an agency through which banks, building-and-loan associations, life-insurance companies, and mortgage companies can exchange their mortgages on homes for bonds issued by the Government agency hereby created. These bonds bear 4 percent interest, but the home owner pays the corporation 5 percent as the bill is written, and not to exceed 5 percent if a proposed amendment is adopted.

When the home loan bank bill was pending in the last Congress, a large part of the Membership of this body was displeased because it made no worthwhile and workable provision for granting direct loans to home owners. True, it contained a milk-and-water provision for direct loans to home owners, but this section was administered in such an unfriendly and unsympathetic manner that it became a dead letter.

Now the home loan bank bill was a good measure for building-and-loan associations, banks, mortgage companies, life-insurance companies, and other holders of mortgages on homes, and for that reason its enactment was justified, but it was not in reality a bill for the relief of the home owner in the true sense of that term. Only incidentally did any substantial benefits accrue to the home owners under that act. It postponed some foreclosure sales but the mortgagees and not the mortgagors were the chief beneficiaries of that act. When the home loan bank bill was pending, the proponents of the measure opposed liberalizing amendments and argued the bill would be wrecked if the Membership of the House did not accept it "as is", and that amendments that would have put teeth in the measure would provoke a veto.

Mr. STEAGALL. Will the gentleman yield?

Mr. LOZIER. Not now, but later if I have time. Well, we passed the so-called "home-loan bank bill", and what has been the result? As I said, it helped the owners of mortgages on homes tremendously, but only an insignificant moiety of its benefits found their way into the pockets of the home owners. No one will seriously contend that it brought any substantial relief to the home owners of the Nation. It was a bill essentially for the relief of those holding mortgages on homes, to refinance home-mortgage companies, and to furnish an organization that would finance the mortgagees and not in any sense a measure for the aid or relief of the home owners. So far as affording relief to home owners, the home loan bank bill was a delusion, and while not so intended, was, in effect, a confidence game, if you please, that Congress played on the confiding, sorely distressed, debt-menaced home owners of America. In the home-loan bank bill the people did not get what they expected, what they were promised, or what they were entitled to. You cannot again fool the home owners of the Nation. [Applause.]

If you pass this bill without amendment, without a clear-cut provision for direct loans to the individual home owner, without prescribing a formula by which the humblest home owner in the land can appeal directly to the home owners' loan corporation for relief, then the myriad thousands whose homes are about to be sold on the block at sacrificial prices will justly condemn Congress for having sold them another legislative gold brick.

Something has been said about the philosophy of the pending bill. There is sound and unsound philosophy. Insofar as this measure fails to afford substantial relief to the home owner and denies him the right to appeal directly to this Government agency for a loan, the measure embodies an unsound philosophy; a harsh philosophy that denies aid to the individual home owner but pledges the faith, funds, and credit of the Government for the relief of the mortgagees; a cynical philosophy that furnishes organized groups a mart in which they may exchange their mortgages for bonds issued by a Government agency, the interest on which is guaranteed by the Government; a philosophy that says, "We will come to the relief of the building-and-loan association, bank, loan company, and insurance company, but we will 'turn thumbs down' on the individual home owner who applies to us direct for a loan to save his home and salvage a little part of the earnings and accumulations of a lifetime." [Applause.]

If the House refuses to amend this bill as has been suggested, it will still have some merit and I will regretfully vote for it, not because it is what I want or what the home owners are entitled to but because it, seemingly, is the best and only measure we can get. I repeat, while this bill will afford substantial and deserved relief to the holders of mortgages on homes, it is so framed as not to grant comparable aid to the mortgagors. I warn you, you cannot continue to fool the home owners of America again with half-baked legislation. You will signally fail to have done your full duty if you pass this measure without incorporating therein a workable provision under which the individual home owner may receive loans direct from the home owners' loan corporation, the agency created by this act. [Applause.]

The CHAIRMAN. The time of the gentleman from Missouri [Mr. LOZIER] has expired.

Mr. STEAGALL. Mr. Chairman, I rise in opposition to the amendment. I am sure my good friend the gentleman from Missouri [Mr. LOZIER] does not wish to be unfair to the chairman of the Committee on Banking and Currency or to any member of the committee. I call the attention of the gentleman to the fact, which he will probably remember, and if he does not the RECORD will substantiate the statement, that the chairman of the Committee on Banking and Currency did not make the insistence in this House, when the original home-loan bank bill was under consideration, attributed to him by my good friend the gentleman from Missouri. I will say to the gentleman, as I said to his colleague from Missouri, that my misgivings with reference to that legislation were on a parity with the misgivings of my good friend who has just addressed the House.

I made no statement in this House that that bill was adequate to meet the difficulties in which the home owners of this country found themselves at that time. I am sure if the gentleman will reflect he will agree that that legislation was passed under very different circumstances from this, certainly so, as far as the Chairman of the Committee on Banking and Currency is concerned. I want to say also that the Chairman of the Committee on Banking and Currency reserved the right in the committee to amend that bill, and it was amended in one of its most material aspects on the floor of this House, upon motion made by the Chairman of the Committee on Banking and Currency. So the chairman did not insist that the original home-loan bank bill should be swallowed without change. My good friend the gentleman from Missouri is mistaken.

Mr. LOZIER. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. LOZIER. Is it not true that upon other amendments offered the gentleman argued that the structure of the bill should not be changed, and that that bill should be passed practically in the form in which it was submitted?

Mr. STEAGALL. If the gentleman desires to spend any more time in matters of history, which have nothing to do with this legislation, my position during that legislation was not very different from what the gentleman's position seems to be toward this legislation, although I finally voted for the bill.

Mr. LOZIER. As I may vote for this one.

Mr. STEAGALL. Now, I want to say this, and it should be made clear, there is not a line in this bill that provides for any aid for any building and loan association. There is a provision in the bill which authorizes the Treasury to aid, in the amount of $100,000,000, in setting up local home-loan associations that may make direct loans to home owners in communities that have no organizations that have access to the loaning facilities of the home-loan bank system. The $200,000,000 corporation and the use of the bonds of this corporation are limited to direct aid to home owners. There is not a line in the bill authorizing aid to building and loan associations.

Ths bill, as I have attempted to make clear to the House, is an entirely different measure from the original Home Loan Bank Act. This is a separate measure, an emergency measure, and its sole purpose is to afford direct aid to home owners who are in danger of losing their homes.

[Here the gavel fell.]

Mr. RICH. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I have been very much interested in the discussion as to the salability of these bonds. Were the Government to guarantee the interest on these bonds for an indefinite period, I do not think there would be any trouble in disposing of them; but if the Government guaranty of interest is limited to a few years, I think there may be.

With the provision for 4-percent interest and an indefinite guaranty they would readily be disposed of, because today men with money would invest it in anything which would bring them a return of 4 percent, because they are today unable to put their funds into business of any kind in which they can turn a dollar over and at the end of the year have even the dollar left.

I believe this bill is going to help more directly the home-loan banks and the banks which are trying to get rid of their mortgages than it is the home owner. But I feel that if we are going to do anything to save the individual who is going to lose his home we will have to adopt this amendment.

I feel that this bill is going to do more to give relief to banks and relieve the tension of the bankers than it is to enable the home owner to try to protect himself and his home.

I am opposed to the Government in business, but here is where I am going to do a little talking for the Government in business, because if aid is going to be extended to these owners of small homes the Government will have to get into this business of trying to save their homes. The banker dares not loan for fear the depositor will draw out his deposit; then he must close his bank or the Comptroller of the Currency will close it for him.

Now, speaking as a banker, 10 years ago the best security we could get for the investment of funds for a bank was a mortgage on a home, a mortgage on a farm, or a loan to some manufacturing establishment which had a plant, machinery, and equipment. Today if a man tries to present this kind of collateral to a banker he is turned away. The banker says, "I cannot grant a loan on such security."

I am in sympathy with the banker, but I am in sympathy with the country a little more than with the banker, and I think if we are going to do the greatest good for the country we will have to adopt this bill, which is contrary to good business for the Government in ordinary times—but this is an emergency.

I want to say to the bankers of America that if they do not change their attitude on granting loans to home owners, granting loans to farm owners, and granting loans to manufacturers who put up their industry as collateral, they will after a while find themselves in the deepest trouble they have ever been in. We will find the bankers coming back to Congress within the next 5 years asking the repeal of this legislation, for they will find that the best collateral, the best security they have, has gone away from them.

Time after time when a boy you heard your grandfather talk about the day when you could buy land for $20 an acre which today is worth $200 an acre. Within the next 5 years the story may be repeated, and the story will be repeated many, many times.

When the time comes that our homes, our farms, and our industries are not worth anything, then God help this country. I say it is about time we granted relief to these people who want to protect their homes. If an honest valuation of the property is placed on all applications for loans on today's value, the Government cannot lose. We must have honest men administer these funds—ones who will not be influenced by politicians or sympathy.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. RICH. I yield.

Mr. WHITTINGTON. If the amendment proposed by the gentleman from Missouri is adopted, will we not be in substantially the same position we were in last year when we adopted the home loan bank bill to provide for direct loans to the home owners without making any provision for these loans?

Mr. RICH. While in principle I am opposed to the granting of direct relief, yet I do not see how the owners of small homes in this country can get the relief they need to protect their homes otherwise, and we should have adequate security for the loan if wisely administered.

Mr. WHITTINGTON. I am in sympathy with the gentleman's position, but how can direct relief be extended when no provision is made to give them that relief?

Mr. RICH. If we will guarantee these bonds or partially guarantee them for an unlimited time we will sell these bonds; do not worry about that. However, a time limit of a few years presents a different proposition. As I have said,



if the Government will guarantee these bonds for an indefinite period they would make a wonderful investment for endowment funds of any kind, and I think no trouble would be experienced in disposing of the bonds.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, I desire to submit a unanimous-consent request.

I ask unanimous consent that all debate on this section and all amendments thereto close in 20 minutes.

Mr. CELLER. Mr. Chairman, reserving the right to object, will the gentleman move that the Committee rise now and meet in the morning, in order to give the Members an opportunity to debate this proposition further?

Mr. GOSS. Mr. Chairman, I may say that I have had an amendment on the desk for over half an hour and should like to have 5 minutes on the amendment.

Mr. STEAGALL. Then I shall make the request 30 minutes.

Mr. PATMAN. Mr. Chairman, reserving the right to object, I should like to have 5 minutes.

Mr. SNELL. Mr. Chairman, may I ask the chairman of the committee what his program is?

Mr. STEAGALL. First, I want to see if the Committee will agree to limiting the debate on this section and all amendments thereto to 30 minutes.

Mr. SNELL. Does the gentleman intend to have all of that debate tonight, or is he going to move that the Committee rise and have the debate come tomorrow?

Mr. STEAGALL. I shall move that the Committee rise, if we can get this agreement.

Mr. PATMAN. Mr. Chairman, reserving the right to object, I shall object unless I am permitted at least 5 minutes' time. I have not had any time on the bill, and I am very much interested in this amendment.

Mr. GOSS. Mr. Chairman, reserving the right to object, I have an amendment at the Clerk's desk which is not a pro-forma amendment, and I should like to discuss it for 5 minutes.

Mr. STEAGALL. Mr. Chairman, I do not want to shut off debate, but will not 30 minutes' time be sufficient?

Mr. Chairman, I move that all debate on this section and all amendments thereto close in 30 minutes.

The question was taken; and on a division (demanded by Mr. SWANK) there were—ayes 123, noes 32.

So the motion was agreed to.

Mr. STEAGALL. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. DRIVER, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill (H.R. 5240), authorizing loans to home owners, and had come to no resolution thereon.

HOME LOANS

Mr. GLOVER. I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Without objection it is so ordered.

Mr. GLOVER. Mr. Speaker, the bill now before us for consideration is one of great importance. It is a bill to provide emergency relief with respect to home-mortgage indebtedness and to refinance the mortgage so that the home may be saved. In this time of depression many persons have lost their homes, when there was only a small balance due on them, because they could not be refinanced when the balance was demanded. I have had many letters coming to my office pleading for something to be done so the home could be saved, and I am glad to support this measure that will give relief to many persons.

If every person were now out of debt, it would be easy to start back on the road to prosperity. Debts cannot be paid now under present conditions. They were made when our country was prosperous, and when the panic came and the price of commodities went down to less than the cost of production it became impossible to pay. The only sensible thing to do is to extend this time of payment and reduce the rate of interest until conditions can be changed.

There are two prominent causes that have produced the condition that we find ourselves in. One is the tariff bill known as the "Smoot-Hawley bill", and the other is the money question. Bills are now pending and I hope will be passed before the close of this session correcting this evil. Our foreign trade is reduced until we have practically none. After the passage of this bill other nations passed retaliatory legislation against us. As a result of this neither of the nations can prosper.

The sensible thing to do is pass a bill at once providing for reciprocal trade relations with other countries so that we can sell our surplus crops. We cannot consume all we produce in this country of some commodities, and we must find a market for them in other countries. We now have 10,000,000 bales of cotton on hand that is holding down the price, which should have and would have been marketed if we had the proper trade relations with other countries that need it. They are now using the short lint cotton grown by other countries, because they cannot under present conditions trade with us as they formerly did.

The single standard of gold in the United States when other countries were on a silver standard has been, in my opinion, our greatest trouble. Since the action by President Roosevelt in taking us off the single gold standard, it leaves France as the only large nation trying to maintain it; and they are today coining more silver than ever before and will soon be forced off the single standard.

It has been my contention since I have been in Congress that we should have a double standard of both gold and silver, so that we could trade with all the nations of the world. Our Constitution provides for that, and we should go back to it. No one wants fiat money or an unsound currency. The ability of the Nation to redeem its obligations is what makes its credit good. No nation doubts the ability of the United States to fully redeem every obligation it has made or will make.

It is hoped that in the monetary conference, soon to be held, the nations of the earth may once for all settle this question and give us a stable currency where all the nations may trade with one another.

The United States is the richest nation on earth and yet we have 12,000,000 men out of employment. The report recently made by one of the departments stated that we have 4,000,000 families in the United States receiving aid, either from the State or National Government or charitable institutions. This is no fault of theirs and they cannot help it. What they are longing for is that the time will soon come when they can get work where they can care for themselves. We have a very small percentage that would not work if they could get it.

It is expected that many obligations may be scaled down in amount before they are refinanced. If this can be done it will be a saving to the one who owes the debt. We have passed a bill to refinance farm mortgages which will aid them and this will aid the home owner who is not engaged in agriculture and will give a much-needed relief.

LEAVE OF ABSENCE

By unanimous consent, Mr. STRONG of Pennsylvania was given leave of absence for a few days, on account of illness.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

H.R. 4225. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge across the Allegheny River at or near Parkers Landing, in the county of Armstrong, Commonwealth of Pennsylvania; and

H.R. 4332. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge across the Allegheny River, at

a point near the Forest-Venango county line, in Tionesta Township, and in the county of Forest, and in the Commonwealth of Pennsylvania.

ADJOURNMENT

Mr. STEAGALL. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 11 minutes p.m.) the House adjourned until tomorrow, Friday, April 28, 1933, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. SUMNERS of Texas: Committee on the Judiciary. H.R. 5091. A bill to amend section 289 of the Criminal Code; without amendment (Rept. No. 56). Referred to the House Calendar.

Mr. SUMNERS of Texas: Committee on the Judiciary. H.R. 5208. A bill to amend the probation law; without amendment (Rept. No. 57). Referred to the House Calendar.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on the District of Columbia was discharged from the consideration of the bill (H.R. 5170) for the relief of the American-La France & Foamite Corporation of New York; and the same was referred to the Committee on Claims.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. LEE of Missouri: A bill (H.R. 5305) to amend sections 1, 2, and 3 of the act of July 2, 1890, entitled "An act to protect trade and commerce against unlawful restraints and monopolies"; to the Committee on the Judiciary.

By Mr. CARPENTER of Kansas: A bill (H.R. 5306) to impose a tax on money permanently invested in foreign countries; to the Committee on Ways and Means.

By Mr. COCHRAN of Missouri: A bill (H.R. 5307) to exempt the real property of the American War Mothers from taxation; to the Committee on the Judiciary.

By Mr. MEAD: A bill (H.R. 5308) to extend certain benefits of the Public Health Service to certain seamen, and for other purposes; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. HOPE: A bill (H.R. 5309) authorizing an appropriation for the continuation of certain hearings by the Interstate Commerce Commission; to the Committee on Interstate and Foreign Commerce.

By Mr. CANNON of Wisconsin: Joint resolution (H.J.Res. 165) to prohibit the insertion in the CONGRESSIONAL RECORD of speeches or material not actually delivered on the floor of the House of Representatives or the Senate of the United States; to the Committee on Printing.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the State of South Carolina, memorializing the Congress of the United States to cause to be made a study and report upon the merits of legislation regulating what is commonly known as "the 'stretch-out' system" in textile plants; to the Committee on Interstate and Foreign Commerce.

Also, memorial of the Legislature of the Territory of Hawaii, memorializing Congress to enact legislation to provide for the issuance of certificates of citizenship to citizens of the United States of oriental ancestry residing in the Territory of Hawaii; to the Committee on Immigration and Naturalization.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BURNHAM: A bill (H.R. 5310) for the relief of John P. Seabrook; to the Committee on Naval Affairs.

Also, a bill (H.R. 5311) granting a pension to Bergliot Work; to the Committee on Invalid Pensions.

By Mr. CROSBY: A bill (H.R. 5312) to provide for the conveyance of the abandoned lighthouse reservation and buildings, including detached tower, situate within the city limits of Erie, Pa., to the city for public-park purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. FLETCHER: A bill (H.R. 5313) granting a pension to Linford E. Dinkle; to the Committee on Pensions.

Also, a bill (H.R. 5314) granting an increase of pension to Clarene E. Orr; to the Committee on Pensions.

By Mr. HOEPPEL: A bill (H.R. 5315) granting a pension to Frieda Precht; to the Committee on Pensions.

Also, a bill (H.R. 5316) for the relief of W. F. Yerian; to the Committee on Naval Affairs.

By Mr. LARRABEE: A bill (H.R. 5317) granting an increase of pension to Nancy J. Bowman; to the Committee on Invalid Pensions.

By Mr. LUDLOW: A bill (H.R. 5318) granting a pension to Anna Brock; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5319) granting a pension to Martha Willoughby; to the Committee on Invalid Pensions.

By Mr. McREYNOLDS: A bill (H.R. 5320) for the refund of income and profits taxes erroneously collected; to the Committee on Ways and Means.

By Mr. REID of Illinois: A bill (H.R. 5321) for the relief of Arthur E. Mills; to the Committee on Claims.

By Mr. TARVER: A bill (H.R. 5322) granting a pension to John R. Longwith; to the Committee on Pensions.

By Mr. WALLGREN: A bill (H.R. 5323) for the relief of Frank I. Otis; to the Committee on Military Affairs.

By Mr. WEIDEMAN: A bill (H.R. 5324) for the relief of Maurice E. Schaffer; to the Committee on World War Veterans' Legislation.

By Mr. WILCOX: A bill (H.R. 5325) for the relief of Harry Burton-Lewis; to the Committee on Military Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

752. By Mr. BOYLAN: Resolutions adopted by the New York Board of Trade, Inc., opposing the adoption of any legislation, National or State, which will limit or restrict the United States courts in the selection of receivers to natural persons, etc.; to the Committee on Banking and Currency.

753. Also, letter from the Newport Chamber of Commerce, Newport, R.I., opposing the closing of the United States Naval Training Station at Newport, R.I.; to the Committee on Naval Affairs.

754. By Mr. BURNHAM: Memorial of Edwin Arleigh Brown, proposing the establishment of a municipal unemployment relief center, established and maintained by the revenue of taxation from State, county, and city, subsidized by the Federal Government, when necessary, as a guaranty of its effectual functioning and endurance; to the Committee on Ways and Means.

755. By Mr. JAMES: Resolution of the Gogebic County Board of Supervisors, Michigan, heartily endorsing House bill 4801 to release the States, Territories, municipalities, and political subdivisions from the obligation to repay relief funds received under title I of the Emergency Relief and Construction Act of 1932, and for other purposes; to the Committee on Banking and Currency.

756. By Mr. KELLY of Pennsylvania: Petition of the veterans' organizations of McKeesport, Pa., urging more just distribution of wealth through capital-levy, income, and inheritance taxes; to the Committee on Ways and Means.

757. By Mr. KENNEY: Petition of Walter Herbert Roemer Post, No. 221, of the American Legion, Ridgefield, N.J., re-

questing that the Federal Government facilitate the reopening of the national banks in Bergen County, N.J.; to the Committee on Banking and Currency.

758. By Mr. LINDSAY: Petition of National Federation of Federal Employees, Local No. 4, Frank X. McMahon, secretary, favoring optional retirement of Federal employees; to the Committee on Appropriations.

759. Also, petition of National Customs Service Association, New York City, opposing the 30-year retirement bill; to the Committee on Appropriations.

760. Also, petition of Hudson Forwarding & Shipping Co., Inc., New York City, opposing the 30-year retirement bill; to the Committee on Appropriations.

761. Also, petition of Rubin Hochman, of Brooklyn, N.Y., favoring the 30-year retirement bill; to the Committee on Appropriations.

762. Also, petition of S. V. Fonner and Charles O'Brien, of Brooklyn, N.Y., favoring optional retirement after 30 years' service; to the Committee on Appropriations.

763. Also, petition of J. J. Regan, Flushing, Long Island, N.Y., favoring inflation program as proposed in amendment to farm relief bill, without any qualifications or amendments; to the Committee on Agriculture.

764. Also, petition of Tompkins-Kiel Marble Co., New York City, favoring the Goss bill; to the Committee on Expenditures in the Executive Departments.

765. Also, petition of Brooklyn Real Estate Board, Brooklyn, N.Y., approving the two billion home mortgage refinancing bill, S. 1317; to the Committee on Banking and Currency.

766. Also, petition of Dr. George J. Lawrence, commander American Legion, Department of New York, New York City, opposing elimination Veterans' Administration regional offices and discharging 6,000 employees; to the Committee on World War Veterans' Legislation.

767. By Mr. MEAD: Petition of Board of Supervisors of Erie County, New York State, favoring the Federal appropriation for the relief of home owners; to the Committee on Banking and Currency.

768. Also, petition of the South Buffalo unemployed, opposing the St. Lawrence Canal Treaty; to the Committee on Interstate and Foreign Commerce.

769. Also, petition of the South Buffalo unemployed, suggesting amendment to the Black bill; to the Committee on Labor.

770. By Mr. O'MALLEY: Memorial of the Legislature of the State of Wisconsin, urging the immediate reduction of appropriations for the enforcement of the prohibition law by at least one half, and to similarly reduce the number of prohibition agents and other Federal employees engaged in the futile attempt to enforce the prohibition law; to the Committee on Appropriations.

771. By Mr. RUDD: Petition of Tompkins-Kiel Marble Co., New York City, favoring the Goss bill; to the Committee on Expenditures in the Executive Department.

772. Also, petition of Dr. George J. Lawrence, commander American Legion, Department of New York, New York City, opposing the elimination of Veterans' Administration regional offices; to the Committee on Appropriations.

773. Also, petition of National Motorship Corporation, New York City, protesting against the passage of House bill 3348; to the Committee on Merchant Marine, Radio, and Fisheries.

774. Also, petition of National Motorship Corporation, New York City, protesting against the passage of House bill 4599; to the Committee on Merchant Marine, Radio, and Fisheries.

SENATE

FRIDAY, APRIL 28, 1933

(Legislative day of Monday, Apr. 17, 1933)

The Senate met at 11 o'clock a.m., on the expiration of the recess.

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Johnson	Reynolds
Ashurst	Costigan	Kean	Robinson, Ark.
Austin	Couzens	Kendrick	Robinson, Ind.
Bachman	Cutting	Keyes	Russell
Bailey	Dale	King	Sheppard
Bankhead	Dickinson	La Follette	Shipstead
Barbour	Dieterich	Lewis	Smith
Barkley	Dill	Logan	Steiwer
Black	Duffy	Lonergan	Stephens
Bone	Erickson	Long	Thomas, Okla.
Borah	Fess	McAdoo	Thomas, Utah
Bratton	Fletcher	McCarran	Townsend
Brown	Frazier	McNary	Trammell
Bulkley	George	Metcalf	Vandenberg
Bulow	Glass	Murphy	Van Nuys
Byrd	Goldsborough	Neely	Wagner
Byrnes	Gore	Norbeck	Walcott
Capper	Hale	Norris	Walsh
Caraway	Harrison	Nye	Wheeler
Carey	Hastings	Overton	White
Clark	Hatfield	Patterson	
Connally	Hayden	Pope	
Coolidge	Hebert	Reed	

Mr. REED. I wish again to announce the absence of my colleague [Mr. DAVIS] on account of illness.

Mr. BACHMAN. I desire to announce that my colleague [Mr. MCKELLAR] is detained from the Senate on account of the death of his brother, Mr. R. L. McKellar.

Mr. McNARY. I wish to announce that the Senator from Minnesota [Mr. SCHALL] is necessarily detained from the Senate.

Mr. LEWIS. I desire to announce the absence at the present moment of the Senator from Nevada [Mr. PITTMAN], occasioned by conferences at the White House touching matters international. He will be in the Senate shortly.

I desire to announce that the Senator from Maryland [Mr. TYDINGS] is necessarily detained from the Senate.

I also wish to announce that the Senator from Kansas [Mr. MCGILL] is necessarily detained from the Senate on official business.

The VICE PRESIDENT. Eighty-nine Senators have answered to their names. A quorum is present.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the Journal for the calendar days of Tuesday, Wednesday, and Thursday, April 25, 26, and 27, was approved.

JUDGMENT AGAINST PAN AMERICAN PETROLEUM CO.

The VICE PRESIDENT. The Chair lays before the Senate the amendment of the House of Representatives to Senate Joint Resolution 13, and calls the attention of the Senator from North Dakota [Mr. NYE] to it.

The amendment of the House of Representatives to Senate Joint Resolution 13, authorizing the Attorney General, with the concurrence of the Secretary of the Navy, to release claims of the United States upon certain assets of the Pan American Petroleum Co. and the Richfield Oil Co. of California and others in connection with collections upon a certain judgment in favor of the United States against the Pan American Petroleum Co., heretofore duly entered, was, on page 3, line 3, after the word "laws", to insert:

Provided, That the authority herein granted is permissive only, and shall not be construed as a declaration of approval by Congress of the compromise herein authorized to be made, and that said authority shall not be exercised by the Attorney General unless in his judgment said compromise shall appear to him to be for the best interests of the United States.

Mr. NYE. I move that the Senate concur in the amendment of the House of Representatives.

The motion was agreed to.

FUNCTIONS OF THE FEDERAL RADIO COMMISSION (S.DOC. NO. 46)

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Federal Radio Commission, submitting, pursuant to Senate Resolution 351, Seventy-second Congress, a report of the functions and activities conducted under the jurisdiction of the Commission, the statutory authority therefor, and the total annual expenditures thereon; also a list of employees receiving compensation of $5,000 or

more per annum, which, with the accompanying papers, was ordered to lie on the table and to be printed.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a telegram in the nature of a petition from Wirt Franklin, president of the Independent Petroleum Association of America, Oklahoma City, Okla., praying that the entire program of recommendations for action by the Federal Government, agreed upon by the Committee of Fifteen, composed of representatives of 5 majors in the oil industry, 5 independents, and 5 oil-State Governors, be embraced in the provisions of one bill, as an emergency act, to rehabilitate the oil industry, which was referred to the Committee on Finance.

He also laid before the Senate two petitions and a letter in the nature of a petition from sundry citizens of the State of Louisiana, praying for a senatorial investigation of alleged acts and conduct of Hon. HUEY P. LONG, a Senator from the State of Louisiana, which were referred to the Committee on the Judiciary.

He also laid before the Senate 5 memorials, 2 letters, and a telegram in the nature of memorials from sundry citizens of the State of Louisiana, endorsing Hon. HUEY P. LONG, a Senator from the State of Louisiana, condemning attacks made upon him and remonstrating against a senatorial investigation of his alleged acts and conduct, which were referred to the Committee on the Judiciary.

Mr. FESS presented 150 letters from workers in the Air-Way Electric Appliance Corporation, of Toledo, Ohio, expressing appreciation to the Senator from Ohio [Mr. FESS] for his vote against the so-called "Black 30-hour week work bill", and stating that, under the conditions prevalent in Ohio, their interests can best be served by not limiting the employer and employee to "any unreasonable maximum" of working time, which were ordered to lie on the table.

He also presented a letter from F. Reibel, Jr., assistant to the president of the above-mentioned corporation, stating that any coercive methods were scrupulously avoided in connection with the above matter, and also that the officers of the company "as individuals share in the expressions of these 150 workers", which was ordered to lie on the table.

COST OF EDUCATING MIDSHIPMEN AT ANNAPOLIS

Mr. WALSH. Mr. President, as a member of the Board of Visitors of the Naval Academy, I have had occasion recently to have some correspondence with the Navy Department in reference to the cost of educating midshipmen at Annapolis. I think the information is informative and helpful. I ask unanimous consent that the correspondence may be printed in the RECORD and referred to the Committee on Naval Affairs.

There being no objection, the correspondence was referred to the Committee on Naval Affairs and ordered to be printed in the RECORD, as follows:

APRIL 14, 1933.

Hon. DAVID I. WALSH,
United States Senate.

MY DEAR SENATOR: Pursuant to your request for data as to the cost of educating midshipmen at the United States Naval Academy, I am pleased to transmit herewith a copy of data prepared by the Superintendent of the United States Naval Academy under date of November 3, 1932, which presents the data as requested by you.

You will note that items (a), (b), (c), and (d) have no relation whatever to the number of midshipmen at the Naval Academy. On the other hand, items (g), (h), and (l) have a direct relation to the number of midshipmen at the Academy, and items (e), (f), (j), and (k) have also a relation to the number of midshipmen but do not vary directly in proportion to the number, as there is a certain overhead that must be maintained with a very small number of midshipmen, and this overhead does not increase proportionately with the number of midshipmen. The direct appropriation for the maintenance and operation of the academy, items (e) to (k), indicate that the cost of educating one midshipman during the fiscal year 1933 was $1,862.09. This figure excluded items (a), (b), (c), and (d), but it does not represent the sum that could be deducted from the Naval Academy appropriation on account of a decrease in the number of midshipmen, for, as previously pointed out, it is necessary to maintain a certain overhead which does not vary proportionately with the number of midshipmen.

As you know, it is necessary that there should be a definite number of appointments allowed at the Naval Academy for each Senator and Representative. At present this number is three, although there are three classes there which entered when Members had four appointments. The classes graduating in 1933, 1934, and 1935 are therefore much larger than the classes which will graduate subsequent to that time. Last year Congress passed a bill authorizing the commissioning of half of each class so long as the total number of officers was in excess of the number authorized by basic law. As a result there should be a gradual decrease in the total number of line officers, and by 1937 or 1938 the number should be reduced to 5,499. Three appointments a year should just about meet the attrition, that is, the losses that the Navy will suffer, and under any circumstances it will not be possible to commission any excess, and the Navy will thus have the pick of the graduates of the academy, and those who are not commissioned will form a most valuable reserve that would be available in time of war. Two appointments per year would not produce a sufficient number of graduates to meet the attrition which will normally pertain, and the Bureau feels that the number of midshipmen at the Naval Academy should not be reduced below the present number of three for each Senator and Representative.

Commander Shafroth will personally deliver this letter and will be prepared to discuss the matter further with you, if you so desire.

Very truly yours,

F. B. UPHAM.

UNITED STATES NAVAL ACADEMY,
Annapolis, Md., November 3, 1932.

From: Superintendent.
To: Chief of Bureau of Navigation.
Subject: Cost of educating a midshipman.

1. In compliance with verbal request from the Bureau of Navigation, there is submitted herewith a statement covering the cost of educating a midshipman.

(a) Interest on cost of buildings, grounds, docks, sea wall, etc., at 4 percent	$608,377.36
(b) Depreciation on buildings, etc., at 1 percent	152,094.34
(c) Station ship, pay of officers, enlisted personnel, and general stores	895,340.38
(d) Salaries of executive officers, medical staff, officer instructors, and administration	1,404,515.85
(e) Maintenance and repairs	940,000.00
(f) Current and miscellaneous expenses	79,700.00
(g) Transportation and mileage of candidates	14,057.40
(h) Pay of midshipmen	1,366,362.97
(l) Rations of midshipmen	435,534.35
(j) Civilian instructors	284,130.00
(k) Commissary and laundry	184,654.15
	6,364,766.80
Minus items (a) to (d)	3,060,327.93
Items (e) to (k)	3,304,438.87
Average number of midshipmen, fiscal year 1933	1,727
Cost of educating one midshipman, fiscal year 1933 (based on items (a) to (k), inclusive):	
Including impound	$3,685.44
Excluding impound	$3,568.12
Cost of educating one midshipman, fiscal year 1933 (based on items (e) to (k), inclusive):	
Including impound	$1,913.40
Excluding impound	$1,862.09

REPORTS OF COMMITTEES

Mr. THOMAS of Oklahoma, from the Committee on Appropriations, to which was referred the bill (H.R. 4589) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1934, and for other purposes, reported it with amendments and submitted a report (No. 48) thereon.

Mr. BRATTON, from the Committee on the Judiciary, to which was referred the bill (S. 1131) to amend the probation law, reported it with an amendment and submitted a report (No. 49) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BULKLEY:

A bill (S. 1542) for the relief of sundry building and loan associations; to the Committee on Claims.

By Mr. CAPPER:

A bill (S. 1543) to amend an act entitled "An act making appropriations to provide for the expenses of the government of the District of Columbia for the fiscal year ending June 30, 1903, and for other purposes", approved July 1, 1902, and amendments thereto, and for other purposes; to the Committee on the District of Columbia.

By Mr. SHEPPARD:

A bill (S. 1544) for the relief of certain disbursing officers of the Army of the United States and for the settlement of individual claims approved by the War Department (with accompanying papers); to the Committee on Claims.

By Mr. REED:

A bill (S. 1545) for the relief of Edward F. Smith; to the Committee on Naval Affairs;

A bill (S. 1546) granting a pension to Clara Dempsey; and

A bill (S. 1547) granting a pension to Anna E. Spence; to the Committee on Pensions.

OWNERSHIP OF STOCKS AND BONDS BY MEMBERS OF CONGRESS AND FEDERAL EMPLOYEES

Mr. FRAZIER. Mr. President, I ask unanimous consent to introduce a joint resolution relating to ownership of stocks, bonds, and so forth. I have introduced a similar resolution in 2 or 3 Republican Congresses and made no progress with it. I wish to try it again in a Democratic Congress. I ask that it be referred to the Committee on Finance.

The VICE PRESIDENT. The joint resolution will be received and referred, as requested.

The joint resolution (S.J.Res. 46) relating to ownership of stocks and bonds of industrial, railroad, mining, banking, shipping, oil, and other corporations, firms, and partnerships by Members of the Senate and House of Representatives of the United States of America and by employees of the Federal Government and their relation to such corporations and firms, was read twice by its title and referred to the Committee on Finance.

ASSISTANT CLERK TO THE COMMITTEE ON PATENTS

Mr. WAGNER submitted the following resolution (S.Res. 63), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Committee on Patents hereby is authorized to employ an assistant clerk to be paid from the contingent fund of the Senate at the rate of $2,400 per annum during the Seventy-third Congress.

PERSONAL EXPLANATION

Mr. REED. Mr. President——

The VICE PRESIDENT. When the Senate took a recess last evening the Senator from New York [Mr. WAGNER] had the floor.

Mr. REED. Will the Senator from New York yield to me for a statement in the nature of a question of personal privilege?

Mr. WAGNER. I yield.

Mr. REED. Mr. President, in this morning's Philadelphia Ledger, and, possibly in other newspapers, there is a long account of an open letter which purports to have been written to me by a Philadelphia lawyer named Newbold, reproaching me with having taken part in organizing an institution called "The Republican Associates", or some such name. Mr. Newbold is no more concerned, apparently, with the proprieties than he is with the facts, and so he publishes his letter before I actually have received the original copy.

Mr. President, not only did I have nothing to do with the organization of any such institution as "The Republican Associates", but I have no knowledge of its purposes other than as statements have been published in recent days, with a list of its officers. Not only had I nothing to do with its organization, but I have not been invited to join it, and, so far as I have any knowledge of it, I have no desire to receive such an invitation. I am perfectly content to remain an ordinary Republican, and do not desire to join any clique or faction within the party.

DEGREE OF BACHELOR OF SCIENCE FOR NAVAL ACADEMY GRADUATES

Mr. WALSH. Mr. President, in behalf of the Senator from Florida [Mr. TRAMMELL], Chairman of the Committee on Naval Affairs, and myself, I ask unanimous consent for the immediate consideration of Calendar No. 20, the bill (S. 753) to confer the degree of bachelor of science upon graduates of the Naval Academy.

Let me say in explanation that one half, or about 150, midshipmen are to graduate within a month from the Naval Academy who will not be commissioned and will be forced to enter civil life. This is the first instance of this unfortunate happening. Unless this measure is passed by the Senate and House promptly they will not have the benefit of its provisions which provide for the conferring of the degree of bachelor of science. It is recommended by the Navy Department and approved by the educational institutions of the country, which pass on the general educational standing of the several colleges.

The VICE PRESIDENT. Is there objection to the request of the Senator from Massachusetts.

Mr. BORAH. Mr. President, may I ask the Senator from Massachusetts if this is an emergency measure?

Mr. WALSH. It is decidedly so in the opinion of these disappointed graduates.

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Superintendent of the United States Naval Academy may, under such rules and regulations as the Secretary of the Navy may prescribe, confer the degree of bachelor of science upon all graduates of the Naval Academy.

REMOVAL OF LIMITATIONS ON NATIONAL BANKS

Mr. BULKLEY. Mr. President, I ask unanimous consent for the immediate consideration of Calendar No. 45, the bill (S. 1415) to amend sections 5200 and 5202 of the Revised Statutes, as amended, to remove the limitations on national banks in certain cases.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

Mr. McNARY. Mr. President, is that the measure referred to yesterday by the Senator from Ohio to which I then made objection?

Mr. BULKLEY. This is the bill which I explained yesterday and which the Senator from Oregon asked to have go over.

Mr. McNARY. I did so until I could confer with some other members of the Committee on Banking and Currency. I am advised that they have no objection; in other words, they approve it. I have no objection to the present consideration of the bill.

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 5200 of the Revised Statutes, as amended, is amended by adding at the end thereof the following new paragraph:

"(9) Obligations representing loans to any national banking association or to any banking institution organized under the laws of any State, or to any receiver, conservator, or superintendent of banks, or to any other agent, in charge of the business and property of any such association or banking institution, when such loans are approved by the Comptroller of the Currency, shall not be subject under this section to any limitation based upon such capital and surplus."

SEC. 2. Section 5202 of the Revised Statutes, as amended, is amended by adding at the end thereof the following new paragraph:

"Ninth. Liabilities incurred on account of loans made with the express approval of the Comptroller of the Currency under paragraph (9) of section 5200 of the Revised Statutes, as amended."

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Latta, one of his secretaries.

RELIEF OF AGRICULTURE

The Senate resumed the consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

The VICE PRESIDENT. The question is on the amendment of the Senator from Indiana [Mr. ROBINSON], as modified, to the amendment of the Senator from Oklahoma [Mr. THOMAS].

Mr. WAGNER. Mr. President, in as brief a manner as possible I desire to explain my vote on the Thomas amendment. It seems to be one of the characteristics of every

debate on a currency proposal that it arouses in some the hope of the millennium and in others the forebodings of ruin.

In my opinion, there is no mysterious quality in gold nor any magic in bookkeeping which can make a nation suddenly rich or poor, as by the rubbing of Aladdin's lamp. Since 1792, when Congress first defined the gold dollar, to this day our monetary system has gone through various stages and we have enjoyed prosperity and suffered depression alike in each of those stages. It is safe to assume that the pending amendment will not accomplish all the miracles which some of its advocates proclaim, and I am certain it will not spread the general havoc which its opponents profess to dread.

It is not unusual in the consideration of an important proposal that they who oppose it should seek to condemn it in the eyes of an indiscriminating public by fastening to it an unpopular name. On this occasion the charge of inflation has been hurled against the entire amendment. Mere words, however, have ceased to frighten people who have already suffered the agonies of 4 years of depression. Particularly, I may say, the public is quite immune to the threats uttered by the discredited doctors of despair who in the past administration watched the Nation grow weak and faint under their eyes and almost permitted it to perish. It seems to me that the cry of inflation comes with rather poor grace from the very men who fathered and nursed the most frenzied inflation this country had ever witnessed and impoverished our people not through the relatively slow processes of the printing press but of the much faster ticker tape.

Let us keep before our eyes, Mr. President, the compelling fact that we are not debating this question as an exercise in abstruse economics. This amendment is pending here today because millions of citizens, residing in every State of the Union, have seen their endeavors of a lifetime rendered valueless, their businesses collapse, their homes foreclosed, their jobs vanish. They demand relief from the tortures of prolonged persistent and relentless depression.

Sometime I speculate on the strange paradoxes which enter into the problem we are now considering. The United States today holds $4,313,000,000 in gold, more in fact than it has ever had. Despite this great hoard of precious metal the United States is off the gold standard.

Money in circulation amounts to $6,068,000,000, an amount which is $643,000,000 more than a year ago and almost a billion and a half more than the total outstanding at the height of the 1929 boom. Despite this apparent plenitude the demand throughout the country is for more currency.

Each of the countries of the world, including our own, is encircled by tariff walls of a height hitherto undreamed of, all designed to stimulate their industries and raise prices for their domestic producers. But prices today are lower than ever, profits have disappeared, and enterprise is almost completely paralyzed.

Underneath these apparent paradoxes is a well overflowing with human tragedy washing away standards of living, dissolving the values civilization has painfully created, spreading everywhere the spirit of rebelliousness against an order of things which makes the prevailing cruelties possible.

The men, both in and out of this Chamber, who advocate inflation are not interested, as I see it, in currency for its own sake. They are concerned with prices. They see no hope of recovery as long as prices continue to decline, and they propose to check that decline and to reverse the downward course of prices by dealing directly with the measure of value. Whether we approve or disapprove of the means selected in the pending amendment, it seems to me to be clear beyond dispute that the objective of obtaining a rise in the price level at the present time is altogether sound. In truth, until I listened to the extraordinary remarks of the Senator from Pennsylvania on last Friday, I had not heard the proposition seriously questioned.

To me it seems self-evident that no more invigorating tonic could today be administered to ailing business than the assured prospect of rising prices. It is the basic premise of any action for recovery. The only question open to debate is whether the method chosen in the pending amendment is well calculated to accomplish its purpose.

It has long been my conviction that the only kind of price rise which is productive of prosperity is that which has its origin in an effective demand for commodities created through the resumption of investment and restoration of employment. It is for that reason that I have continuously advocated the initiation and stimulation of sound projects, both public and private, which would create a demand for commodities, open opportunities for employment, and necessarily enlarge the requirements of credit. In the light of these general principles I propose briefly to consider the Thomas amendment.

Four separate proposals were combined in that amendment as originally presented. Not one of them is mandatory. Whether any one or more is to be put into operation is left to the discretion of the President.

The significant fact, it seems to me, is that neither the "open-market" section nor the silver provision, nor even the so-called "greenback" provision involves any sharp departure from the currency policy of the United States as now expressed by law.

Mr. KEAN. Mr. President——

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from New Jersey?

Mr. WAGNER. I yield.

Mr. KEAN. I should like to ask the Senator whether he does not think that the capital levy, which is practically the first proposal of the amendment, is not a departure from anything we have ever had before?

Mr. WAGNER. I do not think it is a capital levy at all.

Mr. KEAN. May I explain what I mean?

Mr. WAGNER. The Senator may do that in his own time, but not in my time. I have heard the argument made, and I think it is very unsound.

Open-market purchases of United States obligations by the Federal Reserve banks are not only permissible under existing law but have at times been extensively used. Today the Federal Reserve banks hold $1,837,000,000 of such securities. In this regard the amendment does no more than authorize the means whereby assurance can be had that if an open-market operation is initiated it will be seen through to a degree which may make it effective. The Reserve banks are, of course, private institutions. No attempt is made to coerce them. The amendment facilitates open-market operations, should the banks agree to enter upon them, and it proposes an alternative course of action should agreement fail.

Even the so-called "greenback section" is not the unbridled recourse to inflation which some would have us believe. Three important safeguards have been established which sharply differentiate it from printing-press money: First, the National Budget will be balanced and this currency is not to be issued for the payment of current expenditures. Second, the use of these notes is strictly limited to the retirement of the interest-bearing obligations of the United States, so that every dollar put out into circulation is not a net addition to the currency, but a substitute for a Federal Reserve bank note that might otherwise be issued. Third, the United States notes must be retired from circulation within 25 years. The funds for their retirement can come only from taxes. Under these circumstances it seems to me rather fanciful to raise the alarm, to shout inflation, and to point a shuddering finger at the German experience.

Mr. COUZENS. Mr. President, will the Senator yield there?

Mr. WAGNER. Yes.

Mr. COUZENS. What would the Senator say as to the effect which the adoption of the Robinson amendment would have upon that section of the bill? In other words, the Senator from Indiana has a proposal to give to the President power to pay the soldiers' bonus out of the $3,000,000,000. Should that amendment be adopted, of course, that would destroy the section of the bill to which the Senator is referring.

Mr. WAGNER. Undoubtedly; and that is why I am going to vote against that amendment.

Mr. NORRIS. Mr. President, may I interrupt the Senator?

Mr. WAGNER. Yes.

Mr. NORRIS. It would destroy it only to the amount of the issue of currency necessary to pay the certificates.

Mr. WAGNER. Yes; that is true. That, however, is a very large sum.

Mr. NORRIS. That would be somewhere in the neighborhood of two billion.

Mr. WAGNER. Yes; and the limit of issuance of currency here is three billion.

Mr. COUZENS. Mr. President, will the Senator yield further?

Mr. WAGNER. Yes.

Mr. COUZENS. Of course, it would leave very little over the payment of the soldiers' bonus for the purpose of retiring outstanding Government bonds.

Mr. WAGNER. Of course—practically an insignificant sum, in my judgment.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Idaho?

Mr. WAGNER. Yes.

Mr. BORAH. Does the Senator think that under the greenback provision, as it is generally referred to, there is very great opportunity to get this money out among the people?

Mr. WAGNER. Yes; I do.

Mr. BORAH. When Government obligations are paid off, those who hold the Government obligations will put the money they get back in the banks.

Mr. WAGNER. And the banks will loan it out.

Mr. BORAH. Yes; the banks will loan it out according to the practice of the last year and a half. [Laughter.]

Mr. WAGNER. Mr. President, we ought not, after all, to judge this provision as if it were the first change in our currency system since the enactment of the Federal Reserve Act. Under the Glass-Steagall Act, the Borah amendment to the Home Loan Bank Act, and the emergency banking legislation of the present session, the amount of currency that may issue is virtually limitless. The power is now lodged in the Federal Reserve banks to issue currency not only against gold and eligible paper but against Government bonds and any and every type of collateral. All that is proposed in the sections of the amendment which I have considered is that a policy which is now permissible under the law shall, in the discretion of the President, be put into effect.

The direct effect of these steps would be to increase bank reserves, and thus to exert a powerful force for the liberalizing of the lending policies of the banks. If that effect is achieved, it will stimulate enterprise and promote employment. I do not close my eyes to the dangers of overexpansion, but these are dangers which can be guarded against, and the Banking and Currency Committee amendment provides the means—an amendment—by the way, offered in the committee by the ex-Secretary of the Treasury, the junior Senator from California [Mr. McADOO]. In comparison, the dangers of doing nothing are infinitely greater.

I return now to the third provision of the amendment, the section looking to the revaluation of the dollar.

There can be no question that it is that section of the amendment which has caused the greatest concern in this Chamber. I confess that I myself have felt grave doubts of its desirability. After considerable deliberation, however, I came to the conclusion that the doubts must be resolved in favor of the legislation.

We do not, by this provision of the amendment, undertake to fix the details of the action to be taken with respect to our national currency. This amendment is a broad grant of power. It lodges responsibility in the President. I am quite convinced that we are far more likely to secure wise action if that power be not restricted and not confined to narrow channels. The situation today is universally recognized as an emergency. No one knows at this moment what may be required of us next week. None of us here has that prophetic knowledge to enable him to speak with finality of the future. This is not the time to tie the hands of statesmanship.

The VICE PRESIDENT. The time of the Senator on the amendment has expired.

Mr. WAGNER. I will speak on the bill.

Attention has been called to the fact that business would be subjected to some uncertainty until it was known whether the President would exercise this authority and to what extent he would exercise it. Mr. President, business cannot possibly be subjected to more uncertainty than confronts it today. The knowledge that the President is endowed with the broadest charter of powers to promote the recovery of American economic life is not a source of uncertainty but of confidence. I have unlimited faith that with the powers conferred upon the President in this legislation he will act wisely, patriotically, and in the interest of the people of the United States. The American people share that faith—and it is only in an atmosphere of confidence that recovery can thrive.

Mr. President, I have avoided the question of the merits or demerits of the ultimate modification of the gold content of the dollar. It seems to me futile to consider that question in the abstract. Like armament, like tariffs, so gold ratios have primarily an international significance; and the meaning and value of any action taken in respect of them depends, in the last analysis, upon whether the action is taken through international cooperation or competition.

Currency debasement practiced by an individual nation has precisely the same effect as the tariff. It means the importer must pay more in terms of his domestic currency. It is wider than a tariff, because it applies to the free list as well as to the dutiable list. Necessarily it involves a reduction of imports; and the invariable consequence of that has always been a reduction of exports.

The gold standard has broken down not because of any inherent deficiency but because of the intense economic nationalism which has been madly raging throughout the world. The gold standard was an international standard. It fitted into a world of international trade. It could not work—it had no purpose, in fact—in a world gone mad with competitive tariffs, embargoes, quota systems, and exchange controls.

We have reached the point where an important decision must be made—a decision far more important than simply one affecting our domestic currency. Today all of the nations of the world are rapidly dragging each other down to lower and lower levels of poverty. Abandonment of the gold standard, revaluation of gold, inflation of paper currency, expansion of credit—these are at best temporary protective devices in a world of shrinking opportunities. Of themselves they cannot restore that necessary international economic cooperation which the world requires for its prosperity and peace. In my judgment, the fate of civilization as we know it depends upon the degree of economic disarmament which the World Economic Conference accomplishes.

Mr. BORAH. Mr. President, I observe this morning another warning has been sent to the people of the United States, urging that they bring in their gold and advising them that criminal prosecutions will be instituted if they do not do so.

Mr. President, as I understand, we are off the gold standard; and I do not understand why American citizens should be harassed and threatened with criminal prosecution for refusing to return their gold when we as a nation are off the gold standard. Is it consistent to put men in the penitentiary for keeping that which the Government has rejected? It is difficult for me to understand why that policy is being pursued. More difficult than that, however, is it for me to understand the right of a government to insist upon its people bringing their money and depositing it in banks and other places where there is no security and no safety and no assurance that they will ever get it back.

If the Government is going to insist that the people bring in their money, the Government ought to provide a safe place for them to deposit it, and assurance upon the part of the Government that when they want it they can get it.

Suppose the head of a family, contemplating the uncertainties of the future financially and economically, has preserved and has placed where he thinks it is safe a certain amount of gold or a certain amount of gold certificates and has, in a sense, provided it as an insurance against adversity and unfortunate days: Why should the Government insist that he bring it in and put it in banks that may fail? The ordinary rights and privileges of the people are rapidly disappearing.

If the Government is not prepared to say that deposits in banks are to be guaranteed and made safe, I think it is unfair and unjust and, moreover, unconstitutional, to insist that people bring in their money and put it in unsafe places.

If we are going to pursue the policy of punishing those who see fit to save, in their own way, against an unfortunate day, it is the highest duty of the Government to guarantee bank deposits; and I venture to say that only through such a program will this money ever be gotten out of hoarding or out of hiding. I am now speaking of guaranty of bank deposits in relation to this demand that the people bring in their money and put it in the banks. I regard this demand in the light of the present attitude of the Government as cruelly unjust. I know the Government is interested in having this money circulate, but it is, or should be, interested in protecting the earnings and savings of the people. The people should not be driven to take all the risk and suffer all the loss.

We have in this country at the present time, something like $8,000,000,000 of bank deposits tied up in closed banks. One of the most effective ways by which we could provide for inflation on the basis of equity and justice would be for the Government to take over these deposits and pay the depositors. It would put in circulation some four or five billion dollars which would go immediately into the pockets of the people, and among those who most need this money. It would get the money out among the people.

In view of the experience of the people during the last few months—and $5,000,000,000 of this money has been frozen since the 1st day of March—what right has the Government to ask the frugal citizen who may have his money in his sock or in a safe-deposit box to remove it and put it in banks where there is no security behind it?

So far as I am concerned, Mr. President, if I had $5,000 in gold, I would defy the Government to come and get it, unless and until the Government had provided a safe place for me to deposit it. This is still a free Government and under a free Government the people are entitled to fair treatment. I deny that the Government has the constitutional power to punish me for using my own in a way which is in the best interest of those for whom I must care.

Mr. JOHNSON. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. JOHNSON. Has the Senator investigated at all the power of the Government to require any such deposit by its citizens of gold they may have on hand—that is, I mean, the legal power? The morals of the situation the Senator has well expressed.

Has the Senator investigated, and has he reached any conclusion as to whether or not the Government has the power to say that a man with a few thousand dollars' worth of gold must deposit it in some bank, or be stamped as a criminal, and tainted the remainder of his life?

Mr. BORAH. Mr. President, I have investigated it, and I am glad the Senator asks the question. I do not think the Government has power to prosecute me for putting my money in a place where I think it most safe to put it. I think we are proceeding under a pure threat, and we have no authority except the authority which rests on the fact that the people fear to come in conflict with the Government.

Mr. FESS. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. FESS. I had assumed that there had been some legislation authorizing this. I do not remember that there was, but I cannot understand why there should be any such procedure unless there was such legislation.

Mr. BORAH. Of course there is legislation; but what authority have we for passing such legislation?

Mr. FESS. I do not recall what the legislation is.

Mr. JOHNSON. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. JOHNSON. The legislation possibly is the banking law, which first we passed here, which not only had certain restrictions in it but which as well ratified, approved, and confirmed all that had been done prior to that time, and one of the things done, I think, was the issuance of a demand that gold be deposited under certain conditions.

Mr. FESS. That was the emergency bill.

Mr. BORAH. That was the first violation of the Constitution this session. That was the beginning, the end of which is not in sight.

Mr. COSTIGAN. Mr. President, will the Senator yield to me?

Mr. BORAH. I yield.

Mr. COSTIGAN. Is it not true that the Government does in substance guarantee deposits in the Postal Savings banks of the country?

Mr. BORAH. To a limited extent.

Mr. COSTIGAN. To the extent of limited deposits; yes. Is not the real question which confronts us, then, whether the guaranty shall be of deposits under Government control, or in private institutions without effective safeguards? Does the Senator from Idaho favor the guaranty of all bank deposits, regardless of whether the banks are sound or unsound?

Mr. BORAH. Mr. President, while this emergency exists I would favor a guaranty of bank deposits. I do not know that I would favor it as a permanent policy. I would unhesitatingly favor it so long as the Government is demanding that the people bring their money out and put it in the banks, because at this time the people do not know what bank is safe and what bank is not safe. The earnings of the people must be made safe.

I go further and say that the Government is now under a moral obligation to take care not only of the deposits which have been frozen of late, but the deposits which may be made in the future. Every effort has been made, persuasive and otherwise, to induce the people to place their money in the banks. We have been told that it is necessary for the preservation of our financial system that they do so. Shall the people do so, in view of past experience, without having some guaranty from the Government which insists upon their doing so? It is unfair, unjust, and I think, furthermore, unconstitutional; but the latter proposition is not very important apparently.

Mr. HASTINGS. Mr. President, does the Senator think that the citizen would be compelled even to take the guaranty of the Government and give up that which he holds?

Mr. BORAH. I had not thought about that. I am thinking of the citizen who would cooperate with the Government if the Government would assume its proportion of the responsibility in case there were an accident after the deposit was made.

Mr. REED. Mr. President, will the Senator permit an interruption?

Mr. BORAH. I yield.

Mr. REED. It seems to me that when one speaks of a temporary guaranty of bank deposits he ought to consider the possibility of ending that temporary guaranty. It seems to me that if we authorized a temporary guaranty we never could take it off, because the day before we tried to take it off, the banks would be exposed to such a run that it would break half of them. I do not believe we could enter upon the plan without intending to make it permanent.

Mr. BORAH. If it were necessary to make it permanent in order to make it effective, I would favor making it permanent; but, in my opinion, we could deal with it as an emergency proposition, the same as we are dealing with other

things as emergency propositions; and in ordinary times, after conditions have been reestablished on a firm basis, the people would have no occasion for making runs upon the banks. There would not be that fear which exists at the present time and which has existed for the last year and a half or 2 years. I am of opinion that it would be, to limit it; but I certainly would not ask the people to bring their money out and put it into banks unless the Government is willing to make them safe in doing so, and I venture to say they will not do it.

Mr. KEAN. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. KEAN. I should like to ask the Senator this question: Suppose the Senator has $100 in $20 gold pieces and deposits it in the bank today, and this amendment is enacted, and the President changes the gold content so that the dollar would be worth 50 cents. The people who deposited that money as of today have made, in the rise of exchange, 13 to 14 percent, but if that happens they will lose 50 percent of their money.

Mr. BORAH. Mr. President, I understand what the Senator is driving at.

Mr. FESS. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. FESS. The interest in the matter of the guaranteeing of bank deposits seems to be growing Nation-wide, and I am coming to the conclusion that something will have to be done; but the question of how broad it is to be, whether it is to include the banks which would stand an investigation and be pronounced sound, and would exclude the others which would be pronounced unsound, is one that must be seriously considered.

Mr. BORAH. Of course, when we came to the details as to what the measure of guaranty should be, that would be a matter of discussion and debate and the exercise of judgment; but what I am contending this morning is that if we are to insist upon the people putting their money in the banks the Government ought to secure and guarantee their repayment.

Mr. FESS. I am in full agreement with that.

Mr. BORAH. I am led to say these things this morning by reason of this news item, although I have been thinking of the matter for days. A man wrote me he had gathered together sufficient, he thought, to carry his family through this emergency, as he believes, and he is called upon now to put his money into a bank. Next week he may be utterly a pauper by reason of doing so. Either the policy should be entirely changed and the citizen should be left unmolested, unthreatened, and unembarrassed to pursue his own course, or the Government should guarantee that when he puts his money in a bank he can get it out.

Mr. FESS. I am of the opinion that some form of guaranty will have to be resorted to; otherwise there will not be sufficient confidence on the part of the people to get money into the banks.

Mr. BORAH. We are asking the people to have confidence in the Government, and to have confidence to do this and to do that. Should not the Government now exhibit some interest in the people's security?

Mr. DILL. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. DILL. I want to call the Senator's attention to the fact that money up to a limited amount may be deposited in the Postal Savings bank and the Government does guarantee the deposit.

Mr. BORAH. That is, to a limited amount.

Mr. DILL. Up to as much as they accept, they guarantee. I remind the Senator that I have been making some effort for the past few years to have the Postal Savings banks opened to checking accounts, so that people could and would use them.

Mr. BORAH. I am familiar with the Senator's effort, and, as a general principle, am sympathetic with it; but there is considerable objection to that, for the reason that the banks claim that it would be undermining the banks.

The PRESIDING OFFICER (Mr. BARKLEY in the chair). The Senator's time on the amendment has expired.

Mr. BORAH. I will reserve my time on the bill.

Mr. DILL. Mr. President, I just want to say, in response to what the Senator from Idaho has just stated, that the matter could be handled very simply so that the banks would still have all the money passing through their hands which they now have, if, when the money were presented to the Postal Savings bank, and designated as a checking account, the checks could be used on the bank where the Postal Savings bank keeps its money, and therefore it would not be necessary to set up a new clearing house or have additional clerks employed by the Government. I submit that unless we are to make the banks of this country safe, at least for the small depositors, then the Postal Savings bank ought to be made available to the small depositors as a safe place for their money.

I am in full sympathy with everything the Senator has said about the policy of compelling people under fear of punishment to bring their money into a bank when there is no assurance that it will not be lost in a bank failure within a few weeks.

Mr. NORRIS. Mr. President, while it does not have anything directly to do with the pending amendment, the subject which has been discussed for the last 15 or 20 minutes is exceedingly interesting, and very important, in my judgment.

I do not believe that the Government of the United States, even though backed up by a legislative enactment authorizing it, has any right, or that any law passed by Congress can give any right to anyone, to require any citizen to deposit his money anywhere, whether it is gold or any other kind of money. It has no right, as a matter of law, and I think as a matter of morals also, to do that, even though it orders the money put in a place where the Government itself guarantees its repayment. The principle of law is just the same, I think, whether the place where the citizen is required to put his money is safe or unsafe. That does not enter into the legal proposition at all, as I see it.

Mr. President, we are all interested in the money of the country being in circulation as much as possible. We are all interested in having money deposited in the banks or other institutions where the business of the country can be freely carried on. Whether we call it a guaranty or whether we call it an insurance of deposits, in my opinion, perhaps after we have regained prosperity, we are going to find it necessary to pass some such law. Not within the lifetime of any man or woman who lives now will we be able to drive out of the minds of the people the fear of the loss of their money, even though they are depositing their money in a bank that is properly run, honestly carried on, and financially sound, because, though I am not criticizing the order, and I think the President was justified in making it, we have found in recent days that the right to get one's money out of a bank does not necessarily depend upon the bank being sound, does not depend even upon the wishes or the desires of the men who are operating the banks. The recent moratorium closed all the banks.

The citizen leaves his money in a bank because of confidence, and a belief that when he wants it he can go and get it without notice, that he can draw a check on it, and that when the check is presented to the bank it will be honored in full, if the depositor has the money there to meet it. No matter how patriotic we may be, no matter how anxious we may be to carry on that system, when we know that there is a possibility of our being unable to get our money out of a bank, regardless of the bank's fidelity, its stability, or its financial standing, there never will come back, until the history of the present is entirely forgotten, the confidence necessary to maintain a banking system in the country which will perform the functions performed by the banks in the past, unless some additional assurance can be given that will bring about confidence in the depositors that they will be able to get their money at any time they want it. Nobody is to blame for it, so far as I know; I am

not finding fault with anybody or with any order which has been made, but I am presenting, Mr. President, what I believe to be an actual fact, that unless there shall be enacted a law which will give to the depositor the confidence, necessary in any system of banking, that he can get his money when he wants it, we never can go on in the future, within a great many years, at least, as we have done in the past, because we realize what has happened.

I desire to digress to say, Mr. President, that while under proper restrictions and limitations I believe it is going to be necessary for some law of that kind ultimately to be passed, I would not now favor a law—it seems to me it would be unthinkable to pass a law, for instance, that would guarantee deposits in the banks that are at present closed, or in the banks that are now open, except under a provision that would require complete supervision of every bank that enjoyed the benefit of the insurance or the guaranty of deposits.

We, as a government, could not afford, and no insurance company could afford as a corporation, to guarantee the deposits in any bank unless we had some supervision, some control, over the activities and the methods of doing business of that bank. Some provision of that kind, it seems to me, must be contained in any law designed either to guarantee or insure deposits, much as such a condition is desirable to bring about the confidence that is necessary to keep in circulation the money which ought to be deposited in banks and which ought to be subject to check.

In my judgment, the public ought not to concern itself with a guaranty of time deposits, for instance. I do not believe we ought to guarantee a contract made between a bank and a depositor by which the depositor is going to get interest on his deposit. It is a contract, perfectly legitimate and perfectly proper; but the Government, for the protection of the people, as I look at it, has no more right to guarantee payment under such contracts than it has the right to guarantee the payment of a loan made by one individual to another. We are interested as a people, the Government is interested, unless we devise some other way of conducting business, that the banking institutions of the country should be open and that the people should have enough confidence in the banking institutions so that they would not be afraid to deposit their money in the banks. The public has that interest; it is our method of doing business; and until we devise a better one it will continue to be the method of doing business. So the Government, as a whole, has an interest in the solvency of every bank and in keeping the banks in such condition that they will be able to pay the money which is deposited in them and which is subject to check. It is the money which is deposited and is subject to check which, under our system, the banks keep in circulation; and so long as we have that system the Government itself, and every State government and every individual in the country, whether they have money in banks or not, have a direct interest in the security of the deposits of the banks; and unless they have that confidence we shall never be able to go back and do business on the same basis on which we have done it in the years that have passed.

Mr. VANDENBERG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Michigan?

Mr. NORRIS. I yield.

Mr. VANDENBERG. Justifying the statement the Senator is making, it is of interest to note that the total bank clearances of the country in a normal year are about $800,000,000,000. When we compare that with the physical currency we have, we immediately realize the vital importance that bank credit currency and exchange have in the transaction of our business. Since they all rest upon banking confidence, it seems to me that the Senator is wholly justified in laying down the proposition that there will be no recovery until we have built a solid concrete foundation under the banks of the Nation, so that depositors may have every right to believe in them.

Mr. NORRIS. I thank the Senator from Michigan for his suggestion.

Mr. SHIPSTEAD. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Minnesota?

Mr. NORRIS. How much time have I left, Mr. President?

The PRESIDING OFFICER. The Senator from Nebraska has 4 minutes left on the amendment.

Mr. NORRIS. I yield to the Senator from Minnesota.

Mr. SHIPSTEAD. I merely want to ask the Senator a question. The Senator talks about restoring confidence in the banks and about rigid supervision by the National Government. We hear much about supervision by the National Government, as though that would guarantee the security of banking and the safety of banking. As a matter of fact, all national banks have been under the supervision of the national-bank examiners and the National Government, and bankers have told me that if it had not been for the supervision of the national-bank examiners who come in and state that certain paper must go out and that the bank must buy some other kind of paper, the banks would not have had to close.

Mr. NORRIS. Some people do not believe in it, because they say it is a form of socialism, but if we reach the conclusion that bank deposits must be guaranteed or insured, if follows as night follows day that we cannot guarantee any bank which is organized under a "wild-cat" scheme, but if the Government is going to guarantee deposits—and an insurance company would be in the same fix—it can only afford to guarantee deposits in banks that are under supervision. We will make mistakes; there will probably be bank examiners who will throw out paper they ought not to throw out; we will never get a perfect system; but I cannot conceive that the Congress should pass a law to guarantee deposits unless the Government had some control over the banks where the deposits were placed. I think that will follow. I do not believe anybody would vote—it seems to me no one would—to compel the Government to guarantee deposits in any bank or any institution with which the Government had nothing to do and about which the Government had nothing to say as to how the bank should be operated or what kind of loans it should make.

I think we can improve upon the past in regard to the loans of which the Senator from Minnesota speaks. It has been disclosed—it was brought out in the first instance by the Senator from California as a result of the investigation he made as to foreign loans—that some of the national banks have been dishonestly operated; it has been shown how they have sent word over all the country to smaller banks which believed in them, which had confidence in them, inducing those smaller banks to buy a certain line of securities which the larger banks had for sale, which securities proved to be worthless, and some of which were known to be practically worthless at the time the larger banks were selling them and getting them off their hands. That is an evil, everybody concedes it to be an evil, and we must rectify it by proper laws. I think it can be done.

We will never, as I said, make conditions perfect; there will always be some losses here and there, but the right kind of banking system, it seems to me, can be brought about under the proper kind of laws that Congress shall pass that will reduce the losses to a minimum, restore confidence, bring money out of stockings, bring money out of safety deposit boxes, and put it in the banks where it will be subject to check so that the business of the country may go on without molestation.

The PRESIDING OFFICER. The time of the Senator from Nebraska on the amendment has expired.

Mr. VANDENBERG. Mr. President, I have discussed this same subject so long and so frequently that I certainly do not intend now to repeat myself, but I want to bring my own record up to date, in the purview of this morning's debate.

I have upon numerous occasions indicated to the Senate how the Michigan banking situation is a laboratory demonstration of the precise necessity to which the Senator from Idaho and the Senator from Nebraska have been adverting.

Until the Federal Reserve Banking System and the Treasury Department in the first instance shall liberalize their treatment of the banking institutions of the country, and then, upon the other hand, until there shall be this fundamental Federal insurance or guaranty to put complete and justified confidence in the depositor himself, there will be no chance for American economic recuperation.

We have been struggling, along the line of this discussion, in an endeavor for 10 weeks to get the Michigan banking situation into effective and satisfactory form. Repeatedly we have been rebuffed. I will read now from a Detroit newspaper of Tuesday, April 25, just a few sentences from Governor Comstock, commenting upon the fact that once more all the Michigan proposals, based upon Michigan State law passed expressly to serve this emergency, have been rejected by the Federal Reserve Bank and by the Treasury. He is commenting upon the entrenched demands of these high authorities for complete liquidity in reopened banks and upon their rejection of all long-range planning upon this score. This is what the Governor says, and I submit that he is justified in his comment, as he confronts the spectacle of 250 closed Michigan banks, most of which we believe could have safely opened long ago on the so-called "Michigan plan basis"—

This means wholesale liquidation, instead of wholesale rehabilitation of our banks. I am forced to the conclusion—

And this is a comment, it is illuminating to say at this point, by a Democratic governor—

I am forced to the conclusion that President Franklin D. Roosevelt does not know what his Treasury Department and the Federal Reserve Board are doing. The President's inflation plan cannot go through if this plan of bank liquidation is carried out. The bank plan is the absolute antithesis of the President's inflation plan.

That is the bald truth, if it ever was stated in this world. A deflation bank policy and an inflation currency policy absolutely neutralize each other.

Mr. FLETCHER. Mr. President, may I interrupt the Senator?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Florida?

Mr. VANDENBERG. I yield to the Senator.

Mr. FLETCHER. Can Congress take such jurisdiction over State banks as to have this sort of proposed guaranty or insurance apply to State banks?

Mr. VANDENBERG. I am not speaking at the moment of insurance and guaranties; those are the subsequent and ultimate propositions. I think it is possible to put such insurance at the disposition of State banks on a self-sustaining premium basis. I am speaking about the immediate policy under the emergency banking legislation that we have passed, which is supposed to be of some use in helping banks to reopen; and I am stating that, at least, so far as the Chicago Federal Reserve district is concerned there has been no resultful cooperation whatever in connection with our Michigan plans. There continues what appears to be an obdurate insistance upon 100-percent liquidity, whereas, I again respectfully submit, this means needless loss to all concerned.

Referring to the proposition in the interchange between the Senator from Nebraska and myself, so long as $800,000,000,000 represents the normal total of annual clearing-house exchanges in the United States, as compared with only $6,000,000,000 of currency, we confront the inevitable proposition that, except as we deal with the $800,000,000,000 factor, namely, the banking functions, we cannot hope to correct the money stringency by dealing exclusively with the $6,000,000,000 factor, which is the physical currency factor. Therefore, I am rising to concur completely in the suggestions of the Senator from Nebraska and the Senator from Idaho to the effect that, in the long run, the restoration of a justified depositor confidence can do more for the recuperation of business and the betterment of the economic situation than any other possible factor to which we could dedicate ourselves, because depositor confidence is prerequisite to the normal flow of normal bank-credit currency.

Mr. COUZENS. Mr. President, will my colleague yield?

The PRESIDING OFFICER. Does the Senator from Michigan yield to his colleague?

Mr. VANDENBERG. I am glad to yield.

Mr. COUZENS. May I ask my colleague if the procedure of the Treasury Department and the Government now is not exactly opposite to what was proposed in the last days of the Hoover administration when we passed a resolution through both Houses at the urgent insistence of the Treasury Department to permit banks to operate on a partial-payment plan? That policy was adopted by the Congress unanimously. It was started under the Hoover administration and immediately the bank holiday came and it has not operated on that basis since. In other words, I want to concur in what my colleague has said about the ruthless deflation policy applied to the banks. Had the banks been permitted to operate under the joint resolution passed by Congress, in which we provided for cooperation of the Comptroller of the Currency with the State banking commissioners, this condition would not have existed.

Mr. VANDENBERG. Mr. President, I agree with my colleague completely. When a legislative program was undertaken subsequent to the banking holiday, the first and insistent demand from the Treasury was for the so-called "Couzens resolution", which would permit the Comptroller of the Currency at his discretion to allow national banks in a given State jurisdiction to live under any plan that the State legislature might create for the State banks in that jurisdiction. Under the able sponsorship of my colleague that joint resolution went through both Houses of Congress. Why was it sought if there was not an initial purpose to permit States on their own legislative initiative to help themselves if they could? Why did the new administration abandon all such procedure?

So far as the State of Michigan is concerned, we created a formula under which we could have helped and saved ourselves. For many sterile weeks we have been trying to open these banks on a partially impounded basis, which would give the depositor maximum values and would give scores of otherwise bankless communities the speediest and the surest service. Yet up to this living minute there has been no helpful cooperation—at least so far as results are concerned in connection with our Michigan plan—either from the Treasury Department or the Federal Reserve.

So I submit the comment of the Governor. I renew my own testimony. I say again, that in the final analysis, after you reopen banks, you must guarantee or insure deposits. Thus, and not otherwise, you will deserve the public confidence, which must precede normal banking and a normal flow of bank credit currency which is the medium of exchange in which more than 90 percent of our business is done.

Mr. SHIPSTEAD. Mr. President, there has been for many years, a discussion of guaranteed bank deposits, and I have a great deal of sympathy with it. The foundation of the banking system is credit. Bank deposits are money loaned to the banks by the depositors. The larger the deposits in the bank, the more the bank owes. What the bank has borrowed from its depositors is invested in loans and securities. I believe we overlook the fact that these banks have been loaded up, as other people have been loaded up, with securities upon which interest cannot be paid. They have made loans that turned out to be bad; they have made bad investments. They are in the same boat with citizens who have bought securities of all kinds. Guaranty of their deposits by the Government is to underwrite their paper and may prove a serious obstacle when understood by the taxpayer.

When we talk of the banking situation we should, in my opinion, discuss it only from the standpoint of how those security issues are choking everyone; either because they are worthless or because of the overhead charge on industry those overcapitalized capital structures are choking business. The question is, How are we going to liquidate this situation? That is the reason and the only reason I have for voting for the pending bill because there are only two

ways to liquidate, either through wholesale bankruptcy or through some sort of orderly inflation.

Keynes, the eminent British economist, said 3 years ago that the friends of inflation had better be careful or they would cause a world-wide revolution. Gold is said to be a commodity, but gold is something more than a commodity. It has been given a special status as a commodity by virtue of law. By that special status it has been made the one commodity for the purpose of paying debts. It is not only subject to the ordinary law of supply and demand, as is the ordinary commodity, but it is subject to the special economic law placed upon it by Congress—that it shall be legal tender for payment of all debts and obligations. It is because of the amount of credits which are floated payable in gold that we have this overwhelming demand for gold.

Mr. President, I should like to ask the Chairman of the Committee on Banking and Currency a question concerning the pending amendment. It has to do with the reduction of the gold content of the dollar possibly by 50 percent. Assuming that the President should do that under the powers granted him by the amendment, that would mean that anybody who now has an ordinary $20 gold piece or 20 gold dollars would then have just twice the number of gold dollars. Is there any provision in the amendment or in the law by which that extra number of gold dollars may be taxed? It seems to me it should be done.

Mr. FLETCHER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Florida?

Mr. SHIPSTEAD. Certainly.

Mr. FLETCHER. There is nothing in the pending amendment, as I recall, that provides for such taxing. It has been suggested in connection with some legislation which has been heretofore offered. It seems to me it would be a very good idea to tax up to 100 percent any profit made by those people who get the benefit of the reduction in the gold content of the dollar, if there is any such reduction. But there is nothing in this amendment to take care of it. That is a matter of legislation which may hereafter be presented. If such a measure is hereafter proposed to the effect that any contract, public or private, calling for the payment of gold dollars of any given weight or fineness shall be fully satisfied if paid in lawful money, then such measure should provide that any such gold contract, through the payment of gold dollars of the present weight and fineness, instead of in other lawful money, shall yield a profit, such profit should be declared to be subject to a tax of 100 percent thereof, and the proceeds of such tax shall be covered into the Treasury as miscellaneous receipts.

Mr. SHIPSTEAD. On yesterday I thought I would have an amendment prepared and I sent for the legislative counsel to have an appropriate amendment drafted. As I understood him, he informed me that the committee had thought that the matter was covered in the last four lines on page 4. Upon reading those lines this morning I could not understand how it did cover that matter and that is the reason why I have propounded my question to the Chairman of the Banking and Currency Committee.

Mr. FLETCHER. Will the Senator read the last four lines to which he refers?

Mr. SHIPSTEAD. They merely provide that "such notes and all other coins and currencies heretofore or hereafter coined or issued by or under the authority of the United States shall be legal tender for all debts, public and private."

If the committee feels that that has anything to do with the other provision, I should like to have it explained; otherwise I shall have an amendment prepared providing for a 100-percent tax upon any profits that might be made by hoarders or holders of gold or by hoarders of gold who have exported their gold to other countries in order that they shall not have this undue benefit from legislation enacted in a national emergency.

Mr. FLETCHER. May I say to the Senator I think that question should more properly come up later? I would not now feel warranted in supporting such an amendment, which I am afraid would confuse or involve the proposition in a way that might interfere with the purposes of the pending amendment. I am quite in sympathy with the Senator's thought on the subject, but I do not think it should be incorporated in this pending amendment offered by the Senator from Oklahoma.

Mr. SHIPSTEAD. Unless some provision is made to have such profits taxed, I do not see how I can vote for the amendment. I do not see how the Congress of the United States can afford by legislation to give an additional million dollars to the man who has hoarded a million dollars. It seems to me that under the provisions of the amendment that is what he would have in gold under the new dollar.

Mr. FLETCHER. Of course, the Senator realizes that is the limit provided for here. I have no idea that that authority would ever really be exercised. If it should be, there will have to be future legislation. Perhaps Congress must enact laws providing for a permanent monetary policy, and then would arise the question which the Senator has in mind. It does not seem pertinent to the pending measure.

Mr. SHIPSTEAD. If the content of the gold dollar were reduced 25 percent, he would have that much profit. It seems to me some amendment should be attached to tax whatever profit is made by virtue of the amendment.

Mr. NORBECK. Mr. President, we have heard a good deal about the banking situation in general and about the banks of Michigan in particular, and that the administration has done something to injure them. I do not rise to defend the administration because I do not know what the permanent policy of the administration is going to be with reference to banks. There is only one trouble with the banks in Michigan and that is the same trouble we have with the banks in South Dakota. They have made loans in good times and found the values of property have been shrinking, so they have lost part of the depositors' money. There is a gap and they have not been able to fill it. There is a loss and they have not been willing to admit it. Some of these Michigan bankers appeared before the Banking and Currency Committee a year ago, when the argument was made daily that the small unit bank was weak. The Michigan bankers put a great deal of emphasis on the fact they were not weak; they were strong because they were hooked up in large groups or long chains. The keenest minds of the committee were misled into believing that those were invulnerable institutions because they were so connected. The speeches made on the floor of the Senate, as disclosed by the CONGRESSIONAL RECORD, will show that the committee members were misled by these bankers.

We now have a situation were one bank in Michigan has an enormous gap. Their admitted loss runs into ten or twelve million dollars. Other banks are affected by the same causes, and the State of Michigan is almost without banking facilities. Now, most of this gap must have been there a year ago, when the bankers appeared before the Banking Committee, boasting of their strength and advocating the branch-banking system as being stronger and more desirable than the unit bank. It is the result of a shrinkage of earnings, a shrinkage of values, a shrinkage of securities. There are only three ways to meet it. We can inflate the currency all we like, but there are only three ways to meet it fairly. One way is to fill the gap with money. Another is to scale the deposits and get a correct balance sheet. The third is to keep on kidding ourselves and to put some limit on the withdrawal of deposits, so the banker can pretend that all is well, and it will take him a long time to dribble out the little cash that he can raise. He can save his face and avoid the double assessment that comes with the closing of the bank and maintain his position in banking circles and in society by kidding himself. But we have one of those three things to do.

With all due regard to the distinguished Senator from Michigan [Mr. COUZENS], I knew that he offered his resolution in good faith and with hopes that it would be a solution of the situation. I remember very distinctly that the distinguished Senator from Virginia [Mr. GLASS] said then that the danger is that it would spread to every State in the Union, and it did, and we got the bank moratorium. No; I

am for bank guaranty, or, rather, for bank insurance; but if we are for bank insurance we must recognize and conform to insurance principles.

First, anyone who writes life insurance does not go out to the graveyard and write life insurance on corpses [laughter], which is what we are asked to do here; or, as the Senator from Oklahoma [Mr. GORE] says, he does not go out on the battlefield and insure the dead. We must recognize and conform to insurance principles. As I understand, the first two rules of insurance are these:

First, you must not underwrite any risk you cannot pay. Therefore you must know the amount of the risk you are underwriting. Who knows what that amount is today, if we are going to guarantee all these loans made in boom times, which is the only way some of these banks can be kept open?

The second rule is this, based on long experience: Nobody insures for full value. The insurer will let the other party carry a little of the risk, so that he will have a responsibility in the matter, so that he also will have something to lose, and therefore will not get too reckless.

Oh, yes; we are told that we will have inspection; we will have supervision; we will protect ourselves by doing that. Since when did that idea develop? Has not every bank been examined about twice a year and certified as to its solvency all the time? Can we get any better examination than we have had?

Mr. SHIPSTEAD. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Dakota yield to the Senator from Minnesota?

Mr. NORBECK. I do.

Mr. SHIPSTEAD. Does not the Senator think that, in the present condition of the banks of the country, for the Government to guarantee all the deposits of the banks would be a good deal like insuring against horse stealing after the horse was stolen, or starting a life-insurance company during an epidemic of Asiatic cholera?

Mr. NORBECK. I fear that is the case. I believe in bank insurance. However, we cannot start in and guarantee dead things or poor loans. We must find a period when the bank loans are safe, when there is value to property. If we are ever going to start bank insurance, we shall have to start on a healthy situation; and then it would no doubt be possible to carry it along, unless we should have another national disaster like the period we are now passing through—the worst in a hundred years.

Mr. LEWIS. Mr. President——

Mr. NORBECK. I yield to the Senator from Illinois.

Mr. LEWIS. I am very much interested in the views expressed by the late chairman of the Banking and Currency Committee. The present chairman, the Senator from Florida [Mr. FLETCHER], myself, and one or two others, have tendered from time to time measures looking to the guaranty of deposits. I ask the able Senator now occupying the floor, when those efforts were made, were not letters sent to the Banking and Currency Committee, either as private letters or otherwise, from the department of authority that obstructed everything looking to the protection of the deposits? And now, since the Senator from South Dakota has stated his views as to the manner in which this should not be done, will the Senator be so good as to state, from his experience, in what manner the Senator suggests it can be done?

Mr. NORBECK. I do not know any way to put life into a dead body. [Laughter.]

Mr. LEWIS. Let us assume that this is a sick body, badly wounded, but which can recover.

Mr. NORBECK. Then it ought to be patched up. I repeat what I said before, that there are only three ways to meet this situation:

First, fill the gap. Let somebody make up the losses.

Second, scale the deposits, so that we have an honest balance sheet.

Or, third, keep on "kidding" ourselves as to the solvency of the bank.

Mr. LEWIS. Taking either view, which agency does the Senator suggest shall make up the deficiency, or do the "kidding", as he calls it—the Federal Government, the State government, or those who robbed the banks?

Mr. NORBECK. Of course it is a popular term to say "robbed the banks", and we know many bankers who have robbed the banks; but the economic situation which came on here has had an influence that we cannot ignore. When values shrink to a small part of the former values, necessarily there is a loss. Sometimes it is due to dishonesty on the part of the banker, but very often it is due simply to an inability to forecast the future of things. Bankers let the loans run, hoping for an upward movement of earnings in values.

Mr. LEWIS. Take the illustration the Senator gave in a very able speech lately on this floor, where the bankers used the money of their depositors to speculate in the stock of companies of which they themselves were the owners. The Senator would not call that a mere inability to forecast the future.

Mr. NORBECK. Not at all; but if those were the only banks with which we had trouble, we would find more banks open than we do today. The Senator knows in Illinois many honest bankers who have had to close their banks—I know many in South Dakota—because when the security will not pay the amount of the loan, there is a loss. Somebody has to sustain it. I know that bankers are reluctant to close banks.

I remember a small bank in South Dakota where the State department said to the banker, "You are running behind. Your capital is impaired. You will have to cut down your expenses, or you will have to close." The banker said, "How can I cut down my expenses? I need my salary to live on. My brother needs his salary. My son-in-law needs his salary." The whole family needed their salaries, and they could not close the bank. They were living on the depositors' money [laughter], "kidding" themselves. That banker would like to have a moratorium so that he could pay out just a little to the depositors and keep his bank going a long time.

Mr. LEWIS. We lawyers often hear of the old lawyer who, coming home and finding that his son had closed out an estate, said to him, "Why should you do such a thing, when the family has been living on that estate for all these years?" [Laughter.]

Mr. NORBECK. Yes; the eminent Senator from Illinois knows the situation and is sincerely interested in a remedy.

Mr. LEWIS. But I ask the Senator, what has he to suggest?

Mr. NORBECK. To deal honestly with the question; to inventory the assets of the bank according to the present situation, and tell the depositors honestly what the assets are. That is the first step, instead of saying to the depositors, "You can have only part of your money today, and you can have some more next month, or next year." The bank could then be reopened on the basis of the actual value existing at the present time.

Mr. LEWIS. Would there be no provision made, then, to give the depositor back his money? Remember it was his money.

Mr. NORBECK. There are only two ways to liquidate a bank. One is for the depositors to liquidate it, and the other is for a receiver to liquidate it. If the value is not there, there is no way to put it there, unless somebody is willing to put it in.

Mr. LEWIS. That is why I ask the able Senator, would he suggest that the Federal Government shall assume to try to protect these depositors?

Mr. NORBECK. No; I do not think the taxpayers should go and make up the bad loans that the banker made, nor do I think it is possible for the taxpayers to carry the burden necessary to rehabilitate all these banks at this time. I think the losses are so large that the taxpayers are not able to make it up.

On the other hand, I believe in it. I believe we should start right. If we start wrong we will just have one more

blow-up. I believe that when we get over this depression, and get on an even keel, and values are equalized, bank insurance is a proper thing.

Mr. LEWIS. That would indicate, then, that the present depositors who have lost their money shall have all their money lost, and probably shall be dead and buried before anything shall be done in another generation looking to what the Senator calls a rehabilitation.

Mr. NORBECK. The Senator used the expression "the depositors who have lost their money." Yes; they will continue to have it lost unless somebody makes it up for them. The Senator will agree with me as to that. Does the Senator suggest that the taxpayers should make it up for them?

Mr. LEWIS. I suggest that the Federal Government, having held itself out as watching and protecting these banks, and having allowed these people to deposit in institutions that went under the name of national banks, should take steps to recover that money for the depositors where it has been wrenched from them by the officials of the Government.

Mr. NORBECK. The trouble, I believe the Senator will agree with me, is that to rehabilitate all the banks in which there have been losses will take more money than the Treasury can stand. We talk as though there were no limit to the Treasury. The fact is, however, that the Treasury also has a limit.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from South Dakota yield to the Senator from Utah?

Mr. NORBECK. I do.

Mr. KING. I think the Senator has expounded this apparently mysterious and intricate question with a clarity that would do credit to a great banker and a great financier; but certainly the Senator could not assent to the proposition, and did not, that in the case of State banks, with which the Federal Government has no concern whatever, and never did have any concern, because values have shrunk and losses have been sustained by depositors, the taxpayers of the United States should be compelled to pay those depositors in State banks.

Mr. NORBECK. I am afraid the taxpayers are not able to pay them all.

Mr. KING. There is no moral obligation and no legal obligation upon the part of the taxpayers of the United States to pay the depositors of some bank in the Senator's State, or some bank in the State of the Senator from Illinois, where that bank has failed simply because of the misconduct of those in charge of the bank or because of the loss in the value of securities. That is one of the inevitable things that occur. Men have lost their all, though they have not had it in banks, in legitimate business because of the shrinkage in commodity prices and in assets.

It seems to me the Senator's position is absolutely sound, that we cannot guarantee dead bodies.

Mr. LA FOLLETTE. Mr. President, I cannot agree with the statement made by the senior Senator from Oklahoma [Mr. THOMAS] that the pending amendment—the Thomas amendment—is the most important piece of legislation in 6,000 years. Nevertheless, I do believe it raises questions of grave importance. Therefore I ask the indulgence of the Senate to place upon the record briefly my attitude toward some of the aspects of this problem.

Inflation is not a new device. It has been employed through all history, and in many crises various governments have resorted to it. I think it will be generally conceded by historians that the Revolutionary War could not have been conducted without resorting to inflation. I think it will likewise be generally conceded that neither the North nor the South could have financed their operations during the Civil War without a resort to inflation. Inflation has come to have a bad name, Mr. President, like many other powerful medicines, because too frequent use or an overdose may have a harmful effect upon the patient.

From the beginning of this crisis there have been, generally speaking, two schools of thought concerning it. One school of thought might be termed the deflationist school. They have argued from the beginning of this depression that we might permit these economic forces to run their course. They have contended that the economic factors out of balance would gradually come to rest; that through foreclosures and bankruptcies the debt and capital structure could be written down, and that upon this basis there could be builded a slow and painful recovery.

The other group might be termed the inflationist school. They have taken the position that in a highly organized industrial and agricultural society the readjustment period during deflation becomes too painful; that the human suffering involved is too great for vast sections of the population to bear; that at some point in process of deflation millions of persons no longer will absorb punishment, and that they then take matters into their own hands to obtain relief if they cannot secure it from their Government.

During this period of deflation, of course, what is fundamentally going on is a change in the ownership of property. So far as I am personally concerned, I have never believed that we could successfully carry out deflation to its logical conclusion. I have been convinced that before the deflation could run its course, the people by some means would arrest it.

It is perfectly evident, Mr. President, that in many sections of the United States that point has already been reached. In State after State in this Union it is today impossible to foreclose a mortgage upon a farm. The farmers, weary after these 13 long years of suffering, have taken matters into their own hands, and they have suspended the civil process of law.

For more than 2 years I have advocated inflation, but an inflation based upon a program to put people back to work and thus to restore mass purchasing power; for, if I may make bold to say so, I think that those who rely upon inflation alone to remedy conditions such as now confront us have become too enamored of the quantitative theory of money.

They overlook two important factors in our economic situation. One is that it is not only the amount of currency in circulation, but it is the velocity with which it circulates that counts. Secondly, they have overlooked the fact that in the United States we are much more dependent upon bank deposits or bank money than we are on actual currency in circulation. At the end of June 1932 we had about $42,000,000,000 in bank deposits and about five and a half billion dollars of currency in circulation. In other words, if we think of bank deposits and money in circulation together, they bear the relationship of about 90 to 10.

Mr. LEWIS. What does the Senator mean by 90 to 10, may I ask?

Mr. LA FOLLETTE. We are dependent about 90 percent upon bank deposits or bank money and about 10 percent on money in circulation.

There are several indexes of the velocity of circulation, but one index which I think is significant is that which shows the total amount of debits to individual bank accounts in 141 cities for which we have statistics. It seems quite obvious that the general business turnover is the best index of the velocity of money circulation, since every transaction gives rise to a transfer of money in either currency or in bank credit.

During the period 1922 to 1929 the velocity of bank-money circulation increased more rapidly than the volume of such money. The figures of the debits to individual accounts were the following, per month:

Thirty-six billion dollars per month in 1922.

Fifty billion dollars per month in 1926.

Seventy-eight billion dollars per month in 1929.

During the past 3 or 4 months they have dropped to $25,000,000,000 per month.

Taking the Federal Reserve Board indexes as a further indication of the depth which this depression has now reached, its index of industrial production, adjusted, in February stood at 64, a point only slightly more than one half of the 1929 maximum of 125. This is the lowest point in recent history at which the index of industrial production has stood in the month of February.

Factory employment and pay-roll employment, adjusted, stood in February at 59.4, less than 60 percent of the July 1929 high of 102.8.

The adjusted index of freight-car loadings stood in February at 54, only a little more than one half of the figure normally attained in February in predepression years, when it usually ranged from 91 to 99.

The bank debits, outside of New York City, which is the index reflecting business activity outside of that financial center, stood at 52.7 in February, contrasted with 86.6 in February 1931, 109 in February 1930, and 124.1 in February 1929.

The index for the construction industry reached 18 in February of this year, lower than at any time since these indexes have been compiled by the Federal Reserve Board. This figure is in contrast with 79 in February 1931, 104 in February 1930, and 118 in February 1929.

Mr. President, there are two objections which I have to the general theory upon which the amendment of the Senator from Oklahoma is based. One is that it is entirely permissive in character; it does not provide for any definite or specific amount of inflation, nor does it provide for the achievement of a particular economic objective through inflation. The second objection which I have to it is that it is inflation alone. It does not provide for any increase in the total purchasing power of the people of this country.

May I say that there is grave danger in the employment of inflation as a device by itself, for we must not forget that the purchasing power, the income, of the people of the United States has been deflated by one third to one half since 1929. Wages, salaries, incomes of all sorts and descriptions, have been deflated during this period.

If we attain the objective which the inflationists per se contend will flow from the exercise of the power granted in this amendment, namely, a sharp increase in commodity prices, what have we done to those who are upon fixed-income bases? What have we done to those who have had their wages ground down until today it is not uncommon in the textile industry for women to be working 56 hours a week for $2 a week?

We will have decreased their ability to buy. In other words, millions living in the urban communities, as well as upon the farms, have been put through the wringer of deflation once. If we employ the device of inflation without a corresponding provision for increasing purchasing power and for speeding up spending then, assuming that commodity prices do rise sharply, we will have only succeeded in putting them through the wringer a second time during inflation.

Furthermore, do not forget the danger of the lag in time between the rise in commodity prices and the time when it will actually put purchasing power into the pockets of the farmer.

The PRESIDING OFFICER. The Senator's time on the amendment has expired.

Mr. LA FOLLETTE. I will take my time on the bill.

The PRESIDING OFFICER. The Senator is recognized for 15 minutes on the bill.

Mr. LA FOLLETTE. Mr. President, if wheat goes up tomorrow; if corn, if hogs, if cotton, if tobacco go up tomorrow, relatively speaking, there will be little of those commodities in the hands of the actual producer. We must wait for actual purchasing power to be distributed to the masses of the farmers through an increase in commodity prices for the marketing of the crop to come afterward. In the meantime, by a sharp rise in commodity prices we will likewise have diminished the ability of those who live in urban communities, as well as those who live upon the farms, to purchase commodities. In other words, I raise the question as to whether or not that lag in time to which I have just adverted may not be more than overcome by the sharp decrease in the ability to buy of those who live in the urban as well as the rural communities during the period following immediately after a sharp rise in commodity prices.

Mr. President, the point which I am trying to make is that I subscribe wholeheartedly to the theory of a controlled inflation, but, in my judgment, if we are to make that experiment successful, it must be an integral part of a program to distribute purchasing power, to create opportunities for work, and to purchase materials. In other words, what we are in crying need of at this hour is something to force the spending of money in the United States.

We have more currency in circulation today than we had in 1929. It is the velocity that has fallen off, and we cannot secure velocity through the employment of the inflationary device alone, unless we are willing to carry it to the point where we cause a flight from the dollar into tangible goods, and, so far as I know, there is no person in this Chamber advocating such an inflation at this time.

I was in Germany in 1923, when her inflation had gotten out of control, when it had become a wildcat inflation. I saw the people rush from the factories, when they were paid off, into the stores to buy goods which they did not need in order that they might secure tangible goods before the currency depreciated in their hands. I talked with taxi drivers in the city of Berlin who told me they had 12 pairs of shoes and 14 suits of clothes at home, only because they wished to translate their everdepreciating currency into tangible goods.

I assume that there is no person who now seriously contemplates any such inflation as that in this country. Therefore, I say again that if this controlled inflation is to be successful it must be combined with a gigantic program to put the people of the United States back to work, to distribute purchasing power, to pay out the money for the purchase of materials, to increase transportation through the hauling of those commodities and those materials.

Mr. President, because other countries have experienced a wildcat inflation which has proved disastrous does not deter me from being willing to try the experiment. I believe that currency inflation can be controlled if there be the will to control it. Great Britain has been operating on controlled inflation ever since September 1931. Sweden has a managed currency, which thus far has worked very well, so far as any information I have been able to obtain about it is concerned. Therefore I am perfectly willing to take this first step, as provided in the pending amendment. But I am willing to do that because I am convinced that the second and more necessary step, in my opinion, will be forthcoming, namely, the adoption of a huge program to provide purchasing power, work opportunities, and the stimulation of industry, through a gigantic program of construction to put people back to work.

I predicate my belief that such a program will be forthcoming upon the utterances made by President Roosevelt in the 1932 campaign. I did not determine that I would support President Roosevelt until he stated in his Commonwealth Club speech and in his speech at Atlanta that he recognized that there was only one way out of the depression, and that was to restore the purchasing power of the masses of the people of this country. I did not ask him to write a bill over the radio in a campaign; but his statement convinced me, as I think it did millions of others, that Candidate Roosevelt saw the crux of this problem, and that he had the courage to announce his position upon it. I have faith now that he will carry it out.

Mr. President, I am in hearty sympathy with the statements made by the Senator from Idaho, the two Senators from Michigan, and the Senator from Nebraska. In 1929 there were $56,000,000,000 of bank deposits in the United States; in 1932 they had shrunk to $42,000,000,000—a deflation in this form of purchasing power of $13,000,000,000.

It is generally conceded that there has been, as a result of the emergency bank crisis, a further deflation in this form of purchasing power, namely, bank deposits, amounting to $5,000,000,000. My own opinion, Mr. President, is that it is larger; I believe that before the bank crisis shall be over there will have been an additional eight to ten billion dollars of bank deposits wiped out; but taking the semi-

official estimate, we find that since 1929 bank deposits in the United States have been wiped out to the tune of $18,000,000,000. Therefore, Mr. President, I am not afraid to try a controlled inflation. I come back, however, to the original statement of my position. I am ready to take this first step, but by the same token I am likewise determined that we shall take the second step. Unless we combine inflation with a program to put people to work, unless we increase the total purchasing power of the people, this experiment will prove a tragic failure. We must guard against making life more difficult for millions of people in the United States.

Mr. ROBINSON of Arkansas obtained the floor.

Mr. BRATTON. Mr. President, will the Senator from Arkansas yield in order that I may suggest the absence of a quorum?

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from New Mexico?

Mr. ROBINSON of Arkansas. I yield.

The PRESIDING OFFICER. The Secretary will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Johnson	Reed
Ashurst	Costigan	Kean	Reynolds
Austin	Couzens	Kendrick	Robinson, Ark.
Bachman	Cutting	Keyes	Robinson, Ind.
Bailey	Dale	King	Russell
Bankhead	Dickinson	La Follette	Sheppard
Barbour	Dieterich	Lewis	Shipstead
Barkley	Dill	Logan	Smith
Black	Duffy	Lonergan	Steiwer
Bone	Erickson	Long	Stephens
Borah	Fess	McAdoo	Thomas, Okla.
Bratton	Fletcher	McCarran	Thomas, Utah
Brown	Frazier	McNary	Townsend
Bulkley	George	Metcalf	Trammell
Bulow	Glass	Murphy	Vandenberg
Byrd	Goldsborough	Neely	Van Nuys
Byrnes	Gore	Norbeck	Wagner
Capper	Hale	Norris	Walcott
Caraway	Harrison	Nye	Walsh
Carey	Hastings	Overton	Wheeler
Clark	Hatfield	Patterson	White
Connally	Hayden	Pittman	
Coolidge	Hebert	Pope	

The PRESIDING OFFICER. Ninety Senators having answered to their names, a quorum is present.

Mr. ROBINSON of Arkansas. Mr. President, the debate has taken a wide range this morning. Subjects not relative to the pending amendment have been discussed. They are of very great importance. My purpose is to limit the remarks now to be made to the consideration of the amendment that is before the Senate.

For many years the subject matter of the pending amendment has been discussed in the Congress of the United States. Various measures have from time to time been advanced. That there is among veterans a demand for anticipation of maturities of adjusted-compensation certificates no one acquainted with public opinion can deny. That demand heretofore has been organized. Large groups have advanced on the National Capital and camped upon the grounds immediately surrounding this building for the avowed and express purpose of compelling the immediate cash payment of adjusted-compensation certificates.

During the course of this debate statements in the nature of threats have been made, implying that political danger menaces those who do not find it consistent with their duty to attach to a farm relief bill a measure obligating and requiring the Government of the United States immediately to pay approximately $2,400,000,000, which, under the terms of existing contracts, will not mature until 1945.

One who has, as I believe all of us have, a full appreciation of the splendid valor that was demonstrated by the men who wore our uniform during the great World War, would be loath, if conditions permitted, to deny any reasonable request that might be submitted by our veterans; but, Mr. President, I am constrained to oppose the amendment of the Senator from Indiana and to state, within the brief limit of time within which I am permitted to discuss the subject, some of the reasons which impel me to take that position.

The first two paragraphs of this bill, known as the "currency-inflation provisions", are intended for the express purpose of enabling the Treasury to make provisions for maturing Treasury obligations. It has been overlooked during this debate that throughout the last few years, with the authority of the Congress, Government corporations, as well as the Treasury itself, have been issuing enormous quantities of short-time paper; and that these short-term notes may only be refunded or refinanced through the instrumentality of the banks. We have created and assumed literally hundreds of millions of dollars of obligations in an effort to stimulate employment, in an effort to maintain the banks in operation for the benefit of the depositors, in efforts to revive and revitalize business in our great land, and we are now confronted with and must face the problem of making provision for the refunding or absorbing the obligations thus created.

The first section, as is well understood, contemplates agreements between the Secretary of the Treasury and the Federal Reserve banks by which the latter will accept or purchase the obligations of the United States referred to. Some question has been raised here as to why the Government does not require the banks to take these obligations. I think it is not within the power of the Government to require by law a private institution to discount any obligations. If the first provision shall not operate successfully, if the Federal Reserve banks shall refuse to purchase the obligations of the United States Government, there may be recourse to the issuance of Treasury notes, the limitation in each case, both with respect to the first provision and with respect to the issuance of Treasury notes, being $3,000,000,000.

I shall not at this time attempt to enter into a discussion of the subject of inflation. That there is a measure of inflation in the provisions referred to none can deny. As to whether it is properly safeguarded there is doubt in the minds of some. Let it be pointed out, however, that if Treasury notes are issued an annual sinking fund of 4 percent is provided for the purpose of retiring the notes, and they will be retired within a period of 25 years.

The adjusted-compensation certificates do not mature until 1945 and that maturity was based upon a valuable consideration. It was 25 percent, I believe, that was added to account and to compensate for deferring the payments. It is proposed now, at a time when every possible effort is being made to overcome a deficit which threatens the credit of the United States, to anticipate obligations which will not mature for a period of 12 years and to refuse to permit the Government to have even the opportunity of refunding obligations which are now maturing.

Some question has been raised during the course of the debate as to the attitude of the President of the United States touching this amendment. I am authorized to say for him that he is unqualifiedly against the amendment. He believes that the incorporation of the amendment will reverse the policy of the pending bill and defeat the purpose in mind to secure an arrangement by which maturing obligations of the Government may be provided for.

I cannot enter into a prolonged discussion of the subject for the reason that my time is almost exhausted. There has been no reference of the amendment to any committee. It is presented here from the floor. No one has attempted to determine what will be the effect of the amendment upon the credit of the United States.

There is no legal obligation on the Government to anticipate the payment of the adjusted-compensation certificates. These certificates were worked out carefully under the law, and they do not mature until 1945. If times were prosperous, if conditions permitted, if there were not already great deficits in the Treasury, one in a spirit of generosity might be prompted to anticipate the maturity of these obligations. But how can we involve the Government in substantially a new debt of $2,400,000,000 under present conditions? Of course, it may be said that these certificates in time must be paid.

Mr. HASTINGS. Mr. President, will the Senator yield?



Mr. ROBINSON of Arkansas. My time is very limited, and I prefer not to yield.

Mr. HASTINGS. I merely desire to invite the Senator's attention to the fact that the amendment as now presented leaves it wholly discretionary with the President.

Mr. ROBINSON of Arkansas. I am glad the Senator interrupted me. The President is opposed to the amendment, and I think it is safe to say that if the discretion were vested with him he would not exercise such discretion. To be entirely frank with the Senate, I think it is unfair, under the circumstances I have stated, to shift the burden of responsibility to the President of the United States when it is well known and stated on the floor of the Senate that he does not seek this discretion, that he does not believe the amendment should be adopted.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. Certainly.

Mr. CONNALLY. The Senator from Arkansas said the President does not seek the amendment.

Mr. ROBINSON of Arkansas. He is opposed to it.

Mr. CONNALLY. He does not want it?

Mr. ROBINSON of Arkansas. He does not want it. He is strongly opposed to it. He regards it as exceedingly objectionable.

What is to be accomplished except to relieve Senators from the present pressure incident to an attempt to inject into this bill a subject which——

Mr. LONG. Mr. President, did not the Senator announce on the floor that the President was opposed to the silver amendment some few days ago?

Mr. ROBINSON of Arkansas. Did I make the announcement?

Mr. LONG. Yes; I think the Senator did.

Mr. ROBINSON of Arkansas. I think I made no announcement on the subject.

Mr. LONG. Did not the Senator state to the Senator from Idaho [Mr. BORAH] that the President was against the 16-to-1 silver amendment? I think the Senator made the announcement.

Mr. ROBINSON of Arkansas. What of it?

Mr. LONG. We voted it into the bill. The Senator himself voted to give the President that power after the President had announced he did not want it.

Mr. ROBINSON of Arkansas. The Senator well knows that has no point in this discussion. The amendment which was finally agreed to relating to silver does give the President a discretion, but it does not attempt to fix the ratio of 16 to 1 or any other ratio. The statement I made was with relation to an entirely different proposition, and the Senator from Louisiana must understand it.

Mr. President, I think I have made clear the attitude of the President on this subject. It is foreign to the general subject matter of the legislation. Those who wish to defeat the legislation may be justified, if they favor the pending proposal, in giving it support; but if they wish to make some provision by which the Treasury may have the opportunity to take care of its maturing obligations, then, in my judgment, they should vote against the pending amendment.

Mr. LOGAN. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from Kentucky?

Mr. ROBINSON of Arkansas. I yield.

Mr. LOGAN. I have been very much interested in the argument of the Senator from Arkansas. I realize the safety of his leadership and his patriotism and integrity in all matters. But since I have to disagree with his argument——

Mr. ROBINSON of Arkansas. I hope the Senator will remember that my time is limited.

Mr. LOGAN. I shall not interrupt the Senator further.

Mr. ROBINSON of Arkansas. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator has 3 minutes more on the amendment.

Mr. LONG. Mr. President, I ask unanimous consent that the Senator from Arkansas be given more time.

Mr. ROBINSON of Arkansas. No, Mr. President, I do not request an extension of time, because the limitation was imposed at my suggestion, and I do not think it would be fair for me to ask or accept an extension unless I am willing to grant it to everyone else, which would have the effect of destroying the very agreement which I labored so hard to secure.

Mr. LONG. I was not undertaking to accommodate the Senator. I believe he is laboring to use 15 minutes to justify his position.

Mr. ROBINSON of Arkansas. Mr. President, the Senator from Louisiana has volunteered a statement. The Senator has a habit of getting smart here on the floor, and he has a habit of quoting the Scripture. I think I will give him a little Scripture: "How long wilt thou speak these things, and how long shall the words of thy mouth be like a strong wind?" [Laughter.]

Mr. THOMAS of Oklahoma. Mr. President, I will take a few moments' time to state my position upon the pending amendment. In order to make my position clear I must recount briefly the history of the so-called "bonus proposal."

In the session of the last Congress which adjourned in July 1932 Representative PATMAN, of Texas, introduced the so-called "bonus measure" in the House of Representatives. I introduced the same bill in the Senate. During that session the House passed the so-called "Patman bill", and it came to the Senate for action. When the bill reached this body I did what I could to get the measure before the Senate for consideration. The Senate Committee on Finance cooperated to have that done. The bill was reported out promptly, and after a full and free discussion a vote was had. That vote was adverse to the Patman bill. The bill received in this body but 20 votes.

After the vote was taken but before it was announced, the junior Senator from Alabama [Mr. BANKHEAD] changed his vote from "yea" to "nay", and I did likewise. I changed my vote, I may say, for the express purpose of being in a parliamentary position to enter a motion for reconsideration. Immediately upon the vote being announced, I entered a motion to reconsider the vote by which the bill had been defeated, whereupon immediately a motion was made to reconsider the vote forthwith and to table that motion, and upon a roll call that motion prevailed and the motion to reconsider was tabled.

Mr. President, I think that the veterans, at least of my State and of some of the other States, are not in doubt as to my position upon the payment of the bonus. I worked for the bonus bill last year. I still have a conviction, inasmuch as others who had dealings with the Government during the war period have been paid practically all amounts claimed to be due them, that the soldiers likewise should be paid at the earliest possible date.

I introduced the so-called "inflation amendment" to the pending bill, which suggests a program for increasing the amount of money in circulation. The program embodied in the pending inflationary amendment, as I understand, has the approval of the administration. The senior Senator from Indiana [Mr. ROBINSON] has resurrected the so-called "Patman-Thomas bonus bill" of 1932 and offered this resurrected bill as an amendment to my so-called "inflation amendment." In brief, the Senator from Indiana seizes my proposal of the last Congress and offers the same as an amendment to my pending inflation amendment.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Indiana?

Mr. THOMAS of Oklahoma. I yield.

Mr. ROBINSON of Indiana. The Senator is substantially correct. However, the method of financing it is, of course, entirely different.

Mr. THOMAS of Oklahoma. I shall point that out to the Senate.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. ADAMS. May I ask the Senator from Oklahoma if he will give his view as to the constitutionality of the bonus amendment as it now stands, which proposes to give uncontrolled discretion to the President to determine whether or not it shall be paid?

Mr. THOMAS of Oklahoma. Mr. President, I shall not be diverted to the question of the constitutionality of the proposal. I have not considered the matter from that standpoint. I am now considering the matter from the standpoint of policy, and policy alone.

The two amendments are exactly similar save in the method of payment. The Patman-Thomas proposal was to pay the soldiers by the issuance of Treasury notes, but the Treasury notes were to be backed by a certain form of bonds. The pending proposal changes that from payment based upon bonds to a payment direct from the Treasury as contained in the last section of the amendment. The principle, however, is the same.

The end, if not the purpose, of the Robinson amendment is to embarrass me by placing me in the position of either being forced to accept one of my former proposals as an amendment to the inflation proposal or to reject such proposal and vote against one of my proposals when it is sought to attach it to another of my proposals.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Indiana?

Mr. THOMAS of Oklahoma. I yield.

Mr. ROBINSON of Indiana. Of course, the Senator understands there is no intention on my part to embarrass him in the slightest degree. The only interest I have in the matter at all is to get the bonus paid to the veterans while they need it. That is the only object I have in view.

Mr. THOMAS of Oklahoma. Let me say to my colleagues in this body here today who were here last June and July and let me likewise say to the veterans of the Nation, to their families and friends, that I am just as strong for the payment of the soldiers bonus today as I was last June and July; but before we vote to accept the Robinson proposal we should, in my judgment, analyze the conditions which confront us at this hour.

At Pittsburgh last fall, the President—at that time a candidate—stated that he would favor the payment of the bonus just as soon as the finances of the Treasury would permit. That was a proposal that he made to the Nation; and upon that statement, and upon that platform, he won his unprecedented victory.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Louisiana?

Mr. THOMAS of Oklahoma. I yield.

Mr. LONG. Has the Senator there the quotation from the President's Pittsburgh speech?

Mr. THOMAS of Oklahoma. I have not. I am quoting it from memory.

Mr. LONG. My recollection of that speech was about like this: He repeated his statement made in April 1932. He said this:

"I said in April that it was not sound sense for the Government to pay more out of its Treasury until its expenditures keep pace with its income, and that we could not pay out at this time the amount of money that the bonus would involve; but", he said, "I am advocating the legalization of beer to put money in the Treasury."

I do not think the statement was anything other than that.

Mr. THOMAS of Oklahoma. Mr. President, Government finances are in a worse condition today than they were when that statement was made in Pittsburgh. I am advised that the President does not now think it advisable to undertake the payment of the bonus, and that if such an amendment should be adopted the whole program for inflation would be placed in jeopardy.

Personally, I have worked long and hard to have this program of expansion of the currency applied as a measure of relief for the existing distress so universally current throughout the entire country. If such a program is applied and it works as contemplated, then the veterans, their families, and their friends will share in such relief. If the plan is defeated through a veto, then the veterans and their families and their friends will be denied the benefits which we hope will accrue to all our people through the adoption and the proper exercise of power conferred by this amendment.

Because the President does not want the additional power and responsibility, and because such power, if conferred, would not be exercised, I must express the hope that the amendment be rejected.

Mr. PITTMAN. Mr. President, I feel that the ex-service men should be paid the debt that is due them. From shortly after the war I have advocated the readjustment of the compensation of the ex-service men. That is a matter of history. I have fought for that position throughout the whole time that it was an issue. I voted to pass the legislation over the veto of the President. I still think that the adjusted compensation was right, that its enactment into law was an expression of that fact, and that the debt is due these soldiers.

I was opposed to the issuance of the compensation certificates. I opposed it on the floor as an improper borrowing of money from those who were unable to make the loan. I have voted since that time for cashing those certificates.

I realize fully that millions of ex-service men in this country feel that they have been done an injustice in being deprived of the money that was due them, and which the Congress of the United States, by almost unanimous vote, determined was due them. I think it was unjust. I realize today that millions of them cannot understand why the Government should not pay that debt now. It is not surprising to me that they cannot understand it. It is almost impossible for anyone to understand the situation that exists in this country or in the world. With the enormous amount of wealth we have in our banks, the tremendous amount of natural resources we have in the country, and the great surplus of foodstuffs and clothing that exist here, it is certainly impossible to understand why 13,000,000 men and women should be idle, why probably 13,000,000 more depending upon them should be suffering from a lack of food and clothing; and yet that is a fact.

Some of us—perhaps all of us—have come to the conclusion that industry such as manufacture never can be helped by the loan of money until there are purchasers for manufactured products. Many of us have come to the conclusion that we must help the buyer before we can start the wheels of industry. We have come to the conclusion that all new wealth comes from the ground, either in the form of agricultural products or in the form of minerals. We have come to the conclusion that when those new products of the earth which continue to come out find a market for more than it costs to produce them, then we will establish the buying power which will start the wheels of industry and the employment of men.

That is the chief aim of this administration. Its chief aim is to raise commodity prices in this country, and particularly the prices of our largest commodities, which come from the farm and from the ground. We know also that our laborers are a large part of our domestic purchasers; but our laborers who are now idle are idle chiefly by reason of being discharged from factories, and they cannot go back to the factories until the farmers of this country can start to purchase.

So, having agreed on a program that the first thing to do is to lift the commodity prices of this country, and particularly agricultural commodity prices, we must hold our minds upon that point.

That program has been carefully worked out by the President of the United States. He announced it during his campaign. He has stood steadfastly by it all the time. We must trust someone. We must trust some leadership. We

may have a hundred leaders in this country, possibly of equal ability, but if they are going in opposite directions, we shall have a divided force which cannot carry out any program.

So far as I am concerned, I have absolute confidence in the President. I have absolute confidence in his program. There are a great many things that he would like to do simultaneously with it, as I should like to have him do a great many things simultaneously with it; but I cannot forget that of the 13,000,000 idle men in this country, at least one third are ex-service men. If that is the case, then possibly two thirds of the ex-service men are not in the idle class. They may be earning a living, and they may not be suffering to the extent that the other 13,000,000, one third of whom are also ex-service men, are suffering. We propose to distribute the proposed inflation through the raising of commodity prices and employment. Our ideal is employment; and, as was said by the Senator from Wisconsin [Mr. LA FOLLETTE] just a few minutes ago, all of this program is useless, it is futile, it is worthless, unless we can furnish work for the millions of idle people in this country, that their purchasing power may be restored and increased. The price of farm products cannot be successfully raised without putting these 13,000,000 in a position to purchase.

Mr. ROBINSON of Indiana. Mr. President——

Mr. PITTMAN. I yield to the Senator from Indiana.

Mr. ROBINSON of Indiana. The principle of this so-called "bonus" legislation is not even closely related to that proposition.

It is true that service men are out of employment and suffer with the rest; but the whole theory back of paying the so-called "bonus" or "adjusted-service pay"—which averages about a dollar a day, or a little more, for the length of time in the service—is that we may liquidate and discharge a debt, an obligation which the Government admitted in 1924 that it owes these veterans. If it is a debt, an obligation that it owes, it has been due since the day the armistice was signed, November 11, 1918, and is not due in 1945. It is overdue. [Applause in the galleries.]

Mr. LEWIS. Mr. President, I move that we have order, and that the Presiding Officer admonish the occupants of the galleries.

The PRESIDING OFFICER. The Chair desires to admonish the occupants of the galleries that it is strictly against the rules of the Senate to give any demonstration of approval or disapproval; and if it is repeated, the Chair will have the galleries cleared to the extent of the violation of the rules.

Mr. PITTMAN. Mr. President, I still see no difference between the Senator from Indiana and myself with regard to this whole problem of the ex-service men from start to finish or his statement that the bonus is due and should have been paid long ago. What I am discussing is a program that the President of the United States worked out long ago and is now carrying out. It is the order in which these things shall be done.

We are providing for an inflation of the currency. The program carries with it an inflation for the purpose of increasing commodity prices in this country. It is my opinion that should we now pay in cash the debt which we owe to the ex-service men of this country and fail to raise commodity prices, that money would be but a temporary assistance to them, and when spent it would work its way back into the banks and the vaults and the safe-deposit boxes and be hidden again, because money is not coming out of the banks, it is not coming out of the safe-deposit boxes, until there is a steady, orderly, and continuous rise in commodity prices.

Therefore I say that we must follow a program. The program has been laid out. I cannot for one moment conceive that there is in the heart and the mind of the President, any more than there is in my heart or mind, a purpose to do these soldiers an injustice or to postpone for a single day longer than it is necessary the absolute payment of that debt. I believe that they will be happier if they assist their own unemployed—for one third of the unemployed are ex-service men—and assist the farmer in raising his commodity prices, so that it may soon be brought about that the President will find a surplus in the Treasury of the United States and the money with which to pay these ex-service men in cash what is owed them.

Mr. President, I realize that any Senator on this floor who has taken the position I have taken ever since the war, who has taken the position before his constituents I have taken, who is a recognized friend of the ex-service man and in sympathy with him as I have been and am now, stands a chance of being misunderstood, stands a chance of retaliation; but I say that in these terrific times, when destruction not only faces governments, but people in business and on the farm are facing bankruptcy, it is the duty of everyone here to take the consequences of doing his honest duty and following his judgment as he sees it.

I believe that today prosperity is approaching in this country. I believe that the program of the President is going steadily to raise commodity prices to a level where there will be a profit. I believe that he is going through with a great program of public works which will take the suffering, idle people of this country and put them to work, and I believe that when that prosperity comes—and I believe it will come soon if the President's program is uninterrupted—then, as was evidently the President's intention when he spoke at Pittsburgh, he will carry out what all of us believe to be a duty and obligation of this Government and settle once and for all the monetary debt we owe to the soldiers of the country—because we can never pay to them the debt of gratitude this country owes them.

I regret so much even to appear to speak against the desires of a great number of soldiers of this country, yet in my heart, in my soul, and in my judgment I am confident that the President has the right program which, if he is unobstructed, will work out not only for the benefit of all the people of this country but will bring about the restoration of the soldiers of the country and the payment of their debt more quickly than anything else could do it.

Mr. TRAMMELL. Mr. President, I do not know that the amendment that is proposed is of the best terms to meet the present situation; but since I witnessed during the early years of the depression, and the more acute years of the depression, and see at the present time no effort or interest apparently on the part of those who are the leaders in either the House of Representatives or the Senate, to make any provision whatever to assist the veterans of the World War during this crucial time, I am going to vote for the amendment that is proposed. I will do so with no particular expectation of its being adopted, but I want it distinctly understood that I think the case of the veterans is worthy and should be considered. They have been deserving of consideration during the past 3 years, but they have not received that attention and justice which I feel they deserve at the hands of Congress.

In all of the legislation that has been enacted during this session there has been nothing beneficial to the veteran. He has suffered so far the brunt of the economy program. About $400,000,000 have been taken off the compensation that was to have been paid to the soldiers. With some of them their compensation, probably, should have been reduced. In at least some instances they probably should have been stricken from the roll entirely, but to strike from the benefits to which Congress had previously said these veterans were entitled, the sum of $400,000,000 at one stroke was certainly not very kind consideration for the veterans of the country.

I believe in economy; I believe we should have adopted a plan of economy; I have always worked and voted for economy; but, to be frank about the plan and the system, I am not in sympathy with the ruthless way and manner in which it was applied to the veterans of the country as the very first decided move under the plan for economy.

I know the kindly feelings of the President, and appreciate them. I voted for the economy bill, having every confidence in him. But the Economy Act in that particular was not administered by the President; it was administered by the Veterans' Administration and the head of the Vet-

erans' Administration. As far as legislation is concerned, for 3 years, the soldier has been the forgotten man.

Mr. President, let us consider the matter of assistance granted under the Reconstruction Finance Corporation Act. The administration of the law was as generous as seemed necessary in the beginning toward assisting railroads. It has been as generous as seemed necessary from the beginning in the assistance of building and loan associations, and every character of security held by corporations and by banks. The Reconstruction Finance Corporation has been generous in the making of loans for so-called "self-liquidating projects"; but we have not seen anything written into any of these laws under which the soldier could even borrow money upon his compensation certificate—a security representing a Government obligation, a certificate which was issued to him by the Government of the United States.

Mr. President, I am not making any complaint, but I feel a very serious disappointment that, in all of this plan for taking care of the depression, and for the alleviation of the hardships being suffered by the people, there has been no legislation whatever brought forth or suggested for the direct benefit of the veterans of the country, and I do not think they should be ignored. They have good security, and should be authorized to borrow money. They have better security than much of that behind the $2,000,000,000 which has already been loaned by the Reconstruction Finance Corporation to the insurance companies, the railroads, the banks, and other corporations of the country. Yet one is accused of disloyalty if he says that the veterans in all this picture, in all this great scene of distress and despair in this country, are entitled to a cash bonus or to loans on his certificate which the United States Government has given them. I am for any reasonable plan to help the veterans to get relief on their compensation certificates.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield?

Mr. TRAMMELL. I will yield, but I do not want to lose any of my time, which is limited to 15 minutes.

Mr. ROBINSON of Indiana. I just want to suggest to the Senator that he is quite right. Nothing has been done for the veteran during the 3 years of the depression, but much has been done against him. Even his vested rights have been taken from him, after they had been established in him by the Congress, without consulting him in the slightest degree, and after he has adjusted his life to living according to those rights and benefits.

Mr. TRAMMELL. Of course, I know we had to effectuate economy, but I think that even under the economy bill it is very pathetic, that it is a tragedy beyond the imagination of the most imaginative, to reflect that the first groups and the first element of our citizenry in all this country who had to be the first stricken under the economy act were the veterans who had fought for and defended the Nation in the hour of its peril.

Mr. President, I feel that some consideration should be given to them. Of course, this matter has come up rather hurriedly, and some other plan might have been worked out. We are working on a farm-relief proposal, and I am heartily in favor of what will help the farmer; but this is not the first time that I have witnessed in this body a plea for the defeat of some amendment which someone favored because some certain amendment was attached to it. I have seen splendid amendments defeated upon that excuse in many instances. Had any effort been made heretofore during the last year and a half or two years to make any equitable and just settlement with our veterns, then, of course, I might respond a little more, and be appealed to a little more, when I am told, "Just do not vote for this." You will never get a chance, my friends, to vote for anythng in behalf of the veterans unless conditions change very much if you do not vote for something in the nature of an amendment to some other bill, and I am going to support the amendment.

Mr. LONG. Mr. President, will the Senator yield?

Mr. TRAMMELL. I yield.

Mr. LONG. I just wanted to make this remark to the Senator: After condemning the railroads for their bad practices we passed a law to help them get out of trouble. After condemning the banks for their robbery we passed a law to get them out of trouble, and now we cry over the veterans but take $400,000,000 away from them.

Mr. TRAMMELL. That is true. The people who fought for the Nation, who suffered for the Nation, and never under God's sun have harmed the Nation in any respect, were never guilty of doing anything that would tend toward undermining the institutions of the United States, the defenders of our Government, whom we all cherish and love, who have been faithful and loyal to the flag both on the battlefield and in peace—those people are punished, probably on account of their patriotism, on account of their loyalty in war and in peace. They are forgotten on account of their loyalty and their patriotism in time of war and in time of peace.

Mr. President, these veterans were not only faithful, they were not only the able defenders of the United States in the greatest war of all history, but following the war, taking them as a group or class, there has been no more patriotic group of citizens than the veterans of the Great War. In fact, I have found them in the main more zealous and more energetic in defending the principles of our American system of government than any other group of citizens. Yet some Senators here say they must not even be considered. I do not say that we should have to pay them at this moment the $2,000,000,000 all in a lump, or anything of that character, but my disappointment is that they get no consideration from Congress.

Mr. President, as far as my position is concerned, I think that the best remedy at the present time, and under the present financial conditions, would be to authorize them to obtain loans without interest upon the face value of their adjusted-service certificates. Give them that recognition, and the security which the Government would receive would be worth 100 cents on the dollar, whereas much of the security that has already been accepted, and is in the hands of the Government agencies, is not today worth more than 70 or 75 cents on the dollar, and upon some of it we will never realize at all.

I think it is desirable to make secure every class of industry. The Government is willing to advance large sums of money for that purpose, at least in some direction. We are expecting to authorize shortly expansion for the purpose of raising money for the objects mentioned in the bill, and while it is a little irregular to adopt an amendment of this character on a measure of the kind pending, it would be discretionary with the President; and my own feelings and sentiments are strongly in favor of doing something toward making some adjustment with our veterans, not only as a recognition of their services, not only as a tribute to them and as an expression of our gratitude to them, but as a matter of justice, and that recognition at this time can only be expressed by adopting the amendment which is suggested and which leaves the matter purely in the discretion of the President.

Congress has not been at all timid about giving all kinds of discretion to the President. I myself have voted for practically all the bills extending arbitrary powers, even the unreasonable powers to the Secretary of Agriculture which are granted by this very bill. So that there is nothing that is at all inconsistent in authorizing the President in this measure to consider the question of a cash compensation to our veterans. I would rather have the amendment also provide that the matter of authorizing loans upon the certificates might also be considered.

In the main, our veterans are about in the same condition as are our citizens generally. I find a great many of them who are in sore distress for the necessities of life; I find a great many of them out of employment; and they are certainly as worthy of consideration from the standpoint of security. Certainly the soldier deserves as much and more than anyone else.

No nation, it is said—and I think it is true—has ever survived——

The PRESIDING OFFICER. The Senator's time has expired on the amendment.

Mr. TRAMMELL. I merely want a few minutes more on the bill.

No nation has ever survived permanently that became absolutely forgetful and unappreciative of its soldiers. I recall from my youth, when a small chap around the family fireside, I was taught by my good mother and father to respect and honor the men who had gone to the front to fight for their country in its hour of peril; and the lessons of those days have since followed me, I am thankful to say to the honor of those good parents, down to the present day. I believe that a nation should not only be appreciative of and honor its soldiers, but in the present crisis that they should certainly stand upon an equality when we are trying to overcome the depression which exists. So far in Congress for the last 2 or 3 years I have not seen that the soldier stood on an equality even with the average citizen. I hope, therefore, we may adopt this amendment and at least accord that recognition. Then the conferees may probably be able to frame some amendment or provide some adjustment which will, at least, be of assistance to our veterans who are in need, who are in despair, who have their Government security but cannot use it, because the Government does not authorize it to be used for the purpose of their obtaining funds.

I am just as much in favor of the pending bill, generally speaking, as is the average Senator, and I am sorry to vote for an amendment that some of the Senate leaders do not desire to have placed on this particular bill, but I have found out that, as a rule, if the majority favor a certain policy and adopt a necessary measure in the nature of an amendment that the principal cause to which it is attached is never defeated on account of an amendment. The conferees between the two Houses then try to work it out in an equitable way so as to preserve the principle and the best features of the measure.

I should be glad to see this amendment adopted and at least considered by the conferees. As I say, if adopted, it will do no more than authorize the President to pass on the question. We did not hesitate to authorize the President to place in force all character of regulations in regard to economies; we did not hesitate to do the most unusual thing I ever heard of in a legislative body, namely, to pass legislation which provided that funds which had been appropriated for certain governmental purposes should, if not already obligated, be diverted and used to carry on the reforestation plan. The Senate and every Member of the other House who voted for that plan authorized the taking, if it had not been contracted for, of every dollar appropriated for public roads and for public buildings and all character of public improvements and diverting it to reforestation work. We were then willing that the people back home, who are carrying on road construction by the thousands in many States, should have their road funds taken from them and put into the reforestation scheme. We are already beginning to feel the results of that action in some States. I know in my own State that such action will diminish, I have been told by good authority, employment in the State by about 5,000 in about 3 or 4 months. If it shall not be adjusted, there will be about 5,000 fewer people employed.

I have also heard from other States and, as a matter of fact, I have been told by officials who know as well as anybody could that our action in transferring the appropriation from the road fund to the reforestation work will result in a complete winding up of the road construction along about September and the throwing out of employment of about 400,000 men. Some have been willing to vote such authority, which will probably have results of that character; I do not see why we should not vote authority in this instance.

Of course, I am hopeful that the situation to which I have referred will be corrected by further appropriations for road construction, but there has not as yet been any effort made toward getting further appropriations for such construction. Where work is already started they have begun to cut down the number of employees; they have already ceased making contracts that involve a large amount of road construction and a large amount of employment. That has all been done. I am hopeful, I repeat, that that will be corrected by legislation; but I mention it as one instance showing how we have voted to delegate authority to the President to transfer public funds even from projects that Congress thought were proper when they authorized the appropriation.

So, Mr. President, I have no fear and no apprehension about voting to authorize the President to make the adjustment provided by the pending amendment as he feels disposed to make it, and I am going to vote for the amendment and hope he will help the soldiers.

Mr. HATFIELD obtained the floor.

Mr. LEWIS. Mr. President, I rise to a parliamentary question.

The PRESIDING OFFICER. The Senator will state it.

Mr. LEWIS. Mr. President, the Presiding Officer of the Senate, in discharge of his duty, had occasion to support the motion calling for order in the galleries. The attendants at the doors located one or two or more of those who had participated in the active applause disturbing the debates.

Mr. President, I am sure they were gentlemen or ladies who were accustomed to attend the other House, and, recognizing that there was a privilege of applause there, fell into an enjoyment of it here, without an intent to disturb the debate. The Chair was right in being impatient, for such demonstrations had been transpiring frequently. I now move that the Chair announce to the attendants at the door that those who created the disturbance unintentionally, as we feel they did, if with an understanding now that our rules do not allow such demonstrations, shall be permitted by the attendants to return to their seats in the gallery, upon the understanding that they will accord obedience to the rule as announced by the Chair at the time.

The PRESIDING OFFICER. Inasmuch as the Chair did not order the galleries cleared and the attendants escorted the ladies and gentlemen out of their own accord, the Chair will say that it does not require a motion, but the Chair is willing to put the question on the motion. [Putting the question.] The motion is agreed to, and the attendants and doorkeepers will readmit those who were escorted out, if they can be located.

Mr. HATFIELD. Mr. President, I should like to ask the Senator from Indiana if he will tell us whether or not the amendment which he has offered makes it compulsory upon the part of the veterans to accept the payment of their certificates, or is it optional?

Mr. ROBINSON of Indiana. It is entirely optional. The Senator wants to know whether or not a veteran, in case this amendment should be adopted and should become the law, would be forced to accept immediate payment for his certificate? He would not be, if that is the question, because it is necessary that the veteran make application for payment of the adjusted-service certificate, and that application must be acted upon before he may receive payment. So it is entirely optional with the veteran.

Mr. HATFIELD. Do I understand correctly that the Senator has accepted an amendment that leaves it within the discretion of the President as to whether or not any part of the service certificate shall be liquidated or paid at the present time?

Mr. ROBINSON of Indiana. Yes; I reluctantly accepted that suggestion yesterday. I was anxious to make the provision mandatory, so that out of the $3,000,000,000 provided in this so-called "inflation bill" we might pay this debt to the veterans immediately, in full, and that the Secretary of the Treasury should be directed to issue notes for that purpose; but I did not desire to be obstinate, and there were those in sympathy with the measure who felt that they could vote for it if it were made discretionary with the President. Since that was the whole theory on which the other provi-

sions of the bill were written, making it discretionary whether the President should exercise the powers given or not, they did not like to have any exception made in this instance. So, notwithstanding the fact that I felt that it ought to be mandatory, that the veterans need the money now, and that it ought to be paid immediately, in deference to those who are in sympathy with the amendment and felt that only thus could they vote for it, and in order to secure additional strength for it, I consented to that change.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from West Virginia yield to the Senator from Idaho?

Mr. HATFIELD. I yield to the Senator from Idaho.

Mr. BORAH. Mr. President, aside from the merits or demerits of this particular measure, it would be a healthy thing if Congress itself would really do something instead of delegating all its powers.

Mr. HATFIELD. If it would do something in a mandatory way.

Mr. BORAH. The Congress is coming to be—I will not use the word that is on my lips—but it is really coming to be almost ridiculous. In every movement we make we shun our responsibility and step aside from our obligations and impose that which we ought to do upon somebody else.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield?

Mr. HATFIELD. I yield to the Senator from Indiana.

Mr. ROBINSON of Indiana. I should like to suggest to the Senator who has just spoken that I am in thorough agreement with all he says; I think he is exactly right; and I was sorry to have to yield in this instance. I felt we should go ahead and insist that the adjusted-service certificates be paid. I also felt, after canvassing the situation, that we could not secure enough votes to get them paid. It is results I am after; that those people who are hungry may be fed and those who need clothing may have money with which to buy clothing; and I felt that perhaps we could get some result in this way. So I accepted the change because of that, and because we had not enough strength to adopt the amendment without making the change.

Mr. LONG. Mr. President——

Mr. HATFIELD. I yield to the Senator from Louisiana.

Mr. LONG. It was at my suggestion that the Senator from Indiana agreed to this change. I suggested it, not that I preferred it but because I was told by several Senators that they would support the amendment in this shape. As the Senator from West Virginia probably knows, we have been doing our legislation by abdication rather than by act of Congress, and I did not feel that, except through the abdicating process, I could get enough help to feed the soldiers. That was the only reason for the suggestion.

Mr. ROBINSON of Indiana. Mr. President——

The PRESIDING OFFICER. Does the Senator from West Virginia yield to the Senator from Indiana?

Mr. HATFIELD. I yield.

Mr. ROBINSON of Indiana. If the Senator will permit me further, the very distinguished Senator from Nebraska [Mr. NORRIS] also felt the same way about it. He felt that the measure ought to be consistent throughout; that since the power given in other particulars is discretionary with the President, we ought not to make an exception in this instance; that one way he could support it and the other way he could not. I was anxious to have his support, if possible, as well as that of every other Senator on the floor.

Mr. HATFIELD. Mr. President, on June 7, 1932, I voted against the soldiers' bonus bill for the reason that I felt that the soldier should be paid in sound money. Now that we have definitely decided that we are going to embark on inflation for our monetary system in this country, I see no reason why I should not vote for the adoption of an amendment giving the soldier the right, if he chooses, to accept fiat money in full payment of his certificate. Frankly, I have always felt that the certificate should be paid in gold dollars of 23.22 grains of pure gold each, for the service the soldier rendered to the American flag, the reputation that he established upon the field of battle. But now that the opportunity will not come to us at any time in the near future whereby we can pay the soldier in this kind of sound money which we have always had in America, I shall not hesitate to give the World War veteran an opportunity, if he chooses, to accept fiat money in payment of his service certificate.

Mr. LEWIS. Mr. President, I suggest the absence of a quorum and ask a roll call.

The PRESIDING OFFICER. The absence of a quorum is suggested. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Johnson	Reed
Ashurst	Costigan	Kean	Reynolds
Austin	Couzens	Kendrick	Robinson, Ark.
Bachman	Cutting	Keyes	Robinson, Ind.
Bailey	Dale	King	Russell
Bankhead	Dickinson	La Follette	Sheppard
Barbour	Dieterich	Lewis	Shipstead
Barkley	Dill	Logan	Smith
Black	Duffy	Lonergan	Steiwer
Bone	Erickson	Long	Stephens
Borah	Fess	McAdoo	Thomas, Okla.
Bratton	Fletcher	McCarran	Thomas, Utah
Brown	Frazier	McNary	Townsend
Bulkley	George	Metcalf	Trammell
Bulow	Glass	Murphy	Vandenberg
Byrd	Goldsborough	Neely	Van Nuys
Byrnes	Gore	Norbeck	Wagner
Capper	Hale	Norris	Walcott
Caraway	Harrison	Nye	Walsh
Carey	Hastings	Overton	Wheeler
Clark	Hatfield	Patterson	White
Connally	Hayden	Pittman	
Coolidge	Hebert	Pope	

Mr. LEWIS. I beg to announce that the Senator from Kansas [Mr. MCGILL] and the Senator from Minnesota [Mr. SCHALL] are absent on official business.

The PRESIDING OFFICER. Ninety Senators having answered to their names, a quorum is present.

Mr. LONG. Mr. President, I want to make a brief reply to some remarks made about the bill, particularly by the Senator from Arkansas [Mr. ROBINSON] and the Senator from Nevada [Mr. PITTMAN]. The Senator from Arkansas does not particularly express the desire so much as does the Senator from Nevada for the immediate payment of the bonus. The Senator from Arkansas rather appears to oppose the amendment on the same ground as does the Senator from Oklahoma [Mr. THOMAS]; that is, that the amendment does not belong on a farm relief bill. The Senators from Arkansas, Nevada, and Oklahoma have forgotten what the bill is. Let me state what it is.

The bill deals with the size, age, and limit of a litter of hogs. It deals with the leasing of land; the making of tariffs up and down; the marketing of crops; the levying of taxes; the granting of permits to plant, sell, lease, or buy; the manufacturing of commodities; the buying of farm crops for the benefit of the farmer; the remonetization of silver; contracting with the Federal Reserve Board for currency; the powers of the Reconstruction Finance Corporation; devaluation of the gold dollar; giving the President authority to issue currency; settlement of international debts; international trade agreements. In fact, before we ever get to the bonus, the bill has assumed proportions which it seems could be better described by a few words from Macbeth if we were to undertake to describe the bill as now here and as now arranged. For a brief description which might be somewhat in point as a description of what the bill is even without the bonus provision in it:

> Round about the caldron go;
> In the poison'd entrails throw.
> Toad, that under cold stone
> Days and nights has thirty-one
> Swelter'd venom sleeping got,
> Boil thou first i' the charmed pot.
> Double, double toil and trouble;
> Fire burn, and caldron bubble.
> Fillet of a fenny snake,
> In the caldron boil and bake;
> Eye of newt and toe of frog,
> Wool of bat and tongue of dog,
> Adder's fork and blind-worm's sting,
> Lizard's leg and owlet's wing,
> For a charm of powerful trouble,
> Like a hell-broth boil and bubble.

[Laughter.]

I shall not read further. There is nothing that has not been thrown into the pot of this bill—so much so that the Constitution is practically remade and unmade as a result of it.

As to the bonus, we are undertaking to authorize the President to do what the Senator from Nevada [Mr. PITTMAN] said he is capable of doing. The Senator from Nevada labored to tell us that the President is wise, sagacious and trustworthy; but when we come to authorize the President to settle the matter of taking care of the soldiers for whom the Senator from Nevada and all of us shed tears, when we try to authorize this good man, this sagacious man, this trustworthy man, to deal with the problem of helping those for whom Senators are crying, then they are unwilling to risk the President and inform us that the President is unwilling to have himself risked with the proposal.

It is the only time since we met in this extraordinary session of Congress that we have found anybody here urging that the President does not want any authority and that we ought not to give him authority. It is the first time, I mean, that we have asked authority for the President that it has been disputed. It is said that it is in order that we shall not confuse the bill. It is not for that purpose, as will be seen if Senators will only look far enough. It is not for any purpose that I can see—because it certainly is not expressed on the floor—except that if the soldiers' bonus amendment is put on the bill it means an actual inflation of the currency and a distribution of it.

It is true that it is proposed that the President shall be authorized "in his discretion". Someone has said here that the provision is practically mandatory. Why would it be any more mandatory on the President to issue this money for payment of the soldiers' bonus than to issue it for other purposes?

Up to this time we have been deflating. Deflating out of whom? Out of the people of the United States. We deflated 400 millions out of the soldier. We wept over him, we cried over him, and we prayed over him, but we took $400,000,000 out of his hide. We wept over the wage earner, cried for him, prayed for him, but we took $100,000,000 out of his hide. Then we denounced the bankers. We put up institutions to give them more currency. We denounced the railroads and then passed special laws to allow them to go through receiverships. We denounced other big masters of finance and big institutions, but with every denunciation that has been heaped upon the heads of the big men we have gone forward with some program to take out of the hide of the little man and give to those for whom we have created every kind of special blessings under the law.

We owe the bonus. We have to pay it. We have to pay it in 1945. Whether we vote for this amendment or not the bonus has to be paid. Are we going to go back from the Democratic Party to the people saying that we have inflated for everybody except the soldiers, that we have already taken away from one third up to as high as one half of the revenue that has been given to the soldiers by solemn act of Congress, taken it away from them by the so-called "economy bill", and that then we have devalued the gold dollar and inflated the currency to where the 65 cents that he had left is worth only 32½ cents?

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Indiana?

Mr. LONG. I yield.

Mr. ROBINSON of Indiana. I think the Senator is referring to the battle-scarred veterans who received their wounds and injuries and disabilities at the battle front. From untold thousands of others we have taken everything, 100 percent. Is that clear to the Senator? We have taken 100 percent from any number of them.

Mr. LONG. I am speaking of the class that we have hurt the least. The battle-scarred and battle-wounded veteran has given up 35 percent under the nefarious and iniquitous economy bill that we put through Congress. We greased it in order that it might go through like chain lightning. But we come along to a bunch of others who did not have wounds and battle scars and we take from 50 to 75 and even a hundred percent of everything that has been voted to them by the Congress. We have taken from 35 to 100 percent away from men who left their work and went to the front, and now we come along here to devaluate what they are getting now. If it is 50 percent or 25 percent left them, we propose to cut it in two and make it 25 cents out of the 50 cents and 12½ cents out of the 25 cents. Yet we must pay the bonus.

I have heard this cry, that "We must do justice by the soldier, but it cannot be done on this bill", ever since I came to Congress. Every time the question comes up Members say, "Oh, I believe in treating the soldier justly", and I am not able to make eloquent perorations such as are made by those who are against this amendment, but they sound something like this: "They fought our battles; they slept in the trenches; they faced the bullets, and then went forward at the call of democracy"; but after finishing those eloquent perorations their votes are always "no." There is never an amendment that comes up here in such a shape, manner, or form that they can vote to do justice by the soldier.

If these gentlemen do not like the amendment that the Senator from Indiana has offered, why do they not get up an amendment of their own? They have had enough time in which to do it.

So that the Senator from Nevada [Mr. PITTMAN] may know my position, I am not proposing that the Government shall go out and take any money away from any other enterprise. Here is a difference in the Robinson amendment, which I fear none of us have studied up: We have provided, by the first section of the Thomas amendment, that $3,000,000,000 of currency can be exchanged by the Federal Reserve banks for bonds of the Government that are now outstanding. The holders of those bonds may exchange them for currency, or they may not. If they do, the $3,000,000,000 in currency would probably go to the banks, and it would depend upon the banks as to how far they are going to put it out and as to what they are going to put it out for. The chances are that it might be put out for other obligations of a similar character, and we actually might get very little inflation from the first $3,000,000,000.

Instead of putting in this provision that we are going to take up the obligations of the Government that are held by the banks, what we propose to do by this amendment is that the obligation that the Government owes the soldier shall be taken up with the same currency. It is not proposed to issue one more dime of currency. It is not proposed to issue one more copper cent's worth of obligations of the United States. The only difference is that the money will be put in the hands of 3½ million soldiers, from whom we have recently taken the very lifeblood on which they are now surviving, and from whom we are going to take, by our inflationary process, 50 percent of the value of the compensation that is allowed to them under the Executive order of the President.

I submit, Mr. President, that there is no sound view against the payment of this soldiers' bonus. I never thought we would have to apologize for presenting a claim of the soldiers of this country.

I do not understand the policy of the President of the United States. Why is it—the Senator from Arkansas tells us that this is true—that the President of the United States is resisting and crying aloud not to be entrusted with the authority to pay the bonus of the soldiers out of this inflated currency? Why is it that he is crying aloud for authority over the banks, over debts, over tariffs, over everything, from the top of the sky to the bottom of the earth? What is the justification for giving him authority to regulate all of these other affairs and still having him—so we are told by the leader on this side of the Chamber—resist being given the authority to pay the bonus to the soldiers?

I cannot quarrel with the Senator from Oklahoma [Mr. THOMAS]. I think he is wrong. I think he is just as wrong as he can be; but he has made a very valiant fight here

for the soldiers' bonus. He has made a very valiant fight for the inflation of the currency. We know him to be absolutely sincere. The Senator feels that inasmuch as he had offered a bonus amendment before, and inasmuch as the administration has endorsed what he now is submitting to Congress, he is naturally bound by it. But the Senator from Oklahoma would not be here with this amendment now if it had not been that he and the Senator from Montana [Mr. WHEELER] and myself and others defied an ultimatum from the White House some time back. Did we not have an ultimatum delivered here that the President did not want the Wheeler amendment adopted? And we did not pay any attention to it. We went by a majority of 4 votes on this side of the Chamber in favor of the Wheeler amendment, and it took the Republican Party to keep us from enacting it into law that day; and it was only a few days later when the White House came along with an inflationary program. That is why the Senator from Oklahoma is here with this amendment now. He would not have had the opportunity to come here with the administration's indorsement except for that showing made here; and now we are told by the Senator from Nevada that we have to follow the President in his program, that he has a program mapped out. Well, he did not have that part of it mapped out. We mapped it out for him and then it came back here.

In other words, we are told to follow along on the program; that it is going to come out all right. At the same time we are arguing in favor of a program that never would have been before the United States Senate if it had not been for the fight that was made here for the Wheeler amendment, which brought this thing to a showdown. We had to inflate the currency, and I say that we have three and a half million soldiers of this country, a large part of whom were on the point of starvation even before the economy bill was passed. I say that since we have taken away from them what we have, many of those soldiers and their wives and children and some other people dependent upon them are in destitute circumstances today.

The PRESIDING OFFICER. The time of the Senator from Louisiana has expired.

Mr. CLARK. Mr. President, nothing of which I can conceive would give me greater pleasure than to be able to vote for any measure for the improvement of the condition of the ex-service men of this country.

With many of the men with whom I soldiered, many of whom are holders of these adjusted-service certificates, I enjoy a relationship and feel an affection which I do not believe could be closer and deeper if they were my blood brothers. But, Mr. President, I feel too deep an affection for the ex-service men of this country to be willing to vote to delude them with false hopes and illusory promises, to raise hopes in their breasts which are certainly doomed to disappointment.

The President of the United States has announced, through the majority leader in this body, that he will not put into effect the permissive powers—and they are permissive, not mandatory—granted to him by this amendment. I am not willing to delude, to fool the ex-service men of the United States in order to afford an opportunity for Senators and Representatives who voted for the economy bill, when they did not believe in it, to try to square themselves with some of their constituents by voting for this amendment.

Mr. ROBINSON of Indiana. Mr. President——

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Indiana?

Mr. CLARK. I do.

Mr. ROBINSON of Indiana. Will the Senator vote for the amendment if it is made mandatory?

Mr. CLARK. No; I will not.

Mr. ROBINSON of Indiana. Then it makes no difference to the Senator whether it is discretionary with the President or mandatory?

Mr. CLARK. The President of the United States unquestionably will veto the bill if it is made mandatory. I will say to the Senator from Indiana that I am not willing, for political purposes, to undertake to put the President of the United States in a hole for a measure that I know cannot be made effective over his opposition.

Mr. ROBINSON of Indiana. There will be no politics in it. If the amendment is adopted and made mandatory, the veterans will receive the money. I understand the Senator to be unwilling to vote for this bonus proposal either way.

Mr. CLARK. I will say to the Senator that I intend to vote against the bill anyhow; but I am not willing, for partisan or political purposes, to undertake to put the President of the United States in a hole on a measure that he does not favor, and vote for an amendment that will make him veto the bill if it is put in.

Mr. ROBINSON of Indiana. I want the Senator to understand that so far as I am concerned there is no politics in it.

Mr. CLARK. I acquit the Senator of any political intention, because he has been very consistent in his policy all the way through.

Mr. ROBINSON of Indiana. It is a question only of getting money to these deserving veterans and of liquidating a just debt.

Mr. CLARK. I will say to the Senator that there is no man in this body or any other body who is more anxious to take care of the deserving veterans than I am; but I am not willing, on a measure of this sort, in order to allow Senators and Representatives to apologize to some of their constituents for their votes on the economy bill, to adopt an amendment simply for the purpose of putting the President of the United States in a hole.

Mr. President, I stated to my constituents in the course of my campaign that I was in favor of the payment of the adjusted-service certificates as soon as the condition would justify it, and that I would vote against such payment until such time as the condition of the Treasury would justify it. I do not believe that the present condition of the Treasury will justify such payment, and I do not believe that any Member of this body can honestly and fairly say that he does.

The passage of this amendment, in view of the President's announced position, is simply to invite a march by another "bonus army" similar to the expedition whose visit to Washington last year was the occasion of one of the most tragic and disgraceful incidents in the history of the Republic.

Mr. President, it is not necessary for me to indulge in idle gestures to prove to the ex-service men of the United States my very deep interest in and concern for their welfare. Therefore I shall vote against this amendment.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Indiana [Mr. ROBINSON] to the amendment of the Senator from Oklahoma [Mr. THOMAS].

Mr. ROBINSON of Indiana and other Senators called for the yeas and nays; and they were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LEWIS (when Mr. MCGILL's name was called). I am directed to announce that the Senator from Kansas [Mr. MCGILL], being absent on official business, is paired with the Senator from Minnesota [Mr. SCHALL], who also is absent on official business.

The roll call was concluded.

Mr. NORBECK. On this question I have a pair with the Senator from Maryland [Mr. TYDINGS]. If he were present, he would vote "nay." If I were at liberty to vote, I should vote "yea." I withhold my vote.

Mr. TOWNSEND. I have a general pair with the senior Senator from Tennessee [Mr. MCKELLAR]. I am informed, however, that if he were present he would vote as I intend to vote. I therefore feel at liberty to vote, and vote "nay."

Mr. HEBERT. I desire to announce that the junior Senator from Oregon [Mr. STEIWER] is unavoidably detained from the Senate on official business.

The result was announced—yeas 28, nays 60, as follows:

YEAS—28

Bone	Frazier	Neely	Russell
Bulow	Hatfield	Norris	Shipstead
Caraway	La Follette	Nye	Thomas, Utah
Carey	Logan	Overton	Trammell
Copeland	Long	Pope	Vandenberg
Cutting	McAdoo	Reynolds	Van Nuys
Dickinson	McCarran	Robinson, Ind.	Wheeler

NAYS—60

Adams	Capper	Goldsborough	Metcalf
Ashurst	Clark	Gore	Murphy
Austin	Connally	Hale	Patterson
Bachman	Coolidge	Harrison	Pittman
Bailey	Costigan	Hastings	Reed
Bankhead	Couzens	Hayden	Robinson, Ark.
Barbour	Dale	Hebert	Sheppard
Barkley	Dieterich	Johnson	Smith
Black	Dill	Kean	Stephens
Borah	Duffy	Kendrick	Thomas, Okla.
Bratton	Erickson	Keyes	Townsend
Brown	Fess	King	Wagner
Bulkley	Fletcher	Lewis	Walcott
Byrd	George	Lonergan	Walsh
Byrnes	Glass	McNary	White

NOT VOTING—7

Davis	McKellar	Schall	Tydings
McGill	Norbeck	Steiwer	

So the amendment of Mr. ROBINSON of Indiana to the amendment of Mr. THOMAS of Oklahoma was rejected.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oklahoma [Mr. THOMAS], as amended.

Mr. DILL. Mr. President, I send to the clerk's desk an amendment, which I desire to offer.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. The Senator from Washington offers the following amendment:

On page 4, after line 24, to add the following new paragraph:
"All contracts, bonds, notes, or other forms of agreement hereafter made for the payment of the same in gold shall be payable in lawful money of the United States declared to be legal tender for the payment of all debts, public and private."

Mr. DILL. Mr. President, I shall not take much time in discussing this amendment. I call attention to the fact that it does not apply to any bonds, contracts, or agreements made previous to the enactment of the pending bill. I believe, however, that none of those agreements could be enforced in the courts of this country since the 4th of March, because when the sovereign power made it impossible for anybody to get gold, I do not believe the courts would require gold to discharge an agreement of that kind. I do not want to enter into that discussion, however. I only call attention to it to show how futile it is as a general provision of contracts.

Mr. President, I have offered the amendment so that hereafter it may be understood that any contract or agreement made in this country, payable in gold though it may be, can be discharged by the payment of lawful money of the United States declared to be legal tender. I believe that such an amendment to this measure is desirable because of the fact that the common use of money in this country is the use of currency, and the fetish we have made of gold is one of the causes of much of the premium that is placed upon that metal.

I am not going to take more time of the Senate. I simply want to bring the amendment to the Senate's consideration, and hope it will be adopted.

Mr. PITTMAN. Mr. President, will the Senator yield?

Mr. DILL. I yield.

Mr. PITTMAN. Is there an inference carried in the amendment that contracts made prior to the enactment of the pending bill must be paid in gold?

Mr. DILL. No; I think that question is not affected. If there is any doubt about the question, it will have to be decided in the courts; but to remove all doubt about the future, it seemed to me that this amendment would be desirable.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. DILL. I yield.

Mr. CONNALLY. Does the Senator's amendment positively require that future payments shall be made in lawful money of the United States?

Mr. DILL. The amendment provides that any contract, whether there is a gold clause in it or not, may be discharged by the payment of lawful money, declared to be legal tender for the payments of debts, both public and private.

Mr. CONNALLY. Does not the Senator think he should go further and declare unlawful contracts providing for payment in anything but lawful money?

Mr. DILL. I may say to the Senator from Texas that I first prepared my amendment in that form, but I came to the conclusion that there were some contracts made by some organizations, or even individuals, which could not be so declared by Congress, so I took the other method of reaching the evil, namely, of providing that all agreements or bonds hereafter made could be discharged by payment in lawful money.

Mr. REED. Mr. President, will the Senator yield?

Mr. DILL. I yield.

Mr. REED. Suppose after this amendment were adopted and became law the Senator were to make an agreement with me for an exchange to take place 12 months from today, an agreement that he would manufacture and deliver to me 100 harvesting machines, and that I, on my part, would agree to provide and deliver to him in exchange therefor 300 ounces of fine gold. That would be an exchange transaction; that would not be the payment of any money at all. Would the Senator's amendment affect such a contract?

Mr. DILL. I think it would. I think the contract could be discharged by payment of lawful money of the United States.

Mr. REED. Then suppose we did not use gold, but suppose we used tin, or antimony, or pig iron, or some other metal; would it apply to that?

Mr. DILL. It would not.

Mr. REED. It would apply only to metallic gold?

Mr. DILL. It would apply only to gold.

Mr. REED. Very well. Then suppose the Senator should agree to exchange his harvesting machines with me the next year for so many ounces of platinum. It would not apply to that?

Mr. DILL. It would not apply to platinum.

Mr. REED. Then I think we will know how to write our contracts in the future.

Mr. DILL. I simply want to put an end to making a god of the gold dollar, as it has been made in the contracts and bonds in this country for the past few years.

Mr. NORRIS. Mr. President, will the Senator yield to me?

Mr. DILL. I yield.

Mr. NORRIS. I am wondering about the correctness of the Senator's answer to the Senator from Pennsylvania. I understood the Senator to say that if he had a contract to deliver a certain number of ounces of gold, the amendment would apply to such a contract.

Mr. DILL. In the way in which my amendment is written, I think that is true. I do not say "in gold dollars"; I simply say "in gold."

Mr. NORRIS. In the case put, gold would not be money; it would be a pure commodity, just like cattle or hogs.

Mr. DILL. Yes.

Mr. NORRIS. I do not understand why those agreeing would not be in the same predicament as though they had contracted for the delivery of some other commodity. Let me suggest to the Senator that if the person who had agreed to deliver so many ounces of gold defaulted, did not make any delivery, and he were sued on his contract, the one suing would get a judgment payable in money, and, if the defendant did not have the gold, if it could not be replevined, the plaintiff would get a money judgment for damages.

Mr. DILL. Yes.

Mr. NORRIS. That would be payable in lawful money.

Mr. DILL. That is true.

Mr. NORRIS. As the Senator from Pennsylvania suggests, the amount of the judgment would be based on the

value of the gold which the Senator had agreed to deliver, but did not deliver.

Mr. DILL. Undoubtedly, but my reason for not saying "gold dollars" was that I did not want it to be possible to evade the statute by specifying ounces of gold. I want to take away from gold this divine halo which has been put around it by the business men of this country and the banks of this country, and even by the Treasury of the United States.

Mr. BULKLEY. Mr. President, will the Senator yield?

Mr. DILL. I yield.

Mr. BULKLEY. I want to inquire what the Senator thinks about the effect of the Thomas amendment on contracts payable in dollars of a specified weight and fineness of gold already in existence?

Mr. DILL. That is a legal question to which I have given some attention, but I am not at all convinced in my own mind, even, as to what the courts will do with that proposition if the amount of gold in the dollar is decreased.

Mr. BULKLEY. Does not the Senator think it would be desirable for the Congress to make clear its intent in that respect?

Mr. DILL. To that I have no objection, if somebody else wants to offer the amendment, but I did not want to confuse the constitutional question which is involved in an attempt to do what the Senator suggests with the proposal which I make as to the future, in which I think there is no constitutional question.

Mr. BULKLEY. I asked the Senator that question because it seems to me it is a question we cannot afford to leave in doubt in connection with this bill. What I have been afraid of is that if the Senator's amendment is adopted it will preclude my offering an amendment at exactly the same place in the bill. I will ask the Chair whether it will be in order, if the pending amendment should be adopted, for me to offer another amendment, to appear at the same place in the bill, covering the same subject matter?

The PRESIDING OFFICER. It would be in order following the amendment of the Senator from Washington.

Mr. BULKLEY. It would still be in order?

The PRESIDING OFFICER. The Chair thinks so.

Mr. DILL. If it refers to contracts already made, it would be a different amendment.

Mr. BULKLEY. It refers to contracts heretofore or hereafter made.

Mr. KING. Mr. President, those persons who believe or effect to believe that the silver question, as it is termed, was effectually disposed of when Mr. Bryan was defeated for the presidency in 1896, are beginning to discover their great mistake. During the discussion upon the pending bill, frequent references have been made to the lessons of the past, and we have been conjured not to abandon the path of experience or forget the lessons of history. These admonitions have a sound base upon which to rest. Invoking the rule of experience, which it has been urged should be in part, at least, our guide, I invite attention to the fact that for thousands of years silver occupied an honored station side by side with gold, and the two constituted the basic or primary money of the world.

It is true that gold found but little circulation in the Orient; nevertheless, it had its relation as money to silver and commodities, or, putting it in another way, commodities and silver had their relation to gold. In the Occident silver and gold marched side by side discharging the important functions of primary money; they constituted a broad base upon which their currencies and credits rested.

When gold and silver were plentiful commodity prices responded and reached satisfactory levels. Commodity prices, it was discovered, were determined by the quantity and character of the circulating medium among the people. The purchasing power of the people was greater with a satisfactory monetary system, and gold and silver furnished that system for thousands of years.

Even with the growth of banks of issue, and the development of modern banking, no reason was found for dispensing with either gold or silver as primary money; indeed, with the growth of population and the increase in trade and commerce, the need for both metals for monetary purposes became more urgent. It is true, as the Senator from Washington has stated, gold has become a "fetish", and for a number of decades efforts have been made to envelop it with a sacredness wholly unjustifiable, and at the same time to lead the people to disparage silver and to degrade it to the level of an unimportant commodity.

There are some who have forgotten that a number of years ago, when the gold mines of California and Australia were pouring their treasures into the channels of trade and commerce, a number of European nations demonetized gold and made silver the sole monetary standard of value. Gold was not sacred then because it was regarded as plentiful and therefore cheap. Believing, as many did, that silver was the scarcer of the two metals and its production would be relatively less than the production of gold, they were willing to make silver the sole standard of value and to remove gold from the category of primary money.

History demonstrates that the demonetization of silver was not demanded by the people, but by a limited number of creditors and those who desired to control the economic, industrial, and, indeed, the political life of the people. It was believed that a scarcity of primary money would increase its value in relation to commodities and human labor, and would inure to the advantage of the creditor class. Dear money, it was believed, would cheapen labor and reduce the price of commodities.

Undoubtedly the bondholders of Great Britain and some of the large industrialists inaugurated the movement in 1816 which led Great Britain to demonetize silver and make gold the sole standard of value. Other nations, however, declined to follow the course of Great Britain until 1871. During that period, as during preceding centuries, gold and silver circulated side by side discharging the functions of primary money.

Germany, when she obtained a billion dollars in gold from France by way of indemnity following the Franco-Prussian War, demonetized silver, and later France and the other members of the Latin Union followed her evil example.

From the foundation of our Government until 1873 silver had been recognized as a part of our monetary system; indeed, silver, in the first monetary measure enacted in Washington's administration, was given a place side by side with gold, and the unit of value was fixed in the act. The silver dollar, with a prescribed number of grains of silver, constituted such unit. In 1873 the American people were satisfied with bimetallism. They did not ask for silver's demonetization, and when they discovered that surreptitiously a law had been passed which removed silver from its high station there was great resentment throughout the country.

I submit that the demonetization of silver has had most serious and deadly effects in the industrial and economic life of the people of the world. It has been a contributing factor to falling prices and to the world-wide depression. With the destruction of silver, the demand for gold increased, and its scarcity augmented its value and correspondingly depressed the prices of human labor and of all commodities. It was obvious that the destruction of a part of the metallic base of the monetary structure of the world would weaken the structure and result in most serious consequences. Economists admit that as the population increases and as trade and commerce expand, the need for primary money is increased. The production of gold is wholly inadequate to meet this increase in trade and commerce and in population.

The Orient has suffered because of the debasement of silver, but her suffering had led to industrial activity which injures occidental nations. With cheap silver there has been a remarkable increase in industrial development in China and Japan, a development which is a menace to the industrial system of this and other countries.

It is high time that silver be restored to its proper place. I believe the time is propitious for the remonetization of silver—for an international agreement under the terms of which the mints of all countries will be opened to the free coinage of silver at a fixed ratio with reference to gold. An

international conference will soon meet in London. The silver question will be one of the vital and important questions there to be considered and dealt with.

The President of the United States is exhibiting great interest in this conference, and I cannot help but believe that the conference will agree upon a plan that will give to silver a high position in the monetary systems of the world.

Mr. President, with reference to the amendment under consideration, permit me to say that I hope that we will not have a monetary system which discriminates between the various forms of currency coined or emitted by the Government or its agencies. All the moneys of the United States should circulate freely and at par, and should be lawful money of the United States receivable in payment of all debts, public and private. This is a desideratum greatly to be desired. All money issued by the Government should be lawful money and should be legal tender for the payment of all debts, public and private. With that view I am in accord.

I would look, however, with apprehension upon any measure adopted at this time, which might lead to the conclusion that obligations payable in gold might be discharged by currencies or moneys other than gold. The situation of the country is such that measures should be avoided that would create uncertainty or fear among the people as to the validity of contracts. While it is true that technically our Government is not on the gold standard, nevertheless there are billions of obligations payable in gold at its present weight and fineness.

In my opinion it would be unfortunate if Congress should enact legislation that might be regarded as interfering with the obligations of these outstanding contracts. I am afraid that the amendment of the Senator from Washington, if adopted, may be misconstrued and lead to fears and misgivings as to its meaning or implications. Some may construe it to be ex post facto in its operations, or, at any rate, to cast doubts upon the right of holders of bonds and obligations payable in gold to have the benefit of their contracts.

Congress was convened in extraordinary session because of the serious condition of the country. This is an extraordinary session to meet extraordinary and exigent conditions. We are not legislating, or at least should not in this tense atmosphere, as if the country were in a normal condition. The measure which is before us is an emergency measure. It deals or is supposed to deal with temporary conditions, not conditions of a permanent and enduring character which would call for permanent legislation. Measures which may be justified in war, or when the country is in danger economically or otherwise, may not be warranted when the country is at peace and when no extraordinary or dangerous conditions exist.

The economic condition with which the country is now confronted may justify heroic, drastic, and most extraordinary measures—measures which could not be defended and would not be suggested in normal times. I suggest that we should not take advantage of this economic depression and the emergency which exists to project legislation designed to be permanent, and particularly if it deals with fundamental questions and calls for substantive law.

The amendment under consideration might well be offered under other conditions, and at other times, but with the people in a condition of bewilderment, and many business men frightened, and oppressed by a spirit of uncertainty and doubt with respect to the character and significance of the proposed legislation now in process of enactment, it seems to me that we ought not to propose measures that will add further to the fears and possibly increase the distress throughout the country.

The people want reassuring measures, not those that will be disconcerting and which will be susceptible of misconstruction and misinterpretation. As stated we are legislating for an emergency situation and should keep that before us in dealing with the measure brought to us for consideration. The amendment offered projects itself into the future and effects contracts to be made in the future. It changes existing law and alters the form of contracts which, under the present law, could be made but which under the proposed amendment would not be effective.

While I believe, as I have stated, that silver should be restored to its proper primary place in our monetary system, and that both gold and silver should be money of ultimate redemption receivable in payment for all debts, public and private, nevertheless I appreciate the fact that there are many who do not accept my views; they propose a course of action, and approach the objective in a manner not as expeditiously as I desire or that many of the sincere friends of a proper monetary system could wish. Many will believe that this is not the appropriate time and place for legislation such as that suggested by the Senator, though they may favor it and would enthusiastically support it except for the extraordinary situation in which we find ourselves.

Mr. DILL. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Washington?

Mr. KING. I yield.

Mr. DILL. The fact of the matter is that the bill now contains a provision for the decrease of the gold content of the dollar. Does not the Senator think that this amendment would counteract the effects of all the talk about the terrible results of decreasing the gold content of the dollar?

Mr. KING. I am not able to accept the Senator's view. In the first place, I do not think the President will exercise the power provided in the measure before us and devalue gold. I may add in passing that I hope the authority so proposed to be given to the President may not be exercised by him. I fear that the suggestion of the exercise of such power may have a disturbing effect in our industrial and business life. It may create uncertainty as to existing contracts and as to future contracts. It may be regarded by some as creating such an uncertain situation as to interfere with contracts to be executed in the future. Business at the present time is at a low ebb, confidence is not so strong as it should be, and anything that will arouse suspicions or undermine confidence in our monetary system will constitute obstacles to a resumption of business and production so essential to business revival and to overcoming the deplorable condition of unemployment. Measures which carefully examined may be unobjectionable in ordinary times may prove objectionable in a situation such as that in which we find ourselves today. When the people are in a condition of depression or where the psychological conditions militate against peace and a proper spirit of equanimity, proposed legislation should be given most careful attention.

As I have indicated, I fear that the talk of devaluing the gold dollar may have disturbing effects; there will probably be unfounded propaganda and unwarranted and erroneous statements made, as to the purposes of the President, or the consequences which will result if the measure before us becomes law. Some people will forget that the President of the United States only desires the welfare of his country and that he is as much concerned, and, indeed, because of the responsibilities resting upon him, more concerned in restoring peace and prosperity and lifting this country out of the depression, than any other person can be. He is profoundly concerned in relieving the country from the plight in which he found it and in restoring confidence, reviving business, promoting industry, alleviating the tragic conditions of the people, and bringing happiness and prosperity again to the people of the United States. Moreover, he is interested in those measures which will promote international goodwill and world-wide cooperation in the interest of peace.

Mr. DILL and Mr. LEWIS addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Utah yield; and if so, to whom?

Mr. KING. I yield first to the Senator from Washington.

Mr. DILL. I want to call the Senator's attention to the fact that this is one of the provisions that is not within the discretion of the President; this is one part of the bill where Congress specifically lays down a requirement which is not within the President's discretion.

Mr. KING. I agree with the Senator that his amendment does not allow discretion to the President; it is a proposal to incorporate into emergency legislation a general provision designed to be lasting and enduring and to modify our fiscal or monetary system. Some might look with great favor upon the amendment if it was of a temporary or emergency character and placed in the same category as the mordant or slumbering power granted to the President to be exercised by him when he finds certain facts and conditions to exist. In other words, the fact that the proposed amendment calls for permanent legislation affecting our fiscal or financial system, which is still in the making, will be regarded by some as objectionable.

If silver shall be restored to its proper monetary status, and if gold shall be, or shall not be devaluated, but we shall be brought to ordinary and normal conditions, and shall agree upon financial or fiscal or monetary legislation designed not for temporary purposes but for the future, then the proposal of the Senator might, with propriety, be adopted. Indeed, if I understand it correctly, I should favor it. That is to say, I should favor a monetary system in which the circulating medium of our country—our moneys, our currencies, our specie—should have proper relation one to the other, and that under such relation all should be, in the language of the Senator's amendment, "lawful money of the United States, and be legal tender in payment of all debts, public and private." But, as I have indicated, we are dealing not with certainties but with uncertainties—with temporary and extraordinary conditions, and not with a situation where normal and regular and ordinary conditions prevail.

I might add that if we were enacting permanent legislation and revising and remodeling our monetary laws, the language implied in the Senator's amendment might require some modification. I can conceive of contracts for the purchase of gold for industrial purposes, or contracts for the payment of gold, which it would be most immoral not to enforce, even though currencies, silver and gold, were compounded into one mass, so to speak, and each treated as the equivalent of the other in payment of all debts, public and private. However, as I have indicated, meritorious as the general principle embodied in the amendment may be, it is my opinion that it is not a propitious moment to enact into law the provisions of the amendment in question.

Mr. LEWIS. Mr. President, I wish to take the floor in my own behalf. I rise to offer remarks upon a question which has already been before the Senate; and, of course, the fact that any subject is for any length of time debated before the Senate clearly indicates that it has been discussed with wisdom and directed with statesmanship.

Mr. President, I want to address myself to that clause in the pending bill to which the able Senator from Utah [Mr. KING] has just alluded, and to which the Senator from Virginia [Mr. GLASS], one of the most highly respected men who honors this body by his capacities, has made allusion in most eloquent and forensic terms. I regret that such a pall and atmosphere of gloom should have surrounded the subject, as if it were completely new as a subject; and, being initiated for the first time in government, it carried threats of results that foreboded danger to Nation and disaster to national credit.

Mr. President, I listened to the eminent Senator from Pennsylvania [Mr. REED], whose absence I note with regret and whose presence I will welcome with pleasure if he finds it agreeable to return to his seat. He, too, portrayed to this body what a calamity would follow this assumed unprecedented act of allowing the President of the United States the privilege of ascertaining when a certain quality or quantity of money was to be decreased in value and permitting, as of authority, the Chief Executive to take action to fix that change in value.

Mr. President, for the moment it is well to ask ourselves what is this particular provision under discussion and accusation. It provides that, in the event the case arising where the President of the United States will find a justification for the exercise of a discretion and make declaration as to the value of the content of the gold dollar, such a declaration may be made by him to meet the conditions justifying his act. It must be assumed, able Senators, that there was some assumption in the minds of those who prepared this measure of a condition existing or to arise, if not now, then hereafter, involving a danger so great as to authorize and justify the President's action as one of defense.

If it be true that we are trusting this officer on the ground that the people have imposed upon him the responsibility as well as the credit and trust, it must be likewise assumed that he is the manner of man who will not violate the trust and will only exercise the power under emergencies which will justify its exercise.

Mr. President, that being true, under what circumstances has such power in the history of our past been exercised? The eminent Senator from Virginia [Mr. GLASS], than whom there is no greater authority upon questions of banking and currency, in his splendid oration, tendering his own reasons for not agreeing to grant this privilege to the President, used the very fateful language that he regarded this proposed act as little less than "immoral", meaning immoral from a statesmanlike point of view, as in its conduct and operation it was so unprecedented as to lack the virtue of having legislative precedent or constitutional authority.

Mr. President, early in our history a situation arose in our Government which was similar to our present status. The question then was one of money then existing in the form of gold coin of other nations which had been adopted in this land as the money of the United States, and whether the status of American money should be any longer allowed. The question was whether the Spanish-milled dollar, which we found it agreeable to adopt as expressive money of the United States, should be in form and nature the sole money of the United States. Then arose the next question, Was it a good policy to give to the President of the United States the right by his decree to say when this form and value of money should not obtain in the United States, and when contracts calling for such money as United States money should end? It was demanded that whenever the emergency arose that justified his action Congress should give him the power to order the act and to exercise the authority. The eminent Senator from Virginia can take great pride in recalling that it was a distinguished officer of the Government from his renowned State who had much to do with this matter. I call attention to the item. I quote the history and read.

On February 9, 1793, the conditions of the Government existing at a time calling for a change or declaration as to finances and money, particularly as to the coin of the land, Congress passed an act to authorize and declare the date when all foreign gold coins and silver coin except the Spanish milled dollar should cease to operate as legal tender in the United States.

In this law there was a provision giving to the President of the United States the power to say when that money should not be legal tender or when contracts that seemed to embrace it and describe it should not be treated any longer as legal to the full extent of legal contracts. That power was reposed in an executive officer. This act of the Congress of the United States was of the date of February 17, 1793. It was subsequently carried into effect by a President who was from Massachusetts, scholarly, learned, and often quoted as a great authority on constitutional government when it was being founded, shaped, and directed. John Adams declared in 1797 that Congress should enact further legislation in carrying out this provision. It will be kept in mind, sir, that this law provided that the President should be authorized to declare as void and not any longer acceptable either under contract or for barter certain gold coin or silver coin of foreign mintage which was then regarded as legal tender, but which was under Executive order to be thereafter declared no longer legal tender. This decree to come forth when the President of the United States should so adjudge.

It must be assumed that there were emergencies in Government which impressed upon the minds of the eminent statesmen of that day that there was necessity for such action, or that such necessity would arise, the shadows of

which they saw in the dark and murky hours in which they lived. So the Congress granted this privilege and authority to such purpose.

I ask the able Senators who do me the compliment to hear me, Where is there any difference between the very act wherein the President of the present day is authorized, if future events shall justify him, to exercise his discretion and the authority which was granted President Washington as of date of 1793 and followed later by President John Adams by action in 1797?

Mr. GLASS. Mr. President, will the Senator permit me to interrupt him?

The PRESIDING OFFICER. Does the Senator from Illinois yield to the Senator from Virginia?

Mr. LEWIS. I gladly yield to the Senator from Virginia.

Mr. GLASS. There is a vast deal of difference.

Mr. LEWIS. I should like to have the Senator from Virginia give me his views, for I greatly respect them.

Mr. GLASS. My view is that the earlier act did not involve repudiation by the Government of the United States of its own obligations denominated in the bond.

Mr. LEWIS. I do not know what the able Senator means by "repudiation of obligations", but I must tell the able Senator, or refresh his mind as to that which probably he omits, that we were then under obligation for money borrowed from France, in which there was the specific obligation to pay in the very form of coinage which the particular measure under the act of these two distinguished Presidents to whom I refer prescribed. If that was not repudiation, it at least created an innovation and change to such an extent as would have the actual effect in those times as contemplated under the present law. To call it "repudiation" would, of course, touch the Government with political immorality, which the necessities justified in the judgment of the people of the country. This it was that caused them to vest in their President the power to execute it. The question, then, of the abrogation of a contract or violating one ceases to be considered if the preservation of your land, your country, and its honor rises superior to the mere private demand of some person, in the language of the famous Shylock, for the mere "execution of his bond."

Therefore, I say to the Senator from Virginia the two cases are exactly parallel, except that in the one the able Senator feels it would be equivalent to the violation of an obligation, being the contract of the United States, and in the other case the privilege was permitted the Government for the protection against what then was some danger that must have been imminent. Must we not assume that the present President of the United States will not attempt to use this privilege granted him under the law if there shall not arise a justification for it similar to that in the case of the act which I bring to the attention of the Senate and particularly to the attention of the eminent Senator from Virginia?

Mr. GLASS. I may remind the Senator that not even the bond of Shylock was repudiated. The court ordered him to take his pound of flesh, but the bond did not guarantee him a drop of blood and therefore it was not repudiated.

Mr. LEWIS. I remind the Senator that in this particular instance, if the Senate shall conclude that there is an obligation to take blood on the part of those who hold our bonds and who have in the past been taking blood and draining the Nation until it is dry, lost in bankruptcy, darkened in dishonor, its homes crowded with disaster, they will not enjoy its blood because the American public are decreeing the authority to the President of the United States to act as Portia, and he shall rescue the country as that Portia did rescue her victim.

Mr. GLASS. It may be said that the purpose of the Government of the United States is to appeal to those very persons whom the Senator so berates to take more of its bonds.

Mr. LEWIS. I answer the able Senator from Virginia to say that he now embarks upon that which should interest us all; and that is, What will we conceive to be the reason for this privilege being vested in the President of the United States? It is because they do relate to a foreign country who it may be said at some time or another may find the bonds of our country so appealing as to quickly invest in them. But I take it upon myself to bring to the thought of the Senator from Virginia and of other Senators about me what is in my mind.

The PRESIDING OFFICER. The time of the Senator from Illinois on the amendment has expired.

Mr. LEWIS. I take my remaining time upon the bill.

The PRESIDING OFFICER. The Senator from Illinois is recognized for 15 minutes on the bill.

Mr. LEWIS. I appreciate the courtesy of the Chair and of the Senate.

Those named foreign countries have changed their standard of finance. That they have done it in the past indicates their privilege to do it in the future. They have of our obligations many. Suppose on tomorrow, in changing their finance in relation to the debt they owe us, that this act shall put them in the position by the stress of the change of their finance that they pay us only one third, if even that, by virtue of the new revaluation of their finance. Shall not something be left in the hands of the President of the United States or in our Government by which it can retaliate to prevent the wrong and the injury to us, and have at least some privilege within himself to take the same course if we are wronged in the manner I have described on the part of a foreign government? Shall we have none who shall carry the sword in the scabbard?

Mr. REED. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Illinois yield to the Senator from Pennsylvania?

Mr. LEWIS. I yield gladly.

Mr. REED. Is not the Senator forgetting that the foreign obligations to our Government which we classify as war debts are every one of them payable in gold money of the standard of value at the time the debt settlements were made?

Mr. LEWIS. It would be equally true if we were to declare war or war were declared on us. The fact that the provisions were made for payment in gold would not prevent us from defending ourselves by not paying the gold to be used against us in an attack upon us. If those countries should adopt the plan and deliberately assail us by their form of change of their finance that robbed us the full equality of our contract, our privilege to do the same as to them is a right of self-defense.

Mr. REED. The Senator did not understand me. The promise of France, for example, is to pay her debt to us in American dollars in gold of the same standard of weight and fineness as existed when she made the debt settlement. If we are going to violate our own contracts and repudiate our own gold obligations, obviously we are giving her the same privilege. The action of the Senate yesterday may have the effect of surrendering to Europe half of the war debts that she owes to us.

Mr. LEWIS. In the first place, I beg to correct my eminent friend, able as he is and equipped with knowledge as we all concede. There is no obligation of this Government to any other Government that records the words "Grains of gold of so much fineness." He has in his mind the contract born of the Pacific Coast States which grew gold upon their hills, but in the bonds to which the Senator refers the word is "gold" merely.

Mr. REED. I am talking about the debts due to this country by France and Great Britain and our other allies. Their bonds contain the words "payable in American gold dollars of the present standard of value".

Mr. LEWIS. I had alluded to that, perhaps, in the absence of the distinguished Senator from Pennsylvania, which I very much regret. I called attention specifically, in view of this qualification, that now should they, by their forms of finance and new finance legislation, take from us the privilege that we should enjoy the bonds in full value prescribed, shall it be said that we shall not have a similar privilege in the hands of our officer to retaliate against such

a wrong? It is for that reason that the legislation to which I have called attention at the time of George Washington and John Adams was enacted by our country, the copy of which is literally before the distinguished Senator and which he was inclined to regard as entirely unprecedented in its presentation to this body.

Mr. GLASS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Illinois yield to the Senator from Virginia?

Mr. LEWIS. I am glad to yield.

Mr. GLASS. Why confine the argument to the extremely limited indebtedness or holdings of foreign countries of our securities? What has the Senator to say of the repudiation of the $21,000,000,000 owing to Americans who denied themselves and suffered in order to buy the bonds of the Government of the United States when we were confronted with the peril of war?

Mr. LEWIS. If this country of ours reaches the point where her dangers are so great and the destruction threatened so imminent as to practically threaten the value of all of her securities and her standing that the President has to resort to a measure for the defense of the United States, the promise of payment in gold amounts to nothing, for it would then be valueless, and unless there be power in the hands of someone to avoid the peril to the worth and value, the worth would be utterly valueless. Therefore it is not repudiation, as my friend would call it. It is an emergency to meet and avoid others repudiating us or to escape dangers which destroy the property of our Nation and our honor.

Mr. GLASS. Nobody ever repudiated a debt that did not claim the necessity of it in an emergency.

Mr. LEWIS. True, the large institutions which have been robbing this country under the name of banking, for whom my eminent friend cried out in splendid tones of indignation that this act would destroy the whole "bond market"—have not those bond masters under cry of necessity or privilege destroyed enough in this Government by which it shall be asked again that they be given control of this Nation that they may take the last remnant and vestige of power within the Republic?

I answer by saying it would be repudiation if we presumed merely to take the contract from mere cupidity and mere gain of finance, but where the conditions were such that the President for the preservation of all were compelled to take advantage of the act, that act shall be justified in self-defense and statesmanship. It is in an emergency we deal, which would never be exerted unless there were justification. If that could be vested in both George Washington and John Adams before they were tried, surely we may say to the country in this time that we can vest like confidence again in another who, let us believe, will prove of the intelligence of an Adams and the patriotism of Washington.

Mr. President, because of these precedents and the faith that we have in American character, I venture now to say that we are turning to the salvation of America that she may not again be submitted to the destruction of her honor and disgrace before the world which she has been compelled to endure at the hands of these masters who claim their privilege now to undo our Treasury to the last grain of its gold while they rob their country of its fulness of honor.

Mr. President, I conclude. I appreciate the courtesy extended to me by the Presiding Officer and by the Senate. I remind the eminent Senator from Virginia that there will be those who will charge us with repudiation and will give it that name and will tinge with dishonor the undertaking, but I repeat what the great statesman, Robert Peel, said in his debate in the era of Cobden and Disraeli in the fight for free bread and cheap homes. He concluded:

> I know I will be execrated by every monopolist in the land; but if we give to the poor cheap bread and shelter to the homeless and give security to our nation, even if we inherit the curses of the mean we will rejoice in the blessings that flow to the needy and give relief to all our countrymen in the real.

Here I proclaim this United States is for her people; her people support their President and confide in his leadership.

Mr. President, I thank the Senate.

Mr. GLASS. Mr. President, if I may add a word, I am sure the distinguished Senator from Illinois will be greatly distressed to learn that the Bureau of Engraving and Printing of this Government is now printing similar promises to be offered to those masters of the people.

Mr. LEWIS. Upon the theory that they will hereafter conduct themselves in different manner than in the past.

Mr. NORRIS. Mr. President, I observe that the Senator from Washington [Mr. DILL] is not in the Chamber at the moment. It had been my intention to take the floor and discuss his amendment, but I shall not do so at the present time.

Mr. THOMAS of Oklahoma. Mr. President, may I say that an amendment will be offered by the Senator from Arizona [Mr. HAYDEN] which will embody the same thought that was proposed to be carried by the amendment to be suggested by the Senator from Washington?

Mr. NORRIS. I should like to say to the Senator from Oklahoma that I am thinking of a different modification than he is. I realize that an amendment at this time would not be in order, because it would be in the third degree, and I merely wanted to suggest it to the Senator from Washington. I think it is a different proposition.

Mr. BULKLEY. Mr. President, the provision of the Thomas amendment with respect to legal tender leaves in doubt an important question which I think we have no right to leave in doubt. That provision is so short that it will take but a moment to read it. It reads as follows:

> Such notes and all other coins and currency heretofore or hereafter coined or issued by or under the authority of the United States shall be legal tender for all debts, public and private.

Does that language make these coins and currencies legal tender in satisfaction of an obligation heretofore incurred payable specifically in gold of a stated weight and fineness? It has been generally contended that it does. Senators have gone so far as to contend that this power even involves a possibility of a reduction of the weight and fineness of the coin in which the obligations of the United States itself are to be paid. I do not think that the language I have read is capable of such construction, because the Supreme Court has already ruled in a similar case that similar language did not apply in the manner suggested. The language "legal tender for all debts, public and private", is the identical language that was carried in the Legal Tender Act of 1862. The Supreme Court later had before it the case of *Bronson* v. *Rodes*, reported in 7 Wallace, at page 229. That involved a contract payable in coin. The court found that there were two kinds of currency in circulation in the United States at that time—namely, coins and paper currency. From the opinion I read a single sentence, which states the reason for the decision:

> If, then, no express provision to the contrary be found in the acts of Congress, it is a just if not a necessary inference, from the fact that both descriptions of money were issued by the same government, that contracts to pay in either were equally sanctioned by law.

Finding that the contracts to pay in either kind of money were equally sanctioned by law, the court proceeded to hold that the owner of an obligation payable specifically in gold and silver coin was entitled to a judgment in gold and silver coin, notwithstanding the provision of the Legal Tender Act making Treasury notes "legal tender for all debts, public and private."

Mr. President, I understand that there are provisions in the statute law of the United States today, on which I will not elaborate here, that are quite different from the provisions which existed at the time of that decision; and, therefore, it is not quite certain that the court would again hold in the same way that it held in the case of Bronson against Rodes if it were called upon to interpret the language of the bill that we now have before us. I do, however, call attention to the fact that the language itself in the pending amendment, providing that the currency and coin of the United States shall be "legal tender for all debts, public and private", is exactly the same as that used in the act of February 25, 1862, which was held not to apply to a contract specifically payable in coin.

Mr. GORE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Oklahoma?

Mr. BULKLEY. I do.

Mr. GORE. I believe the Senator is a little inexact when he says the language is the same. There was an exception of duties, imposts, and interest on the public debt; and that point was emphasized in one of the California cases, Sun Cheong-Kee against The United States, the fact that the United States itself insisted upon collecting customs duties in coin.

Mr. BULKLEY. Of course the Senator is correct that there was that exception. But in the case I have cited that was material only to support the finding of the court that there were two kinds of money in circulation in the United States at the time.

The decision in Bronson against Rodes might be applicable today, but I do not insist that it is applicable beyond any doubt for the reason that at the time that decision was rendered there was no provision for the Government maintaining a parity between the different currencies that were in circulation, whereas today it is by statute the duty of the Secretary of the Treasury to maintain all forms of currency at a parity. That difference in the statute law might possibly justify a difference in the construction which the court would put upon this language.

Mr. FLETCHER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Florida?

Mr. BULKLEY. I do.

Mr. FLETCHER. May I interrupt the Senator to say that that makes a great deal of difference. The act of 1900 would seem to me to cure all question that might be raised as to whether this issue would be lawful money and receivable for all debts, including taxes and other obligations.

Mr. BULKLEY. It would unquestionably be lawful money, but it would not unquestionably be legal tender in the case of a contract specifically payable in gold of a certain weight and fineness. The point is that everyone must be in doubt as to how it would be interpreted; and we should not leave language in the bill that is so doubtful as this language. We should make it certain whether we intend, in making these notes and coins legal tender, to make the legal-tender quality apply to contracts already in existence providing for payment in gold coin of a specified weight and fineness. If we do so intend, we should say so in plain language, and to the extent that we do not so intend we should make it clear that we do not intend it.

I have prepared an amendment to this end, declaring the intention to make the legal-tender quality of these currencies adequate to satisfy private contracts notwithstanding that they are payable in gold of a stated standard of weight and fineness, but that that shall not affect obligations due to or from the United States Government based on contracts in existence prior to the enactment of the present law.

Mr. President, if we do not make this legal-tender quality apply so that it may discharge private obligations, and obligations of States and municipalities heretofore contracted and payable in dollars of a fixed standard of weight and fineness, we shall put municipalities, school districts, railroads, and other obligors at an increased disadvantage in meeting their indebtedness. If the value of the dollar shall be decreased for all other purposes, and yet obligors under those gold contracts are obliged to continue to pay in dollars of the old standard of weight and fineness, the difficulty of meeting their obligations will be tremendously increased, whereas I have no doubt that it is the real purpose of the Congress to reduce those obligations in order to offset the great increase in purchasing power of the dollar, which has been so much noted.

Mr. GORE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Oklahoma?

Mr. BULKLEY. I do.

Mr. GORE. I desire to ask the Senator from Ohio whether he thinks Congress can make these notes legal tender in payment of taxes or in payment of the obligations due by a State.

Mr. BULKLEY. I think it can. I do not wish to imply that I consider the subject free from doubt; but that was held in one of the *Legal Tender cases*, as the Senator no doubt recalls.

Mr. GORE. What I had in mind, I will say to the Senator, was the *Lane County case*, in which it was held that the legal-tender notes were not legal tender in payment of taxes.

Mr. BULKLEY. I beg to suggest to the Senator that what was held in the *Lane County case* was that the Legal Tender Act did not apply. It was not held that it could not apply, and that is another point that I had intended to cover in the amendment which I am about to propose. "Debts, public and private," were held by that case not to include taxes imposed by a State authority. In the amendment which I am about to offer I am adding to the word "debts" the word "dues", so as to make it apply to debts or dues.

Mr. GORE. The Senator thinks, then, that in the *Lane County case* it was a question of intent, and not a question of power?

Mr. BULKLEY. That is my opinion. Similarly, in the case of Bronson against Rodes, to which I have just alluded, the decision was that the act was not intended to apply to the contract which was the basis of the action.

As to the question of whether or not Congress could, within the Constitution, make a legal-tender money which would have to be accepted in the discharge of those contracts, it seems to me that the Supreme Court, in the case of Knox against Lee, gave a very strong indication that the Congress has that power. I read from that case:

> Every contract for the payment of money, simply, is necessarily subject to the constitutional power of the Government over the currency, whatever that power may be, and the obligation of the parties is, therefore, assumed with reference to that power. Nor is this singular. A covenant for quiet enjoyment is not broken, nor is its obligation impaired by the Government's taking the land granted in virtue of its right of eminent domain. The expectation of the covenantee may be disappointed. He may not enjoy all he anticipated, but the grant was made and the covenant undertaken in subordination to the paramount right of the Government.

I skip some at that point and go on:

> Nor can it be truly asserted——

The PRESIDING OFFICER. The time of the Senator from Ohio on the amendment has expired.

Mr. BULKLEY. I will speak again on my own amendment.

Mr. WALCOTT obtained the floor.

Mr. NORRIS. Mr. President, will the Senator yield to me for a moment?

Mr. WALCOTT. I yield.

Mr. NORRIS. I undertook to do what I am about to do now when the Senator from Washington [Mr. DILL] was not in the Chamber.

Let me say again that I am in entire sympathy with the Senator's amendment. His amendment, however, applies only to gold. I do not see why it would not be better to have the amendment in general terms so that it could apply to anything—gold, or silver, or anything that may arise in the future.

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Nebraska? The Chair has recognized the Senator from Connecticut.

Mr. WALCOTT. I prefer not to yield further, if the Senator does not mind. I shall take only a few moments.

Mr. NORRIS. Will the Senator then, while the Senator from Washington is here, let me have the floor so that I can make this suggestion now?

Mr. WALCOTT. I prefer to proceed at this time.

Mr. NORRIS. All right; go ahead. I tried to keep the floor once, but lost it.

Mr. WALCOTT. Mr. President, I was present yesterday afternoon, as nearly all of us were, to listen to a speech which was the outstanding event in this country, I think—a speech which, in my opinion, will go down in history as one of the great historic speeches emanating from this body,

around which men can rally who believe in sound money and sound principles and who admire the exhibition of great courage at a critical time, and from which they can quote. Obviously, I refer to the wonderful exposition by the senior Senator from Virginia [Mr. GLASS], whom I compliment myself by calling my friend.

If what he predicts comes true, if the President avails himself of the extraordinary powers that we are granting him from day to day, and proposing to grant him in this bill, if it passes—and I am quite sure it is going to pass—I hesitate to talk about what I believe will be the consequences; but I want to illustrate what I think may happen by giving the Senate a very brief story that I got from an eminent German economist 2 or 3 days ago. It is as follows, and he tells me that this is a true story:

A German hairdresser who went through the inflation period in Germany came to this country, dead-broke, 3 or 4 year ago. She now has a little United States money. This is what she is going to do with it if we go on with the inflation program of which we are talking:

Buy all the good farm lands she can, not far from some city, to insure a market; mortgage the land as heavily as possible at the bank; spend the money received on the mortgage to buy upon the installment plan everything needed in the way of equipment—a portable house, if necessary, farming implements, a tractor, an automobile, and everything essential for the farm as far as the money will go, making only the first payment on each item; then sit tight until inflation destroys the value of our money, as it did in Germany, and all debts are virtually canceled. She will have her farm fully equipped and in working order and a comfortable place in which to live; she can raise her own food from the ground and live happily ever afterward without regard for the rest of the world or thought for the morrow, and it will have cost her but a few dollars.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. WALCOTT. I yield.

Mr. NORRIS. Does the Senator remember what the Senator from Virginia said the other day; and if he does, does it not knock his illustration into a cocked hat? He said on the floor of the Senate that nobody outside of the insane asylum would lend any money on land. So, to start with, this woman could not get her money, and she could not carry out that kind of a scheme.

Mr. WALCOTT. If we cannot borrow any money on land, then we are at the bottom of the ladder, we have gone through the abyss.

Mr. NORRIS. Mr. President, I will try again to suggest what I tried to suggest to the Senator from Washington in order to make his amendment, which is the pending question now, general, instead of having it apply specifically to gold. To do that, as I look at it, all he would have to do would be to strike out, in line 2 of the amendment, after the word "of", the balance of the line, the words "the same in gold", and to insert in lieu thereof the words "any specific kind of money", so that it would read:

All contracts, bonds, notes, or other forms of agreement hereafter made for the payment of any specific kind of money shall be payable in lawful money,

And so forth.

Mr. DILL. In other words, the Senator wants to include silver, as well as gold?

Mr. NORRIS. Yes.

Mr. DILL. I see no objection to that. I am perfectly willing to accept that modification, if the Senator desires to offer it. I will modify my amendment to conform to the suggestion of the Senator.

The PRESIDING OFFICER. Without objection, the Senator modifies his amendment.

The question now is on the amendment offered by the Senator from Washington [Mr. DILL], as modified, to the amendment of the Senator from Oklahoma.

Mr. DILL. I ask for the yeas and nays.

The yeas and nays were not ordered.

The amendment was rejected.

Mr. BULKLEY. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 4, line 24, the Senator from Ohio moves to strike out the words "public and private", and to insert in lieu thereof the following:

and dues, public and private, and, notwithstanding any express provision or stipulation with respect to payment in money or coin of a specified standard of weight or fineness contained in any law or in any contract heretofore or hereafter entered into, shall be accepted at their nominal value in payment of such debts and dues, except that nothing herein contained shall affect any payments due to or from the United States under any contract entered into prior to the date of enactment of this act.

Mr. BULKLEY obtained the floor.

Mr. CONNALLY. Mr. President, will the Senator yield for a question?

Mr. BULKLEY. I yield.

Mr. CONNALLY. Should not the Senator's amendment also contain a provision relating to any contract of the United States, or any provision of law? There are dues to the Government under statutes, rather than under contracts.

Mr. BULKLEY. I had not intended to make the exception of private dues under statute, because it seemed to me that if the dollar is to be devaluated, people ought to be able to pay their taxes in the devaluated dollar.

Mr. DILL. Mr. President, I want to know why the Senator differentiates between private contracts and Government bonds.

Mr. BULKLEY. I think there is a very sound reason for that. The reason private contracts should be subject to any new law we may here enact I stated a few moments ago. Those who are obligated under those contracts are the very ones who need most the relief from the devaluation of the dollar. Those who borrowed money when the dollar was worth less than it is now and entered into these long-time obligations containing the gold clause, are the very ones who rightly should benefit by the inflation now proposed.

Now as to the distinction between private contracts and Government bonds, there may be an element of doubt as to the constitutionality of it, but I had just started to tell my reason for believing it is constitutional for us to make those private contracts payable in lawful money, even though the contracts themselves stipulate they shall be paid in gold of a specified weight and fineness.

Mr. DILL. The Senator's amendment does not do that.

Mr. BULKLEY. Yes; it does that.

Mr. DILL. I do not so read it.

Mr. BULKLEY. The exception is as to Government bonds only. It makes all private obligations payable in the legal-tender money, but the obligation of the Government itself stands on a different basis from any private obligation. The private obligations were entered into subject to the right of the Government to regulate the value of money, but where the Government itself is the debtor, where the Government itself is a party to the contract, and has put in a clause making the obligation payable in gold of a fixed standard of weight and fineness, that ought not to be subject to revision by the action of the Government itself.

Mr. DILL. In other words, the Senator wants the law to provide that private promises to pay in gold shall not be enforceable.

Mr. BULKLEY. Oh, no; they are enforceable, but they may be discharged by payment of money of the kind specified.

Mr. DILL. That the contracts shall not be enforceable by payment in gold.

Mr. BULKLEY. That is exactly what I propose. However, contracts to pay money to the United States Government, those contracts of foreign governments to which the Senator from Pennsylvania has just alluded, will not, under my amendment, be payable in dollars of a reduced value.

Mr. LONG. Mr. President, will the Senator yield?

Mr. BULKLEY. I yield.



Mr. LONG. The Senator is proposing to set up, then, one standard for contracts with the Government and another for contracts between the people themselves. We would have to run a double standard then.

Mr. BULKLEY. There are not so many contracts of the Government to which this would be applicable. There are only the foreign debts and the Government bonds.

Mr. LONG. There are more contracts than that; but let us say that is all. A man would have to keep two yardsticks. One would be the dollar, and if I am dealing with my neighbor the dollar is worth 61 cents. If it is the Government, I am saying it is something else.

Mr. BULKLEY. Mr. President, if the different forms of currency go to different values, there will be two yardsticks in general use anyway. If they do not go to different values, this amendment would not make them so.

Mr. DILL. Mr. President, the Senator's amendment, however, would make it possible for the bondholders to become a highly preferred set of citizens in case the dollar were devaluated.

Mr. BULKLEY. Only as to bonds of the Government of the United States. They would gain some advantage in price, but would get only the same amount of gold that they are entitled to if we do not devaluate the dollar.

Mr. BLACK. Mr. President, what is the total indebtedness this would place on the excepted class?

Mr. BULKLEY. As I understand it, it is something over $20,000,000,000; but the amount is not material—the principle is what is involved.

Mr. BLACK. I understand it is the principle. May I ask this?—Suppose the gold dollar should be reduced 50 percent in its content, would not that make those bonds worth $40,000,000,000?

Mr. BULKLEY. Forty billion dollars, measured in the new dollars, if the spread should be as wide as that; but, of course, that is because the new dollar would be brought down in value; the gold would not be brought up. The gold would remain the same, other things being equal, so that the obligation would be exactly the same in gold value.

Mr. President, I am anxious to explain the amendment.

Mr. GLASS. Mr. President, I desire to ask the Senator one question.

Mr. BULKLEY. I yield.

Mr. GLASS. The Constitution of the United States prohibits a State from enacting a law that would impair the obligation of a contract; is not that so?

Mr. BULKLEY. Unquestionably.

Mr. GLASS. This proposal is to impair the obligations of a State, is it not?

Mr. BULKLEY. If the Senator calls it impairment. There is a question whether that is fairly called impairment or not; and that is precisely what I was reading from the opinion of the court, in order to clear that point to the Senate.

A few moments ago I read an extract from the opinion of the Supreme Court of the United States in the case of Knox against Lee, in which it was pointed out that every contract is necessarily subject to the constitutional power of the Government over the currency, and so forth. The Court goes on to say:

> Nor can it be truly asserted that Congress may not, by its action, indirectly impair the obligation of contracts, if by the expression be meant rendering contracts fruitless or partially fruitless. Directly it may, confessedly, by passing a bankrupt law, embracing past as well as future transactions. This is obliterating contracts entirely. So it may relieve parties from their apparent obligations indirectly in a multitude of ways. It may declare war, or, even in peace, pass nonintercourse acts, or direct an embargo. All such measures may and must operate seriously upon existing contracts, and may not merely hinder but relieve the parties to such contracts entirely from performance.

I pass over to some other matter on the next page:

> As in a state of civil society property of a citizen or subject is ownership, subject to the lawful demands of the sovereign, so contracts must be understood as made in reference to the possible exercise of the rightful authority of the Government, and no obligation of a contract can extend to the defeat of legitimate Government authority.

Again the Court said:

> By the act of June 28, 1834, a new regulation of the weight and value of gold coin was adopted, and about 6 percent was taken from the weight of each dollar. The effect of this was that all creditors were subjected to a corresponding loss. The debts then due became solvable with 6 percent less gold than was required to pay them before. The result was thus precisely what it is contended the Legal Tender Acts worked. But was it ever imagined this was taking private property without compensation or without due process of law? Was the idea ever advanced that the new regulation of gold coin was against the spirit of the fifth amendment? And has anyone in good faith avowed his belief that even a law debasing the current coin, by increasing the alloy, would be taking private property? It might be impolitic and unjust, but could its constitutionality be doubted? Other statutes have, from time to time, reduced the quantity of silver in silver coin without any question of their constitutionality. It is said, however, now that the act of 1834 only brought the legal value of gold coin more nearly into correspondence with its actual value in the market, or its relative value to silver.
>
> But we do not perceive that this varies the case or diminishes its force as an illustration. The creditor who had a thousand dollars due him on the 31st day of July 1834 (the day before the act took effect), was entitled to a thousand dollars of coined gold of the weight and fineness of the then existing coinage. The day after, he was entitled only to a sum only 6 percent less in weight and in market value, or to a smaller number of silver dollars. Yet he would have been a bold man who had asserted that because of this the obligation of the contract was impaired, or that private property was taken without compensation or without due process of law. No such assertion, so far as we know, was ever made. Admit it was a hardship, but it is not every hardship that is unjust, much less that is unconstitutional; and certainly it would be an anomaly for us to hold an act of Congress invalid merely because we might think its provisions harsh and unjust.

And so, Mr. President, I believe that it is constitutional for us to provide that contracts, even those specifying payment in coin of a fixed weight and standard of fineness, may be paid in legal-tender money of such character as the Congress, in its discretion, and according to its own sense of justice, may authorize.

The PRESIDING OFFICER. The time of the Senator from Ohio has expired on the amendment.

Mr. AUSTIN. Mr. President, I should like to ask the Senator from Ohio a question in my own time.

The PRESIDING OFFICER. The Senator from Vermont is recognized in his own time.

Mr. AUSTIN. In order to ascertain the meaning of the phrase in the suggested amendment which is found in lines 6 and 7, I should like to ask a question. The phrase is "at their nominal value." Assuming that in the settlement of a contract money is offered whose par has depreciated to a nominal value, does the Senator mean to have us understand that his amendment would permit the use of those notes at their nominal value in that sense of the word?

Mr. BULKLEY. I understand the word "nominal" to mean the value at which they are named—that is to say, a dollar bill is to be accepted at a dollar. Of course, there is another sense in which the word "nominal" might be used, which means of slight or trifling value. I do not conceive that that is the sense in which the word here would be construed.

Mr. AUSTIN. Does this exception mean that they shall be used at the par expressed on their face?

Mr. BULKLEY. Exactly. It means at their face value.

Mr. AUSTIN. If they be actually depreciated in value to only a percentage of their expressed value, they still must be accepted at their present par under this amendment, according to the terms of the promise?

Mr. BULKLEY. Of course, we are not recognizing the likelihood of their depreciating; yet that is exactly what it means, that they are to be accepted at their face value. If the Senator thinks the words "face value" would be any better, I shall be glad to modify the amendment to make it read "nominal or face value." I ask that the amendment be modified so as to read "nominal or face value."

The PRESIDING OFFICER. The Senator from Ohio modifies his amendment as indicated. The question now is on agreeing to the amendment as modified.

Mr. THOMAS of Oklahoma. Mr. President, this so-called "inflationary amendment" is under a title which reads as follows:

> Part 6—Financing—and exercising power conferred by section 8 of article I of the Constitution: To coin money and to regulate the value thereof.

We are proposing under this amendment to regulate the value of the dollar; we are providing machinery to accomplish that end. If this amendment should be adopted, as I construe it, we would be regulating the value of the dollar as between private contractors; we would be regulating the value of bonds owed by cities, by private corporations, and even by States; but as to the dollars representing the outstanding bonds of the Federal Government, it would not be proposed to regulate their value. Mr. President, I do not believe that the Congress wants to go on record as making such a distinction between the holders of bonds.

Let me say to the Senate that this whole amendment is a new amendment. If it shall be adopted by the Senate, it then will be thrown into conference between the House and the Senate, and the entire amendment will be in the process of adjustment. The House of Representatives and the Senate, in conference, can agree upon this amendment as adopted by this body or they can change it in any way they see fit, so long as they adhere to the same subject matter.

I take it that when the conferees shall be appointed, if the amendment shall be adopted, they will get into communication with the Department of Justice, because it is the Attorney General who must construe the amendment; and if the amendment shall reach the courts in any of its phases, then it is he who will have to defend the amendment in the courts. I suggest that the better procedure would be to leave the text as it is, and when the amendment goes to conference, by calling in the attorneys of the Department of Justice, the conferees can clarify and make it express the intent by certain and exact language as the conferees may decide upon it.

It is difficult to legislate upon an amendment of this kind that is brought before us upon a few moments' notice, although it has been printed perhaps and has been upon our desks for a day or so. I suggest that the better procedure would be to permit the text to remain as it is, let it go to conference, and then in conference it can have the most careful consideration in connection with the department of the Government which is to construe it and enforce it. Therefore I think it best not to adopt the amendment.

Mr. REED obtained the floor.

Mr. WAGNER. Mr. President, will the Senator from Oklahoma yield for a question?

Mr. THOMAS of Oklahoma. Yes.

Mr. REED. Mr. President, I think I have the floor, but I shall be glad to yield to the Senator from New York.

Mr. WAGNER. I wanted to ask the Senator from Oklahoma a question, but I will wait.

Mr. REED. Mr. President, probably the most voluble of the writers of the country in support of the policy of inflation has been Mr. Walter Lippmann, who writes for the New York Herald Tribune. He did me the honor yesterday to say, in effect, that my arguments against inflation were practically imbecilic. Perhaps they are; granting that Mr. Lippmann is entirely correct in the low opinion he entertains of me, I am sure no one can doubt the high opinion in which he holds himself. Therefore I think the Senate and the country might be interested to hear 2 or 3 brief extracts from articles written in January last by the same Mr. Walter Lippmann, who now thinks that the opponents of inflation are practically idiots or imbeciles.

On January 18, 1933, Mr. Lippmann had this to say:

> For various reasons, largely personal and temperamental reasons, the situation is confused. There is an administration program which the Democrats will not accept; there is, as yet, no Roosevelt program which they can support. As a result there is silence, doubt, and uncertainty among the responsible leaders of the Democratic Party, and in the interval of waiting the Huey Longs and others are filling the air with their threats and promises.
>
> They are saying, in effect, that by one device or another they wish to inflate the currency, and in one spectacular stroke relieve the burden of all debtors. In view of the fact that at the moment no one is speaking authoritatively for the Roosevelt administration, there are many persons who suppose that these inflationists, some of whom were ardent Roosevelt men, are revealing the true intentions of the administration.
>
> Yet this belief is groundless—

Says Mr. Lippmann—

> unless we are to assume that Mr. Roosevelt intends to break every promise he made during the campaign.

This is Mr. Roosevelt's ardent supporter who is speaking. He finishes the article with these significant words:

> The inflationists propose to strike at the currency itself and at one stroke change the value of all debts and obligations. The inflationist method would propose to relieve not only the farmer who has a mortgage but the public-utility company which has bonds outstanding, to reduce the value not only of money owing on real-estate mortgages, but all money.
>
> Mr. Roosevelt made it entirely clear that he proposed to deal with the debt problem by detailed adjustments. To suppose that he has secretly scrapped these pledges and is now following HUEY LONG is to believe that there is no honor left in our public life.

I am called an imbecile for saying just that sort of thing, while Mr. Lippmann has risen from imbecility in January to his present infallibility in April.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. REED. Gladly I yield.

Mr. CLARK. The Senator would not be in favor of requiring a gentleman who is under contract to write a column a day upon questions affecting the Government to be consistent, would he?

Mr. REED. Perhaps not.

Mr. DILL. Mr. President, the Senator would not expect everybody in the world to be so tied to a theory that he could not change his theory when conditions so changed that a different remedy was needed?

Mr. REED. Oh, no; I admire his versatility. These things which were profoundly dishonorable in January become commendable examples of high courage and virtue in April. It has been a great spring; all sorts of things have grown during the past 3 months; the "new deal" is getting newer and perhaps even rawer.

Then about a week later, showing that the transition had not begun to take place at that time, our oracle writes this in his article of January 26:

> Any effort by a government to change the relation between debtor and creditor at one stroke is bound to produce profound injustice and incalculable confusion. Mr. WHEELER—

He refers to the Senator from Montana—

> wishes to free the farm groaning under its mortgage debt. Does he, by the same stroke of the pen, wish to free the banker from his obligation to repay the depositor?
>
> Does he wish to free the light and power companies of their bonded indebtedness, and to present the properties to the stockholders in fee simple? Does he wish to cut the salaries of teachers, the pensions of wounded veterans, and the incomes of old people who have retired to live on their savings? I am sure he does not. Yet this is the inevitable effect of any wholesale debasement of the currency.

I have three long columns all to the same effect, Mr. President. Mr. Lippmann had not seen the light as late as January 26, and this is April 28. I thank the Senate.

Mr. LONG. Mr. President, there is a little saying that we know, which I hope the Senator from Pennsylvania may take notice of with profit, as appears to have been the case with Mr. Lippmann, and that is,

> And while the lamp holds out to burn,
> The vilest sinner may return.

Mr. REED. Yes; but, Mr. President, does not the Senator think that the returned sinner might be a little less supercilious to those who are still sunk in sin? [Laughter.]

Mr. LONG. I think so; yes.

Mr. JOHNSON. Mr. President, I was not in the Chamber when the Senator was evidently making a humorous address and reading from distinguished journalists. From whom did he read?

Mr. REED. I read from that economist and authority on governmental matters, that profound philosopher who calls himself Mr. Walter Lippmann.

Mr. JOHNSON. The Senator was reading obviously with approval and endorsement?

Mr. REED. Yes, Mr. President; I fully endorse that conclusion, for example, where he said:

> To suppose that he has secretly scrapped these pledges and is now following HUEY LONG is to believe that there is no honor left in our public life.

Yes, Mr. President; I endorse that! [Laughter.]

Mr. JOHNSON. Mr. President, I can enjoy, of course, even Mr. Walter Lippmann, and sometimes I can enjoy the Senator from Pennsylvania, but I am rather surprised that the Senator from Pennsylvania should engage in any animadversions upon his colleagues or any animadversions upon any authority such as Mr. Walter Lippmann. I cut out of the paper the other day a statement made by him about the beginning of this debate. I shall not read it, because I never refer to my colleagues in any but the most complimentary terms; but I commend to the Senator from Pennsylvania Mr. Lippmann's characterization of the Senator from Pennsylvania printed only 3 days ago at the beginning of the discussion upon this important measure.

Mr. REED. Mr. President, if the Senator will permit an interruption, I can tell him that I began my remarks by calling attention to it and saying in substance that Mr. Lippmann did me the honor of saying that my arguments were impotent.

Mr. JOHNSON. If Mr. Lippmann said what I would not for an instant indicate and never for a moment imply, that the remarks of the Senator from Pennsylvania were of the character that he suggests, I rather think that the Senator from Pennsylvania should not read the remarks of Mr. Walter Lippmann concerning anybody else. It might be more appropriate that silence were kept by him, perhaps by all of us—not by me, because I am so used to the remarks of journalists that it is a matter of no consequence—but I should think, under the circumstances, that the last person on earth who would be quoted against his fellows in this Chamber or against the President of the United States would be Mr. Lippmann. All we need do is to read his recent utterances and his recent publications. I shall not read them here, because I will not violate that course which I have followed during the period I have been in the Senate and indulge in any particular remarks concerning any particular colleague.

Mr. President, I want to say just one thing. I talk not upon the bill because I am anxious to do what little I can in this emergency. I have said nothing, so far as I am concerned, about a previous administration or about the present administration or about the attitude of either. But, sir, I am glad to pay my small tribute to the fine and gallant gentleman who sits in the White House today and who, with a courage that is inspiriting and inspiring, sits there ready to do whatever lies in his power.

He has the adventure of youth and he has the wisdom of age. Some philosopher once said that youth has its adventure, age its memories. This man has not only the adventure of youth with a high courage that commends itself to every man upon this floor, to every man who counts himself a real American—has not only the high adventure of youth, but he has the extreme courage to go forward in an emergency and strive to do the thing that ought to be done for rescuing the people of the United States. My small tribute I pay him in that regard.

Disagree with him we will. Every man in this body with a head upon his shoulders that God put there for some other purpose than mere ornament, of course, will for himself determine the course he ought to pursue upon various matters of legislation. I quarrel with none, therefore, who present their views in this body either for or against any matter of legislation. I may be presenting views doubtless in the future wherein I will not agree with the gentleman in the White House. But presenting those views and differing with him as I may in the days to come, I will recognize that in this time of trial, in this time of crisis of the American Republic, we can thank God that there was a man in the White House who had the guts to do and go forward and to strive and to try and to take the responsibility of striving and trying.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Ohio [Mr. BULKLEY] to the amendment of the Senator from Oklahoma [Mr. THOMAS].

Mr. FESS. Mr. President, before we vote on the amendment, I want to ask the Senator from Oklahoma a question.

The PRESIDING OFFICER. The Senator from Oklahoma will give his attention.

Mr. FESS. The Senator mentioned a moment ago that to reject the amendment and allow the conferees to handle it would be the better way. I am wondering what is the significance of that suggestion? Unless the provision is in either the Senate amendment or the House text, it cannot be considered in conference.

Mr. THOMAS of Oklahoma. The whole amendment will be in conference and the conferees can agree upon the amendment with an amendment. They may modify it in any way they see fit. They can accept one section or two sections or three sections, or they can accept none.

Mr. FESS. They cannot add anything in the form of an amendment that is not in the text of the bill as it passed the House or in the amendment of the Senate.

Mr. THOMAS of Oklahoma. They can clarify the amendment of the Senate in any way they see fit.

Mr. FESS. I think the Senator is mistaken. Here is something that is not in the amendment offered in the Senate. It is not in the House text. It will never go to conference.

Mr. THOMAS of Oklahoma. That is one reason why I objected to the amendment. It seeks to make a preferred class out of the holders of Government bonds and forgets the holders of city and State bonds, county bonds, and corporation bonds. I think it would be doing a very unwise act to grant preference to any class of bondholders.

Mr. FESS. If that is the Senator's position, that is an entirely different question. I wanted to call attention to the fact that it will not be in conference unless we act favorably upon it here.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Ohio [Mr. BULKLEY] to the amendment of the Senator from Oklahoma [Mr. THOMAS]. [Putting the question.] The Chair is in doubt.

Mr. BULKLEY. Let us have a division.

On a division the amendment was rejected.

The PRESIDING OFFICER. The question now is on the amendment of the Senator from Oklahoma as amended.

Mr. HAYDEN. Mr. President, I desire to offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. It is proposed by the Senator from Arizona to strike out all of lines 24 and 25 on page 5, and lines 1 to 9, on page 6, and insert in lieu thereof the following:

> SEC. 36 (a). The President is authorized, for a period of 6 months from the date of the passage of this act, to accept silver in payment of the whole or any part of the principal or interest now due, or to become due within 6 months after such date, from any foreign government or governments on account of any indebtedness to the United States, such silver to be accepted at not to exceed the price of 50 cents an ounce in United States currency. The aggregate value of the silver accepted under this section shall not exceed $200,000,000.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator from Arizona yield?

Mr. HAYDEN. Certainly.

Mr. THOMAS of Oklahoma. I understand that the amendment has been worked out by those responsible for the original amendment. Therefore so far as I can I ask that the same be accepted.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Arizona to the amendment of the Senator from Oklahoma.

The amendment to the amendment was agreed to.

Mr. HAYDEN. Mr. President, I now offer another amendment which is merely a correction of the text.

The PRESIDING OFFICER. The amendment will be read for the information of the Senate.

The CHIEF CLERK. It is proposed, on page 6, in lines 23 and 24 of the amendment of the Senator from Oklahoma, to strike out the words: "(d) The President shall cause silver certificates to be issued in denominations of $1," and to insert in lieu thereof the words: "(d) The Secretary of the Treasury shall cause silver certificates to be issued in such denominations as he deems advisable,".

Mr. THOMAS of Oklahoma. Mr. President, the original amendment provided that the President should issue the money. Of course that presumes that he will give an order to the Treasury Department to print the money. The amendment just offered conforms to the practice in the Government, as of course the Treasury issues the money. I see no objection to it, and so far as I can I accept the amendment.

Mr. HAYDEN. I may say that I have submitted the amendment to the Senator from Nevada [Mr. PITTMAN] and that it conforms to his desires, as I understand it.

Mr. GEORGE. Mr. President, before the amendment of the Senator from Arizona is disposed of I desire to make a statement about a previous amendment.

As I interpret the previous amendment, based upon the present price of silver, it is a gift to the debtors, our late allies in the World War, of approximately if not almost exactly 30 percent of the amount of principal and interest now due. If the bill becomes wholly a deflationary bill, it probably is a gift of 50 percent of the debts now due us and which will mature during the lifetime of the amendment which has been offered.

The only answer that can be made to that is that we will take the silver, which is worth less than the debt now due us, coin it into money, and thereby use it. It may also be argued that inasmuch as we will relieve the world of the surplus silver there may be an advance in the price of silver. I have great respect for the author of the amendment and for those who accept it, but I want to register now my own position, and that is that I do not support it because I do not see any occasion to cancel the debt, or any part of it, due from our debtors; certainly not under existing conditions, not at this time, and least of all any part of the debt of a nation already in default.

But if we are to cancel the debts or any part of them let us do it openly, candidly, frankly, and have whatever advantage comes from honest dealing. This is a mere cancellation pro tanto of the debt due.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Oklahoma?

Mr. GEORGE. I yield.

Mr. THOMAS of Oklahoma. Let me remind the Senator that our allies borrowed dollars worth from 44 to 50 cents on the dollar. At the present time, if they pay us in gold, they pay us in dollars worth $2.44 in farm commodities, and about $1.80 on the whole range of commodities.

Mr. GEORGE. That is very true.

Mr. THOMAS of Oklahoma. So if today we collect dollars of the present value, we are forcing our debtor allies to pay us from three to five times as much value to release and relinquish and liquidate their indebtedness as they got in value when the loan was made. Now, if we give them 30 percent reduction we are still collecting about 20 or 30 percent more value than they received when the loan was made. So I cannot see that we are doing anything but making an attempt to do partial justice, even if we make the reduction complained of by the Senator.

Mr. GEORGE. That may be true, and I have no objection if we want to write off part of the foreign debts, if there is justification for it; but I want to make my own position clear. We are writing it off, but we are not writing off farm mortgages in this bill.

The farm-mortgage provision in this bill is a provision for the benefit of the stockholders and bondholders of the Federal land banks and joint-stock land banks. We are writing off nothing, unless perchance these institutions themselves may be willing to write it off, for the benefit of the farmers; and their mortgages likewise were created at a time when wheat was selling at an average price in 1917 of $2.48 a bushel, and an average price of $2.84 a bushel, or approximately that, in 1918, and cotton at 25½ cents in 1917, and 34.9 cents in 1918. Exactly the same situation obtains; and if we are going to write off these debts I cannot see why we do not simply write them off, and have some advantage that may accrue to us by reason of our forgiveness of these obligations.

Mr. GLASS. Mr. President——

Mr. GEORGE. I yield to the Senator from Virginia.

Mr. GLASS. While it may be stated that the dollars that foreign nations borrowed from us were depreciated dollars—except that I have never understood the argument to be confined altogether to the appreciation or depreciation of dollars, and neglected altogether as to the appreciation or depreciation of commodities—nevertheless, foreign nations were required to spend nearly every dollar that we loaned them in the purchase of commodities in this country at the most extortionate prices that we have had for 100 years, and out of which so great were the fortunes made as that our Government collected $8,000,000,000 alone out of excess-profits taxes in consequence of that incident.

Mr. GEORGE. I am not taking issue with what the Senator from Virginia says; but I think if there is one thing upon which the party has spoken, it is against the cancelation of these debts. I know that very nearly every man here who came up for election last year was committed definitely against the cancelation of these debts, and I know that this is a cancelation in part of the debts. If my surmise is correct, if my judgment is good, we have a deflationary measure here rather than an inflationary measure; and we are probably cutting the debts that are due and payable with this $200,000,000 of silver at not exceeding 50 cents an ounce—which, of course, will become the price—probably 50 percent rather than 30 percent.

It is of no consequence, as I see it, that silver may advance, and that we may be buying at the bottom, or, by reason of the absorption of the surplus, or the dumping of the Indian silver, or what not, that we are going actually to make a good bargain. That may be true; but that is in the lap of the gods. That is in the hands of the future. Nor do I think it of any consequence, if I may repeat, that, by virtue of placing the stamp of the Government upon the thing which we take, we give it a value of 100 cents in the dollar and therefore sustain no loss.

Mr. HAYDEN. Mr. President, will the Senator yield?

Mr. GEORGE. I yield to the Senator from Arizona.

Mr. HAYDEN. No such proposition as that last stated by the Senator is involved in this amendment. We take silver at 50 cents an ounce, and we issue as many dollars of silver certificates against that silver bullion as there were dollars due us on the debt; so that, unlike the ordinary silver certificate that has behind it one silver dollar, now worth, so far as its bullion content is concerned, 20 cents, we have over twice as much silver behind any one of these dollars as there is against the ordinary silver dollar.

Mr. GEORGE. I take no issue with the Senator on that point.

Mr. JOHNSON. Mr. President, will the Senator yield?

Mr. GEORGE. I yield to the Senator from California.

Mr. JOHNSON. This amendment was presented rapidly. I confess that I did not vote upon it because I did not know exactly what it was, and have just read it. Will the Senator permit it to be reconsidered? Then, if we are going to finish this bill tonight, we will take it up later; or, if the bill goes over until tomorrow, we will take it up tomorrow.

I ask that merely for the purposes of investigation. I am not prepared at the present time to make any objection beyond that which has been made by the Senator from

Georgia; but I should be very glad if the Senator would consent to that procedure.

Mr. HAYDEN. So far as I am concerned, of course, the Senator has a perfect right to move a reconsideration. If that is to be done, I should like to take a few moments to explain the nature of the amendment. Since the Senator from Oklahoma, who offered the main amendment, accepted it, there was very little to do on my part but allow it to be done; but I do want, and I intend in the next few moments, if I can obtain the floor, to explain the proposal.

Mr. JOHNSON. May I ask unanimous consent, then——

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from California?

Mr. GEORGE. I yield.

Mr. JOHNSON. I ask unanimous consent that the vote whereby the amendment was adopted may be reconsidered.

Mr. HAYDEN. Will the Senator withhold that request for a moment, so that I may tell him what is in it?

Mr. JOHNSON. Let us have it reconsidered, because some of us have been reading it. If we want to discuss it subsequently, all right; but will the Senator permit that?

Mr. DILL. Mr. President, will the Senator yield? I suggest to the Senator from California that the Senator from Oklahoma has a right to modify his amendment or make that a part of it, and that is what he did. This is not an amendment to the bill; it is a perfection of the amendment of the Senator from Oklahoma.

Mr. JOHNSON. It is an amendment that was offered here, and the question was put by the Chair.

Mr. DILL. But it was accepted as a modification by the Senator from Oklahoma, and he has a perfect right to do that without anybody's consent.

Mr. JOHNSON. I confess, Mr. President, that I did not understand the procedure.

The PRESIDING OFFICER. The Senator from California asks unanimous consent that the vote by which the amendment was agreed to be reconsidered. Is there objection? The Chair hears none.

Mr. JOHNSON. I thank the Senator.

Mr. HAYDEN. Mr. President, may I be recognized on the pending amendment?

The PRESIDING OFFICER. Of course, that vacates the pending amendment.

Mr. HAYDEN. I beg to disagree with the Chair. The original amendment, increasing the amount of silver to be accepted on the foreign debts from $100,000,000 to $200,000,000, was adopted. I then offered another amendment, relating to the printing of silver certificates, which is now the pending amendment. Upon that I desire to be heard.

The PRESIDING OFFICER. Then the other amendment will have to be withdrawn. Both amendments cannot be considered at the same time.

Mr. HAYDEN. The only amendment pending before the Senate is the amendment permitting the Secretary of the Treasury to issue silver certificates in such denominations as he may choose, rather than limiting him to $1 bills. I do not want the Senate to adjourn without an explanation on my part as to why I suggested that the amount of silver to be taken in payment on the foreign debts be increased from $100,000,000, as provided in the amendment offered by the senior Senator from Oklahoma, to $200,000,000.

That part of the Thomas amendment which relates to the acceptance of silver in payment of the foreign debts is taken word for word from the bill, S. 145, introduced by the Senator from Nevada [Mr. PITTMAN] on the 10th of last March, providing that from Great Britain alone the United States might accept $100,000,000 worth of silver in payment of any debt owed by that Government to our Government. The object sought was to permit a transfer of silver from India to England and from England to the United States, and in so doing to take off the market the silver that has most depressed the price of that metal.

I learned last year that the British Government for India owes to Great Britain £16,721,000 sterling, or $81,422,000 at par of exchange, as the remnant of £100,000,000 that India assumed as a part of the British Empire World War debt.

The British Government for India is the greatest possessor of silver of any government in the world. It occurred to me that if India would pay its debt to Great Britain in silver, and the United States would accept that silver in payment of principal or interest due from Great Britain, and the American Government could utilize that silver as money, then two intergovernmental debts could be paid with the same silver without burden either to the British taxpayer or the American taxpayer. That is the proposal as contained in the bill introduced by the Senator from Nevada.

When it was subsequently incorporated in the legislation now pending the proposal was broadened to include all countries that are debtors to the United States. It is quite obvious that the amount of $100,000,000 should be increased, because it is not equal to the amount due on the June payments and the payments that were unpaid in December. I therefore looked into the matter to determine how much money remained unpaid in December and what sums will be due in June from all the governments to whom the United States loaned money during and after the World War. The following table shows that the total amount is $194,073,221.

Amounts due the United States from foreign governments within 6 months

Country	Principal Dec. 15, 1932	Interest Dec. 15, 1932	Principal June 15, 1933	Interest June 15, 1933	Total
Austria	[1] $287,556				$287,556
Belgium		$2,125,000	$4,200,000	$2,125,000	8,450,000
Czechoslovakia			1,500,000		1,500,000
Estonia	111,000	245,370		284,322	640,692
Finland				148,592	148,592
France		19,261,432	21,477,135	19,261,433	60,000,000
Great Britain				75,950,000	75,950,000
Greece	[1] 130,000 [2] 227,000	217,920	130,000 231,000	213,380	1,149,300
Hungary	12,285	28,444		28,260	68,989
Italy			12,300,000	1,245,438	13,545,438
Latvia				118,961	118,961
Lithuania			39,705	92,386	132,091
Poland	1,357,000	3,070,980		3,559,062	7,987,042
Rumania			1,000,000		1,000,000
Yugoslavia			275,000		275,000
Total	2,124,841	24,949,146	41,152,840	103,026,834	171,253,661

Country	Sept. 30, 1932	Mar. 31, 1933	Sept. 30, 1933	Total	
Germany:					
Army costs reichsmarks	12,650,000	12,650,000	9,300,000	34,600,000	
Mixed claims reichsmarks	20,400,000	20,400,000	20,400,000	61,200,000	
Total	33,050,000	33,050,000	29,700,000	95,800,000	$22,819,560
					194,073,221

[1] Jan. 1, 1933. [2] Jan. 1, July 1. [3] May 10, Nov. 10.

Includes amounts payable under moratorium agreements but does not include interest payable on principal installments postponed since July 1, 1932.

My amendment applies only to sums due or to become due to the United States within 6 months—the December payments and the June payments—and also places a limit of $200,000,000 upon the amount of silver that can be accepted from foreign governments. The table covers all sums immediately due the United States arising out of the so-called "war loans", except, perhaps, balances from Nicaragua and Russia.

My amendment permits the President to accept silver at not to exceed 50 cents an ounce. That is a ceiling. It does not mean that he must take it at that price. The President can accept it at any agreed price up to 50 cents an ounce. If all sums now due or to become due within 6 months are paid in silver at that price, there will be deposited in the Treasury of the United States 388,000,000 ounces of silver. Against that silver so deposited the Secretary of the Treasury will issue $194,000,000 of silver certificates, with more silver behind them, over twice as much as there is behind our present silver certificates.

Another effect will be to take off the market the surplus silver of the world. A House committee composed of Members not one of whom was from a silver-producing State and headed by a Representative from the State of New York, Hon. ANDREW L. SOMERS, investigated the silver very thoroughly for months in the last Congress. In March of this year the Committee on Coinage, Weights, and Measures reported to the House of Representatives a bill (H.R. 14756) providing that the Secretary of the Treasury purchase in the open market $250,000,000 worth of silver at prices beginning at 40 cents an ounce and extending up to as high as 75 cents an ounce for the avowed purpose of taking off the market the surplus silver of the world. The report of the committee states that silver would then be restored to its normal position in world trade, and would advance in price.

The British Government for India has been the chief seller of silver. In an effort to place India on the gold standard the Indian Treasury has sold silver, beginning in 1928, down from 57½ cents an ounce to under 30 cents. They have given up twice as much silver in their later operations to get an ounce of gold as they did in the beginning, and they never obtained gold enough to put India on the gold standard.

The best proof that the whole operation, not only wrong but futile, is that in the meantime England has gone off the gold standard. But the Indian Government still has on hand, as best we can learn, some 200,000,000 ounces of surplus silver, which they still desire to sell. If that silver is taken by the United States so that it is no longer a menace to the silver market, it is certain that the price of that metal will go up.

The maximum price fixed in the Thomas amendment is 50 cents an ounce. The following table shows that this is less than the pre-war and pre-depression price of silver.

Average price of silver in New York per fine ounce

Year:	
1901	$0.59703
1902	.52815
1903	.54208
1904	.57843
1905	.61008
1906	.67379
1907	.65978
1908	.53496
1909	.52168
1910	.54245
1911	.54002
1912	.62006
1913	.61241
1914	.56331

Average for 14 years before the World War, $0.58029.

Year:	
1921	.63096
1922	.67934
1923	.65239
1924	.67111
1925	.69406
1926	.62428
1927	.56680
1928	.58488
1929	.53306

Average for 9 years after the World War, $0.62632.
(Report of the Director of the Mint, June 30, 1932, p. 127.)

There is in this proposal no reduction, no cancelation of indebtedness whatsoever. Why does the Senate object to cancelation? Because it is an effort to relieve British or the French or German taxpayers, and transfer a burden to American taxpayers. If this proposal contained any suggestion of such a thing as that, I myself would oppose it. But when the United States Treasury accepts silver and issues against it the identical amount of silver certificates represented in the sum of the payments on the foreign debts, and utilizes such certificates in paying the current expenses of our Government, that silver is just as good to us, and will serve every purpose of the American taxpayer as if the same value of gold had been paid. There is no transfer of any burden whatsoever from a European to an American taxpayer.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield.

Mr. ADAMS. I wanted to inquire of the Senator from Arizona whether he did not think there was an error in the understanding of the Senator from Georgia. He seemed to be under the impression that this amendment required the silver to be taken from the foreign government at 50 cents an ounce. My understanding is that the 50 cents per ounce is an outside figure. It is provided in the amendment that it shall not be taken at a price in excess of that, and really contemplates that the silver shall be taken at its market price, merely putting a limit on the price. Therefore, when the Government takes the silver, it takes it at a price at which it could again put it on the market.

Mr. HAYDEN. That is what I have previously stated, that 50 cents is nothing more than a ceiling. I want that made perfectly clear.

Mr. GEORGE. Mr. President, I want it made clear that I understand the language of the amendment, but I know what the result will be. Of course, the maximum price fixed becomes the actual price of the silver.

Mr. HAYDEN. Let us suppose that what the Senator from Georgia asserts does take place; there is still no element to which any American taxpayer can object. It transfers no debt burden from any European country to the United States. That is why Senators generally are opposed to cancelation, because it means that it would relieve European taxpayers of an obligation they have to the United States and impose that same obligation upon the American taxpayers. This amendment would do nothing of the kind. It could not possibly have any such effect. The American Government accepts silver at a price and issues against it silver certificates to the amount of the debt payments only. There will be behind those silver certificates over twice as much silver in value as there is against the present silver certificates now in circulation at par throughout the United States. It will be good money; it will be sound money. When such silver certificates are issued they can be paid out of the Treasury just as we would pay out the gold if we received it from a foreign government.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. HAYDEN. Certainly.

Mr. CONNALLY. When the certificates are issued, are they issued for the same number of dollars we take in in the form of silver, or are they issued at the price the silver is purchased for? For instance, suppose we got 40 cents an ounce. Are we to issue the certificates based on that 40 cents?

Mr. HAYDEN. No; the Secretary of the Treasury will issue the certificates to the extent of the number of dollars credited on the foreign-debt payment. The entire amount of silver is deposited in the Treasury as security for the payment of such certificates, and, as I have said, it will be more than double the amount of silver now deposited against the silver certificates now in constant use.

Mr. CONNALLY. That is true, but under the Parity Act we would have to make those silver dollars interchangeable with gold dollars. How much actual silver would be in this new silver certificate that is to be issued?

Mr. HAYDEN. The ordinary silver certificate has 77/100 of an ounce of silver deposited in the shape of coin silver in the Treasury for its redemption. Under the Parity Act of 1900 silver certificates are also redeemable in gold. These certificates likewise, as long as the Parity Act is in existence, would be redeemable in gold, so that they would have not only an extraordinary amount of silver behind them, but also the entire gold reserve in the Treasury. It would be perfectly sound money.

Mr. BORAH. Mr. President, what is it the Senator has in mind that would be accomplished by this amendment? Does he think it would raise the price of silver?

Mr. HAYDEN. I do. I think it would at least have the effect of taking off the market the surplus silver which it is well known that the Indian Government has been seeking to sell during the past 4 or 5 years.

Mr. BORAH. But a hundred million would not make a dent in that.

Mr. HAYDEN. I must disagree with the Senator from Idaho. After very exhaustive hearings, the House Committee on Coinage, Weights, and Measures, taking the testimony of many witnesses who were fully qualified to speak, came to the conclusion that there is not in existence in the world today more than 350,000,000 ounces of surplus silver. Of that amount about 200,000,000 ounces are in the Treasury of the British Government for India.

There has been no overproduction of the white metal. The decline in its price has been solely due to the action of governments; first, the Government of Great Britain, which called in all the silver coins, the shilling, the sixpence, the half crown, and melted them up. They melted all the coins up and reissued them, instead of nine hundred and twenty-five one thousandths fine, at five hundred one thousandths fine, and thus got a large amount of surplus silver. The British Government sold over a hundred million ounces of silver obtained in that way and dumped it on the market. That action was followed by similar debasement of coins by Belgium and again by France.

Mr. BORAH. Does anybody know how much silver is hoarded in India?

Mr. HAYDEN. There is no accurate knowledge of the amount of silver in India, because that country has been a sink of silver since the days of Marco Polo. But we do know that is the principal store of value the Indian people have. They hoard silver against a time of need. The House committee finds that, regardless of any price that might be offered for silver, particularly a modest price like 50 cents an ounce, the hoards of India and China would not be disturbed.

Mr. PITTMAN. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield to my friend.

Mr. PITTMAN. That is just the point I wanted to call attention to. When silver was $1.18 an ounce, in 1919, instead of the great amount of silver coming out of India, they bought nearly twice as much that year as they did before. The same was true of China. They held silver, but not for speculation. So we know, from the history of the past, that during the 3 years—1918, 1919, and 1920—when silver was above a dollar an ounce throughout the world, instead of silver coming out of the hoards of India and China, the world's mine production went into those countries. That is about all I want to say about the flow of silver.

Mr. HAYDEN. Let me read from this well-considered report made by the House Committee on Coinage, Weights, and Measures. This is its findings:

> Whilst there are in existence probably about 12,000,000,000 ounces of silver, the testimony before our committee convinces us that most of it is in the form of hoardings held by the people of China and India, and that no price will cause it to come on the market of the world. The best testimony that our committee could obtain is that the oversupply of silver in the markets of the world, and that could come upon the markets of the world even with a great rise in the price of silver, would not exceed 350,000,000 ounces.
>
> The purchases of silver under this bill—
>
> That was a proposal to buy $250,000,000 worth—
>
> The purchases of silver under this bill, therefore, would remove the surplus supply of silver from the market of the world and allow it to reach its normal price, where it remained for many years, around 60 cents an ounce, which was based on normal mine production and normal demand.

I said that European governments, by debasing their coins, taking silver out of their coinage and dumping it on the market, first broke the price. Then the British Government for India in 1928 decided to go on the gold standard. To get gold India has sold over 150,000,000 ounces of silver, derived from demonetized coins, within the past 6 years.

It is our contention, and I believe it is perfectly sound, that if European governments had continued to use silver in their coinage as they did before the World War, and if the Indian Government had not demonetized silver and dumped it on the market, the price would not have fallen to the all-time low of 24¼ cents an ounce in New York on December 29, 1932.

Mr. BORAH. Does the Senator think that if this amendment is enacted into law the foreign governments will pay in silver?

Mr. HAYDEN. I am quite hopeful that the British Government will do so.

Mr. BORAH. Why would they pay in silver and not in gold, unless they can get silver cheaper?

Mr. HAYDEN. That is the point exactly. If the Indian Government has been willing to sell large quantities of silver at very low prices, they ought to be glad to obtain a higher price and get rid of all their surplus. If India will pay the $80,000,000 they owe England in silver, the English can take the same silver and pay the United States. Two intergovernmental debts will be canceled, and the silver will be just as useful to the American Government as though the English payment had been made in gold. By this method, for one payment only—and the privilege will expire in 6 months—the British taxpayer will be relieved of making the June payment, because the British Government will have collected a debt from a British Dominion—India.

Mr. FESS. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield.

Mr. FESS. The amount is $200,000,000?

Mr. HAYDEN. That is correct.

Mr. FESS. Is that to come in the form of bullion?

Mr. HAYDEN. Yes; it is to be $200,000,000 worth of silver. That is the maximum amount.

Mr. FESS. It will be received, not in coin, but in bullion?

Mr. HAYDEN. In bullion; yes.

Mr. FESS. Then we are to put it out in the form of silver certificates?

Mr. HAYDEN. Up to the amount of the debt payments only.

Mr. FESS. On what basis would the certificates be issued?

Mr. HAYDEN. The Thomas amendment provides that as many silver dollars shall be coined as dollars are paid to us, the balance of the silver to remain as bullion, a reserve in the Treasury. Then the Secretary of the Treasury will issue the ordinary silver certificates against that silver.

Mr. FESS. The silver certificate issued would be redeemable in what?

Mr. HAYDEN. On its face, in silver. Under the parity act, in silver or gold, at the demand of the owner.

Mr. FESS. Is there any obstacle to a person having a silver certificate having it redeemed in gold? Then, when it is redeemed, what will be done with the certificate?

Mr. HAYDEN. It will be reissued for the ordinary operating expenses of the Government.

Mr. FESS. Then the person who gets it can take it back and get it redeemed in gold the second time?

Mr. HAYDEN. That was done, as the Senator will remember, many years ago.

Mr. FESS. That was done in 1890.

Mr. HAYDEN. Yes.

Mr. FESS. Under the Sherman Act. That started the vicious circle which drained the gold. Does not the Senator think that is a dangerous provision?

Mr. HAYDEN. No; not with such a comparatively small amount of silver. The Senator will remember that the United States went on the gold standard in 1900. At that time there was $1,034,000,000 of monetary gold in the United States, and $648,000,000 in silver. The per capita of silver then was $8.50. The per capita of silver is now $6.75. The gold in America has increased fourfold. We now have $4,380,000,000 in monetary gold. This is a very limited operation, applicable only to payments due the United States within 6 months, and is designed to take off the world market the surplus which we know exists, and then allow the silver market to operate in a normal way.

Mr. FESS. I will say to the Senator that I have had a lot of sympathy with what the Senator from Arizona and the Senator from Nevada have wanted to do. It has appealed to me that it would permit the payment of a debt which might not be paid otherwise; that it would furnish a market for silver and offer an opportunity for better trade with these other countries. But I was not aware of the

fact that the plan was to issue the silver in the form of certificates and then permit the certificates to be redeemed in gold, and the certificates, after they are paid out, will get into a vicious circle, by which, I think, we will be in the same position we were in in 1893, when Cleveland called a special session of the Congress to repeal the act of 1890. I was not aware that the Senator was proposing that.

Mr. PITTMAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Nevada?

Mr. HAYDEN. I yield.

Mr. PITTMAN. This amendment does not propose any different condition with regard to the certificates than now exists with regard to the $490,000,000 of certificates which are in circulation.

Mr. FESS. The Senator, then, is not afraid of what we faced in the years from 1890 to 1893?

Mr. PITTMAN. No; because since that time there have been $490,000,000 of silver certificates in circulation, secured by only 0.78 ounce of silver each; only once in that whole time, in 1920, has the intrinsic value of silver reached its monetary value, and yet never during this century has there been any depreciation of those certificates nor any necessity for our Government to do anything to maintain their parity.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Idaho?

Mr. HAYDEN. I yield.

Mr. BORAH. I wish to ask the Senator from Nevada, who knows much about this matter, Is there not wrapped up in this amendment the possibility and probability that foreign governments will pay their debts in a less amount than they would if the amendment were not adopted?

Mr. PITTMAN. I think not, sir; and my reason for saying so, if the Senator wants a reason, is this——

Mr. BORAH. I was going to say that I cannot see why they would want to pay their debts in silver unless there was some advantage to them in doing so by reason of their ability to obtain silver at a low price.

Mr. PITTMAN. I agree with the Senator in that, too, and therefore it is very probable that the only government that would gain by it would be the British Government, by collecting a war debt from India and transferring it at the same rate to us.

Mr. BORAH. According to the newspapers, Great Britain and France now are in what might be called a financial alliance by which Great Britain is to help with her so-called "equalization exchange fund" to maintain the franc. I should think she could furnish silver to France, although perhaps she would not have enough to do that.

Mr. PITTMAN. I do not know about that; but here is the situation.

Mr. HAYDEN. I shall be glad to yield to the Senator, or I will yield the floor if the Senator so desires.

The PRESIDING OFFICER. The time of the Senator from Arizona has expired, both on the amendment and on the bill.

Mr. HAYDEN. Mr. President, let me make a parliamentary inquiry.

Mr. PITTMAN. Mr. President, may I take the floor?

The PRESIDING OFFICER. The Senator from Nevada is recognized.

Mr. PITTMAN. I yield to the Senator from Arizona for a question.

Mr. HAYDEN. I should like to know if it is expected to dispose of the entire bill tonight? If it is, I think the Senate should vote on the proposal now before us.

Mr. SMITH. Mr. President, may I make a suggestion, if the Senator from Nevada will allow me?

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from South Carolina?

Mr. PITTMAN. I yield.

Mr. SMITH. I want to state that it is imperative that we pass this bill, and I am going to ask the Senate to remain in session and try, if possible, to pass it tonight. If we shall not be able to do that, then I hope we will reconvene tomorrow and continue the work on this bill so as to expedite its passage.

Mr. CLARK. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Missouri?

Mr. PITTMAN. I will yield, if there are any other suggestions.

Mr. CLARK. I merely wish to ask a question of the Senator from South Carolina. Can the Senator from South Carolina tell the Senate the subject of the pending bill?

Mr. SMITH. If I had the bill here before me, I might do so, but, unfortunately, I have it not, and I have not had time to list all the matters contained in it.

Mr. GEORGE. Mr. President, may I make a suggestion?

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Georgia?

Mr. PITTMAN. I yield.

Mr. GEORGE. I understood the parliamentary situation to be this: That the amendment was offered by the Senator from Arizona, and the Senator from Oklahoma really accepted the amendment to his amendment, which he had a right to do, without a vote.

The PRESIDING OFFICER. The Chair will state to the Senator from Georgia that, under the rules, the Senator from Oklahoma did not have the right to accept the amendment.

Mr. GEORGE. Perhaps so. I assumed that he did have that right.

The PRESIDING OFFICER. He attempted to do it, but it could not be done under the rules.

Mr. GEORGE. And I considered the amendment as having become a part of the amendment of the Senator from Oklahoma. I merely rose to state my own position, because I thought the matter was being passed over, and not to argue the merits or the demerits of the coinage of so much silver or the advantage of absorbing the silver surplus. Those questions were not in my mind. As I interpret it, this is a pro-tanto cancellation, because, obviously, there would be no necessity of taking silver from foreign countries unless silver was to be taken for more than its market price. If it is to be taken only at the market price, the governments which would offer to pay us silver could, of course, just as readily pay us in gold.

I concede that by virtue of the treatment which we gave to the silver we probably would hold ourselves harmless, but I do not want to enter into any controversy over those phases of the amendment.

The PRESIDING OFFICER. The Chair desires to state that technically there are two amendments pending before the Senate, which is in violation of the rules. The first amendment offered by the Senator from Arizona having been agreed to, he offered his second amendment, which was not voted on; and while it was pending, the vote by which his first amendment was adopted was reconsidered, which puts it back in its original position. One of these amendments has got to be laid aside before the Senate can vote on the other. The Chair suggests that the last amendment be temporarily laid aside so that the first one may be passed on again.

Mr. HAYDEN. I hope the Senate will adopt the second amendment, to which I am sure there is no objection.

The PRESIDING OFFICER. If that amendment can now be adopted, it will be out of the way, and the debate may proceed upon the first amendment which was reconsidered and the parliamentary situation will be clarified by voting on the second amendment. Without objection, the Chair will put the question on the second amendment.

Mr. JOHNSON. Wait a moment, Mr. President.

The PRESIDING OFFICER. The Senator from California.

Mr. JOHNSON. Mr. President, I do not want to be put in the position of controverting anything that has been said by the Senator from Nevada or the Senator from Arizona. I recognize that they are authorities upon these particular questions, and I would accept, of course, what they say as

being determinative of the facts, but there is presented by this amendment a proposition that the Senate ought to know and understand. Originally, Mr. President, the bill provided as will be found in section 36.

The PRESIDING OFFICER. Will the Senator from California permit the Chair to put the question on the second amendment which was being voted on when he rose? It apparently has no relation to the first.

Mr. JOHNSON. Mr. President, I misunderstood the Chair. I thought he was referring to the second amendment to the amendment concerning which there has been a reconsideration.

The PRESIDING OFFICER. The second amendment provides merely for a change in the language to give the Secretary discretion as to the denomination of the silver certificates that may be issued.

Mr. JOHNSON. Then, the second amendment refers to silver certificates?

The PRESIDING OFFICER. Yes.

Mr. JOHNSON. Silver certificates that will be issued under the first amendment?

Mr. HAYDEN. Yes. The whole question was whether they should be all $1 bills or whether the Secretary might have discretion to issue bills of different denominations.

Mr. JOHNSON. Yes; and that amendment necessarily is a corollary or an amplification of the first amendment which was reconsidered.

Mr. HAYDEN. Mr. President, to save time, I withdraw the second amendment, so that we go on with the first.

The PRESIDING OFFICER. Without objection, the Senator from Arizona withdraws the second amendment.

Mr. JOHNSON. Mr. President, I shall occupy but a moment in this regard; but here we have a question which I think the Senate ought to understand at least in its implications. I do not pretend to speak with any degree of accuracy respecting silver at all. I am sympathetic with the view, of course, that has been expressed upon this floor and has been so ably expounded by the Senator from Montana, the Senator from Arizona, and the Senator from Nevada; but in this bill as originally presented, in section 36, we find that—

> The President of the United States is authorized to accept silver, in amounts not to exceed the aggregate in value in the United States currency of $100,000,000, in payment of the whole or any part of any amount of principal or interest due from any foreign government or governments on account of any indebtedness to our Government, such silver to be accepted at not to exceed the price of 50 cents an ounce.

I could quite understand that provision, sir, although I do not know whether or not it was intended as I have suggested. I could understand that it might well be proposed upon the theory that Great Britain, who had paid the last installment of her debt to the United States in December 1932, should be permitted to pay the next installment in such coin as she desired and in silver, which doubtless she has. I could understand that, I say, because Great Britain had paid the installment of the debt that was due from her. I do not comprehend, however, why there should be an increase in the amount of silver, in relation to the debts, from $100,000,000 to $200,000,000. The increase from $100,000,000 to $200,000,000 can have, in relation to the debts, but one purpose, and that is to permit the countries which have defaulted to obtain, as they desired, silver in the market and pay the installment of their debts in that silver. That we would not realize, therefore, the amount from the defaulting countries that those countries owe our Government is self-evident, it seems to me, and therefore, sir, it was that I made the motion to reconsider.

I do not believe, and I do not think the Senate believes, that there should be extended any special privilege to any nation on the face of the earth that has defaulted in the payment of its just obligations unto this country, and particularly, sir, I do not believe, and I do not think that any Member of the Senate believes, that any country that was able to pay the last installment due from it should be permitted in any depreciated currency or in currency that lacks its full monetary value to repay any installment in the near future. It was because I thought I saw that implication in this amendment, and because I think I see it now, that I objected to the amendment, and would prefer that the bill stand in its original form.

I do not stand here as a last "red-center", as the great international newspapers like to refer to men who believe that the just obligations due this country from other countries ought to be met; I do not stand here in an ungenerous and uncharitable attitude regarding any nation on the face of the earth. I do not wish that there should be broken the course of amity between ourselves and any nation which has defaulted or which may default; but I do insist when the United States Government has an obligation that is due, that is in the form of a solemn agreement to pay, that this Government shall stand its ground in friendly fashion and maintain its position, holding its obligation and yielding nothing in relation to any country that is wholly able to meet its obligations to us. That is all that I desire in respect to the debts that are due us.

If any country cannot pay, well and good; we pass it by. If any country will not pay when it can pay, then, sir, we hold our obligation and we cheerfully say to that country, "Do as you see fit, because, able to pay and refusing to pay, your action will in the future harm you infinitely more than the payment would advantage us." That is the position of some of those who hold views such as I hold in regard to these debts.

Now, sir, I can see no reason, if it be embraced within the amendment that has been presented, why we should increase the silver that may be paid from $100,000,000, which would include the debt that Great Britain owes to us in June next or the installment of that debt, to $200,000,000, which would enable any defaulting country to purchase, if it could purchase, silver at a decreased price in any part of the world or receive it from any economic or financial ally that that country may have. Therefore, I hope that the particular amendment will not be adopted.

Mr. PITTMAN. Mr. President, as originally——

The PRESIDING OFFICER. The Senator from Nevada is recognized on the bill; he has spoken once on the amendment.

Mr. PITTMAN. I realize the situation. I did not speak, but I was on my feet while others spoke; it is all right.

Originally when a bill was introduced by me in March which was in the form of the provision in the Thomas amendment it only referred to Great Britain, because I do not believe there is any other country that has any substantial amount of silver or can get any amount of silver without buying it with gold, and it would be just as easy to pay in gold as to buy the silver. That was the limit fixed.

The reason for limiting it to India was because we ascertained that the Indians owed the British Government about £15,000,000,000 of war debts, and we were advised that they wanted to pay those war debts in silver. It has been argued as an excuse for not paying the debt that the British Government could not safely transfer the gold away without affecting its reserve; that we would not accept commodities because we did not need commodities—and hence our tariffs against them—and, therefore, they could not pay us. Here was a commodity called silver which they could get in settlement of their debts from India and which, if we accepted in settlement of our debts, would cancel the transaction. It happened to be a commodity, however, that would not endanger our market.

We could not accept $74,000,000 of any other commodity without endangering our already oversupplied domestic market; but we could accept the silver without occasioning that loss for the reason already stated and as stated by the Senator from Arizona [Mr. HAYDEN]. We could follow the old practice that we followed in the past, and, having accepted from Great Britain the $94,000,000, as it was estimated at that time, we could issue $94,000,000 worth of silver certificates and add them to the $490,000,000 we already have. It would not then give us as large a proportion of silver issue as we had in 1890 or 1900. It would be on the same terms as the other silver certificates. But, in

addition to that, we would have twice as much silver behind the new issue of silver certificates as we have behind the $490,000,000 of silver certificates.

As to the depreciated prices, silver today is around 37 cents an ounce. It is inevitable that if Great Britain will accept or will offer to pay the debt payment due June 15 in silver, silver would rise perhaps 10 cents an ounce. In other words, the oversupply of it is so small that any use in that way would cause silver to rise. We put it at 50 cents an ounce, thinking that might possibly help us to solve the embarrassing question which will arise on June 15, when no one desires repudiation, particularly right in the face of the economic conference. If silver happened to be 51 cents an ounce and the President was not allowed to accept it at less than that figure, the whole transaction would be off because of that lack of power. If we put it at 36 cents an ounce, the price today, and it became rumored that Great Britain was going to make that payment in silver, that much silver taken out of India would increase the price of silver, in my opinion, 10 cents an ounce instantly.

On June 15 those countries will owe us payments as follows: Belgium will owe us $4,200,000; Czechoslovakia, $1,500,000; France, $21,477,135; Great Britain, $75,950,000, with interest; Greece, $231,000; Italy, $12,300,000. I understand there is $30,000,000 owed us by Germany.

Mr. WALCOTT. Mr. President, the figures given for France do not include the defaulted payment, I understand.

Mr. PITTMAN. No; I am just stating the payments that will fall due on June 15.

Mr. COUZENS. Mr. President, may I ask the Senator a question?

Mr. PITTMAN. Certainly.

Mr. COUZENS. The Senator has not told us yet, but will he tell us why the amount was raised from $100,000,000 to $200,000,000?

Mr. PITTMAN. It is by reason of the schedule I have just read. The totals include the $19,000,000 that they did not pay, but should have paid—$194,000,000.

Mr. COUZENS. Then the Senator does contemplate that those countries which are in default shall be permitted to pay in silver?

Mr. PITTMAN. Yes; I do.

Mr. COUZENS. And it is that to which the Senator from California [Mr. JOHNSON] objects, I understand?

Mr. PITTMAN. Yes; that is true. Personally I feel that if France is willing to pay the next payment as well as the one now past due in a metal or commodity that will not injure us to accept and that is of the value at which we accept it, it would be a very fine solution of the embarrassing debt problem we now face.

So far as price is concerned, I do not think France could avail herself of it. The reason why I say that is that France will have $10,000,000 or $15,000,000 on hand of subsidiary coinage, and that would be all. If we start to buy that silver in the markets of the world, we could not buy $30,000,000 worth of silver without increasing the price at least 10 cents an ounce. I do not think France could do it; but there would be several of those small countries, including Germany, that would have enough silver to pay us in that commodity, which is undoubtedly of the value of 50 cents an ounce. It seems, when we are dealing with all the governments at this time in the face of an economic conference, we should put aside any discrimination in the settlement of these debts.

Mr. HATFIELD. Mr. President, may I submit an inquiry to the Senator from Nevada?

Mr. PITTMAN. Certainly.

Mr. HATFIELD. Based upon the price of silver at 50 cents an ounce, how much would America scale down the European debts to be paid us?

Mr. PITTMAN. About $194,000,000.

Mr. ROBINSON of Indiana. Mr. President, I want to mention a statement which I understood the Senator from Oklahoma [Mr. THOMAS] made with reference to the amount our foreign debtors would have to pay us. I asked for a transcript of the notes of the Official Reporter to see that I was correctly advised on the matter. I think the Senator's statement should be challenged. I do not want it to go unchallenged. The Senator from Oklahoma said:

> So if today we collect dollars of the present value, we are forcing our debtor allies to pay us from 3 to 5 times as much value to release and relinquish and liquidate their indebtedness as they got in value when the loan was made. Now, if we give them 30 percent reduction, we are still collecting about 20 or 30 percent more value than they received when the loan was made. So I cannot see that we are doing anything but making an attempt to do partial justice, even if we make the reduction complained of by the Senator.

It seems to me that the Senator, in view of that statement, entirely overlooks the Liberty bonds. They are all outstanding and the American people are paying them with an average of better than 4 percent interest—4.07 percent, I believe it is. They all carry the gold clause. They are payable in gold. The American people, it seems to me, are entitled to some consideration in a matter of this kind.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Oklahoma?

Mr. ROBINSON of Indiana. I yield.

Mr. THOMAS of Oklahoma. I made that statement hurriedly and as a result of the best operations of my mind on the spur of the moment, and I am not absolutely sure that it is correct. If we receive $191,000,000 of silver from our allied debtors and issue thereon certificates to that amount we can retire that amount of Liberty bonds 100 percent.

Mr. ROBINSON of Indiana. In the first place, we have wiped out the entire principal of their indebtedness to the American people. If England pays a little better than 3-percent interest each year for 62 years, her entire debt is extinguished, but the American people must go on and on and on, paying the amount loaned by them, which was raised through the Liberty bonds and which bears an average interest of more than 4 percent, all carrying the gold clause.

Mr. THOMAS of Oklahoma. The allied nations owe us about $11,000,000,000. If we keep the dollar at the present value during the next 62 years and they should pay per their contract, at the end of that time they would have paid more than $45,000,000,000 because of the advance in the purchasing price of the dollar over and above what it was in 1926, for instance.

Mr. ROBINSON of Indiana. Suppose that is true and we continue for 62 years paying 4.07-percent interest on the Liberty bonds, how much will our people have paid out in interest on the money we raised to loan to Europe in order to save their lives? It is time someone had some consideration for the American people. The point I make is that by accepting any amount in silver on these debts we reduce the indebtedness that much further. There is no question about that, and we have already written off all the principal so that if they pay the small amount of interest each year for 62 years they will then have discharged their entire indebtedness to the American people.

Mr. HAYDEN. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Arizona?

Mr. ROBINSON of Indiana. Permit me to yield to myself for just a moment.

I read in the Washington Star yesterday a statement, I think under a Paris date line, to the effect that now, reluctantly, France proposes to pay the overdue installment of $19,000,000 to the American people which was due last December and which they defaulted, though they were well able to pay, on the assurance they seem to have that the President of the United States is going to grant a moratorium on the June payment. In other words, it seems that they have an impression—I do not know where they got it—that somehow or other, without any regard whatever to what Congress thinks about it, the President has agreed tentatively, or in some form that seems to satisfy them, to grant a moratorium to all our foreign debtors next June. Some of us will oppose that, I am sure, to the last degree and endeavor to reassert the independence of Congress.

Further, it is now intimated that a consultative pact has been arrived at as a result of which, if France gets into trouble with any neighbor or any other country over there, we are to enter into the European situation and embroil the American people again in the wars of Europe. Of course, I hope the President has agreed to no such consultative pact, and, of course, I assume that a red-blooded Congress will never consent to any such thing.

Mr. LEWIS. Mr. President——

Mr. ROBINSON of Indiana. I yield to the Senator.

Mr. LEWIS. I am able to inform the eminent Senator from Indiana that no such pact exists, either as to any agreement reducing the debt, or changing or shaping it, through any policy or conversation that transpired between the President and the foreign delegates here; second, I can assure the able Senator, whose solicitude I greatly appreciate, that there has been no agreement as to any consultative pact or any other pact involving this Government in any understanding whatsoever touching foreign affairs ignoring the United States Senate.

Mr. ROBINSON of Indiana. Can the Senator assure us, too, that no agreement has been entered into for a moratorium in June?

Mr. LEWIS. I can say to the Senator that I have information which would justify me in saying to any citizen of America that there has been no agreement whatever by the President of the United States or any governmental authority of this country with any foreign country contracting for a moratorium at any time.

Mr. ROBINSON of Indiana. I am glad to have that assurance from my very good friend the Senator from Illinois, and I hope he speaks with authority.

Mr. BORAH. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Idaho?

Mr. ROBINSON of Indiana. I do.

Mr. BORAH. Can the Senator assure us that the President will not ask for authority to deal with these matters—the question of debts, the question of moratorium, and the question of payments, and so forth?

Mr. LEWIS. Is the distinguished Senator from Idaho addressing his query to me or to my friend from Indiana? I was not sure.

Mr. BORAH. To the Senator from Illinois.

Mr. LEWIS. I am compelled to say to the Senator that I have no way of adjudging what the President of the United States in the future may be called on to do by some events that may transpire in the future, which none in the present can now anticipate; but as matters now stand, in the present, from any information and all the information I have——

Mr. LONG. Mr. President, may we have order? It is difficult to hear the Senator.

The PRESIDING OFFICER. The Senate will be in order; and Senators will take their seats, except those entitled to stand.

Mr. LEWIS. Mr. President, the failure to hear me is my fault. My eminent friend from Idaho being so near to me—and, I hope, ever to be near to me—caused me not to regard the necessity of addressing my voice at a longer range.

My answer is that while I cannot tell and cannot say what attitude of mind the President has, or will have, as to some future events not now existing, as to matters now existing I have every reason to be able to assure the Senator that there is no intention on the part of the President or his advisers to make such request to this honorable Congress as my able friend from Idaho seems to anticipate as a possibility, if that replies to his question.

Mr. BORAH. That is a reply, I think, to my question; but my understanding is that there is an expectation upon the part of the administration to request of the Congress a delegation of power to deal with all these matters.

Mr. HAYDEN. Mr. President, will the Senator from Indiana yield?

Mr. ROBINSON of Indiana. I yield.

Mr. HAYDEN. Just for a moment, so that I may correct what I am sure the Senator from West Virginia [Mr. HATFIELD] did not intend to convey to the Senate. The facts are that under this proposal there could be paid, if every nation paid in silver at 50 cents an ounce, debts to the amount of $194,000,000, and that would require 388,000,000 ounces of silver. The proposal as stated by the Senator from West Virginia is not contained in the amendment.

Mr. ROBINSON of Indiana. I do not know just what the effect would be. I assume the Senator speaks with accuracy. I am not challenging his statement nor, of course, that of my friend from West Virginia. I do not know which is correct; but I am opposed, and I think I am expressing the temper of the people of the country, to any further reduction of the foreign debts.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Arizona [Mr. HAYDEN] to the amendment of the Senator from Oklahoma [Mr. THOMAS].

Mr. ROBINSON of Indiana. Mr. AUSTIN and other Senators called for a division.

Mr. McNARY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Kean	Reed
Ashurst	Costigan	Kendrick	Reynolds
Austin	Couzens	Keyes	Robinson, Ark.
Bachman	Cutting	King	Robinson, Ind.
Bailey	Dale	La Follette	Russell
Bankhead	Dickinson	Lewis	Schall
Barbour	Dieterich	Logan	Sheppard
Barkley	Dill	Lonergan	Shipstead
Black	Duffy	Long	Smith
Bone	Erickson	McAdoo	Steiwer
Borah	Fess	McCarran	Stephens
Bratton	Fletcher	McGill	Thomas, Okla.
Brown	Frazier	McNary	Thomas, Utah
Bulkley	George	Metcalf	Townsend
Bulow	Glass	Murphy	Trammell
Byrd	Goldsborough	Neely	Vandenberg
Byrnes	Gore	Norbeck	Van Nuys
Capper	Hale	Norris	Wagner
Caraway	Harrison	Nye	Walcott
Carey	Hatfield	Overton	Walsh
Clark	Hayden	Patterson	Wheeler
Connally	Hebert	Pittman	
Coolidge	Johnson	Pope	

The PRESIDING OFFICER. Ninety Senators have answered to their names. The question is on the amendment of the Senator from Arizona [Mr. HAYDEN] to the amendment of the Senator from Oklahoma [Mr. THOMAS].

Mr. McNARY. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. NORRIS. I ask that the amendment may be stated again.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 5 of the amendment, to strike out lines 24 and 25, down to line 9 on page 6 and to insert in lieu thereof the following:

SEC. 36 (a). The President is authorized, for a period of 6 months from the date of the passage of this act, to accept silver in payment of the whole or any part of the principal or interest now due, or to become due within 6 months after such date, from any foreign government or governments on account of any indebtedness to the United States, such silver to be accepted at not to exceed the price of 50 cents an ounce in United States currency. The aggregate value of the silver accepted under this section shall not exceed $200,000,000.

Mr. BORAH. Mr. President, as I understand, what we are really voting on is the question of raising the amount of $100,000,000 to $200,000,000.

The PRESIDING OFFICER. That is the question. The yeas and nays having been ordered, the clerk will call the roll.

The Chief Clerk called the roll.

Mr. DUFFY. I have a pair with the junior Senator from Maine [Mr. WHITE]. I therefore withhold my vote. If I were at liberty to vote, I should vote "yea."

Mr. METCALF (after having voted in the affirmative). It has just been called to my attention that the Senator from Maryland [Mr. TYDINGS] is absent. I have a general

pair with him. Not knowing how he would vote on this question, I withdraw my vote.

Mr. GEORGE (after having voted in the negative). I have a pair with the senior Senator from Delaware [Mr. HASTINGS]. I am advised that if present he would vote as I have voted. Therefore I will allow my vote to stand.

Mr. LEWIS. I desire to anounce that the Senator from Kentucky [Mr. LOGAN] has a general pair on this question with the Senator from Pennsylvania [Mr. DAVIS].

Mr. HEBERT. I desire to announce the general pair of the Senator from Delaware [Mr. TOWNSEND] with the Senator from Tennessee [Mr. MCKELLAR].

The result was announced—yeas 53, nays 32, as follows:

YEAS—53

Adams	Clark	La Follette	Reynolds
Ashurst	Connally	Lewis	Robinson, Ark.
Bachman	Coolidge	Lonergan	Sheppard
Bankhead	Costigan	Long	Smith
Barkley	Couzens	McAdoo	Stephens
Black	Cutting	McCarran	Thomas, Okla.
Bone	Dieterich	McGill	Thomas, Utah
Bratton	Dill	Murphy	Vandenberg
Brown	Erickson	Neely	Van Nuys
Bulow	Fletcher	Norbeck	Walcott
Byrd	Harrison	Norris	Wheeler
Byrnes	Hayden	Overton	
Capper	Kendrick	Pittman	
Caraway	King	Pope	

NAYS—32

Austin	Dickinson	Hebert	Robinson, Ind.
Bailey	Fess	Johnson	Russell
Barbour	Frazier	Kean	Schall
Borah	George	Keyes	Shipstead
Bulkley	Glass	McNary	Steiwer
Carey	Goldsborough	Nye	Trammell
Copeland	Hale	Patterson	Wagner
Dale	Hatfield	Reed	Walsh

NOT VOTING—10

Davis	Hastings	Metcalf	Tydings
Duffy	Logan	Townsend	White
Gore	McKellar		

So Mr. HAYDEN's amendment to the amendment of Mr. THOMAS of Oklahoma was agreed to.

Mr. HAYDEN. Mr. President, I now reoffer the perfecting amendment which I withdrew sometime ago in order to straighten out the parliamentary situation.

The VICE PRESIDENT. The clerk will state the amendment.

The LEGISLATIVE CLERK. The Senator from Arizona offers the following amendment, on page 6, lines 23 and 24, to strike out the words "(d) The President shall cause silver certificates to be issued in denominations of $1" and to insert in lieu thereof the words "(d) The Secretary of the Treasury shall cause silver certificates to be issued in such denominations as he deems advisable."

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. NYE. Mr. President, I send an amendment to the desk, which I desire to offer.

The VICE PRESIDENT. The clerk will state the amendment.

The LEGISLATIVE CLERK. The Senator from North Dakota offers the following amendment: At the proper place to insert the following new section:

SEC. —. (a) Subsection (a) of section 12 of the Revenue Act of 1932 is amended by striking out the last eight paragraphs thereof and inserting in lieu thereof the following:

"$22,460 upon net incomes of $100,000; and upon net incomes in excess of $100,000 and not in excess of $200,000, 50 percent in addition of such excess.

"$72,460 upon net incomes of $200,000; and upon net incomes in excess of $200,000 and not in excess of $300,000, 52½ percent in addition of such excess.

"$124,956 upon net incomes of $300,000; and upon net incomes in excess of $300,000 and not in excess of $400,000, 55 percent in addition of such excess.

"$179,960 upon net incomes of $400,000; and upon net incomes in excess of $400,000 and not in excess of $500,000, 57½ percent in addition of such excess.

"$237,460 upon net incomes of $500,000; and upon net incomes in excess of $500,000 and not in excess of $600,000, 60 percent in addition of such excess.

"$297,460 upon net incomes of $600,000; and upon net incomes in excess of $600,000 and not in excess of $700,000, 62½ percent in addition of such excess.

"$359,960 upon net incomes of $700,000; and upon net incomes in excess of $700,000 and not in excess of $800,000, 65 percent in addition of such excess.

"$424,960 upon net incomes of $800,000; and upon net incomes in excess of $800,000 and not in excess of $900,000, 67½ percent in addition of such excess.

"$492,460 upon net incomes of $900,000; and upon net incomes in excess of $900,000 and not in excess of $1,000,000, 70 percent in addition of such excess.

"562,460 upon net incomes of $1,000,000; and upon net incomes in excess of $1,000,000, 75 percent in addition of such excess.

"(b) This section shall take effect as of January 1, 1933."

Mr. NYE. Mr. President, the effect of this amendment would be that of increasing the surtax rate on incomes in excess of $100,000 per annum. The present surtax rate on incomes of $100,000 is 48 percent, and it is graduated upward to a maximum of 55 percent on net incomes in excess of $1,000,000.

My amendment would increase this spread from the figures I have just named, 55 percent, to 75 percent, so that the individual with a net income in excess of $1,000,000 a year instead of being taxed at the rate of 55 percent, as is now the case, would be taxed at the rate of 75 percent.

One of the first effects of the inflationary measure we are about to pass will be to make it possible for those who have bought properties at foreclosure sales to cash in large profits on those purchases. The farmer, for example, who saw his $20,000 farm sold to satisfy a $10,000 mortgage, will see that farm sold for $20,000 by the insurance company, or whoever may be the mortgagee, who bid it in at the foreclosure sale, sold for $20,000, representing a profit of $10,000, without any effort, without any contribution to the needs of the day. Why should we not put a tax on so swift a profit—a profit made possible only by the inflation which Congress provides for in this legislation?

No safeguard which Congress can write into an inflation bill can prevent men from making fortunes out of their less fortunate neighbors. The first thing to be observed when it became apparent that Congress would adopt an inflation measure was a wave of speculation and gambling on the stock exchanges. Each day those who have read the financial pages have observed the headlines about "profit taking." We cannot or will not close the exchanges, and we do not seem to be able to stop this gambling. But there is no reason why we should not put a heavy tax upon the gamblers and their excessive profits.

Millions of dollars have been made in gambling in silver on the commodity markets within the last 10 days. Why should we not levy a tax upon the men who make those millions, for they make them not because of their industry or their diligence or their skill but solely because of the legislation which we are about to pass?

This amendment of mine fixes an increased surtax which only falls upon those whose net incomes for the year will exceed $100,000. Those with smaller incomes will not be touched. Surely those citizens whose incomes exceed $100,000 cannot object, in times like these, to being asked to pay a higher tax, particularly as the fortunes they pile up in such incomes are made possible not by anything they have done but by what the Nation has done for them.

In times like these the man who has an income in excess of $100,000 does not create that income; he takes it from those who have less and are caught in the press of unfortunate conditions.

It is highly important that we write this tax into the bill at this time, so that the profiteers who are enriched by our inflation legislation will know in advance what their tax is to be. With 12,000,000 unemployed there will be plenty of employers who will go out and hire men at $1 or $2 a day. They will buy our farm products at sacrifice prices. They will add $1 worth of labor to $1 worth of our products, and, thanks to the fact that prices will rise before their work has been done, they will sell the result of that operation for 6 or 8 or 10 dollars, or whatever they can get. They should not object if we put a new and heavier tax on incomes that result from such operations.

If such an employer, however, knows that he will have to pay a high tax on the resulting profit, he will be more likely

to pay living wages. For if he is liable to a tax of 85 percent on each additional dollar of his income, even the hardest hearted and most grasping employer will be tempted to raise the wages of his workers.

Mr. President, this inflation will cause a mushroom growth of millionaires, and the next year after they reap the harvest of this unprecedented inflationary plan some Senator will rise here on the floor and say that we should have taxed the excess profits of their market manipulations. It will be too late then. We cannot then make the tax retroactive. The time to do it is now.

Perhaps it is true that a large part, as some say, that 90 percent of the benefits of this inflation will accrue to less than 1 percent of our people. I hope the percentage may be more favorably in the interest of the people. Why should we not put a surtax on all incomes over $100,000, so that the Government can obtain revenue from these exorbitant profits and abortive fortunes which will be made by means of a bill we are now passing. The excess incomes of smaller industries and businesses of the country up to $100,000 will not be touched. Surely, when an income exceeds this amount, the Government should receive additional revenue over and above the present surtaxes, which are altogether too lenient, when one considers that millions of families are penniless and farmers are getting so little for their products that they might as well give them away.

The present surtax on net incomes of $100,000 is 48 percent, and is graduated upward to a maximum of 55 percent on net income in excess of $1,000,000. To tax the excess profits which will be created by inflation, this surtax should be increased so it will range from 50 percent on incomes of $100,000 to a maximum of 75 percent on incomes in excess of $1,000,000.

Mr. President, I hope the amendment which I have offered may prevail.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from North Dakota to the amendment of the Senator from Oklahoma.

Mr. McNARY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. McNARY. Does not the amendment affect the revenue?

The VICE PRESIDENT. In the opinion of the Chair, it does; but the custom in the Senate has been for the Chair not to pass on the constitutionality of such matters, but to submit the question to the Senate. In the opinion of the Chair it is a revenue measure.

Mr. HARRISON. Mr. President, may I ask the Senator from North Dakota if he will not withdraw this amendment and allow it to go to the Committee on Finance, which has before it a tax bill which is going to come up here next week? The amendment will be more appropriate to be offered at that time.

Mr. NYE. I am glad to have the assurance which comes from the Senator from Mississippi.

Mr. HARRISON. I do not give any assurance that I will be for it.

Mr. NYE. I understand the Senator to say that there is a tax bill from the House being considered by the Committee on Finance.

Mr. HARRISON. There is a tax measure that passed the House on which the Committee on Finance will have hearings on next Tuesday. We hope to have it reported out soon. I do not want the Senator, however, to draw the inference that I shall support his amendment, because I am very much opposed to it; but I hope, in the interest of expediting the pending measure, and of bringing it to a vote, the Senator will withdraw his amendment and have it referred to the Committee on Finance.

Mr. NYE. First let me ask the Senator a question. Can we, at least, be assured that the proposal will be considered by his committee, if referred to it?

Mr. HARRISON. The Committee on Finance always considers measures referred to it.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from North Dakota to the amendment as submitted by the Senator from Oklahoma [Mr. THOMAS].

Mr. NYE. Mr. President, I am inclined to agree with the thought that is being voiced that the amendment might better find a place on the revenue bill to which the Senator from Mississippi refers, and, in the interest of expediting the passage of the important measure which we now have before us, I shall follow the suggestion made and will withdraw the amendment and will ask that it may be referred to the Committee on Finance, as a proposed amendment to House bill 5040.

The VICE PRESIDENT. Without objection, the amendment to the pending bill is withdrawn and will be considered as having been presented to House bill 5040, and, as such, will be referred to the Committee on Finance.

The question is on agreeing to the amendment of the Senator from Oklahoma [Mr. THOMAS], as amended.

Mr. PITTMAN. Mr. President, I have an amendment here which was presented by the Senator from Maryland [Mr. TYDINGS]. In his absence, and, at his request, I wish to offer it.

The VICE PRESIDENT. The Senator from Nevada offers an amendment, which will be stated.

Mr. COUZENS. Mr. President, I understand the amendment of the Senator from Maryland is to a different portion of the bill.

The VICE PRESIDENT. The Chair understands the amendment of the Senator from Maryland is to the text of the original bill.

Mr. PITTMAN. I will wait, then, Mr. President, until after action on the amendment of the Senator from Oklahoma.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Oklahoma [Mr. THOMAS], as amended.

Mr. McNARY. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. DUFFY (when his name was called). I have a general pair with the junior Senator from Maine [Mr. WHITE], and therefore withhold my vote. If permitted to vote, I should vote "yea."

Mr. GEORGE (when his name was called). I have a general pair with the senior Senator from Delaware [Mr. HASTINGS]. If he were present, I understand he would vote "nay." If I were at liberty to vote, I should vote "yea."

The roll call was concluded.

Mr. HEBERT. I desire to announce once again that the Senator from Delaware [Mr. TOWNSEND] has a general pair with the Senator from Tennessee [Mr. McKELLAR].

Mr. LEWIS. I wish to announce that the Senator from Oklahoma [Mr. GORE] is necessarily detained from the Senate on official business.

I also desire to announce that the Senator from Kentucky [Mr. LOGAN] has a general pair with the Senator from Pennsylvania [Mr. DAVIS].

Mr. HALE. I wish to announce that my colleague [Mr. WHITE] is necessarily absent. If present, he would vote "nay."

The result was announced—yeas 64, nays 21, as follows:

YEAS—64

Adams	Connally	King	Reynolds
Ashurst	Coolidge	La Follette	Robinson, Ark.
Bachman	Copeland	Lewis	Robinson, Ind.
Bankhead	Costigan	Lonergan	Russell
Barkley	Couzens	Long	Sheppard
Black	Cutting	McAdoo	Shipstead
Bone	Dickinson	McCarran	Smith
Borah	Dieterich	McGill	Steiwer
Bratton	Dill	Murphy	Stephens
Brown	Erickson	Neely	Thomas, Okla.
Bulow	Fletcher	Norbeck	Thomas, Utah
Byrd	Frazier	Norris	Trammell
Byrnes	Harrison	Nye	Van Nuys
Capper	Hayden	Overton	Wagner
Caraway	Johnson	Pittman	Walsh
Clark	Kendrick	Pope	Wheeler

NAYS—21

Austin	Fess	Kean	Schall
Bailey	Glass	Keyes	Vandenberg
Barbour	Goldsborough	McNary	Walcott
Bulkley	Hale	Metcalf	
Carey	Hatfield	Patterson	
Dale	Hebert	Reed	

NOT VOTING—10

Davis	Gore	McKellar	Tydings
Duffy	Hastings	Townsend	White
George	Logan		

So the amendment of Mr. THOMAS of Oklahoma, as amended, was agreed to.

Mr. PITTMAN. I now offer the amendment as presented by the Senator from Maryland [Mr. TYDINGS] the other day and ask to have it read.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 21, line 10, after the word "importation", it is proposed to insert:

Provided, That all taxes collected under this subsection upon articles coming from the possessions of the United States to which this title does not apply shall not be covered into the general fund of the Treasury of the United States but shall be held as a separate fund and paid into the Treasury of the said possessions, respectively, to be used and expended by the governments thereof for the benefit of agriculture.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Nevada [Mr. PITTMAN] in behalf of the Senator from Maryland [Mr. TYDINGS].

Mr. PITTMAN. Mr. President, I will simply leave this amendment to the Senator from South Carolina [Mr. SMITH], who is in charge of the bill. I may say, however, that unless the amendment shall be adopted there will be a conflict in the bill because of another provision which excludes the Philippine Islands.

Mr. SMITH. Mr. President, the statement of the Senator from Nevada is correct. There is one provision in the bill which excludes the Philippine Islands and another which includes them. This amendment is necessary in order to avoid a conflict.

Mr. ADAMS. Mr. President, I regret to have to disagree with the distinguished Senators who favor this amendment. I can state very briefly the effect of its adoption. It would be to levy a tax upon the American sugar consumer and pay the proceeds of the tax to the Philippine government.

Mr. PITTMAN. We should not impose more taxes on the Philippines if we want to be fair. That is all there is to it.

Mr. CLARK. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. CLARK. I inquire what has become of the motion of the Senator from Texas to reconsider the vote on an amendment which has been put in the bill?

The VICE PRESIDENT. It is still pending.

Mr. CLARK. May I ask the Senator from Texas whether he intends to call up that motion?

Mr. CONNALLY. I will say to the Senator from Missouri that, on account of the necessity for haste and the desire to finish the bill tonight, the Senator from Texas has concluded not to press the motion to reconsider, trusting to the wisdom and patriotism of the conferees to take care of the matter by eliminating it.

The VICE PRESIDENT. The Senator from Texas withdraws his motion to reconsider.

Mr. CLARK. Mr. President, is the Senator entitled to withdraw the motion to reconsider; and, if so, is not another Senator entitled to make it?

The VICE PRESIDENT. The Senator from Texas can have leave of the Senate to withdraw it.

Mr. PITTMAN. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. PITTMAN. Is there not an amendment pending?

The VICE PRESIDENT. There is an amendment pending. The question is on agreeing to the amendment offered by the Senator from Nevada in behalf of the Senator from Maryland.

The amendment was agreed to.

Mr. ADAMS. I ask for a division, Mr. President.

The VICE PRESIDENT. The amendment has been agreed to.

Mr. NORBECK. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The Senator from South Dakota offers an amendment, which will be read.

The CHIEF CLERK. At the end of title I, it is proposed to insert the following:

SEC. —. (a) Whenever the President shall deem it expedient or necessary to carry out any of the purposes or provisions of this act he is hereby authorized and empowered to cause the Secretary of Agriculture, or such other agency as he may designate, to receive and receipt for all that portion of the commodities included in this act which may be set aside for export, as herein provided, and all processors and buyers from farmers are hereby required to deliver said receipts to the farmer selling such commodities and deliver said exportable portion thereof to the agency designated by the President under such rules and regulations as the Secretary of Agriculture may prescribe.

(b) The Secretary of Agriculture is authorized and directed to provide storage and all other facilities for handling and exporting said surplus, and shall cause the same to be marketed at the best prices obtainable in the foreign markets.

(c) After marketing the same the Secretary of Agriculture shall redeem the said receipts issued to the farmers for said surplus percentages at the net amount realized from each commodity and grade averaged for the season. The said receipts shall be transferable and may be presented to any post office for redemption.

(d) Any failure or refusal of any processor, buyer, or farmer to comply herewith shall be a misdemeanor and punished by a fine not exceeding $1,000 or imprisonment for not more than 1 year, or both, and any person falsifying any of said receipts shall be deemed guilty of a felony and shall be punished by a fine not exceeding $5,000 or imprisoned not more than 10 years, or both.

The VICE PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from North Carolina.

Mr. WALSH. Mr. President, may we have an explanation of the amendment?

Mr. NORBECK. The amendment gives one more optional power to the President in connection with the agricultural part of the bill. In other words, it gives him the right to segregate the surplus if he sees fit. The necessity for it is that we have delayed action on the bill so long that it is hardly effective on this year's crop. With this provision it could be made so effective. There is nothing mandatory in the bill. I do not see why anyone should object to it.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from South Dakota.

The amendment was rejected.

Mr. WALCOTT. Mr. President, I have an amendment, which I send to the desk and offer at this time.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. The Senator from Connecticut proposes, in part II, commodity benefits, section 8, subsection 3, line 2, page 12, after the word "any", to strike out the word "basic", so as to make the line read:

Or any agricultural commodity or product thereof.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Connecticut.

The amendment was rejected.

Mr. CLARK. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. CLARK. The Senator from Texas having failed to call up his motion to reconsider the vote by which sugar was put in the bill, is it in order for another Senator to call it up?

The VICE PRESIDENT. There are four motions to reconsider which must be disposed of by the Senate in order to get the bill finally disposed of. The Chair will lay them before the Senate as soon as the amendments are completed.

Mr. CAREY. Mr. President, I have an amendment in the nature of a substitute which I desire to offer.

Mr. SMITH. Mr. President, will the Senator permit me first to offer an amendment?

The VICE PRESIDENT. Does the Senator from Wyoming yield to the Senator from South Carolina?

Mr. CAREY. I yield.

Mr. SMITH. I offer an amendment to section 1, which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. The Senator from South Carolina proposes:

On page 6, after line 4, to insert a new subsection, as follows:

"(d) If any cotton held by the Secretary of Agriculture is not disposed of under subsection (c), the Secretary is authorized to enter into similar option contracts with respect to such cotton conditioned upon a reduction of production in 1934 and permitting the producer in each case to exercise his option at any time up to January 1, 1935."

On page 6, line 8, strike out the figures "1935" and insert in lieu thereof "1936."

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Wyoming yield to me to ask an arrangement by which sundry minor but perfecting amendments may be considered in connection with the Wagner amendment? These are amendments merely intended to make corrections in the text. They are not of substantial importance. There are several of them. I understand the Senator's amendment is an important amendment in the nature of a substitute and may take some time.

The VICE PRESIDENT. Does the Senator from Wyoming yield to the Senator from Arkansas?

Mr. CAREY. I yield for that purpose.

Mr. ROBINSON of Arkansas. Mr. President, I ask for consideration of the amendments. With the exception of one, they are mere corrections either of numbers or of minor errors in the text. The one referred to merely transposes a paragraph to its proper place on a different page.

The VICE PRESIDENT. The amendments submitted by the Senator from Arkansas will be read for the information of the Senate.

The CHIEF CLERK. The Senator from Arkansas proposes the following amendments:

On page 12, line 10, strike out "seventh" and insert in lieu thereof "eighth."

Transpose the matter in italics, on page 26, lines 7 to 15, to page 25 as a new paragraph after the period in line 15, and before the matter in italics.

Strike out the matter in italics on page 25, line 15, "that the Reconstruction Finance Corporation, upon" and insert "the Reconstruction Finance Corporation, upon."

On page 27, between lines 12 and 13, insert a center heading in capitals and small capitals "Part 7—Miscellaneous."

On page 28, between lines 5 and 6, insert a center heading in small capitals "National Board of Conciliation."

On page 29, between lines 12 and 13, insert a center heading in small capitals, "Loans to Fruit Growers."

Page 29, line 21, to strike out "7" and insert "8."

On page 12, line 10, to strike out "27a" and insert in lieu thereof "28"; renumber the succeeding sections; and on page 16, line 14, strike out "29" and in lieu thereof to insert "30."

The VICE PRESIDENT. The question is on agreeing to the amendments of the Senator from Arkansas.

The amendments were agreed to.

Mr. ROBINSON of Arkansas. Mr. President, I thank the Senator from Wyoming.

Mr. STEPHENS. Mr. President, I understand the Senator from Wyoming is about to offer a substitute. Before that is done I should like to offer an amendment which will take only a moment. Will the Senator yield?

Mr. CAREY. I yield for that purpose.

Mr. STEPHENS. I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. The Senator from Mississippi proposes, on page 7, line 6, after the word "any", to insert the word "basic", so as to read:

(2) To enter into marketing agreements with processors, associations of producers, and others engaged in the handling, in the current of interstate or foreign commerce of any basic agricultural commodity or product thereof, after due notice and opportunity for hearing to interested parties.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Mississippi.

The amendment was agreed to.

Mr. CAREY. Mr. President, the amendment which I am about to offer is in the nature of a substitute. It contains some 30 pages. I ask unanimous consent that the reading of the amendment be waived, that it be printed in the RECORD following my remarks, and that I be given an opportunity to explain it. I think it will take less time of the Senate if I may be given this permission.

The VICE PRESIDENT. The Senator from Wyoming asks unanimous consent that the amendment be not read, but printed in the RECORD, and that he have an opportunity to explain it. Is there objection? The Chair hears none, and the Senator from Wyoming is recognized for that purpose.

Mr. CAREY. Mr. President, I realize the hour is late, and I have no desire to keep the Senate much longer. I merely desire to make a brief explanation of my amendment.

The amendment which I have offered to the pending measure, while in the nature of a substitute, does not seek to amend title 2, covering "Agricultural credits", as the same was reported by the Senate Committee on Banking and Currency.

The amendment also contains part 1 of title 1, relating to cotton-option contracts, but substitutes new matter for part 2, "Commodity benefits", and part 3, "Costs of production", of title 1. It eliminates part 2 of section 34 and section 36, the Thomas amendment.

The amendment to title 1 authorizes and directs the Secretary of Agriculture to lease farm land not to exceed 50,000,000 acres, which land had been planted to cotton, corn, wheat, and other cereals during the year 1932, and to enter into agreements with the owners of these lands to not plant such crops on the lands leased during the years 1933 and 1934.

No land except tilled acreage on any farm would be leased, and the terms of the lease would require that no part of such farms would be planted to the crops mentioned, and that the lessor would not engage in the production of the specified crops on other lands. The lessor would be permitted to occupy the buildings on his farm, to grow garden crops for family use, and to produce crops other than cotton, corn, wheat, and other cereals.

The amendment authorizes the Secretary of Agriculture to solicit offers of leases and to accept offers of the lowest bidders. It can be expected that those farmers whose losses have been the greatest will offer their lands upon the lowest terms. It is true that the lands leased probably would be submarginal land, but this will help the farmer who owns more productive land and who produces his crops at a lower cost. The elimination of price-breaking surpluses should guarantee to him a fair income for what he produces.

There is naturally some question as to whether the leasing of 50 million acres of land is sufficient to accomplish the purpose of taking care of agricultural surpluses. The total area in crops in the United States is approximately 360 million acres. Under the proposed plan the leasing of 50 million acres would mean the retirement of about 14 percent of the total. While the amount of land to be leased covering each particular crop is not specified, if, in the administration of this act, the Secretary of Agriculture should lease 15 million acres of land heretofore planted to each of the three crops—cotton, wheat, and corn—the percentage retired from cotton production would be approximately 30 percent, from wheat 25 percent, and corn 15 percent.

It is my belief that the benefits would not be confined to the crops mentioned, but by cutting the acreage of corn and cereals benefits would accrue to the livestock producer, as higher prices for livestock, hogs, cattle, and sheep usually follow higher prices for corn. The same is also true of milk and dairy products, as the dairy industry consumes cereals—the price of milk and dairy products increasing with the price of these cereals.

A provision in the lease that the lessor will not engage in the production of cotton or cereals on other lands will retire all lands of the lessors from the production of these crops. It will reduce the possibility of substitution of other acreage for lands leased and will prevent a farmer

from withdrawing certain of his lands and substituting others for production of these crops.

Consequently this plan will not require a large army to administer it. The administration plan would require the policing of farms of some 6,500,000 farmers, provided they all expected to benefit by the act. To retire from production 25 percent of a farmer's land reduces the volume of his production without properly reducing his taxes, interest, overhead, and living costs. Thus, in part at least, the benefits which he might receive for a higher price for a portion of his crops would be lost. A plan is much more easily administered which will retire from production of specified crops all the lands of some farmers than to attempt to retire part of the lands of all the farmers.

The amendment as printed provides for a manufacturers' tax of 2 percent on cereals and cotton after they are processed, which is an error in drafting, as the amount of the tax which would be necessary to reimburse the Treasury for advances made is 10 percent rather than 2 percent. This tax is a definite one, being 10 percent of the value of the product, while in the so-called "administration bill" the tax would vary from day to day with the change in prices, and in some instances would amount to 400 percent.

The provision in the administration measure for the levying of taxes on the processor is such that he would not dare to either accept orders or buy any large amount of raw materials for processing for fear of a change of prices through a change in tax rates. Consequently the farmer could only sell his products in small quantity to meet the processor's demand.

The amount of sales taxes to be levied upon the consumer of food and clothing—and at a time when many are starving—will amount to from eight hundred million to two billion dollars per year; while I believe the total amount of taxes, if this amendment is adopted, will not exceed $100,000,000.

Title 1 of the administration bill gives greater powers to the Secretary of Agriculture than should be given to anyone in an administrative position. Through the licensing provision of the bill, it would be possible for the Secretary to become an absolute dictator over all who are engaged in either the production or the processing of agricultural commodities. He could make rules and regulations both as to the amount and the commodity which the processor might process and regulate their distribution and sales. For the smallest infraction of these rules and regulations the processor could be put out of business.

It has been stated repeatedly in the discussion of the bill that no farmer would be compelled to share in its provisions. While I have no doubt that those who made this statement made it in good faith, I feel that as a practical proposition the business of every farmer would be dominated by the Department of Agriculture. No farmer could sell his products so that they would be exempt from a tax, even if he did not profit by the tax. There would be no free and open market for farm products; and the Secretary, through his taxing and licensing power, could not only limit the production of any processor but could fix and determine his markets and through the processor dominate the producer. The farmer who did not submit to the domination of the Department of Agriculture would have little opportunity to dispose of his crops.

When this measure was first submitted to the Senate Committee on Agriculture and Forestry, it was stated by a prominent member of that committee that the bill should be called a "patronage measure" rather than a bill "for the relief of agriculture." No one has yet stated the number of employees that will be necessary to administer this act. There has been no bill before Congress at this session which will do more to relieve unemployment—not to mention the fulfillment of campaign promises to the faithful.

If this bill becomes a law, we will have a new bootlegger—the bootlegger of agricultural products. By repealing the eighteenth amendment we hope to get rid of vendors of illicit liquor and to reduce our prison population. If this act becomes a law, we will still need our penitentiaries, and the Prohibition Enforcement Bureau should be transferred to the Department of Agriculture. Only by an agency of this kind can the fear of God be put in the American farmer so he can be made to obey the rules and regulations of the Department of Agriculture.

The American people are tired of governmental spies and agents—they hate bureaucracy—yet we are establishing the greatest army of "snoopers" in the history of the Nation.

Lastly, we must consider the administration of this act should it become a law. Naturally the Secretary of Agriculture must delegate his authority to others, so it is necessary to consider who will be his assistants. First there is Mordecai Ezekiel. This measure is largely his "brain storm." Mr. Ezekiel is a statistician who has become an agricultural economist and now holds the position of economic advisor to the Secretary. Next we have Prof. "Rexall" Tugwell, until recently a professor of political economy at Columbia University—"a subway farmer"—as Assistant Secretary of Agriculture. Both of these gentlemen have made extended visits to Russia, where they have studied Russian agriculture. No two men should be better qualified to adapt Russian methods to American agriculture than these two gentlemen. If it should develop that the job was too big for them, it would be possible to either get additional professors from Columbia University, or, if necessary, some Russian brothers could be imported who have a more practical knowledge of Russian methods.

I am in favor of any and all measures which I believe will help the farmer, and will vote for them. I am not opposed to this bill because it is a Democratic measure; as I have stated before, I feel that title 3, relating to farm mortgages, if sympathetically administered, will be of the greatest benefit to the American farmer. As to the balance of the bill, except the "cotton option plan", I believe it will harm the producers, that it is impractical, and I am fearful of its administration.

The plan which I am proposing is easily administered, does not place a heavy burden upon the consumer, and will increase the price of agricultural commodities. It is my hope that the amendment as offered, if enacted into law, will provide a method through the retirement of acreage whereby production can be diminished until the huge carry-overs are consumed and the supply balanced to market demand. By the leasing of lands the farmer is left on his farm, in possession of his home, and with the means of producing food for his family use. His operations in livestock will not be disturbed, and ruinous losses through overproduction will be reduced through rentals, which will be substituted to those farmers who reduce their tilled acreage.

Mr. President, I am not going to take any further time of the Senate, as I realize the Senators are anxious to get through with the bill. I ask that the amendment may be printed at this point following my remarks.

The VICE PRESIDENT. That order has already been made.

The amendment of the Senator from Wyoming [Mr. CAREY], in the nature of a substitute, is as follows:

Strike out all after the enacting clause and insert:

"TITLE I. AGRICULTURAL ADJUSTMENT

"DECLARATION OF POLICY

"That (a) it is hereby declared that the depression in prices for agricultural commodities and the disparity between the prices of agricultural and other commodities have created conditions which affect sales of agricultural products with a national interest, which burden and obstruct the normal flow of commerce, and which render imperative the enactment of title I of this act for the relief of a national economic emergency.

"(b) It is hereby declared to be the policy of the Congress (1) to encourage and to assist agricultural readjustment and planning, and to aid in balancing agricultural production to market demand, and thereby restoring the parity between agriculture and other industries, and (2) to secure to the producers of agricultural commodities for that part of the domestic production of such commodities that will be needed for domestic consumption a price at least equal to the average domestic cost of production for such commodities.

"Part 1. Land-rental plan

"SEC. 2. The Secretary of Agriculture is hereby authorized and directed to acquire by lease or contract not to exceed 50,000,000 acres of land in the United States which were during the crop



season of 1932 planted to cotton or wheat, corn, or other cereals, or which were fallowed during the summer and fall of 1932 for planting to such crops in 1933.

"SEC. 3. (a) The general purpose of part 1 of this title shall be the balancing of agricultural production to the market demands by withdrawing the lands leased hereunder from the production of the above commodities. The terms and conditions of such leases and contracts shall be fixed by the Secretary of Agriculture, but no lease or contract shall be for a period longer than 2 years.

"(b) The Secretary of Agriculture under this act is authorized to lease or contract for only the tilled land of any farm, and shall require that, during the term of the lease or contract, the lessor will not increase his acreage of other lands planted to said crops; but the lessor, with the approval of the Secretary of Agriculture, may use the buildings and improvements on land so leased, and may produce thereon crops other than cotton or wheat, corn, or other cereal.

"(c) Sufficient acreage upon which to grow garden crops for family use shall be allowed the lessor of any lands.

"SEC. 4. The Secretary of Agriculture shall, in such manner as he shall determine, proceed immediately to solicit the offer of leases for any such lands by the owners thereof, and shall, within 30 days after the enactment of this act, begin to lease the same upon the best terms obtainable, up to a maximum of 50,000,000 acres.

"SEC. 5. (a) In addition to any other tax or duty imposed by law there is hereby imposed a tax of 10 percent of the sale price on the sale of every article manufactured wholly or in chief value from cotton or cereals and sold in the United States by the manufacturer or importer thereof.

"(b) Such tax shall take effect on the day following the date of enactment of this act, and shall continue in force until the 1st day of June 1935.

"SEC. 6. (a) The taxes provided in this title shall be collected by the Bureau of Internal Revenue under the direction of the Secretary of the Treasury. Such taxes shall be paid into the Treasury of the United States.

"(b) All provisions of law, including penalties, applicable with respect to the taxes imposed by title IV of the Revenue Act of 1932, shall, insofar as applicable and not inconsistent with the provisions of this title, be applicable in respect of taxes imposed by this title: *Provided*, That the Secretary of the Treasury is authorized to permit postponement, for a period not exceeding 60 days, of the payment of taxes covered by any return.

"(c) If (1) any person has, prior to the date the tax under this title takes effect, made a bona-fide contract for the sale, after the tax takes effect, of any article in respect of the sale of which a tax is imposed under this title, or in respect of which a tax is imposed under this subsection, and (2) such contract does not permit the adding to the amount to be paid under such contract, of the whole of such tax, then (unless the contract prohibits such addition) the vendee shall, in lieu of the vendor, pay so much of the tax as is not so permitted to be added to the contract price. If a contract of the character above described was made with the United States or with any person other than a dealer, no tax shall be collected under this title. The taxes payable by the vendee shall be paid to the vendor at the time the sale is consummated, and shall be collected, returned, and paid to the United States by such vendor. In case of failure or refusal by the vendee to pay such taxes to the vendor, the vendor shall report the facts to the Commissioner, who shall cause collection of such taxes to be made from the vendee.

"SEC. 7. There is hereby authorized to be appropriated from the proceeds of the taxes imposed under this title such sums as may be necessary for the purposes of this title, and the Secretary of the Treasury is hereby authorized to advance, out of any money in the Treasury not otherwise appropriated, to the Secretary of Agriculture such sums, not exceeding $150,000,000, as may be necessary for the payment of rentals upon lands leased under the provisions of part 1 of this title and administrative expenses in connection therewith. The amount of any such advance shall be deducted from such funds as subsequently become available under this subsection.

"SEC. 8. (a) The Secretary of Agriculture is hereby authorized to make and promulgate and enforce such rules and regulations for the carrying out of the purposes and intent of part 1 of this title as may be deemed necessary.

"(b) The Secretary of Agriculture is hereby authorized to appoint and fix the compensation of such personnel as may be necessary to carry out the terms and provisions of part 1 of this title, and is hereby authorized, subject to the approval of the President, to use any agencies and personnel of the Government that may be necessary in carrying out the same: *Provided*, That when any existing agency or personnel of the Government is used, no additional compensation shall be paid therefor.

"SEC. 9. Any person who shall knowingly make any material false representation for the purpose of making a lease, or of obtaining any benefit under part 1 of this title, shall, upon conviction thereof, be punished by a fine of not exceeding $1,000 or by imprisonment not exceeding 6 months, or both.

"Part 2. Cotton-option contracts

"SEC. 10. The Federal Farm Board and all departments and other agencies of the Government are hereby directed—

"(a) To sell to the Secretary of Agriculture at such price as may be agreed upon, not in excess of the market price, all cotton now owned by them.

"(b) To take such action and to make such settlements as are necessary in order to acquire full legal title to all cotton on which money has been loaned or advanced by any department or agency of the United States or held as collateral for loans or advances and to make final settlement of such loans and advances. In making such settlements the cotton shall be taken over at prices equal to the amounts loaned or advanced, directly or indirectly, plus the carrying charges and operating costs thereon. The Department or other agency shall sell this cotton also to the Secretary in the same manner as is provided in the preceding paragraph hereof.

"The Secretary of Agriculture is hereby authorized to purchase the cotton specified in paragraphs (a) and (b).

"SEC. 11. The Secretary of Agriculture shall have authority to borrow money upon all cotton in his possession or control and deposit as collateral for such loans the warehouse receipts for such cotton.

"SEC. 12. The Reconstruction Finance Corporation is hereby authorized and directed to advance money and to make loans to the Secretary of Agriculture to acquire such cotton and to pay the carrying costs thereon, in such amounts and upon such terms as may be agreed upon by the Secretary and the Reconstruction Finance Corporation, with such warehouse receipts as collateral security.

"SEC. 13. (a) The Secretary of Agriculture is hereby authorized to enter into contracts with the producers of cotton to sell to any such producer an amount of cotton equivalent in amount to the amount of reduction in production of cotton by such producer below the amount produced by him in the preceding crop year, in all cases where such producer agrees in writing to reduce the amount of cotton produced by him in 1933, below his production in the previous year, by not less than 30 percent, without increase in commercial fertilization per acre.

"(b) To any such producer so agreeing to reduce production the Secretary of Agriculture shall deliver a non-transferable-option contract agreeing to sell to said producer an amount, equivalent to the amount of his agreed reduction, of the cotton in the possession and control of the Secretary.

"(c) The producer is to have the option to buy said cotton at the average price paid by the Secretary for the cotton procured under section 10, and is to have the right at any time up to January 1, 1934, to exercise his option, upon proof that he has complied with his contract and with all the rules and regulations of the Secretary of Agriculture with respect thereto, by taking said cotton upon payment by him of his option price and all actual carrying charges on such cotton; or the Secretary may sell such cotton for the account of such producer, paying him the excess of the market price at the date of sale over the average price above referred to after deducting all actual and necessary carrying charges: *Provided*, That in no event shall the producer be held responsible or liable for fiancial loss incurred in the holding of such cotton or on account of the carrying charges therein: *Provided further*, That such agreement to curtail cotton production shall contain a further provision that such cotton producer shall not use the land taken out of cotton production for the production for sale, directly or indirectly, of any other nationally produced agricultural commodity or product.

"SEC. 14. The Secretary shall sell the cotton held by him at his discretion, but subject to the foregoing provisions: *Provided*, That he shall dispose of all cotton held by him by March 1, 1935: *Provided further*, That he is authorized to sell unlimited amounts at any time a price equivalent to not less than 10 cents, basis middling, ⅞-inch staple, at the ports can be procured.

"TITLE II—AGRICULTURAL CREDITS

"Part 1. Amendments to Federal Farm Loan Act

"ISSUANCE OF BONDS BY LAND BANKS

"SEC. 15. Section 32 of the Federal Farm Loan Act, as amended (U.S.C., title 12, sec. 991), is amended by adding at the end thereof the following new paragraph:

"'Until such time as the Farm Loan Commissioner determines that Federal farm-loan bonds (other than those issued under this paragraph) are readily salable in the open market at a yield not in excess of 4 percent per annum, but in no case more than 2 years after this paragraph takes effect, Federal land banks may issue farm-loan bonds as authorized under this act, for the purpose of making new loans, or for purchasing mortgages or exchanging bonds for mortgages as provided in paragraph "Second" of section 13 of this act. The aggregate amount of the bonds issued under this paragraph shall not exceed $2,000,000,000, and such bonds shall be issued in such denominations as the Farm Loan Commissioner shall prescribe, shall bear interest at a rate not in excess of 4 percent per annum, and shall be fully and unconditionally guaranteed as to interest by the United States, and such guaranty shall be expressed on the face thereof. In the event that the issuing bank or banks shall be unable to pay upon demand, when due, the interest on any such bonds, the Secretary of the Treasury shall pay the amount thereof, which is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated. Upon the payment of such interest by the Secretary of the Treasury the amount so paid shall become an obligation to the United States of the issuing bank or banks and shall bear interest at the same rate as that borne by the bonds upon which the interest has been so paid. After the expiration of 1 year from the date this paragraph takes effect, if in the opinion of the Farm Loan Commissioner any part of the proceeds of the bonds authorized to be issued under this paragraph

is not required for the purpose of making new loans or for purchasing mortgages or exchanging bonds for mortgages as herein provided, such bonds may be issued within the maximum limit herein specified for the purpose of refinancing any outstanding issues of Federal farm loan bonds; but no such bonds shall be issued after 2 years from the date this paragraph takes effect for the purpose of such refinancing.'

"PURCHASE, REDUCTION, AND REFINANCING OF FARM MORTGAGES

"SEC. 16. Paragraph 'Second' of section 13 of the Federal Farm Loan Act, as amended, is amended to read as follows:

"'Second. In order to reduce and/or refinance farm mortgages, to invest such funds as may be in its possession in the purchase of qualified first mortgages on farm lands situated within the Federal land-bank district within which it is organized or for which it is acting, or to exchange farm-loan bonds for any duly recorded first mortgages on farm lands executed prior to the date this paragraph, as amended, takes effect, at a price which shall not exceed in each individual case the amount of the unpaid principal of the mortgage on the date of such purchase or exchange, or 50 percent of the value of the land mortgaged and 20 percent of the value of the permanent insured improvements thereon as determined upon an appraisal made pursuant to this act, whichever is the smaller: *Provided*, That any mortgagor whose mortgage is acquired by a Federal land bank under this paragraph shall be entitled to have his farm-mortgage indebtedness refinanced in accordance with the provisions of sections 7 and 8 of this act on the basis of the amount paid by the bank for his mortgage.'

"EXTENSION OF LOANS

"SEC. 17. Paragraph 'Tenth' of section 13 of the Federal Farm Loan Act, as amended (U.S.C., title 12, sec. 781), is amended by adding at the end thereof the following: 'The terms of any such extension shall be such as will not defer the collection of any obligation due by any borrower which, after investigation by the bank of the situation of such borrower, is shown to be within his capacity to meet. In the case of any such extension made prior to the expiration of 5 years from the date this paragraph, as amended, takes effect, or in the case of any deferment of principal as provided in paragraph "Twelfth" of section 12 of this act, it shall be the duty of the Secretary of the Treasury, on behalf of the United States, upon the request of the Federal land bank making the extension, and with the approval of the Farm Loan Commissioner, to subscribe at such periods as the Commissioner shall determine, to the paid-in surplus of such bank an amount equal to the amount of all such extensions and deferments made by the bank during the preceding period. Such subscriptions shall be subject to call, in whole or in part, by the bank with the approval of the Commissioner upon 30 days' notice. To enable the Secretary of the Treasury to make such subscriptions to the paid-in surplus of the Federal land banks, there is hereby authorized to be appropriated the sum of $50,000,000, to be immediately available and remain available until expended. Upon payment to any Federal land bank of the amount of any such subscription, such bank shall execute and deliver a receipt therefor to the Secretary of the Treasury in form to be prescribed by the Farm Loan Commissioner. The amount of any subscriptions to the paid-in surplus of any such bank may be repaid in whole or in part at any time in the discretion of the bank and with the approval of the Farm Loan Commissioner, and the Commissioner may at any time require such subscriptions to be repaid in whole or in part if in his opinion the bank has resources available therefor.'

"REDUCTION OF INTEREST ON LOANS AND DEFERMENT OF PRINCIPAL

"SEC. 18. Section 12 of the Federal Farm Loan Act, as amended (U.S.C., title 12, secs. 771–772), is amended by adding at the end thereof the following new paragraph:

"'Twelfth. Notwithstanding the provisions of paragraph "Second", the rate of interest on any loans on mortgages made through national farm-loan associations by any Federal land bank, outstanding on the date this paragraph takes effect or made within 2 years after such date, shall not exceed 4½ percent per annum for all interest payable on installment dates occurring within a period of 5 years commencing 60 days after the date this paragraph takes effect; and no payment of the principal portion of any installment of any such loan shall be required during such 5-year period if the borrower shall not be in default with respect to any other condition or covenant of his mortgage. The Secretary of the Treasury shall pay each Federal land bank, as soon as practicable after October 1, 1933, and after the end of each quarter thereafter, such amount as the Farm Loan Commissioner certifies to the Secretary of the Treasury is equal to the amount by which interest payments on mortgages held by such bank have been reduced, during the preceding quarter, by reason of this paragraph; but in any case in which the Farm Loan Commissioner finds that the amount of interest payable by such bank during any quarter has been reduced by reason of the refinancing of bonds under section 32 of this act, the amount of the reduction so found shall be deducted from the amount payable to such bank under this paragraph. No payments shall be made to a bank with respect to any period after June 30, 1938. There is authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $15,000,000 for the purpose of enabling the Secretary of the Treasury to make payments to Federal land banks which accrue during the fiscal year ending June 30, 1934, and such additional amounts as may be necessary to make payments accruing during subsequent fiscal years.'

"INCREASE OF AMOUNT OF LOANS TO BORROWERS

"SEC. 19. Paragraph 'Seventh' of section 12 of the Federal Farm Loan Act, as amended (U.S.C., title 12, sec. 771) (relating to the limitations as to amount of loans), is amended by striking out '$25,000' and inserting '$50,000, but loans to any one borrower shall not exceed $25,000 unless approved by the Farm Loan Commissioner.'

"DIRECT LOANS

"SEC. 20. Section 7 of the Federal Farm Loan Act, as amended, is amended by striking out the last paragraph and inserting in lieu thereof the following new paragraphs:

"'Whenever it shall appear to the Farm Loan Commissioner that national farm-loan associations have not been formed in any locality in the continental United States, or that the farmers residing in the territory covered by the charter of a national farm-loan association are unable to apply to the Federal land bank of the district for loans on account of the inability of the bank to accept applications from such association, the Farm Loan Commissioner may, in his discretion, authorize said bank to make direct loans to borrowers secured by first mortgages on farm lands situated within any such locality or territory. Except as herein otherwise specifically provided, all provisions of this act applicable with respect to loans made through national farm-loan associations shall, insofar as practicable, apply with respect to such direct loans, and the Farm Loan Commissioner is authorized to make such rules and regulations as he may deem necessary with respect to such direct loans.

"'The rate of interest on such direct loans made at any time by any Federal land bank shall be one half of 1 percent per annum in excess of the rate of interest charged to borrowers on mortgage loans made at such time by the bank through national farm-loan associations.

"'Each borrower who obtains a direct loan from a Federal land bank shall subscribe and pay for stock in such bank in the sum of $5 for each $100 or fraction thereof borrowed. Such stock shall be held by such Federal land bank as collateral security for the loan of the borrower and shall participate in all dividends. Upon full payment of the loan such stock shall, if still outstanding, be canceled at par, or, in the event that such stock shall have become impaired, at the estimated value thereof as approved by the Farm Loan Commissioner, and the proceeds thereof shall be paid to the borrower.

"'Each such borrower shall covenant in his mortgage that, whenever there are 10 or more borrowers who have obtained from a Federal land bank direct loans under the provisions of this section aggregating not less than $20,000, and who reside in a locality which may, in the opinion of the Farm Loan Commissioner, be conveniently covered by the charter of and served by a national farm-loan association, he will unite with such other borrowers to form a national farm-loan association. Such borrowers shall organize the association subject to the requirements and the conditions specified in this section, so far as the same may be applicable, and in accordance with rules and regulations of the Farm Loan Commissioner. As soon as the organization of the association has been approved by the Farm Loan Commissioner, the stock in the Federal land bank held by each of the members of such association shall be canceled at par, and in lieu thereof the bank shall issue in the name of the association an equal amount of stock in said bank, which stock shall be held by said bank as collateral security as provided in this section with respect to other loans through national farm-loan associations. Thereupon there shall be issued to each such member an amount of capital stock in the association equal to the amount which he previously held in said bank, which stock shall be held by said association as collateral security as provided in section 8 of this act. The board of directors of said association shall adopt a resolution authorizing and directing its secretary-treasurer on behalf of said association to endorse, and thereby become liable for the payment of, the mortgages taken from its charter members by the Federal land bank. When it shall appear to the satisfaction of the Farm Loan Commissioner that all the foregoing conditions have been complied with, and upon the granting of the charter by the Farm Loan Commissioner, the interest rate paid by each charter member of such association whose loan is in good standing shall, beginning with his next regular installment date, be reduced to the rate of interest paid by borrowers on new loans made through national farm-loan associations in the same Federal land bank district at the time the said loan was made to such charter member.

"'Charges to be paid by applicants for direct loans from a Federal land bank shall not exceed amounts to be fixed by the Farm Loan Commissioner and shall in no case exceed the charges which may be made to applicants for loans and borrowers through national farm-loan associations under the provisions of sections 11 and 13 of this act.'

"LOANS TO RECEIVERS

"SEC. 21. Any receiver appointed by the Federal Farm Loan Board pursuant to section 29 of the Federal Farm Loan Act, as amended, is authorized, for the purpose of paying taxes on farm real estate owned by the bank or securing the mortgages held by it, with the approval of the Farm Loan Commissioner, to borrow from the Reconstruction Finance Corporation and to issue receiver's certificates against the assets of such bank as security for any loan received from the corporation under this section,

and such certificates shall constitute a prior lien on such assets. The Reconstruction Finance Corporation is authorized to make loans to such receivers for the purposes of this section.

"Part 2. Joint-stock land banks

"LIMITATIONS ON ISSUE OF BONDS AND LENDING

"SEC. 22. After the date of enactment of this act no joint-stock land bank shall issue any tax-exempt bonds or make any farm loans except such as are necessary and incidental to the refinancing of existing loans or bond issues or to the sale of any real estate now owned or hereafter acquired by such bank.

"LOANS TO JOINT-STOCK LAND BANKS TO PROVIDE FOR ORDERLY LIQUIDATION

"SEC. 23. (a) The Reconstruction Finance Corporation is authorized and directed to make available to the Farm Loan Commissioner, out of the funds of the Corporation, the sum of $100,000,000, to be used for a period not exceeding 2 years from the date of enactment of this act for the purpose of making loans to the joint-stock land banks organized and doing business under the Federal Farm Loan Act, as amended, at a rate of interest not to exceed 4 percent per annum, payable annually. Such loans shall be made upon application therefor by such banks and upon compliance with the requirements of this section. The amount which may be loaned hereunder to any such bank shall not exceed an amount having the same proportion to the said $100,000,000 as the unpaid principal of the mortgages held by such bank on the date of enactment of this act bears to the total amount of the unpaid principal of the mortgages held by all the joint-stock land banks on such date.

"(b) Any joint-stock land bank applying for a loan under this section shall deliver to the Farm Loan Commissioner as collateral security therefor first mortgages or purchase-money mortgages on farm lands, first mortgages on farm real estate owned by the bank in fee simple, or such other collateral as may be available to said bank, including sales contracts and sheriff's certificates on farm lands. The real estate upon which such collateral is based shall be appraised by appraisers appointed under the Federal Farm Loan Act, as amended, and the borrowing bank shall be entitled to borrow not to exceed 60 percent of the value of such real estate as determined by such appraisal. Fees for such appraisals shall be paid by the applicant banks in such amounts as may be fixed by the Farm Loan Commissioner. No such loan shall be made until the applicant bank, under regulations to be prescribed by the Farm Loan Commissioner, (1) shall have agreed to grant to each borrower then indebted to the bank under the terms of a first mortgage a reduction to 5 percent per annum in the rate of interest specified in such mortgage, beginning at his next regular installment date occurring more than 60 days after the date of enactment of this act, and (2) shall have agreed to the satisfaction of the Commissioner that during a period of 2 years from the date of enactment of this act the bank will not proceed against the mortgagor on account of default in the payment of interest or principal due under the terms of its mortgage and will not foreclose its mortgage unless the property covered by such mortgage is abandoned by the mortgagor or unless, in the opinion of the Commissioner, such foreclosure is necessary for other reasons.

"LOANS BY RECONSTRUCTION FINANCE CORPORATION TO JOINT-STOCK LAND BANKS FOR EMERGENCY PURPOSES

"SEC. 24. (a) In addition to loans authorized to be made to joint-stock land banks as provided in section 23 of this act and as provided in section 5 of the Reconstruction Finance Corporation Act, as amended, the Reconstruction Finance Corporation is further authorized and empowered to make loans, at a rate of interest not to exceed 4 percent per annum, to any joint-stock land bank for the purpose of securing the postponement for 2 years from the date of the enactment of this act of the foreclosure of first mortgages held by such banks on account of (1) default in the payment of interest and principal due under the terms of the mortgage, and (2) unpaid delinquent taxes, excluding interest and penalties, which may be secured by the lien of said mortgage: *Provided*, That during the period of postponement of foreclosure such bank shall charge the mortgagor interest at a rate not exceeding 4 percent per annum on the aggregate amount of such delinquent taxes and defaulted interest and principal with respect to which loans are made pursuant to this section. The amount loaned to any joint-stock land bank under this section shall be made without reappraisal: *Provided*, That the amount loaned with respect to any mortgage on account of unpaid principal shall not exceed 5 percent of the total unpaid principal of such mortgage, and the total amount loaned to any such land bank with respect to any mortgage shall not exceed 25 percent of the total unpaid principal of such mortgage.

"(b) No such loan shall be made with respect to any mortgage unless the Corporation is satisfied that the mortgagor, after exercising ordinary diligence to pay his accrued delinquent taxes and meet accrued interest and principal payments, has defaulted thereon; and unless the bank shall have agreed to the satisfaction of the Corporation that during such 2-year period the bank will not foreclose such mortgage unless the property covered thereby is abandoned by the mortgagor or unless in the opinion of the Corporation such foreclosure is necessary for other reasons.

"(c) Each such loan shall be secured by an assignment to the Corporation of the lien of the taxes and/or of the bank's mortgage with respect to which the loan is made: *Provided*, That the part of each such lien so assigned representing the interest and principal due and unpaid in any such mortgage which has been assigned to the farm-loan registrar shall be subordinate to the existing lien of the bank for the balance of the indebtedness then or thereafter to become due under the terms of such mortgage; but the Corporation may require the bank to furnish additional collateral as security for such loan, if such collateral is available to the bank.

"(d) The Corporation is authorized to make such rules and regulations as may be necessary to carry out the purposes of this section and to make the relief contemplated immediately available.

"Part 3. Loans to farmers by Farm Loan Commissioner

"REDUCTION OF DEBTS AND REDEMPTION OF FORECLOSED FARMS

"SEC. 25. The Reconstruction Finance Corporation is authorized and directed to allocate and make available to the Farm Loan Commissioner the sum of $200,000,000, or so much thereof as may be necessary, to be used for the purpose of making loans as hereinafter provided to any farmer, secured by a first or second mortgage upon the whole or any part of the farm property, real or personal, including crops, of the farmer. The amount of the mortgage given by any farmer, together with all prior mortgages or other evidences of indebtedness secured by such farm property of the farmer, shall not exceed 75 percent of the value thereof, as determined upon an appraisal made pursuant to the Federal Farm Loan Act, as amended; nor shall a loan in excess of $5,000 be made to any one farmer. Every mortgage made under this section shall contain an agreement providing for the repayment of the loan on an amortization plan by means of a fixed number of annual or semiannual installments, sufficient to cover (1) interest on unpaid principal at a rate not to exceed 5 percent per annum and (2) such payments equal in amount to be applied on principal as will extinguish the debt within an agreed period of not more than 10 years from the date the first payment on principal is due: *Provided*, That during the first 3 years the loan is in effect payments of interest only may be required. No loan shall be made under this section unless the holder of any prior mortgage or instrument of indebtedness secured by such farm property arranges to the satisfaction of the Farm Loan Commissioner to limit his right to proceed against the farmer and such farm property for default in payment of principal. Loans under this section shall be made for the following purposes only: (1) Refinancing, either in connection with proceedings under chapter VIII of the Bankruptcy Act of July 1, 1898, as amended (relating to agricultural compositions and extensions), or otherwise, any indebtedness, secured or unsecured, of the farmer, (2) providing working capital for his farm operations, and (3) enabling any farmer to redeem and/or repurchase farm property owned by him and occupied by him as a home prior to foreclosure, which has been foreclosed within 1 year prior to the enactment of this act or which is foreclosed after the enactment of this act. The provisions of paragraph "Ninth" of section 13 of the Federal Farm Loan Act, as amended (relating to charges to applicants for loans and borrowers from the Federal land banks), shall, so far as practicable, apply to loans made under this section. As used in this section, the term "farmer" means any individual who is bona fide engaged in farming operations, either personally or through an agent or tenant, or the principal part of whose income is derived from farming operations, and includes a personal representative of a deceased farmer.

"REGULATIONS

"SEC. 26. The Farm Loan Commissioner is authorized to make such rules and regulations and to appoint such agents as may be necessary to carry out the purposes of this title and to make the relief contemplated by this title immediately available.

"FACILITIES OF FEDERAL LAND BANKS AND NATIONAL FARM LOAN ASSOCIATIONS MADE AVAILABLE

"SEC. 27. The Federal land banks and the national farm loan associations are authorized, upon request of the Farm Loan Commissioner, to make available to him their services and facilities to aid in administering the provisions of this title.

"PENALTIES

"SEC. 28. Any person who shall knowingly make any material false representation for the purpose of obtaining any loan under part 3 of this title, or in assisting in obtaining any such loan, shall, upon conviction thereof, be fined not more than $1,000, or imprisoned not more than 6 months, or both.

"Part 4. Refinancing of agricultural improvement district indebtedness for the benefit of farmers

"LOANS BY RECONSTRUCTION FINANCE CORPORATION

"SEC. 29. The Reconstruction Finance Corporation is authorized and empowered to make loans as hereinafter provided, in an aggregate amount not exceeding $50,000,000, to drainage districts, levee districts, levee and drainage districts, irrigation districts, and similar districts, duly organized under the laws of any State, and to political subdivisions of States which, prior to the date of enactment of this act, have completed projects devoted chiefly to the improvement of land for agricultural purposes. Such loans shall be made for the purpose of enabling any such district or political subdivision (hereafter referred to as the 'borrower') to reduce and refinance its outstanding indebtedness incurred in connection with any such project, and shall be subject to the same terms and conditions as loans made under section 5 of the Reconstruction Finance Corporation Act, as amended; except that (1) the term of any such loan shall not exceed 40 years; (2) each such loan shall be secured by refunding bonds issued to the Corporation by the borrower which are a lien on the real property

within the project or on the amount of the assessments levied on such property by the borrower pursuant to State law, or by such other collateral as may be acceptable to the Corporation; (3) the borrower shall agree not to issue during the term of the loan any bonds so secured except with the consent of the Corporation; (4) the borrower shall pay to the Corporation, until all bonds of the borrower held by the Corporation are retired, an amount equal to the amount by which the assessments against the real property within the project collected by the borrower exceed the costs of operation and maintenance of the project and interest on its outstanding obligations; and (5) the borrower shall agree, to the satisfaction of the Corporation, to reduce the outstanding indebtedness to the borrower of the landowners within such project by an amount corresponding to that by which the indebtedness of the borrower is reduced by reason of the operation of this section, to distribute the amount of such reduction among such landowners on a pro rata basis, to cancel and retire its outstanding bonds in an aggregate amount equal to the amount of the reduction so distributed, and to permit the Corporation, in the case of the payment of the bonds of the borrower or the liquidation of such project, to participate in such payment or in the proceeds of such liquidation on the basis of the face amount of the bonds so retired plus the face amount of the bonds held by the Corporation as security for the loan. No loan shall be made under this section until the Reconstruction Finance Corporation (A) has caused an appraisal to be made of the property securing and/or underlying the outstanding bonds of the applicant, (B) has determined that the project of the applicant is economically sound, and (C) has been satisfied that an agreement has been entered into between the applicant and the holders of its outstanding bonds under which the applicant will be able to purchase or refund such bonds at a price determined by the Corporation to be reasonable after taking into consideration the average market price of such bonds over the 6 months' period ending March 1, 1933, and under which a substantial reduction will be brought about in the amount of the outstanding indebtedness of the applicant.

"*Part 5. Increase of lending power of Reconstruction Finance Corporation*

"SEC. 30. In order to provide funds to carry out the purposes of this title, the amount of notes, debentures, bonds, or other such obligations which the Reconstruction Finance Corporation is authorized and empowered under section 9 of the Reconstruction Finance Corporation Act, as amended, to have outstanding at any one time is hereby increased by $300,000,000.

"*Part 6. Functions of Farm Loan Commissioner under Executive orders*

"SEC. 31. If and when any Executive order heretofore transmitted to the Congress pursuant to title IV of part II of the Legislative Appropriation Act of 1933, as amended, shall become effective, all functions, powers, authority, and duties conferred upon or vested in the Farm Loan Commissioner by this title shall be held and exercised by him subject to all the terms and conditions in any such Executive order the same as if such functions, powers, authority, and duties were specifically named in such Executive order or orders.

"*Part 7. Short title*

"SEC. 32. This title may be cited as the 'Emergency Farm Mortgage Act of 1933.'"

"TITLE III. REGULATION OF CURRENCY

"*Part 1. To coin money and regulate the value thereof.*

"SEC. 33. Whenever the President finds, upon investigation, that (1) the foreign commerce of the United States is adversely affected by reason of the depreciation in the value of the currency of any other government or governments in relation to the present standard value of gold, or (2) action under this section is necessary in order to regulate and maintain the parity of currency issues of the United States, or (3) an economic emergency requires an expansion of credit, or (4) an expansion of credit is necessary to secure by international agreement a stabilization at proper levels of the currencies of various governments, the President is authorized, in his discretion—

"(a) To direct the Secretary of the Treasury to enter into agreements with the several Federal Reserve banks and with the Federal Reserve Board whereby the Federal Reserve Board will, and it is hereby authorized to, notwithstanding any provisions of law or rules and regulations to the contrary, permit such Reserve banks to agree that they will, (1) conduct, pursuant to existing law, throughout specified periods, open-market operations in obligations of the United States Government or corporations in which the United States is the majority stockholder, and (2) purchase directly and hold in portfolio for an agreed period or periods of time Treasury bills or other obligations of the United States Government in an aggregate sum of $3,000,000,000 in addition to those they may then hold, unless prior to the termination of such period or periods the Secretary shall consent to their sale. No suspension of reserve requirements of the Federal Reserve banks, under the terms of section 11 (c) of the Federal Reserve Act, necessitated by reason of operations under this section, shall require the imposition of the graduated tax upon any deficiency in reserves as provided in said section 11 (c). Nor shall it require any automatic increase in the rates of interest or discount charged by any Federal Reserve bank, as otherwise specified in that section. The Federal Reserve Board, with the approval of the Secretary of the Treasury, may require the Federal Reserve banks to take such action as may be necessary, in the judgment of the Board and of the Secretary of the Treasury, to prevent undue credit expansion.

"(b) If the Secretary, when directed by the President, is unable to secure the assent of the several Federal Reserve banks and the Federal Reserve Board to the agreements authorized in this section, or if operations under the above provisions prove to be inadequate to meet the purposes of this section, or if for any other reason additional measures are required in the judgment of the President to meet such purposes, then the President is authorized—

"(1) To direct the Secretary of the Treasury to cause to be issued in such amount or amounts as he may from time to time order, United States notes, as provided in the act entitled "An act to authorize the issue of United States notes and for the redemption of funding thereof and for funding the floating debt of the United States", approved February 25, 1862, and acts supplementary thereto and amendatory thereof, in the same size and of similar color to the Federal Reserve notes heretofore issued and in denominations of $1, $5, $10, $20, $50, $100, $500, $1,000, and $10,000; but notes issued under this subsection shall be issued only for the purpose of meeting maturing Federal obligations to repay sums borrowed by the United States and for purchasing United States bonds and other interest-bearing obligations of the United States: *Provided*, That when any such notes are used for such purpose the bond or other obligation so acquired or taken up shall be retired and canceled. Such notes shall be issued at such times and in such amounts as the President may approve, but the aggregate amount of such notes outstanding at any time shall not exceed $3,000,000,000. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, an amount sufficient to enable the Secretary of the Treasury to retire and cancel 4 percent annually of such outstanding notes, and the Secretary of the Treasury is hereby directed to retire and cancel annually 4 percent of such outstanding notes. Such notes and all other coins and currencies heretofore or hereafter coined or issued by or under the authority of the United States shall be legal tender for all debts public and private.

"SEC. 34. The Secretary of the Treasury, with the approval of the President, is hereby authorized to make and promulgate rules and regulations covering any action taken or to be taken by the President under subsection (a) or (b) of section 33.

"SEC. 35. Section 19 of the Federal Reserve Act, as amended, is amended by inserting immediately after paragraph (c) thereof the following new paragraph:

"'Notwithstanding the foregoing provisions of this section, the Federal Reserve Board, upon the affirmative vote of not less than 5 of its members and with the approval of the President, may declare that an emergency exists by reason of credit expansion, and may by regulation during such emergency increase or decrease from time to time, in its discretion, the reserve balances required to be maintained against either demand or time deposits.'"

Mr. NORBECK. Mr. President, for fear there will not be a record vote on this matter, I should like to go on record personally by saying that, if I understand it aright, the amendment in the nature of a substitute offered by the Senator from Wyoming is to strike out the agricultural part of the bill, the allotment plan, and to substitute the leasing plan?

Mr. CAREY. That is correct.

Mr. NORBECK. If I had a chance to vote the other way, I would vote to retain the agricultural part of the bill and strike out the refinancing of mortgages. I am afraid this new-fangled rural-credit scheme is going to get the Government in trouble, is going to get the Treasury in trouble, and is going to get the farmers in trouble. It may help the mortgage companies instead of the farmers. Of course, it is proposed with the best of intentions, but we cannot get ourselves out of trouble without earning power, and there is not much in the bill that will create earning power soon. I think the bill is not in bad shape, but it will depend entirely upon its administration. I hope we will have good administration.

However, we have let this year go by. We have said in effect to the farmer, "There is nothing for you this year. We will give you something next year." I proposed an amendment that might have done something for the farmers this year. I heard the almost solid "no" from the Democratic side, saying in effect that they did not want any change.

I am going to vote for the bill, anyway, but not without misgivings as to the farm-mortgage feature of it.

The VICE PRESIDENT. The question is on the amendment of the Senator from Wyoming in the nature of a substitute.

Mr. CAREY. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. LEWIS (when Mr. GORE's name was called). I am authorized to announce that the Senator from Idaho [Mr. BORAH] is paired with the Senator from Oklahoma [Mr. GORE]. Both are necessarily absent at this moment.

Mr. TOWNSEND (when his name was called). On this question I have a pair with the senior Senator from Tennessee [Mr. MCKELLAR], who is unavoidably detained from the Senate. Not knowing how he would vote, I withhold my vote. If at liberty to vote, I should vote "yea."

The roll call was concluded.

Mr. HEBERT. I desire to announce that the senior Senator from Delaware [Mr. HASTINGS] has a pair on this question with the Senator from Montana [Mr. WHEELER]. If the Senator from Delaware were present, he would vote "yea", and I am informed that the Senator from Montana, if present, would vote "nay."

Mr. DUFFY. I have a general pair with the junior Senator from Maine [Mr. WHITE]. I am not informed how he would vote. Therefore I withhold my vote. If I were at liberty to vote, I should vote "nay."

Mr. HALE. I should like to say that if my colleague [Mr. WHITE] were present, he would vote "yea" on this amendment.

Mr. LEWIS. Mr. President, may I announce that the Senator from Kentucky [Mr. LOGAN] has a general pair with the Senator from Pennsylvania [Mr. DAVIS].

The result was announced—yeas 19, nays 65, as follows:

YEAS—19

Austin	Goldsborough	Keyes	Schall
Barbour	Hale	McNary	Steiwer
Carey	Hatfield	Metcalf	Vandenberg
Dale	Hebert	Patterson	Walcott
Fess	Kean	Reed	

NAYS—65

Adams	Connally	Kendrick	Reynolds
Ashurst	Coolidge	King	Robinson, Ark.
Bachman	Copeland	La Follette	Robinson, Ind.
Bailey	Costigan	Lewis	Russell
Bankhead	Couzens	Lonergan	Sheppard
Barkley	Cutting	Long	Shipstead
Black	Dickinson	McAdoo	Smith
Bone	Dieterich	McCarran	Stephens
Bratton	Dill	McGill	Thomas, Okla.
Brown	Erickson	Murphy	Thomas, Utah
Bulkley	Fletcher	Neely	Trammell
Bulow	Frazier	Norbeck	Van Nuys
Byrd	George	Norris	Wagner
Byrnes	Glass	Nye	Walsh
Capper	Harrison	Overton	
Caraway	Hayden	Pittman	
Clark	Johnson	Pope	

NOT VOTING—11

Borah	Gore	McKellar	Wheeler
Davis	Hastings	Townsend	White
Duffy	Logan	Tydings	

So, Mr. CAREY's amendment, in the nature of a substitute, was rejected.

Mr. CLARK. Mr. President, I offer a motion to recommit.

The VICE PRESIDENT. The Senator from Missouri offers a motion to recommit which will be stated.

The LEGISLATIVE CLERK. The Senator from Missouri offers the following motion to recommit:

I move to recommit the bill to the Committee on Agriculture and Forestry with instructions to report the bill back forthwith with an amendment striking out part 2 of title I.

Mr. CLARK. Mr. President, we have wandered far afield in the consideration of this bill. So many extraneous propositions have been offered as amendments to the bill, and been adopted by the Senate, that almost everybody has lost sight of the original scope of the bill and of the original bill itself.

My motion is to strike out the original bill and to leave the amendments which have been adopted, some of which are, in my opinion, very beneficial to the enactment.

Part 2 of title I includes those provisions which, in my judgment, establish a super farm board, probably promising the greatest disaster that ever happened to agriculture in the history of the United States. It includes those provisions which authorize the Secretary of Agriculture to emasculate the antitrust laws of the United States, which authorize him at will, at his whim, to impose tariff duties, and which give him the powers of a dictator over not only the farmers but the processors of the United States.

I believe that if the remaining portion of the bill were adopted, and the original bill stricken out, it would bring about reforms of great benefit to the people of the United States.

I offer this motion to recommit for the purpose of allowing the Members of the Senate to vote on the beneficial amendments which have been adopted, with the original bill left out.

In the long debate on this measure only one argument has been made in behalf of the portion of the bill which my motion is designed to strike out. No Senator has had the hardihood really to defend the measure. One and all have explained their support of this abortive measure by asserting that they have such great confidence in the President that they are sure he will stop the experiment before it can do too much damage. I prefer not to enter on such a hazardous experiment.

It has been almost universally agreed that this bill will in no case be effective in raising commodity prices without inflation, and that if we have inflation it will not be needed or effective. Since the inflation amendment has just been adopted, I submit that the dangerous grants of power to the Secretary of Agriculture should be deleted.

The VICE PRESIDENT. The question is on the motion to recommit offered by the Senator from Missouri [Mr. CLARK].

Mr. REED. I call for the yeas and nays.

The yeas and nays were not ordered.

The motion to recommit was rejected.

The VICE PRESIDENT. The Chair lays before the Senate sundry motions to reconsider, which should be disposed of before this bill can go to the House of Representatives. The clerk will state the motions.

The LEGISLATIVE CLERK. The Senator from Alabama [Mr. BANKHEAD] on April 10 entered a motion to reconsider, on page 2, line 18, after the word "tobacco", the amendment inserting "milk, and its products."

The VICE PRESIDENT. The question is on the motion to recommit.

Mr. BANKHEAD. I withdraw the motion.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the motion is withdrawn.

The clerk will state the next motion.

The LEGISLATIVE CLERK. The Senator from South Carolina [Mr. SMITH] entered a motion on April 20, on page 11, line 1, to reconsider the amendment relative to the reprocessing tax on cotton.

The VICE PRESIDENT. The question is on the motion to reconsider.

Mr. SMITH. Mr. President, that was a request made by the Department of Agriculture in reference to an amendment that was offered by my colleague [Mr. BYRNES]; but under the circumstances I think I will withdraw it, if the Senate will consent.

The VICE PRESIDENT. Is there objection? The Chair hears none.

The clerk will state the next motion.

The LEGISLATIVE CLERK. The Senator from Texas [Mr. CONNALLY] entered a motion on April 21 to reconsider the amendment offered by the Senator from Colorado [Mr. COSTIGAN], on page 16, line 19, inserting "sugar beets and sugarcane."

Mr. CONNALLY. Mr. President, calling up this motion at this time would no doubt provoke considerable debate. Those in charge of the bill are extremely anxious to get final action on it tonight, so I am perfectly willing to withdraw the motion.

The VICE PRESIDENT. Is there objection? The Chair hears none.

The clerk will state the next motion.

The LEGISLATIVE CLERK. The Senator from Florida [Mr. FLETCHER] entered a motion on April 25 to strike out the

amendment offered by the Senator from Minnesota [Mr. SHIPSTEAD] to the amendment of the Senator from New York [Mr. WAGNER], on page 13, after line 8, inserting subsection (c) relative to joint-stock land banks.

The VICE PRESIDENT. The question is on the motion to reconsider.

The motion to reconsider was rejected.

The VICE PRESIDENT. The question is on the engrossment of the amendments and the third reading of the bill.

Mr. WALSH. Mr. President, in connection with the debate on this question I ask that a statement issued by myself to the press with reference to my position on the matter, and two brief editorials printed in the leading Republican newspaper of New Hampshire, the Manchester Union, on Controlled Inflation and the Inflation Debate, be printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The statement is as follows:

STATEMENT OF SENATOR WALSH ON THE PENDING FARM RELIEF BILL

The plight of agriculture admits of no dispute. Restoration of some measure of prosperity to the farmer is indispensable to our economic recovery.

Congress has listened to many plans for farm relief. Congress has authorized various emergency aids in the way of farm credits, and in the creation of the Federal Farm Board and the establishment of a $500,000,000 revolving fund, the Government undertook a large and costly experiment in an abortive attempt to control farm surpluses and to peg prices of farm commodities. The Farm Board experiment was a ghastly failure.

We have before us now another farm-relief plan of enormous magnitude and complexity. In submitting this plan to Congress the President, with commendable candor, said that the plan was an experiment the feasibility of which could only be determined by trial. He described it as an untrodden path.

The underlying purpose of the present bill, as indeed has been the underlying purpose of almost every farm-relief proposal, is to overcome the existing disparity between the price level of farm products and the price level of manufactured goods. The elimination of this disparity, if its elimination be possible, is a desirable objective. This bill proposes to eliminate this disparity by the employment of various artificial devices to raise the price level of farm commodities. It is hoped to accomplish that in part by offering various inducements to agriculture to curtail production and in part by levying taxes on the products of agriculture and passing back to the producer the tax so levied.

It is impossible to know what those taxes are to be. It is impossible to say what this bill will cost the Government or cost the American people or how many dollars it will actually put into the pockets of the farmer.

The proponents of the bill argue very plausibly that it is impossible to determine these matters in advance; that the whole scheme is predicated on the idea of extreme flexibility.

Almost everything with respect to the working out of the plan is a matter of estimate, conjecture, or hypothesis.

It is suggested that the consumer is not to be unduly prejudiced in that the consumer's interest is to be taken into account in fixing taxes; that competitive conditions are to be taken into account; that compensatory taxes and tariffs are to be invoked wherever necessary to preserve an equilibrium in competitive positions.

I do not know how this gigantic price-lifting scheme is going to work out. I do not know whether it is going to work at all. I do not believe anyone else has any real assurance that the plan will succeed. I view many aspects of the plan with grave apprehension.

But it is the only plan for farm relief now offered to us. Perhaps trial and error is the only method through which a solution of the farm problem will be found.

Our President is dealing courageously and vigorously with the overwhelming problems of the present hour. He has asked us for whole-hearted support and we are glad to give it to him. He has called upon us to follow his leadership and we are doing so. He has asked us to assent to the farm-relief program embodied in this measure. Both in broad outline and in detail the bill before us is the handiwork of expert advisers in whom the President reposes highest confidence. The President has assured us that though the good which may follow from this bill is as yet problematical, no harm will follow from it because if harm is to ensue he will be the first to discard and abandon the whole scheme.

Under these circumstances, though I personally repose little confidence in the workability of the plan and am apprehensive that its hoped-for benefits to agriculture may prove elusive, I feel constrained, nevertheless, to give the measure my support.

The amendments added to the original bill making provision for refinancing farm mortgages and for controlled inflation of the currency have my approval and support, and in my opinion are necessary measures to the rehabilitation program seeking to lift us out of the depression.

The editorials are as follows:

[From the Manchester Union of Apr. 19, 1933]

CONTROLLED INFLATION

Amid the numerous economic panaceas for depression, many of them strongly suggesting the "socialized state" in which government participation in business is raised to the *n*th degree, there are two at least, both primary and fundamental, to which most Americans who remain faithful to the political economy which made America great, will assent. These two are: A balanced Budget and a controlled inflation.

Congress promptly provided the President with the summary power needed to achieve a balanced Budget, and the President swiftly and courageously used that power to cut expenses and to assess a Federal tax on beer, the two combined sufficing to cut Government costs by approximately a billion dollars. This action, if not impaired by later increases in expenditures, assures maintenance of the Federal credit, an absolute essential to permanent economic recovery.

While there has been a great deal of talk of inflation in administration and congressional circles, there has actually been practically none as yet. Instead there has been actual deflation resulting from the necessarily drastic conditions imposed on the banks when the moratorium ended. Very properly, only sound and solvent banks were permitted to resume activity, but this meant a further deflation of bank credit in an amount not less than $5,000,000,000, tied up in the assets of unopened banks. Also the effect of the sharp reduction in veterans' benefits and the cut of 15 percent in the pay of Government employees were obviously deflationary. Thus while the machinery for controlled inflation was actually set up in the emergency legislation which provided for "asset currency", no significant amount of such currency has been put into circulation.

But why inflation at all? Was it not excessive inflation which caused the depression itself?

It is entirely accurate to affirm that extreme and long-continued inflation was a tremendous factor in producing the business catastrophe of 1929. There were other contributing causes but inflation played a leading role in that tragedy. Then why talk of inflation as a cure?

The answer is comparatively simple. It is found in that curious human attribute which makes of most of us, in a period of great prosperity, unreasoning and intemperate optimists, and in a period of prolonged adversity, equally unbalanced and rampant pessimists. Our enthusiasms in the twenty-eights and twenty-nines drove the pendulum too far one way and our unhappiness and discouragements in the thirty-ones and thirty-twos swung it as unreasonable a distance in the opposite direction. Just as the cure of excessive inflation is deflation, taken in reasonable doses, so the remedy for excessive deflation is inflation, in sane moderation.

We are suffering today as acutely from the sickness of too great deflation as we suffered 5 years ago from the ills of too great inflation. The price levels of today are as indefensible and unwarranted in their depths as were the price levels of 1929 in their absurd heights.

And the only way to bring price levels up is to depreciate the value of the medium with which we measure prices—that is, the dollar. This can be done in two ways. We can begin issuing fiat money, set the printing presses running, and set in motion the machinery of uncontrolled inflation and reproduce here the disaster which overtook Germany when the German mark lost its entire value. This we do not want. Or we can resort to controlled inflation of both credit and currency under the emergency legislation already provided, and by a carefully measured expansion of both reduce the buying power of the dollar, with instantaneous effect upon price levels of all commodities which enter into commerce. With rising prices both debt and tax burdens lighten, new hopes are born, and confidence returns. We change the face of business. With 75-cent wheat and 40-cent corn and 12-cent cotton the farm problem recedes, the farmer begins to buy, store stocks are swiftly exhausted and must be replenished, mills and factories begin to awake to new life, and the long hopeless lines of unemployed, dependent upon emergency relief, begin to dwindle.

Let us say, without the slightest attempt at accuracy, solely for purposes of illustration, that the total wealth of this country at the present immoderately deflated price levels is around 250 billions, and that the total debts of the country, public and private, are 260 billions. Under such circumstances the country is obviously insolvent. But 5 years ago approximately the same assets measured at a higher price level against practically the same liabilities showed us to be the richest country the world has ever known, solvent to such a degree that we thought we could actually banish poverty for all classes indefinitely. Plainly, our credit and currency must be sufficiently increased to raise again the price level to a normal and reasonable point where we at least become solvent, but under such control that expansion can be halted before the danger of overinflation is incurred. This is controlled inflation. Wisely employed, in combination with a balanced Budget, it will give American courage and American initiative all the help it needs to get the wheels of industry turning again.

[From the Manchester Union of Apr. 26, 1933]

THE INFLATION DEBATE

The almost universal lack of agreement on the Roosevelt inflationary program must be confusing to the man of the street. Even the best-informed economists are divided among themselves re-

garding the soundness of the steps that the President proposes to take. On every side one is met with arguments both for and against inflation. No question has been the subject of such keen debate during the present session of Congress. Amid so many diverse opinions, the man of the street is not to be blamed if he throws up his hands and declares frankly that he does not know what it is all about.

In this dilemma there are two thoughts to which we can tie. First, it is well to remember that the present inflationary movement was launched to check another that was positively dangerous. The rapid gain of inflationist strength in Congress created the threat that we would get inflation in its worst form. As soon as it became apparent that some form of inflation was likely to be adopted, the President recognized the importance of its being placed under the most rigid control. For that reason he stepped in and requested the authority to take the entire matter under his own direction.

The first thing, then, to remember is that if the President is denied this authority, Congress will be left free to enact any kind of inflation, dangerous or otherwise, which in turn will be left free to work itself out regardless of its effects. Now, as to the merits of the question itself. A certain degree of inflation is recognized as necessary to raise prices and wages, and reduce the present burden of indebtedness. The crux of the problem is in keeping it under control. It is uncontrolled inflation, which is always dangerous, that the opponents of the present measure have in mind. But if this matter is left to the President's discretion, he will be able to feel his way forward, and check the movement if he finds it is ineffective or harmful, or when he believes it has achieved the desired results. All the measures of the administration so far have been deflationary, and it is obviously necessary that these influences should be offset by a judicious movement in the opposite direction.

Mr. FRAZIER. Mr. President, it seems to me there is a discrepancy in the farm-loan provision of the so-called "Wagner substitute." In the print I have it is on page 4, lines 11 and 12. It provides for the valuation of farm property at 50 percent of the value of the land and 20 percent of the value of the permanent and insured improvements.

I think that is altogether too low. In the home-loan bill there is pending a valuation of 80 percent of urban property. That urban property produces no income at all. In the case of farm land, it seems to me that farm property should be valued higher. No one, of course, knows what 50 percent means; but if it means 50 percent of the present value, it is altogether too low.

I ask unanimous consent to offer an amendment to strike out "50 percent" and insert "70 percent", and to strike out "20 percent" and insert "70 percent."

Mr. WAGNER. I object.

The VICE PRESIDENT. The bill is still open to amendment. It has not yet been engrossed.

Mr. FRAZIER. Mr. President, I offer the amendment that I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 4, line 7, it is proposed to strike out "50 percent" and to insert "70 percent."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from North Dakota.

Mr. FRAZIER. There are two amendments. Mr. President, I ask that they go together.

The VICE PRESIDENT. The second amendment will be stated.

The LEGISLATIVE CLERK. It is also proposed, in lines 11 and 12, to strike out "20 percent" and insert "70 percent."

The VICE PRESIDENT. The question is on agreeing to the amendments offered by the Senator from North Dakota.

Mr. FRAZIER. Mr. President, between these two bills there is a discrepancy that is indefensible. In the home-loan bill the valuation is 80 percent. In the farm bill it is 50 percent on the land and 20 percent on the buildings. In this farm-loan provision——

The VICE PRESIDENT. Will the Senator permit the Chair to make a statement? The Senator from New York [Mr. WAGNER] objected, which was tantamount to making a point of order.

Mr. WAGNER. That is what I intended to do.

The VICE PRESIDENT. This is an amendment to what is known as the Wagner amendment, which has been agreed to; and therefore the amendment of the Senator from North Dakota is not in order at this time. The Wagner amendment is not open to amendment, having been already agreed to by the Senate.

Mr. FRAZIER. Mr. President, I wish to say that it seems to me there is a discrepancy there that should be remedied.

Mr. NORRIS. Mr. President, I ask unanimous consent that the Senator be allowed to offer the amendment.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the question is on agreeing to the amendment offered by the Senator from North Dakota.

The amendment was rejected.

Mr. CONNALLY. Mr. President, I ask unanimous consent to print in the RECORD, in connection with the bill, an expression of opinion by leading members of the Associated Press, meeting in New York on April 26, with reference to inflation.

The VICE PRESIDENT. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

PUBLISHERS NOTE BETTER CONDITIONS—GENERAL IMPROVEMENT IN PUBLIC CONFIDENCE REPORTED BY NEWSPAPER EXECUTIVES

NEW YORK, April 26.—A marked improvement in public confidence and in general business conditions was noted yesterday by newspaper publishers from wide-spread industrial and agricultural areas.

In the South, Clark Howell, of the Atlanta Constitution, said: "The reaction to pending legislation already has been extremely favorable, as shown in an increase of cotton prices of approximately 1½ cents a pound."

Mr. Howell said he felt "this is due more to the inflation program than to reaction to the farm-relief program.

"So long as kept under control, as it can be under pending legislation, I think the effect of inflation will be to increase commodity prices. That is the keystone of returning prosperity."

CONFIDENCE HAS IMPROVED

Col. Frank Knox, of the Chicago Daily News, said the action of the stock market in the last week "is a perfect example of what happens in a rising market. This is more fundamentally illustrated in the commodity market. There has already been a healthy increase in the price of farm commodities, wholly by the expectation of inflation. When inflation actually comes, providing it is controlled, farm prices will go still higher and by this vacate the necessity for most of the remedies proposed in the pending farm measure."

"Chicago," Colonel Knox said, "is very much in favor of a controlled inflation in both credit and currency. And we believe the present price level is as much overdeflated as overinflated in 1929."

George B. Longan, of the Kansas City Star, said he had "no doubt but what the feeling of confidence among the people has improved more than 100 percent."

Mingled with the comments of the publishers, in New York for meetings of the American Newspaper Publishers' Association and the Associated Press, was praise of President Roosevelt and expressions of confidence in his administration.

APPROVE PRESIDENT'S ACTION

The President was described by the Kansas City publisher as "a man of action who has given us a feeling that we most assuredly are not marking time and who is using every means to get results."

The publisher said that "while the Kansas City Star has been an advocate of sound money, we are not alarmed over the inflation program. We think that thoughtful people understand that the administration has a strategic plan and only that part will be used that is essential to what we might term reflation."

Both L. K. Nicholson, of the New Orleans Times-Picayune, and W. H. Cowles, of the Spokane Spokesman-Review, found favor with the administration's handling of the banking situation.

"The whole Nation is indebted to Mr. Roosevelt for his courageous and positive work in handling the banking crisis," said Mr. Cowles, while Mr. Nicholson felt that "one of the essential things for recovery is certainly the getting down to a solid foundation by rebuilding and strengthening our banking structure. And this Mr. Roosevelt is doing."

The New Orleans publisher cited that "the President says much of his program is more or less experimental. We are in strong sympathy with this leadership and the people in Louisiana have been quick to respond to the continuous action in Washington."

HELPS LUMBER INDUSTRY

The reaction of the lumber industry in Washington to the administration's gold embargo was cited by the Spokane publisher.

"The results of this embargo in the matter of increased prices", Mr. Cowles said, "was of great importance in the Northwest.

"The drop in the exchange was of great consequence because it reduced the ability of Canada and Japan to ship in and undersell American producers. This lowering of the exchange necessarily affects the lumber industry, which is a very large factor in the Northwest's prosperity. Already there has been considerable increase in employment and resumption of operation in mills."

Mr. Cowles said there is not, as far as he is able to sense, "a united sentiment behind the administration's farm program and the suggestion that the Government enter upon a program of controlling the hours and wages in industry."

AN "ACE IN THE HOLE"

In Indiana: Henry W. Marshall, of the Lafayette Journal and Courier, found that "people have a lot of faith in President Roosevelt and what he is trying to do. Particularly is this true of the farmers."

Mr. Marshall said he found a feeling that "a moderate controlled inflation will be helpful."

Colonel Knox, who was a close adviser to former President Hoover, said his "admiration for President Roosevelt has been greatly enhanced by his astute preparation for the impending world conference. The power he asks in pending currency legislation may never be used and probably will not be. But this gives him an ace in the hole when they get around the conference table, which may prove immeasurably valuable."

The VICE PRESIDENT. The question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The VICE PRESIDENT. The question now is, Shall the bill pass?

Mr. McNARY. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. DUFFY (when his name was called). I have a general pair with the junior Senator from Maine [Mr. WHITE], who is absent. I therefore withhold my vote. I am informed that if the Senator were present and permitted to vote he would vote "nay." If I were permitted to vote, I would vote "yea."

Mr. LEWIS (when Mr. LOGAN'S name was called). The Senator from Kentucky [Mr. LOGAN] is absent and is paired with the Senator from Pennsylvania [Mr. DAVIS].

Mr. METCALF (when his name was called). I have a general pair with the Senator from Maryland [Mr. TYDINGS]. I understand that if he were present he would vote the same as I intend to vote. I therefore feel at liberty to vote, and vote "nay."

Mr. TOWNSEND (when his name was called). I have a general pair with the Senator from Tennessee [Mr. McKELLAR], who is absent on account of a death in his family. If I were permitted to vote, I should vote "nay." I understand that if the Senator from Tennessee were present he would vote "yea."

The roll call was concluded.

Mr. LEWIS. I desire to announce that the Senator from Oklahoma [Mr. GORE] is detained from the Senate on official business.

Mr. ROBINSON of Arkansas. I wish to announce the necessary absence of the Senator from Maryland [Mr. TYDINGS].

Mr. HEBERT. On this vote the senior Senator from Delaware [Mr. HASTINGS] is paired with the senior Senator from Montana [Mr. WHEELER]. I am informed that if the senior Senator from Delaware were present he would vote "nay", and that, if the Senator from Montana were present, he would vote "yea."

The result was announced—yeas 64, nays 20, as follows:

YEAS—64

Adams	Coolidge	King	Pope
Ashurst	Copeland	La Follette	Reynolds
Bachman	Costigan	Lewis	Robinson, Ark.
Bankhead	Couzens	Lonergan	Robinson, Ind.
Barkley	Cutting	Long	Russell
Black	Dickinson	McAdoo	Schall
Bone	Dieterich	McCarran	Sheppard
Borah	Dill	McGill	Shipstead
Bratton	Erickson	McNary	Steiwer
Brown	Fletcher	Murphy	Stephens
Bulow	Frazier	Neely	Thomas, Okla.
Byrd	George	Norbeck	Thomas, Utah
Byrnes	Harrison	Norris	Trammell
Capper	Hayden	Nye	Van Nuys
Caraway	Johnson	Overton	Wagner
Connally	Kendrick	Pittman	Walsh

NAYS—20

Austin	Clark	Hale	Metcalf
Bailey	Dale	Hatfield	Patterson
Barbour	Fess	Hebert	Reed
Bulkley	Glass	Kean	Vandenberg
Carey	Goldsborough	Keyes	Walcott

NOT VOTING—11

Davis	Hastings	Smith	Wheeler
Duffy	Logan	Townsend	White
Gore	McKellar	Tydings	

So the bill was passed.

The title was amended so as to read: "An act to relieve the existing national economic emergency by increasing agricultural purchasing power, to raise revenue for extraordinary expenses incurred by reason of such emergency, to provide emergency relief with respect to agricultural indebtedness, to provide for the orderly liquidation of joint-stock land banks, and for other purposes."

Mr. SMITH. Mr. President, I ask that the bill be printed as amended and that the Senate amendments be numbered.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. SMITH. Mr. President, I move that the Senate insist on its amendments, ask for a conference with the House, and that the Chair appoint the conferees.

The motion was agreed to; and the Chair appointed Mr. SMITH, Mr. FLETCHER, Mr. THOMAS of Oklahoma, Mr. WAGNER, Mr. McNARY, and Mr. WALCOTT conferees on the part of the Senate.

ORDER OF BUSINESS

Mr. ROBINSON of Arkansas obtained the floor.

Mr. FLETCHER. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Florida?

Mr. ROBINSON of Arkansas. I yield.

Mr. FLETCHER. Mr. President, I desire to move that the Senate proceed to the consideration of——

Mr. NORRIS. Mr. President, I make the point of order that the Senator from Arkansas cannot yield to the Senator from Florida to make a motion to proceed to the consideration of anything.

The VICE PRESIDENT. The point of order is well taken.

Mr. LEWIS and Mr. NORRIS addressed the Chair.

The VICE PRESIDENT. Does the Senator from Arkansas yield; and if so, to whom?

Mr. ROBINSON of Arkansas. I yield first to the Senator from Illinois.

MESSAGE TO THE UNITED STATES FROM M. EDOUARD HERRIOT

Mr. LEWIS. Mr. President, I accept the courtesy of the Senator from Arkansas to present in writing a salutation of the Premier of France, who addresses us in writing his appreciation of the manner in which he was received in the United States and of the courtesies which were extended to him on his visit here. Since there is nothing in the statement which in anywise touches on any matter of politics, and since the statement is a mere expression of the Premier's gratitude for the manner in which he was received and the courtesies which his party enjoyed from our people, together with their commendations, I ask the liberty of having the statement printed in the CONGRESSIONAL RECORD.

The VICE PRESIDENT. Is there objection?

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF M. EDOUARD HERRIOT

Before sailing back to France, I wish to thank the American people for the kind reception my fellow workers and myself have met on their part. First of all, I must pay a most grateful tribute to President Roosevelt, with whom I have had the privilege to hold such long and valuable conversations. In the course of a life extending already over a good many years, I had the opportunity of meeting many prime ministers and heads of governments. This time I had the great joy to come across a man endowed with splendid powers, a man in whom idealism and realism are happily blended, a man able at the same time to discuss on the most intricate matters in a genial atmosphere, deeply versed in technical and human knowledge, and worthy of his great predecessors.

I fully understand today the proud confidence of a people who chose such a leader and who under his guidance will see its authority in the world affairs rise still higher.

I found the same kind support, the same enlightening competence in my intercourse with Secretary of State Cordell Hull and all the members of the Cabinet and Under Secretary of State William Phillips, who attended our parleys. I extend the thanks I offer them to all their aides.

I will strictly avoid intruding, ever so little, upon the United States politics, which concern no one but themselves.

Moreover, I got in touch with most interesting and charming men belonging to all political parties. I shall take away with me the most pleasant recollections of my interviews with the members of the Foreign Affairs Committees of the Senate and the House; I shall not forget either the kindness shown to me by Senator J. T. ROBINSON, Democratic floor leader, or my interesting talks with Senator BORAH and Senator REED, as well as the hearty welcome of the Vice President and of the Speaker, HENRY T. RAINEY.

Were I able to do so, I should be delighted to come and work here in all freedom of mind, merely to increase my knowledge of and information about a people to whom, as a Frenchman and a devotee to liberal institutions, I feel so deeply attached.

I rejoice at what we have been able to achieve in such limited time. A week ago, we might very well have wondered whether the World Economic Conference could meet at all and, in the event of its meeting, at what date it would meet. Now we know for certain that it is to begin its work on the 12th of June. Within a few hours the invitations will be issued, and on certain points we have already brought our views much nearer to each other: an excellent way of proceeding, which President Roosevelt has rightly advocated while he launched new notions concerning the world disarmament and security.

Recent events have taught us a dreadful lesson, namely, that the world cannot, without great risks, be divided into water-tight compartments. Either spontaneously or under the pressure of events, the solidarity of nations must come into being and find guarantees if the universe is to be kept from utter surrender to the evil spirit of war. Europe is not alone in danger. And now I recall Walt Whitman's famous lines in his Leaves of Grass:

"Years of the modern! Years of the unperformed!
Your horizon rises, I see it parting away for more august dramas,
I see not America only, not only Liberty's nation, but other nations preparing.
I see tremendous entrances and exits, new combinations, the solidarity of races,
I see that force advancing with irresistible power on the world's stage—
I see Freedom, completely arm'd and victorious and very haughty with Law on one side and Peace on the other."

The time has come for all statesmen to work jointly and bring to life that great man's dreams, which are also those of the peoples of the earth.

To that end we have worked in Washington. Of course, we could not in one week map out a complete scheme for the world recovery, but we have at least fixed up the first landmarks.

As to me, my ambition would be to bring France and the United States to a better knowledge of each other. The word "propaganda" is sometimes spoken; the word, to me, appears as a stupid and almost loathsome word. The only justified propaganda I can conceive is that which consists in the spreading of truth, through fair and undisturbed information.

I came over to this country to bring you a message from France, from France as she truly is, from France who suffered so dreadfully during the Great War, that France who works in offices, warehouses, workshops, or fields.

Citizens of the United States, trust a man who had to fight for his ideas. France has no hatred against any people, she longs for peace; she only wants never to be invaded again. She is only a mother who wishes to shelter from death on the battlefields the children that are left her. Do not trust those who show you another picture of our country.

But, on the other hand, I shall endeavor, as I have already done many times, to interpret the United States to my countrymen; I shall tell them what they really are and why I feel so deeply attached to them.

I shall explain that this land is the land of liberty and that in the hour when brute force and persecutions seem to drive us back to barbary, there is, on this continent, a great Nation who means to obey nothing but the dictates of reason and justice.

I will recall to them that, on the front of your history, the Declaration of Independence—that elder sister of our Declaration of the Rights of Man—is deeply engraved.

That your old motto has lost nothing of its strength in those times of uncertainty and sufferings—"Life, liberty, and the pursuit of happiness"—the city of Washington has witnessed, these last few days, the meeting of the representatives from three liberty-loving nations, the United States, Great Britain, and France. There rises to my memory the following fragment of a letter written in France by Benjamin Franklin to his friend Hartley, on October 16, 1783: "What America would be as happy as the Sabine girls if she could be the means of uniting, in perpetual peace, her father and her husband? What repeated follies are those repeated wars? You do not want to conquer and govern one another. Why then should you continually be employed in injuring and destroying each other?"

It seems to me that in these words lies the best plan of action. We gathered here not to seek any selfish ends, not to combine paltry schemes, but in order to work jointly for this double aim: The maintenance of freedom and the organization of peace.

MUSCLE SHOALS

Mr. NORRIS. Mr. President, I move that the Senate proceed to the consideration of Senate bill 1272, the so-called "Muscle Shoals bill."

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Nebraska.

The motion was agreed to, and the Senate proceeded to consider the bill (S. 1272) to improve the navigability and to provide for the flood control of the Tennessee River; to provide for reforestation and the proper use of marginal lands in the Tennessee Valley; to provide for the agricultural and industrial development of said valley; to provide for the national defense by the creation of a corporation for the operation of Government properties at and near Muscle Shoals in the State of Alabama; and for other purposes.

Mr. McNARY. Mr. President, I want to propound an inquiry. I assume that the bill having been made the unfinished business, the intention is to take a recess.

Mr. ROBINSON of Arkansas. It is my intention to move an adjournment until Monday next.

ORDER OF BUSINESS

Mr. NORRIS obtained the floor.

Mr. WAGNER. Mr. President, will the Senator from Nebraska yield to me?

Mr. NORRIS. I yield.

Mr. WAGNER. There is pending upon the Calendar House bill 4606, the so-called "relief bill." The Senate has already passed a bill almost identical with it, and I am sure that on Monday, perhaps with but very little discussion, we can pass this House bill, which I regard as a very important measure. Time is really of the essence, and I wondered whether the Senator from Nebraska would consent to lay aside the unfinished business.

Mr. NORRIS. Mr. President, I think some other Senators have spoken to me about the same bill. Perhaps we can take it up on Monday morning during the morning hour, the Senator from Arkansas having stated that he intends to move that the Senate adjourn until Monday. If we do not, I should like to go on a little while with the Muscle Shoals bill and see how we get along with it. I will say to the Senator from New York that if we shall not get along as rapidly as we think we may, and there shall be some delay, I will not object to laying aside the unfinished business, if the consideration of the other bill will not consume very much time.

Mr. WAGNER. Mr. President, I would not make the request, of course, if I thought the bill would take much time.

Mr. NORRIS. I do not want to make any agreement tonight about it.

Mr. CLARK. Mr. President, will the Senator from Nebraska yield?

Mr. NORRIS. I yield.

Mr. CLARK. As far as the morning hour on Monday is concerned, I should like to ask whether it is the purpose of the Senator from Wisconsin [Mr. LA FOLLETTE] to renew his motion in regard to the joint resolution having to do with the St. Lawrence Treaty. If it is his purpose to renew his motion to refer that matter to the Committee on Foreign Relations, I can assure both the Senator from New York and the Senator from Nebraska that there will be no other business transacted during the morning hour except the consideration of that motion.

Mr. LA FOLLETTE. Mr. President, who has the floor?

The VICE PRESIDENT. The Senator from Nebraska has the floor.

Mr. LA FOLLETTE. Will the Senator yield to me?

Mr. NORRIS. I yield.

Mr. LA FOLLETTE. The joint resolution to which the Senator from Missouri refers, and which I moved to refer to the Committee on Foreign Relations, went to the calendar after the hour of 2 o'clock had been reached. The question will no doubt arise at some time in connection with the reference of the joint resolution which has already passed the House, and is now on the table.

Mr. CLARK. I understand that, but I simply desired to give this notice, since the Senator from Nebraska and the Senator from New York were talking about what would happen in the morning hour on Monday.

Mr. LA FOLLETTE. If the Senator from Nebraska will yield further, I merely wish to say that I made the motion at the request of the Senator from Nevada [Mr. PITTMAN], who was in the chair and could not make the motion in his own behalf. The matter naturally rests in his hands, and I would not presume, under any other circumstances, to initiate any action concerning it; but, so far as I am concerned, I hope it will soon be disposed of.

Mr. FLETCHER. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. FLETCHER. If the Senate shall adjourn till Monday, the calendar will be in order before the joint resolution may be considered?

The VICE PRESIDENT. That is the rule; on Monday the calendar is in order.

SILVER AND THE DEBTS—ADDRESS BY SENATOR HAYDEN

Mr. HAYDEN. Mr. President, I ask unanimous consent to have printed in the RECORD some remarks made by me over the radio December 26, 1932, respecting the acceptance of silver in payment of the British debt.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

The average American production of silver for the past 10 years has been 58,000,000 ounces. Nearly all of it is taken from the earth as an incident to mining lead, zinc, copper, and gold. The bonanza silver mines have long since been exhausted. American manufacturers annually consume about 30,000,000 ounces of silver. When compared with billions of dollars of agricultural and other products, the net amount left for export or for coinage shows that, as producers, our people have but a very minor interest in the price of silver. America's concern is not with production, but with the world-wide effect upon commodity prices when more silver is used as money.

In a report submitted to the Senate in February 1931 Senator KEY PITTMAN pointed out that silver is the only money used by half of the people of the world. The people of the Orient who use silver are large purchasers of American products. Cutting its price in half reduced their purchasing power. The great decline in the price of silver early in 1929 preceded the economic crash in the fall of that year. Silver led the parade toward panic. There is a safe and sound way whereby silver can help lead the world back to prosperity.

SILVER AND COTTON

Let me illustrate the effect of a low price for silver on one American agricultural product. Before 1929, when silver was 60 cents an ounce, the Chinese cheerfully paid 12 cents a pound for our cotton. When silver dropped to below 30 cents an ounce, it took twice as much Chinese silver money to buy a pound of cotton. They stopped buying our cotton, which for lack of export glutted the home market until its price declined to 6 cents a pound. At 6 cents the Chinese could again purchase an equal amount of cotton with 30-cent silver as they did when both silver and cotton were worth twice as much. Vast quantities of 6-cent cotton were shipped to China, but it was bought below the cost of production, at a Chinese and not an American price.

Not only have American cotton producers suffered but it is of record that all other exports to the silver-using countries have similarly declined, chief among which are petroleum products, tobacco, and automobiles. In the face of these facts, is it not reasonable to assume that anything done to raise the price of silver will improve our foreign trade and that better export prices will be reflected in an improvement of commodity prices at home?

LOW COMMODITY PRICES SPREAD RUIN

The British note of December 1, asking for a readjustment of the war debt, pointed out a profound truth by stating that the debt represents today, in terms of goods, not less than twice the amount which was borrowed. But this is true of every other debt more than 3 years old due throughout the world. The note truthfully presented the cause of this condition to be the great fall in commodity prices which has spread ruin to producers everywhere. The note expressed the view that the December payment, if made in gold, might further depress commodity prices. It did not say that a failure to pay would do more than hold prices where they are. Postponement was offered as a palliative. With wheat cheaper today than it was in the time of Queen Elizabeth, it is obvious that the only cure is a general increase in commodity prices.

At a severe sacrifice Great Britain has kept faith and paid in gold the $95,550,000 when due. In depreciated pound sterling it required over $30,000,000 more of English money to meet the payment than would have been required with the pound at par. Meeting this burdensome obligation in full when the day of payment arrived has won the admiration and respect of the American people.

COMPENSATION FOR MODIFYING DEBT PAYMENTS

There is little, if any, disposition in Congress to unreservedly cancel the foreign debts. There is a strong desire to use a modification of the terms of payment as a definite means of remedying the economic distress which not only prevails in our own country but throughout the world.

A general reduction in the expenditures for armaments probably now stands first as a welcome reason for scaling down the installments. Any practical formula for lowering the trade barriers which interfere with the normal flow of American exports will likewise be accepted as adequate compensation for reducing the total amounts due. A third proposal, which contemplates utilizing the foreign debts as a means of bringing about a rehabilitation of silver by international agreement, also has sincere congressional support.

These three suggestions for relief from the unparalleled depression which throttles world trade are certain to be advanced by those who will speak for the United States with the representatives of the various debtor nations. The greater use of silver as a handmaiden to gold is not so well understood. That is why I presume to discuss the advantages which may follow from the acceptance of silver in payment of a part of the British debt as a prelude to a still wider and more permanent monetary use of the white metal.

GOVERNMENTS CAUSE FALL

Governments are solely responsible for the great fall in the price of silver. Overproduction was not the reason, because there has been no overproduction. In the last 440 years since the discovery of America less than 14½ ounces of silver have been taken out of the ground for each ounce of gold. Since 1900 the ratio of production of silver to gold has dropped to less than 11 to 1. The decline in price was brought about by artificial means and not by the operation of normal economic laws.

The Government of Great Britain and the British Government for India have been the chief offenders against silver. Great Britain debased her silver coinage in 1920 by reducing its silver content nearly a half. Beginning with that year, according to a report transmitted to the State Department by Ambassador Mellon, over 102,000,000 ounces of silver have been taken out of the British coinage and sold. Handy and Harman, recognized authorities on silver, estimate that since 1927 the British Government for India has sold 131,000,000 ounces of silver derived from demonetized coins. Other countries, particularly France and Belgium, have followed the bad example set by England and India in the "flight from silver."

Since governments alone ruined the price of silver, the governments which are chiefly responsible for its fall can, by retracing the steps they have taken, restore the price of silver to its pre-war and pre-panic level. Great Britain, which started silver on the downward path, and India, which sold silver down to half its former price, should lead the way back to recovery.

PLATFORM PLEDGES

Both the Democratic and Republican national platforms pledge American cooperation in an international effort to restore the use of silver as money. The quickest and most effective international cooperation that the American Government can extend toward the rehabilitation of silver is to accept 100,000,000 ounces of silver in full settlement of $100,000,000 due from Great Britain upon two conditions. First, that the British Government acquire an equal number of ounces of silver to restore its coinage to its former silver content. Second, that satisfactory assurances be obtained from the British Government for India that no silver owned by it will be sold except to other governments for coinage purposes.

This transaction will take off the market 200,000,000 ounces of silver and utilize the same for coinage. Certainly there should be some favorable effect on the price of silver if an amount equivalent to a whole year's world production is thus legitimately disposed of and the fear of future governmental dumping by Great Britain and India is ended.

RELIEF FOR TAXPAYERS

The British Government for India owes a debt to Great Britain arising out of the World War that now amounts to £16,721,000, which is $81,422,000 at par of exchange. If that debt could be paid in silver it would be possible not only to relieve the British taxpayers of any expense in meeting a $100,000,000 payment to the United States but also to restore the British silver coinage to its former fineness without cost to them. Two intergovernmental debts would be settled by the use of the same silver.

If the $81,422,000 were fully paid by the transfer of 200,000,000 ounces of Indian silver, the price paid by Great Britain for the silver would be 40.7 cents per ounce. In 1931 the British Government for India, which still has a reserve of over 200,000,000 ounces of unencumbered silver, sold 35,000,000 ounces at the market price, which averaged 32 cents for that year. The present market price is around 25 cents an ounce, so that at 40 cents the Indian Government would be well paid for its silver.

But it will be said that the United States is accepting silver worth only $25,000,000 at the present all-time low price in payment of a $100,000,000 debt. That is true on its face, but, since there is not an ounce of silver in a dollar, 100,000,000 ounces of silver can be coined into 129,299,000 dollars which the American people will be glad to accept at par in these hard times. Such dollars, or silver certificates issued against them, will serve our Government just as well as though the British payment were made in gold. There will be no added burden to the American taxpayer.

MILD INFLATION

Some will say that this means inflation of the currency and so it does, but only a mild inflation. I now propose to accept silver

for only one payment from Great Britain because one payment is sufficient to accomplish the purposes sought, which are to again make the British silver coinage "honest money" and to remove the menace of further open-market silver sales by India.

Let me remind those who worry about inflation and the maintenance of the gold standard that in 1900, when Congress provided that all forms of money should be maintained at a parity with gold, the American stock of monetary gold was just a little over $1,000,000,000 and the stock of silver was about $650,000,000. Today we have approximately $4,000,000,000 in gold and only about $850,000,000 in silver money. The United States could now absorb over a billion dollars of silver into its monetary system and still have less silver in proportion to gold than we had in 1900. To take one payment in silver on all of the foreign debts would mean but a moderate inflation and in no sense threaten the maintenance of the gold standard.

INTERNATIONAL AGREEMENT NEEDED

I freely admit that for the United States and Great Britain to coin 200,000,000 ounces of silver is no permanent solution of the world's monetary problem. It would help restore the price of silver to a level comparable to that which existed before England and India began dumping it on the market, but more permanent measures must be adopted. The stabilization of silver can best be accomplished by an international agreement to which it is essential that the two Governments shall be parties.

In President Hoover's message to Congress last week recommending preparation for discussions with the several nations respecting their indebtedness to the United States and in anticipation of the World Economic Conference, the President said:

"While the gold standard has worked badly since the war, due to the huge economic dislocations of the war, yet it is still the only practical basis of international settlements and monetary stability so far as the more advanced industrial nations are concerned. The larger use of silver as a supplementary currency would aid to stability in many quarters of the world."

It is well recognized that there can be no permanent increase in commodity prices throughout the world when 26 nations are off the gold standard and the value of their currencies vary from day to day. On invitation of the British Government, the World Economic Conference will be held in London next spring or summer and a return to the gold standard will be one of the most urgent and most vital problems considered. This time of stress has proven that there is not gold enough in the world to serve as money for all the world, hence the numerous departures from that standard.

SERVICE OF SILVER

For over 3,000 years of recorded history silver has helped to perform part of the service rendered by money to mankind. There are men now living who can remember when silver was demonetized in 1873. Within the past 12 years the worst damage has been done to its use as money. It is not possible that we have been too hasty in discarding the wisdom of the ancients by scorning silver as money and even as a value-storing commodity? Why not consider how silver can be used to help get 26 nations, among them Great Britain, away from fluctuating paper currencies and back to the gold standard?

Certain fundamental facts must be recognized as the basis for any international monetary conference. The first is that in all history no nation which sought to pay its debts by printing paper money has known just when to stop the printing presses. The American continental currency and greenbacks, the French assignats, and the German marks are typical examples. The only way to pay is with goods and services or with a metal that all nations can use as money. The fault of managed money is that the management is prone to make mistakes.

I quote Joseph Caillaux, ex-Premier and former Finance Minister of France, in saying that:

"Man cannot, in the present state of his knowledge, establish a sane monetary system which has not at its foundation a metallic mass. We think that to gold, whose scarcity we fear, we must add silver."

TOTAL MASS OF GOLD

The total metallic mass of monetary gold, used as the most important yardstick to measure values, is estimated to be 580,551,000 ounces, valued at $12,000,000,000. If melted into one cube, it would be about 32 feet square on each face.

The amount of silver is also limited. I have checked the figures of experts and am convinced that there is not available for possible use as money more than 7,500,000,000 ounces of silver in the entire world. Seven and one half billion ounces of silver would make 9,108,500,000 standard silver dollars.

It will thus be seen that if by international agreement all the available silver in the world were added to all the available gold in the world, the metallic mass that could be used as money would not be doubled. The base upon which the monetary structure rests would be broadened, but time has shown that nature has fixed quite definite limits to its expansion which man cannot change.

MONETARY CONFERENCE

The first result to be accomplished by an international monetary conference is that the governments of Europe shall agree to restore their subsidiary silver coinage to the basis which existed prior to the World War and by annual purchases keep an adequate supply of that kind of money available to their people. As I have said, Great Britain needs approximately 100 million ounces of silver for such purpose. In France and in her colonies and mandates at least 100 million ounces of additional silver could readily be used as money.

Last June, at my request, inquiries were made, through the Departments of State and Commerce, of all of the countries indebted to the United States to ascertain how far they have departed since the World War from the customary use of silver coinage. The replies in every instance show that there is no debtor nation which cannot legitimately make use of much more silver in its coinage. None of them are minting silver coins of pre-war fineness.

SUPPLEMENTAL RESERVE

The second way that nations which are now or have been on the gold standard can stabilize the price of silver and make that metal carry part of the burden now borne by gold is to return to its use as a supplemental reserve against issues of paper money. In the United States Treasury today there are over 400 million silver dollars against which silver certificates circulate at par.

The silver in which they are redeemable is doing the work of gold. The present per-capita circulation of silver certificates is over $2.50. If each of the debtor nations would gradually use, as a reserve against paper money, the equivalent of $2.50 in silver for each of their inhabitants, just as the United States now does, more than 500,000,000 ounces of silver would be required.

It has been estimated by Mr. Francis H. Brownell, of the American Smelting & Refining Co., that, taking into consideration the normal demand for silver by oriental peoples, who have for many centuries used it as a store of value, only about 20,000,000 ounces, or one tenth of the new production, will have to be used by governments each year. All that is needed is to treat silver in approximately the same way that governments acted toward it prior to the World War and the price of that metal can be readily increased and stabilized. But great nations must act in unison.

PREPARATION ADVOCATED

We know that before long there is to be an international meeting where the monetary problems of the world are to be discussed. I propose that the English-speaking peoples prepare themselves for that meeting by direct negotiations through existing agencies of diplomacy to improve the position of silver as money. The United States, Great Britain, Canada, India, Australia, New Zealand, the Irish Free State, and the Union of South Africa can do more for silver than all the rest of the world combined.

Let the United States, Great Britain, and India make their intergovernmental debts a reason for the transfer of 200,000,000 ounces of silver to show that powerful governments still have use for that metal. Let the self-governing dominions of the British Empire join in a greater utilization of silver as money. When the world economic conference meets, there will be no groping about for a plan. The plan will be made. There will be behind it the prestige of nations of such commercial power that the course of action they have agreed upon to meet an unprecedented monetary and economic crisis will be gladly followed by the rest of the world.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Arkansas?

Mr. NORRIS. I yield.

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

REPORTS OF COMMITTEES

The VICE PRESIDENT. Reports of committees are in order.

Mr. BULKLEY. From the Committee on Commerce I report favorably the nomination of Raymond S. Patton, of Ohio, to be Director of the United States Coast and Geodetic Survey, for a term of 4 years beginning April 29, 1933, vice himself.

The VICE PRESIDENT. The nomination will be placed on the calendar.

DIRECTOR OF THE MINT—NELLIE TAYLOE ROSS

The VICE PRESIDENT. If there be no further reports of committees, the calendar is in order.

The Chief Clerk read the nomination of Nellie Tayloe Ross, of Wyoming, to be Director of the Mint.

The VICE PRESIDENT. Without objection, the nomination is confirmed, and, without objection, the President will be notified.

That completes the calendar.

ADJOURNMENT TO MONDAY

The Senate resumed legislative session.

Mr. ROBINSON of Arkansas. I move that the Senate adjourn until 12 o'clock noon Monday.

The motion was agreed to; and (at 7 o'clock and 3 minutes p.m.) the Senate adjourned until Monday, May 1, 1933, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate April 28 (legislative day of Apr. 17), 1933

ENVOY EXTRAORDINARY AND MINISTER PLENIPOTENTIARY

Warren Delano Robbins, of New York, now Chief of the Division of Protocol, Department of State, to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Canada.

GOVERNOR OF PUERTO RICO

Robert Hayes Gore, of Florida, to be Governor of Puerto Rico.

CONFIRMATION

Executive nomination confirmed by the Senate April 28 (legislative day of Apr. 17), 1933

DIRECTOR OF THE MINT

Nellie Tayloe Ross to be Director of the Mint.

HOUSE OF REPRESENTATIVES

FRIDAY, APRIL 28, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Ever-blessed Father in Heaven, sheltered again by Thy merciful providence, bless and sustain us by the life and the light within. Commune with each heart that all may have strength in the good and power to resist the evil. Mark out and direct our paths, and by Thy grace divine may we be able to sincerely understand that we are masters of our souls. Awaken the divine in us, and may we be inspired with faith in the truth, faith in justice, and faith in the American people. Almighty God, help us to add wisdom to wisdom, earnestness to earnestness, endeavor to endeavor so that in the sight of heaven and earth this Congress may legislate wisely, faithfully, and justly. Amen.

The Journal of the proceedings of yesterday was read and approved.

AMERICA LIBERATING THE PHILIPPINES

Mr. OSIAS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. OSIAS. Mr. Speaker, under unanimous consent to extend my remarks in the RECORD I insert the following address delivered by myself on April 27, 1933, over station WOR in New York City, on America Liberating the Philippines:

Ladies and gentlemen of the radio audience, as an official representative of the Philippines in this country, I am privileged to convey over Station WOR the Filipino people's message of good will and gratitude to the people of the United States.

I elected to speak on a timely subject, "America Liberating the Philippines." It is just now, and for the next few years should be, of vital interest to the whole world.

The genesis of American-Filipino relationship dates back to the war which in 1898 America waged against Spain avowedly for the liberation of peoples oppressed and dependent. As a result of that war Spain was compelled to cede her sovereignty over the Philippine Islands to the United States.

Soon after the signing of the treaty of peace in Paris, President McKinley decided to send the first Philippine Commission to the islands. In his instructions of January 20, 1899, he expressed the hope that the members would be received as bearers of "the richest blessings of a liberating rather than a conquering nation."

Dr. Jacob Gould Schurman, who was president of that commission, gave solemn assurance that "the political emancipation of the Filipinos was the controlling object with the President and people of the United States."

Speaking of America's motives and objects, Dr. Schurman later said:

"Our purpose was not selfish, it was humanitarian; it was not the vanity of self-aggrandizement, it was not the greed of power and dominion; no, no; not these, but altruism caring for the happiness of others, philanthropy relieving the Filipinos of oppression and conferring on them the blessings of liberty."

The liberation of the Philippines as an objective has been promised by every President from McKinley and by the Congress. It is the alpha and omega of America's colonial experiment in the Orient.

The Philippines is a tropical country blessed with rich and abundant natural resources. It has an area of 115,000 square miles or about the size of all the New England States and New York combined. Agriculture is the basic industry of the people now numbering over 13,000,000. My country can comfortably be the home of fifty or sixty million.

The Filipinos are essentially of Malayan ancestry. Racially they are a homogeneous people. Inheritors of an oriental culture, their civilization has been enriched by the impacts of Latin and Anglo-Saxon influences.

The Filipinos are lovers of education. They had a college as early as 1601 and a university as early as 1611. Parents make every sacrifice for the training of their children. There are in the islands today some 8,500 schools and colleges and 5 universities. There are over 31,000 teachers and about one million and a half pupils and students. Thirty percent of our budget goes to the support of popular education. The record of literacy in the Philippines is higher and better than that of 37 countries that are independent.

We are a Christian people. The last official census shows that 5 percent of the inhabitants are pagans, 4 percent are Mohammedans, often referred to as Moros, and 91 percent are Christians. The alleged danger from the Moros, or our Mohammedan brethren, is mere fiction—a bugaboo.

In the last three decades the Philippines has witnessed remarkable progress. An excellent school system has been established with English as the basis of instruction. An educated Filipino knows three or more languages. Peace and order have existed throughout the archipelago. Health and sanitation have been improved. Mortality has been reduced. Roads, bridges, port works, irrigation systems, and other public improvements have been constructed. Means of transportation and communication and interisland shipping have been developed. A program of conservation, forestation, and reforestation has been followed. The national wealth and production, trade, and commerce have increased. Justice has been administered without fear or favor through a unified system of courts. The legislature has made a commendable record. From the implantation of civil administration in 1901 the Philippine government has been self-supporting. Our budget has been balanced. While the currencies of most countries have greatly depreciated, the Philippine money has remained at par and the country's currency continues on a sound gold-exchange basis. In a word, we have established and maintained a stable government.

The Congress of the United States has recognized that the time has come for definite action on the question of Philippine independence. Following the passage of the Organic Act of 1902 "temporarily to provide for the administration of the affairs of civil government in the Philippine Islands", and the Autonomy Act of 1916, the Seventy-second Congress, despite strong opposition, on January 17, 1933, passed the Philippine Independence Act. I do not hesitate to say that this congressional action is the greatest and most important fact in the entire history of American-Filipino relations.

What have the Filipinos been petitioning Congress these many years? What has America granted the Filipinos in the Philippine Independence Act? I shall employ the remaining minutes to answer these and indicate the important provisions of the act.

The new law is an independence law. It is an act that provides for the withdrawal of American sovereignty over the Philippine Islands. It is America's response to the repeated petitions of the Filipinos for the early grant of their independence.

The Philippine Independence Act is to take effect upon acceptance "by concurrent resolution of the Philippine Legislature or a convention called for the purpose * * *." It is in the hands of the Filipino people to give effectivity to its provisions and set in motion the processes and mechanism contemplated by the act.

The Philippine Legislature, as early as 1922, asked the Congress "for authority to call and hold a constitutional convention." The Congress passed the act "to enable the people of the Philippine Islands to adopt a constitution" for a government of the Philippine Commonwealth "within 1 year after the enactment of this act", and, a few years later, an amended constitution for the Philippine Republic.

The Filipinos have long clamored for increased autonomous powers. The act provides for the inauguration of an autonomous Commonwealth government after the President has certified that the constitution conforms with the provisions of the act, and the Filipinos have ratified the constitution and elected the necessary officials.

The Filipinos have been demanding the Filipinization of the government service. This can be achieved effectively and quickly

by the acceptance of the act and the inauguration of the new government without unnecessary delay. Filipinization may be effected in three coordinate branches of the government.

America, by this act, offers the transfer of property and rights acquired in the islands, with certain reservations, to the government of the Commonwealth.

Congress, by this act, makes an immediate grant of a preliminary and partial Philippine sovereignty. In the words of one of the authors of the act, the "Commonwealth of the Philippines will be a semi-sovereign and semi-independent republic." Under it we shall enjoy "virtually complete self-government." Ten years of such a government will be automatically followed by the "final and complete withdrawal of American sovereignty over the Philippines."

The act contains certain immigration and trade restrictions which have been criticized by some but insisted upon by others clothed with the power to decide. The limitation on sugar in the amount of 850,000 tons has aroused considerable discussion. The sugar men in the islands contend that the quota is too low. The sugar men in the United States say it is too high. A former President wanted it at 600,000 with yearly reduction of 10 percent. The United States Senate reduced the amount to 615,000 tons. The House quantity limitations were restored by the conference committee. Some compromise had to be effected. The graduated export tax during the last 5 years will help in the discharge of our bonded indebtedness.

The act vests powers in the President and provides for a high commissioner as the President's representative during the life of the government of the Commonwealth. Some in the Philippines contend that the powers are excessive, while others in the United States believe they are too limited and inconsequential.

The act provides that the President of the United States, not later than 2 years after the grant of independence, may redesignate certain reservations from those heretofore possessed as such by the United States. This has been criticized by some of my own countrymen. As a Filipino, I want to say (1) that this provision is optional, not mandatory; (2) that the Filipino leaders have made official commitments of approval or acquiescence as to America's retaining coaling stations and military or naval bases; and (3) some Americans oppose the retention of any bases in the Philippines once she is independent.

The act provides for a trade conference between representatives of the American and Philippine Governments "at least 1 year prior to the date fixed in this act for the independence of the Philippine Islands." This provision has been overlooked by many critics of the act. It can and should be taken advantage of for the adjustment of trade relations on the basis of equity and mutuality of interests.

The act contains a provision requesting the President "to enter into negotiations with foreign powers with a view to the conclusion of a treaty" for neutralization. Some in the United States and in the Philippines favor neutralization, while others oppose it. Filipino leaders on more than one occasion have asked for neutralization.

The most important thing about the new act is that it solves the independence question on an American-Filipino basis. It grants independence upon a day fixed and certain. Once the law is accepted and the government of the Commonwealth is inaugurated American sovereignty shall be withdrawn from the Philippine Islands and independence granted on the 4th day of July immediately following the 10-year period. This is the definite understanding of the Resident Commissioners, the authorized constitutional representatives of the Philippines in Congress. It is the understanding of the members of the Philippine Mission who labored with the Commissioners in Washington. It is the intention and interpretation of the authors of the act, Mr. Hare in the House and Senators Hawes and Cutting in the Senate. It is the interpretation of those who were most friendly to the cause of independence and have worked and voted for the act in both Houses of the Congress. It is likewise the interpretation of President Hoover and his administration, as attested by his message of January 13, 1933.

It is hardly necessary that I make known my stand after having labored for the measure in Congress and advocated its passage. That there may be no doubt, I wish to say that I am for the Philippine Independence Act and recommend its acceptance. I believe that it is in the main a fair, just, and reasonable act.

Should anybody ask if the act is 100 percent perfect, my answer is, "Of course not." Who so demands perfection in a Philippine independence legislation or takes the position that it must be 100 percent or nothing will never get an independence law. I am essentially an idealist, but I am not blind to the realities of earthly life.

There must be faith on both sides. Without faith, little or no good can be accomplished. I am not unaware that there should be further improvements in American-Filipino relations. But I know that the Congress in enacting the Philippine Independence Act was not actuated by base motives as alleged by imperialists on both sides of the Pacific. I know that the act was piloted to final passage by friends of independence, not by enemies of it. I know that many of the very friends of Philippine independence will be disillusioned if the bill which they have so patiently and unselfishly helped to translate into a Philippine independence act will be set at naught by its rejection.

It is my considered judgment that this new charter of liberty, this American offer of autonomy and independence, should be accepted. In its acceptance lies the national redemption of the Philippines. A wise and statesmanly action on the part of the Filipinos will enable them to retain the faith, respect, and friendship of the Government and people of the United States.

I believe that, after the acceptance of the act, such flaws or defects as it may have can be mitigated or remedied (1) through the constitution that we shall formulate and adopt; (2) through sympathetic administration; (3) through negotiations; and/or (4) through perfecting amendments.

The radio time allotted does not permit detailed discussion of each of these methods of effecting improvement.

Before closing I wish to thank my listeners for their attention and their interest. Let me give the assurance that the Filipino people appreciate the good that America has done in the Philippines. For the Independence Act passed by the Congress by which the Philippines will shortly be liberated, I am grateful beyond words.

I am a disciple of the philosophy of suffering and sacrifice. Such hardships as the new law may occasion my people will, I dare say, be no greater or more severe than those now being suffered by a large portion of mankind in this era of great travail. But if God wills that they be so, it should be deemed as His wondrous way of making a people ascend their calvary in order to have a better vision of the glory that shall be.

To those whose vision is not dimmed, there is glory enough in the fact that there has been no shedding of precious blood in America's manner of liberating the Philippine Islands.

PERSONAL EXPLANATION

Mr. FULLER. Mr. Speaker, I ask unanimous consent to proceed for half a minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. FULLER. Mr. Speaker, in the discussion of Senate Joint Resolution 13 on Wednesday last I made the statement that the gentleman from Oregon had agreed not to introduce his resolution. I find that I was mistaken about that. His agreement was that he would not offer it and insist upon it before the committee. I make this statement, because it might be construed from what I said then that he sought to break faith with the committee, which he did not do.

LOANS TO HOME OWNERS

Mr. STEAGALL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 5240) to provide emergency relief with respect to home-mortgage indebtedness, to refinance home mortgages, to extend relief to the owners of homes occupied by them and who are unable to amortize their debt elsewhere, to amend the Federal Home Loan Bank Act, to increase the market for obligations of the United States, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H.R. 5240, with Mr. DRIVER in the chair.

The CHAIRMAN. At the conclusion of the session yesterday, debate on the section then pending and all amendments thereto was ordered closed in 30 minutes. The pending amendment was offered by the gentleman from Missouri [Mr. COCHRAN].

Mr. HASTINGS. Mr. Chairman, I ask unanimous consent that the amendment be again reported.

The CHAIRMAN. Without objection, the Clerk will again report the amendment.

There was no objection, and the Clerk read as follows:

Amendment by Mr. COCHRAN of Missouri: Page 7, line 17, after the word "cash", strike out the words down to and including "encumbered", in line 20, and insert in lieu thereof the words "to home owners."

Mr. BUSBY. Mr. Chairman, I ask recognition on the amendment.

Mr. Chairman, our able Chairman of the Committee on Banking and Currency does not need it, but I should like to say a word in behalf of him, since the argument rose to somewhat heated proportions just before we closed on yesterday.

I think the Chairman of the Committee on Banking and Currency should have at least a degree of our sympathy, because he and our committee have been given a task that is absolutely impossible of performance. If we should utilize all of the powers that have been given and that have been proposed to raise funds, we would not have more

than six or seven billion dollars to do all of these things that we hope may be done through the Reconstruction Finance Corporation and the other legislation that has been proposed. If you look at the other side of the picture, you will see that during the last 2 or 3 years the incomes of the people of this country have been cut by the depression to the extent of more than $100,000,000,000. That is why it seems the pinch is so pressing. You will find that the properties of people have been reduced in amount one hundred and fifty to two hundred billion dollars in market value during the past 4 years, and that is why this task of using six or seven billions is so impossible of performing the things that we want done.

Now, we want direct loans. We would like to vote a provision which would authorize the Government to make those loans direct, but there are $22,000,000,000 of debts, mortgages, or loans to the home owners alone, when there are but two billion proposed in this bill to relieve the distress. You can search the whole picture and you will see that for this type of legislation to give the relief desired is impossible when it comes to carrying forward sufficient relief that we hope to bring to the people.

RAISE COMMODITY AND PROPERTY VALUES ONLY REAL RELIEF

There is but one way we can do the thing we are trying to do, and it is not by this kind of legislation. It is by correcting general conditions so as to bring back to the people a degree of prosperity through the general uplift of the country, and that is the only way. Until we do that we will be haggling here as to whether we will grant direct loans or whether we will grant them through certain organizations, and none of this, my friends, will be effected, because the amount of power in loans we are trying to use cannot perform the task we are undertaking to perform with it.

So I say our Chairman of the Banking and Currency Committee is entitled to have you consider the whole picture before you say to him and before you say to our committee, "You are not doing the thing you ought to do." How can we sell the credit of this country in the form of bond issues and raise enough funds through the national credit to relieve all private obligations? It is impossible of performance. The National Government cannot give employment to the people of this country. It will have to be done by private business, but private business cannot give that employment as long as it lies prostrate on its back, because we do not have the circulating media in this country to carry forward the functions of business.

WE MUST HAVE CURRENCY AND RESTORED BANK CREDIT

Our circulating media is not performing more than 25 percent of its normal work. When we have more currency—coined or issued legal tender—or restored bank credit, when we have restored a working bank credit, and when those things that make up our exchange-media machine are put back to work and we begin to use them in a normal sort of way, you will not hear anything of this type of legislation. It is emergency legislation that will not work effectively or satisfactorily to but a few. All of these loan arrangements cannot bring us the relief we have been looking for, and I ask you not to lay the blame on the chairman of our committee or on the Committee on Banking and Currency, but help us in a general and broad way to stand back of and enact a broad currency expansion program of legislation that will restore a condition of prosperity and that will help in a substantial, general sort of way.

The CHAIRMAN. The time of the gentleman from Mississippi [Mr. BUSBY] has expired.

Mr. GOSS. Mr. Chairman, I offer an amendment, which is on the Clerk's desk.

The CHAIRMAN. The amendment will be withheld, but the gentleman is recognized for 5 minutes.

Mr. GOSS. May the amendment be reported?

The CHAIRMAN. The Clerk will report the amendment, and it will remain on the desk.

Mr. O'CONNOR. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. O'CONNOR. I understand there is an amendment pending. The Cochran amendment is pending.

Mr. GOSS. But the time has been limited, and the only way I can explain my amendment is by taking it up during this 30 minutes that has been allowed.

The CHAIRMAN. The Chair will ask the Clerk to report the amendment.

The Clerk read as follows:

Amendment offered by Mr. GOSS: Page 8, line 4, strike out the subsection (f) and insert in lieu thereof the following:

"The Corporation shall have power to employ and fix the compensation of such officers, employees, attorneys, or agents as shall be necessary for the performance of its duties under this act, with due regard to the provisions of other laws applicable to the employment or compensation of officers, employees, attorneys, or agents of the United States, except wherein the Board shall certify in writing that persons with the special qualifications desired cannot be so secured. No such officer, employee, attorney, or agent shall be paid compensation at a rate in excess of the rate provided by law in the case of members of the Board. The Corporation shall be entitled to the free use of the United States mails for its official business in the same manner as the executive departments of the Government, and shall determine its necessary expenditures under this act and the manner in which they shall be incurred, allowed, and paid, subject to such restrictions as the Budget Director or the President of the United States may prescribe. The Corporation shall pay such proportion of the salary and expenses of the members of the Board and of its officers and employees as the Board may determine to be equitable, and may use the facilities of Federal home loan banks upon making reasonable compensation thereof as determined by the Board."

Mr. GOSS. Mr. Chairman, this sounds like a long amendment. However, the fact is I have simply changed three parts of this subsection, and the amendment has just been read as the language will read if the bill is amended in these particulars.

Let me explain the purpose of the amendment, directing attention first to page 8, line 7, wherein the language of the bill reads:

Without regard to the provisions of other laws applicable to the employment or compensation of officers, employees—

And so forth.

This amendment puts the employees of this corporation under existing laws, the language of my amendment being "with due regard to the provision of other laws."

In other words, it would fix the compensation rates of the employees of this corporation as determined by the Classification Act, which is now the law.

The next matter I want to call attention to is that I have taken out the word "select" because that is in reference to the civil-service section, and I have put the qualifying language after the words "United States", in line 10.

In line 16 the language states that the corporation—

shall determine its necessary expenditures under this act and the manner in which they shall be incurred, allowed, and paid without regard to the provisions of any other law governing the expenditures of public funds.

I simply have changed this language by striking out the words—

without regard to the provisions of any other law governing the expenditures of public funds—

And inserting in lieu thereof the following—

subject to such restrictions as the Director of the Budget or the President of the United States may prescribe.

In other words, as long as we are doing away with the provisions of the law governing the expenditure of public funds I thought it only proper to put it under the direction of the Bureau of the Budget as well as of the President of the United States.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. GOSS. I yield.

Mr. CELLER. I think the original act, the mother act, setting up the Federal Home Loan Board and the Federal home-loan banks, contains, in section 18, exactly the language of the pending bill as it came out of the committee; that is, without regard to the provisions of existing law.

So, if the gentleman's amendment prevails, we would have an inconsistency; that is, this corporation set-up would have to be with limitation, whereas the Federal home loan bank is not.

Mr. GOSS. But this corporation is practically going to take the place of the other corporation, I may say to the

gentleman from New York. I think it is only fair, inasmuch as we are trying to relieve home owners, to give at least a little consideration to the employees who are going to administer this fund; and inasmuch as the Congress has already enacted into law the Classification Act governing the compensation of employees, I think it only fair that the provisions of this act apply to the employees of this corporation charged with the expenditure of the $2,000,000,000 it will have under its control.

Mr. BOYLAN. Mr. Chairman, will the gentleman yield?

Mr. GOSS. I yield.

Mr. BOYLAN. The gentleman knows this is emergency legislation. The gentleman knows also that were we to wait for Civil Service examinations, and whatnot, perhaps the exigency necessitating this legislation will have passed.

Mr. GOSS. What I am trying to do here primarily is to have the existing law, as it relates to wages under the Classification Act, apply to the employees of this corporation.

Mr. McCLINTIC. Mr. Chairman, will the gentleman yield?

Mr. GOSS. I yield.

Mr. McCLINTIC. Would not the effect of the gentleman's amendment be to put all the employees under the classified service?

Mr. GOSS. Yes; it would put them all under the classified service, or under the provisions of any other law that exists, I may say to the gentleman from Oklahoma.

Now, Mr. Chairman, I should like to ask the chairman of the committee if he would be willing to accept this amendment.

Mr. STEAGALL. It would be in direct violation of a recent positive expression of this House.

Mr. GOSS. How, may I ask the gentleman from Alabama, by putting them under the Classification Act it violates the express provisions of any recent bills?

Mr. STEAGALL. A similar provision to that desired by the gentleman was, on motion, stricken out of the last bill we had under consideration.

Mr. GOSS. The gentleman is talking only about civil service. He is not talking about the rate of compensation of the employees. Is not this true, may I ask him? The House passed upon the civil-service question. My amendment applies to the rate of wages to be paid the employees of this new $2,000,000,000 corporation, and only puts them under existing laws of the Government as determined by Congress in the past.

Mr. ROGERS of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. GOSS. I yield.

Mr. ROGERS of Oklahoma. Would not the effect of the gentleman's amendment be to continue in employment people already under civil service, rather than permit the employment of those who might not be?

Mr. GOSS. No. It applies the classification wage rates to the employees of this new governmental agency, I may say to the gentleman from Oklahoma. If the bill stands as written, any wage scale may be imposed upon these clerks and other employees.

[Here the gavel fell.]

Mr. PETERSON. Mr. Chairman, I wish to speak on an amendment I have sent to the Clerk's desk.

Mr. Chairman, ladies and gentlemen of the Committee, I shall not use the 5 minutes allotted me. A simple amendment is needed in order to prevent discrimination in the administration of this particular act.

May I say at the outset that I am in accord with the purposes of the act. Properly administered, I believe very much good will come from it, but I am bound to say that in times past acts have been passed by Congress with good intent and good design, but the very intent of those acts has been ruined by the improper administration of the acts.

My amendment provides that, in line 14, on page 7, after the figures "$15,000," the following words shall be inserted:

No discrimination shall be made against any home mortgage which is upon real estate located in a municipality, county, or taxing district which is in default upon any of its obligations.

You may say there is no necessity of writing these words in the act itself, but I want to safeguard the interests of the property owners in the municipalities, counties, and taxing districts which at the present time may be in default. I may say further that it is not a local provision, applicable to my own State. It is applicable to a great number of the States of the Union at the present time. Having, as we do, municipalities, counties, or taxing districts in 41 States of the Union in default at the present time, I wish to inform the committee that in the application of the previous Home Loan Act municipalities in default and properties in such districts were denied the privileges of the act, and I want to prevent a repetition of that in respect of this act.

I sincerely trust the Committee will concur in this amendment. It is a simple amendment for the purpose of assisting in the administration of the act and preventing those things which will defeat the very purposes of the act in the communities that need its application most. I realize that ofttimes an act passed here is so administered that its purposes are defeated.

Mr. THOM. Will the gentleman yield?

Mr. PETERSON. I yield.

Mr. THOM. Why would the makers of loans under this bill discriminate against a community where bonds have been defaulted?

Mr. PETERSON. They should not.

Mr. THOM. Why would they?

Mr. PETERSON. In times past they have for this reason: They take the position that they do not know what the tax levy will be in that particular community, but I may say that no one knows from year to year what the tax levy will be in any particular community, whether the bonds be in default or whether the bonds mature in the future. However, this has been a far-fetched construction in the application of the principles of the previous act, and I fear it may occur in the future unless the Congress writes into this bill a provision of this sort, and I am pleading today not only for my own State but for the 40 other States that may be in the same position.

Mr. WILCOX. Will the gentleman yield?

Mr. PETERSON. I yield.

Mr. WILCOX. I should like to ask the gentleman if it is not a fact that in the administration of the Farm Loan Act, Federal land banks have in many instances refused to grant loans on farms located in counties or in taxing districts where the bonds of the county or taxing district are in default.

Mr. PETERSON. They have, sir.

Mr. WILCOX. Is it not also a fact that there are now in the United States approximately 1,000 communities that are in default on their public obligations, and if this act should be administered as the Farm Loan Act has been administered there would be 1,000 communities in the United States which would be shut off from participating in the loans provided under this act.

Mr. PETERSON. That is correct.

Mr. WILCOX. And the object of the gentleman's amendment is to remove discrimination against such communities with respect to the benefits of this act.

Mr. PETERSON. Yes; and those communities are increasing in number and involve 41 States.

Mr. STEAGALL. Will the gentleman yield?

Mr. PETERSON. I yield.

Mr. STEAGALL. I am sure the gentleman understands that under the specific provisions of this bill it would be the duty of the administrators of this law to extend accommodations to mortgagors to meet deficiencies in taxes or other liens or charges against homes. This is one of the primary purposes of the legislation.

Mr. PETERSON. Yes.

[Here the gavel fell.]

Mr. REILLY. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I take it that all the members of the Committee are anxious to do everything possible to relieve the

distress of home owners, but the amendment of the gentleman from Missouri [Mr. COCHRAN] would simply open wide the floodgates of this bill and bankrupt the United States.

The gentleman talked about handing the people a gold brick in the home loan bank bill; he would hand them another gold brick in this bill if his amendment should be adopted.

There are $22,000,000,000 of home-loan mortgages in this country on urban property, $8,000,000,000 of which is in default. We have no right to pick out any particular home owner and say that we are going to give him a mortgage at 5 percent on 80 percent of value.

Mr. HOEPPEL. Will the gentleman yield?

Mr. REILLY. I cannot yield.

And then say to the great masses of the home owners that we have no relief for them.

This bill carries $200,000,000 for this particular activity, but even taking into consideration the entire appropriation of $2,000,000,000, you would not get anywhere in trying to relieve the distress of all the home owners.

We are trying to do something for the home owner in this bill, but if you adopt the amendment proposed by the gentleman from Missouri you are going to destroy the whole bill. The President of the United States cannot accept such a measure. It is out of the question for this Congress to say to the people of the United States who have $20,000,000,000 of city mortgages, "Come on, the United States Government will lend you cash up to 80 percent of the value of your property."

Where are you going to get the money? How are you going to finance such a stupendous operation on the part of the National Government? If we should issue $20,000,000,000 worth of bonds to take care of our city mortgages we would be entering upon the most stupendous inflation this country has ever known, an inflation that would destroy and wreck the industrial life of our country.

Again, there are 9,000,000,000 of farm mortgages—where are you going to stop in this work, where are you going to end? We all have sympathy with the home owner, but there is a limit beyond which the Government cannot go. This bill is designed to help home owners, the home owner that is distressed from unpaid taxes, and the home owner who can arrange with his mortagor to take bonds in exchange for his mortgage. There is a limit to what the Government can do on the home-mortgage question. The amendment of the gentleman from Missouri is unworkable and will draw Presidential veto.

Now, as regards the amendment of the gentleman from Connecticut [Mr. GOSS], this amendment should be voted down. The pending bill carries the same provision as to clerical help and assistants that the home loan bank bill carried, and the Reconstruction Finance bill. Both of these measures left to the Boards the power of determining as to the personnel necessary to carry out their functioning. I have had no complaint from the method pursued by either of these Boards, and I think the pending bill should be left in this regard as reported by the committee.

[Here the gavel fell.]

Mr. LUCE. Mr. Chairman, I rise in opposition to the pro forma amendment. The pending motion of the gentleman from Missouri is the most important that will have been made in connection with this bill. The vote of every Member, whether it comes now or later on the same topic, will be one of the most important that he will have cast in the course of this Congress, because by it he will express his judgment as to whether this particular proposal of the President of the United States ought to become law or should not become law.

If this motion prevails, this bill cannot become law. So every man is now put to the test of whether or not he desires that the proposal of the President, recommendation for which was sent to us by message, shall receive the approval and support of this House. The gentleman from Ohio [Mr. DUFFEY] put in the RECORD this morning some important figures. I commend to your attention the figures on page 2519 of this morning's RECORD, where you may find that the total of the urban-home mortgages in this country is estimated at $21,450,500,000. The pending amendment, if it succeeds and if it becomes a law, will invite every maker of every home mortgage included in that total to transfer his mortgage to the United States Government. The United States Government by the action of yesterday is not to charge more than 5 percent interest. There are thousands and thousands of mortgages in this country that are carrying 6 percent interest or more. Should you vote for this proposal, and should it prevail, you will invite every one of those mortgagors—and I repeat for the sake of emphasis, in order that you may know what you are doing—to transfer his mortgage from the present mortgagee to the United States Government.

Mr. MAY rose.

Mr. LUCE. I have not the time. I ask you to consider whether you wish at this moment to add somewhere up toward $20,000,000,000 more to the debt of the United States, in the shape of outstanding obligations of one of its agencies, with interest guaranteed. It may not be $20,000,000,000, but dare you add even $10,000,000,000 more on top of what we have now?

Mr. STEAGALL. Mr. Chairman, will the gentleman yield?

Mr. LUCE. Yes.

Mr. STEAGALL. And I call the gentleman's attention to the fact that there are only $200,000,000 of cash capital provided in this bill for this corporation. How could they take care of eight or ten billion dollars worth of distressed mortgagors?

Mr. MAY. Mr. Chairman, will the gentleman yield to me now?

Mr. LUCE. I regret that I have only a moment, but if the gentleman will make it snappy I yield.

Mr. MAY. The gentleman from Massachusetts will remember that in the very closing days of the last session of Congress I introduced an amendment to the other home-loan bill making it possible for a home owner to deal directly with the corporation.

Mr. LUCE. I cannot yield any more. I wish I had a louder voice and stronger lungs that I might more emphatically condemn fastening on this bill the sort of thing that was put on the bill last year.

Mr. MAY. Then why do you name this bill "the Home Owners Loan Act of 1933" in the very first section of the bill?

Mr. LUCE. Because that is what it is for. It is for the home owner who can give security, who is in distress, and who cannot now get relief. We are not doing anything for the man who can now get relief, but we are doing something for the man who cannot. Gentlemen who vote for this motion will vote to destroy the bill. [Applause.]

The CHAIRMAN. The time of the gentleman from Massachusetts has expired. All time has expired on the section and all amendments thereto. The question is on the amendment offered by the gentleman from Missouri [Mr. COCHRAN], which the Clerk will again report for information.

The Clerk again reported the Cochran amendment.

The CHAIRMAN. The question is on the amendment of the gentleman from Missouri.

The question was taken; and, the Chair being in doubt, the Committee divided, and there were—ayes 77, noes 118.

Mr. COCHRAN of Missouri. Mr. Chairman, I demand tellers.

Tellers were ordered, and Mr. STEAGALL and Mr. COCHRAN of Missouri were appointed tellers.

The Committee again divided, and the tellers reported ayes 77, noes 133.

So the amendment was rejected.

Mr. HANCOCK of North Carolina. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amend H.R. 5240 by adding to section 4 (d) the following paragraph:



"The Corporation shall appoint in each State a board of conciliation, consisting of not more than five members, who shall serve without pay. It shall be the duty of said State boards of conciliation to appoint or designate a suitable number of local boards of conciliation in their respective States, who shall also serve without pay. It shall be the duty of such State and local boards of conciliation to bring about between home mortgagors and mortgagees and lien holders an exchange of bonds for home mortgages, as herein provided, wherever it may be found practical to do so, considering the interests of all parties."

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from North Carolina.

The question was taken; and on a division (demanded by Mr. HANCOCK of North Carolina) there were—ayes 32, noes 62.

So the amendment was rejected.

Mr. STOKES. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. STOKES: Page 5, line 3, after the word "thereof", strike out all of the remainder of line 3 down to and including line 8 to the words "the Corporation."

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Pennsylvania.

The amendment was rejected.

Mr. WOLCOTT. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: Page 5, line 16, strike out the comma after the word "it" and insert "or as provided in subsection (e) of this section."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan.

The question was taken; and on a division (demanded by Mr. WOLCOTT) there were—ayes 40, noes 71.

So the amendment was rejected.

Mr. TRUAX. Mr. Chairman, I offer an amendment, which is on the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. TRUAX: Line 7, page 9, after the word "advance", insert the following:

"STAY OF PROCEEDINGS

"SUBSECTION 1. If on or within 1 year after the day this act takes effect any owner of real property occupied by such owner is unable to pay, and is in default in the payment of, either principal or interest of any debt secured by a mortgage on such real property, or of taxes the nonpayment of which constitutes a default under such mortgage, such default shall constitute an act of bankruptcy and such owner of real property being therefore unable to pay his or her debts as they fall due shall be deemed insolvent and a bankrupt for the purpose of this act.

"SEC. 2. No proceeding to foreclose or otherwise to enforce any claim against or out of the real property of such owner and no sale on foreclosure, execution, or otherwise shall be instituted, further prosecuted, held, or made on or within 1 year after the day this act takes effect except upon petition in bankruptcy duly filed in a court of the United States pursuant to the act of July 1, 1898, entitled 'An act to establish a uniform system of bankruptcy throughout the United States', as heretofore amended."

Mr. GOSS. Mr. Chairman, I make a point of order that the amendment is not germane to this section.

The CHAIRMAN (Mr. DRIVER). The Chair will hear the gentleman from Ohio [Mr. TRUAX] on the point of order.

Mr. TRUAX. Mr. Chairman, in the preceding lines of subsection (g) provision is made in this act to redeem or recover homes lost by owners by foreclosure or forced sale, by a trustee under a deed of trust, within 2 years prior to such exchange or advance.

The amendment I have offered seeks to protect those whose homes will be foreclosed during the interim in which they might secure benefits under this act. This amendment is constitutional. The Congress has absolute control——

Mr. GOSS. Mr. Chairman, I make the point of order that the gentleman is discussing the amendment and not the point of order.

The CHAIRMAN. The Chair assumes it is necessary to make an explanation of the amendment in order to understand whether or not it is germane.

Mr. TRUAX. Under the plenary powers of Congress over the bankruptcy laws of this country, the Congress has the authority and power to declare what group of persons or individuals may be classed as bankrupts for the purpose of this act. The Congress also has the power to throw its arm of protection about any group of people whom it may class——

Mr. GOSS. Mr. Chairman, I insist the gentleman is discussing the amendment and not the point of order.

The CHAIRMAN. The Chair is of the opinion that it is necessary for the gentleman to explain the purport of the amendment and its application to this particular section to which it is directed, in order that the Chair may properly understand the nature and purpose of the amendment. The gentleman will proceed.

Mr. TRUAX. Mr. Chairman, the whole purpose of this act, as stated by the proponents, the Chairman of the Committee on Banking and Currency and the members of that committee, is an emergency act for the immediate relief of distressed home owners. I deny that this is an emergency act. I deny that it will in any large measure——

Mr. LUCE. Mr. Chairman, I wish to direct the attention of the Chair to the fact that the gentleman has not yet said one word as to the point of order.

The CHAIRMAN. The gentleman will confine himself to the point of order raised against the amendment.

Mr. TRUAX. Mr. Chairman, in my judgment, it is absolutely necessary to explain the purposes of the act in order to explain the germaneness of this amendment to this subsection of the bill. I would say, moreover, that every time a suspension of foreclosure has been presented in this House we are immediately confronted with the old alibi of unconstitutionality.

Mr. LUCE. Mr. Chairman, I greatly regret to insist, but if this practice is permitted, it would be possible for any Member, on the basis of a point of order, to discuss the merits of the matter for an hour.

The CHAIRMAN. The gentleman is correct about that, and his objection is well taken, and the gentleman from Ohio will confine his remarks to the point of order.

Mr. TRUAX. Mr. Chairman, I make the point of order that it is germane. [Laughter and applause.]

Mr. Chairman, I frankly admit that as a new Member of this House, and coming from the rolling prairies of the great State of Ohio and being a hog farmer, I have not the experience nor the ability to discuss this point of order that my friend from Massachusetts [Mr. LUCE] has. However, I would say to the Chair that in view of the distressing circumstances of these home owners, in view of the fact that one of the learned jurists of this country——

The CHAIRMAN. The gentleman is not confining his remarks to the point of order. Some latitude is allowed, but I think the gentleman has gone far enough.

Mr. TRUAX. May I be permitted to tell what the amendment does?

The CHAIRMAN. That would be arguing the amendment. The point of order is whether or not it is germane. The explanation which the gentleman has made explains the purpose of the amendment as directed to this section.

Mr. O'CONNOR. Mr. Chairman, I submit the gentleman is entitled to explain what his amendment does for the purpose of showing the germaneness to the section of the bill.

The CHAIRMAN. The Chair has so stated, and has heard the gentleman; but the Chair is asking the gentleman to confine his remarks to the germaneness of his amendment.

Mr. TRUAX. I will try to do so. This amendment is drafted on the theory that Congress has the power under the Constitution to define bankruptcy and determine under what circumstances a particular class of persons are bankrupts.

Having determined that the members of a particular group are bankrupts, Congress has power to protect them and to compel mortgagees to proceed against them and their property only through the regular channels prescribed by the Federal bankruptcy court.

The amendment also proceeds upon the further assumption that the Congress has power to authorize Federal and

State courts to enjoin the violation of this amendment and thereby to stay proceedings by way of foreclosure, Congress having in this condition and under the bankruptcy clause of the Constitution the further power by appropriate measures to prevent the bankruptcy courts of the United States from being flooded with a tide of bankruptcy proceedings.

Mr. GOSS. Mr. Chairman, in view of the information we have had, I withdraw the point of order.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio.

The amendment was rejected.

Mr. SWANK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SWANK: Page 4, line 3, strike out the word "Corporation" and insert in lieu thereof the words "Treasury Department", and strike out the word "bonds" and insert in lieu thereof the words "Treasury notes."

Page 4, line 5, strike out the word "sold" and insert in lieu thereof the word "used."

Page 4, line 6, strike out the words "or exchanged" and the three first words in line 7.

Page 4, line 7, strike out the word "bonds" and insert in lieu thereof the word "notes."

Page 4, line 8, after the word "prescribe", insert a period and strike out the remainder of subdivision (c) down to and including the word "paid" in line 25.

Page 4, line 25, strike out the word "bonds" and insert in lieu thereof the word "notes."

Page 5, line 1, strike out the word "Corporation" and insert in lieu thereof the words "Treasury Department."

Page 5, line 3, after the word "exempt", strike out the words "both as to principal", and in line 4, strike out the words "and interest."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oklahoma.

The amendment was rejected.

Mr. MAY. Mr. Chairman, I offer an amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. MAY: On page 5, line 2, after the word "instrumentalities", insert the following: "and direct obligations."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kentucky.

The amendment was rejected.

Mr. BRUNNER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BRUNNER: Page 6, line 6, after the word "case", strike out the figures "$10,000" and insert in lieu thereof "$12,000."

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The amendment was rejected.

Mr. COCHRAN of Missouri. Mr. Chairman, I offer an amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. COCHRAN of Missouri: Page 5, lines 1, 2, and 3, after the word "subsection", strike out the following: "shall be instrumentalities of the United States and shall so state on the face thereof, and", so that the sentence will read as follows:

"The bonds issued by the corporation under this subsection shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States or any District, Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority."

Mr. CELLER. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. CELLER. As far as I could gather from the reading of the amendment, it is similar to an amendment already acted on, offered by the gentleman from Kentucky, to the effect that the bonds shall be direct obligations of the United States Government.

The CHAIRMAN. The Chair overrules the point of order.

The question is on the amendment offered by the gentleman from Missouri.

The amendment was rejected.

Mr. GOSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Goss: Page 8, line 4, strike out subsection (f) and insert in lieu thereof the following:

"The corporation shall have power to employ and fix the compensation of such officers, employees, attorneys, or agents as shall be necessary for the performance of its duties under this act, with due regard to the provisions of other laws applicable to the employment or compensation of officers, employees, attorneys, or agents of the United States, except wherein the Board shall certify in writing that persons with the special qualifications desired cannot be so secured. So such officer, employee, attorney, or agent shall be paid compensation at a rate in excess of the rate provided by law in the case of members of the Board. The corporation shall be entitled to the free use of the United States mails for its official business in the same manner as the executive departments of the Government, and shall determine its necessary expenditures under this act and the manner in which they shall be incurred, allowed, and paid, subject to such restrictions as the Budget Director or the President of the United States may prescribe. The corporation shall pay such proportion of the salary and expenses of the members of the Board and of its officers and employees as the Board may determine to be equitable, and may use the facilities of Federal home-loan banks, upon making reasonable compensation thereof as determined by the Board."

Mr. BOYLAN. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. BOYLAN. The gentleman from Connecticut introduced an amendment practically similar to the one he now proposes, and the House, after due deliberation, rejected his amendment. He now proposes practically the same amendment.

Mr. GOSS. Mr. Chairman, I should like to be heard on the point of order. I merely had the amendment read for the information of the House previously.

The CHAIRMAN. The point of order is overruled. The amendment was read only as a matter of information and not for consideration by the House at the time.

The question is on the amendment offered by the gentleman from Connecticut.

The question was taken, and on a division (demanded by Mr. Goss) there were—ayes 34, noes 72.

So the amendment was rejected.

Mr. LANZETTA. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LANZETTA: Page 7, line 12, after the word "dwelling", strike out everything down to the period on page 7, line 14, and insert the following: ", apartment or tenement building used by the owner as a home and by some of the tenants as and for living quarters, or held by him as his homestead, and having a value not exceeding $20,000."

The CHAIRMAN. The question is on the amendment of the gentleman from New York.

The question was taken, and on a division (demanded by Mr. LANZETTA) there were—ayes 6, noes 71.

So the amendment was rejected.

Mr. HOEPPEL. Mr. Chairman, I offer an amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. HOEPPEL: On page 6, strike out the last two words in line 7, all of line 8, and the first word in line 9; and in lieu thereof insert the following: "at the time of execution of the mortgage encumbrance."

The CHAIRMAN. The question is on the amendment offered by the gentleman from California.

The amendment was rejected.

Mr. CARPENTER of Kansas. Mr. Chairman, I offer an amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. CARPENTER of Kansas: Page 5, line 3, after the word "thereof", strike out the remainder of subsection (c) providing that the bonds therein provided for shall be tax exempt.

Mr. BROWN of Kentucky. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The gentleman will state his point of order.

Mr. BROWN of Kentucky. This is the section of the bill with respect to the tax-exempt feature of these bonds, and I make the point of order that we have already voted on that matter.

Mr. CARPENTER of Kansas. Mr. Chairman, I desire to be heard on the point of order.

The CHAIRMAN. The Chair is of the opinion that there was a question of that sort presented, but it was not entirely

similar to the amendment which the gentleman has now offered. The Chair, therefore, overrules the point of order.

Mr. CARPENTER of Kansas. Mr. Chairman, I ask unanimous consent to speak upon this amendment for 5 minutes in order that I may speak against the nefarious practice of issuing various tax-exempt bonds.

Mr. GOSS. Mr. Chairman, reserving the right to object—I dislike to object—but in order to preserve the rules of the House, if this request is granted, a similar privilege should be granted to every other Member who is offering amendments here, and therefore I am constrained to object.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas.

The question was taken; and on a division (demanded by Mr. CARPENTER of Kansas and Mr. O'MALLEY) there were—ayes 7, noes 43.

So the amendment was rejected.

Mr. CELLER. Mr. Chairman, I offer an amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. CELLER: Page 4, line 12, after the word "to", insert "principal and"; line 15, after the word "the", insert "principal and"; line 17, after the word "such", insert "principal and"; line 20, after the word "such", insert "principal and"; line 21, after the word "such", insert "principal and."

The amendment was rejected.

Mr. CELLER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CELLER: Page 8, line 25, after the period, insert: "In no event shall the aggregate compensation from the board and/or corporation exceed the compensation now being paid by the board or by any of its Federal home-loan banks."

The amendment was rejected.

Mr. BRUNNER. Mr. Chairman, I offer an amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. BRUNNER: Page 4, line 11, after the word "exceed," strike out "4" and insert "3¾"; on line 12, after the word "interest," strike out "only" and insert "and principal"; on line 15, after the word "interest," add "and on principal"; on line 17, after the word 'interest", add "and on principal"; on line 21, after the word "interest," add "and on principal"; and on page 7, line 2, after the word "of," strike out "5" and insert "4½."

The amendment was rejected.

Mr. PETERSON. Mr. Chairman, I offer an amendment, which is at the Clerk's desk and which I referred to in my remarks today.

The Clerk read as follows:

Amendment offered by Mr. PETERSON: Page 7, line 14, after "$15,000," insert: "No discrimination shall be made against any home mortgage which is upon real estate located in a municipality, county, or taxing district which is in default upon any of its obligations."

The amendment was rejected.

The Clerk read as follows:

FEDERAL SAVINGS AND LOAN ASSOCIATIONS

SEC. 5. (a) In order to provide local mutual thrift institutions in which people may invest their funds and in order to provide for the financing of homes, the Board is authorized, under such rules and regulations as it may prescribe, to provide for the organization, incorporation, examination, operation, and regulation of associations to be known as "Federal savings and loan associations", and to issue charters therefor, giving primary consideration to the best practices of local mutual thrift and home-financing institutions in the United States; but no such association shall be incorporated by the Board unless in its judgment the community to be served is insufficiently served by local thrift and home-financing institutions.

(b) Such associations shall raise their capital only in the form of payments on such shares as are authorized in their charter, which shares may be retired as is therein provided. No deposits shall be accepted and no certificates of indebtedness shall be issued except for such borrowed money as may be authorized by regulations of the Board.

(c) Such associations shall make loans only upon real property located within 50 miles of their home office, and such loans shall be first liens upon homes, or combination homes and business property, having a value not exceeding $20,000, except that not exceeding 15 percent of the assets of such an association may be invested in first liens on other improved real estate. Such associations may also lend upon the security of their own shares and may invest in stock of a Federal home-loan bank or in obligations of the United States or in Federal home-loan bank bonds.

(d) The Board shall have full power to provide in the rules and regulations herein authorized for the reorganization, consolidation, merger, or liquidation of such associations, including the power to appoint a conservator or a receiver to take charge of the affairs of such association, and to require an equitable readjustment of the capital structure of the same; and to release such association from such control and permit their further operation.

(e) No charter shall be granted except to persons of good character and responsibility, nor unless in the judgment of the Board a necessity exists for such an institution in the community to be served, nor unless there is a reasonable probability of its usefulness and success, nor unless the same can be established without undue injury to properly conducted existing local thrift and home-financing institutions.

(f) Each such association, upon its incorporation, shall become automatically a member of the Federal home-loan bank of the district in which it is located, or if convenience shall require and the Board approve, shall become a member of a Federal home-loan bank of an adjoining district. Such associations shall qualify for such membership in the manner provided in the Federal Home Loan Bank Act with respect to other members.

(g) The Secretary of the Treasury is authorized on behalf of the United States to subscribe for preferred shares in such associations which shall be preferred as to the assets of the association, and which shall be entitled to a dividend, if earned, after payment of expenses and provision for reasonable reserves, to the same extent as other shareholders. It shall be the duty of the Secretary of the Treasury to subscribe for such preferred shares upon the request of the Board; but the subscription by him to the shares of any one association shall not exceed $100,000, and no such subscription shall be called for unless in the judgment of the Board the funds are necessary for the encouragement of local home financing in the community to be served and for the reasonable financing of homes in such community. Payment on such shares may be called from time to time by the association, subject to the approval of the Board and the Secretary of the Treasury; but the amount paid in by the Secretary of the Treasury shall at no time exceed the amount paid in by all other shareholders, and the aggregate amount of shares held by the Secretary of the Treasury shall not exceed at any time the aggregate amount of shares held by all other shareholders. To enable the Secretary of the Treasury to make such subscriptions when called there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $100,000,000, to be immediately available and to remain available until expended. Each such association shall issue receipts for such payments by the Secretary of the Treasury in such form as may be approved by the Board, and such receipts shall be evidence of the interest of the United States in such preferred shares to the extent of the amount so paid. Each such association shall make provision for the retirement of its preferred shares held by the Secretary of the Treasury, and beginning at the expiration of 5 years from the time of the investment in such shares, the association shall set aside one third of the receipts from its investing and borrowing shareholders to be used for the purpose of such retirement. In case of the liquidation of any such association the shares held by the Secretary of the Treasury shall be retired at par before any payments are made to other shareholders.

(h) Such associations, including their franchises, capital, reserves, and surplus, and their loans and income, shall be exempt from all taxation now or hereafter imposed by the United States, and all shares of such associations shall be exempt both as to their value and the income therefrom from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States; and no State, Territorial, county, municipal, or local taxing authority shall impose any tax on such associations or their franchise, capital, reserves, surplus, loans, or income greater than that imposed by such authority on other similar local mutual or cooperative thrift and home financing institutions.

(i) Any member of a Federal home-loan bank may convert itself into a Federal savings-and-loan association under this act upon a vote of its stockholders as provided by the law under which it operates; but such conversion shall be subject to such rules and regulations as the Board may prescribe, and thereafter the converted association shall be entitled to all the benefits of this section and shall be subject to examination and regulation to the same extent as other associations incorporated pursuant to this act.

Mr. CELLER. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Strike out subdivision (i).

Mr. CELLER. Mr. Chairman, I offer the amendment to strike out the entire subsection (i), for the reason that if you include that subsection I firmly believe that you will be voting to destroy practically all of the savings-and-loan associations, which are mutual loan associations, in this country.

You will note on page 11, lines 21, 22, and 23, you refuse to grant a charter to any new Federal savings and loan association if it is going to cause undue injury to those existing mutual local thrift and home financing institutions in communities where these loan associations are already established and which are properly conducted.

There is no such safeguard in subsection (i), which is for existing mutual associations to be converted into Federal savings- and loan-associations.

Why the committee leaves out the words "without undue injury to properly conducted existing local thrift and home financing institutions" in subsection (i) is beyond me. The failure to include it renders that subsection highly dangerous.

Now, what is going to happen? If you have a community where there are several existing mutual saving and loan associations, properly conducted, serving the community, drawing their funds out of the community they serve, spreading their benefits in the community where the money is received from—and you allow any one of these organizations to be converted into a Federal savings and loan association, you are going to give a superior advantage to that Federal home-loan association, and practically all the business of that community will be drawn from the other mutual institutions to the institution that is thus federally converted. In other words, you will drive all local mutually operated organizations into a huge Federal system. That would be deplorable. We should protect our local systems.

It has been my experience that when a State bank is converted into a national bank in the eyes of the community that federalized institution is given great advantages now enjoyed by the old State institution. That same situation will be developed in the various communities where you have a loan association converted into a Federal loan association. Then the State organizations will fade out of the picture. You have the further disadvantage, if you have a Federal institution, that the money is not drawn from the community served but from the outside into the community, and there will not be the same equitable benefits derived from that money to the home owners of that community. There will be absentee control, ill-suited to local benefits.

Therefore I do, indeed, hope that you will not allow a provision to injure existing institutions in converting mutual loan associations into Federal saving-and-loan associations.

Now, as an illustration, take the city of Brooklyn: We have a score of mutual saving loan assocations there, and I know that just as soon as you allow any one of these associations to be converted into a Federal institution you will put every one of the others out of business. I do not think you want to do that. I am firmly of the conviction that that will be the result if you leave subsection (i) in the bill, and I hope that my amendment will prevail.

Mr. HANCOCK of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. CELLER. Yes.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. CELLER. Mr. Chairman, I ask unanimous consent to proceed for 2 minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. HANCOCK of North Carolina. How does the gentleman reconcile his argument with the provision in the bill which makes it mandatory that with the establishment of Federal savings and loan associations the association shall automatically become a member of the Federal home-loan bank?

Mr. CELLER. I am willing to go the length the gentleman wants to go, if he puts those saving words in there, that there can be no conversion if there will be any undue injury to the existing institutions. You do not allow, at the threshold, the new organization to be formed, a new Federal savings-and-loan association to be set up, if it is going to cause injury to existing local home-financing institutions. Why should not that limitation be applied to existing organizations which seek to convert into the Federal system? That is all I am seeking to do, but all amendments have been so voted down this afternoon that there seems no way of breaking through the wall of the committee's opposition.

Mr. HANCOCK of North Carolina. The point I make is that the gentleman's argument is in conflict with the other section of the bill, which makes it mandatory that whenever one of these Federal loan associations is established, and they are not to be established if in the judgment of the Board, after careful survey, such association would injure an existing institution, and when established it automatically becomes a member of the Federal home-loan bank system.

Mr. CELLER. That is proper, but I do not see any inconsistency with what I have said and the fact that they become members of the Federal home-loan bank system. The Federal home-loan bank system is quite something different from the system of Federal savings-and-loan association system where the Government, through the Secretary of the Treasury, invests money up to $100,000,000 in preferred stock in these associations. The Government's vast interest in such a system makes it almost wholly dependent upon the will of the Secretary of the Treasury. The mutual building-and-loan associations that may join up with the Federal home-loan bank, with none of their stock owned by the Government, are nevertheless free and independent, subject only to the general regulations of the Federal Home Loan Board.

Mr. HANCOCK of North Carolina. If we make them become members, surely any other association ought to have the privilege by proper action of converting itself into the Federal system, and especially if by so doing they can better serve their members. I am fully conscious of what may ultimately happen.

The CHAIRMAN. The time of the gentleman from New York has again expired.

The question is on the amendment offered by the gentleman from New York.

The amendment was rejected.

Mr. BEEDY. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BEEDY: Line 7, strike out "$100,000,000" and insert "$10,000,000,000."

Mr. BEEDY. Mr. Chairman, if this amendment is adopted I propose to offer another amendment to line 16, page 12, authorizing subscriptions for shares of any one association up to not to exceed $500,000.

I offer this amendment to test the sincerity of those men in this Chamber who believe that a remedy for our present-day difficulties is the printing of more money—inflation. Before referring directly to the bill in hand let me say what I have long since contended, that multiplying cheap money will not solve our difficulties.

My amendment is pertinent to this bill, because we are authorizing a bond issue of about $2,000,000,000 to deal with a mortgage situation which admittedly runs up to more than $10,000,000,000.

Nobody can estimate exactly how much would be required to give the desired relief, if we are indeed to relieve the burdened mortgagors of inexpensive homes in the urban areas of the Nation.

Mr. GOLDSBOROUGH. Will the gentleman yield?

Mr. BEEDY. I yield to the gentleman, in the hope that he will not object if I ask for 5 additional minutes.

Mr. GOLDSBOROUGH. Of course, I shall not object. The gentleman is a member of the committee, and I should like to hear him. May I ask the gentleman is this a pro-forma amendment or does he intend to pass that kind of amendment?

Mr. BEEDY. Oh, I intend to press it.

Mr. GOLDSBOROUGH. Very well.

Mr. BEEDY. Mr. Chairman, on the 16th day of last July, under the Borah-Steagall amendment, there was authorized an issue of a billion dollars in national-bank notes. On the 9th of last March we authorized a further emergency issue of $2,000,000,000 of Federal Reserve bank notes. In that

same act we authorized any bank, whether a member of the Federal Reserve System or not, to bring any paper, whether eligible for rediscount in the Federal Reserve System or not, to the Federal Reserve bank, and if that paper has any value, to get Federal Reserve bank notes for it; and the authorities inform me that the possibility of money issue under this last provision of law alone is $20,000,000,000. Meanwhile there is a sufficient gold reserve in the Federal Reserve System on which to base a further issue of Federal Reserve notes of approximately $4,000,000,000 without the passage of any emergency legislation. Under existing law, therefore, we have now authorized an issue of $27,000,000,000 more of money than is already in circulation. What has been the result? How much of this possible issue of new money has the country availed itself of? Only $200,000,000 of new money has thus far been issued. Why has not more of it been issued? Because no method has been devised for getting either more of our old money, say nothing of this new money, into the hands of the unemployed, the needy masses.

The new—let me say the emergency currency—about as fast as it was issued—and it was issued in an emergency under fear that men and women were going to draw further upon their deposits in the banks, but as soon as fear subsided the demand withdrawals had decreased, and the banks found themselves liquid—has been used by the member banks in paying off debts to the Reserve banks. Thus the Reserve banks found themselves abundantly supplied not only with the old Federal Reserve notes but with millions of the new emergency currency. But this emergency currency was of no use to the Reserve banks either as a legal reserve or as a means of reducing liability on outstanding Federal Reserve issues; and since there is not any demand by industry to make possible the use of all this money, the Reserve banks retired practically an equal amount of Federal Reserve notes. That is the inevitable working of the machinery of the Federal Reserve Banking System based on the law of demand for currency as measured by the needs of business. That operation is not the *policy* of the Federal Reserve Board. The initiative is taken, not by the Board but by the debtor banks of the System, which, when they find themselves with plenty of money to pay their debts, approach the central banks, demand back their collateral, and reduce their liabilities. If we say that to end this depression we must simply have more money, if the gentleman from Texas is correct when he says we need only print $21,000,000,000 more of paper money and the depression will end, why not provide for doing it here and now? One trouble with that program is that although you may print this money you do not provide any means of getting it into the hands of the people who need it. That can only be done by giving the money to the needy or by giving them enough employment to absorb it in wages.

The CHAIRMAN. The time of the gentleman from Maine [Mr. BEEDY] has expired.

Mr. HANCOCK of North Carolina. Mr. Chairman, I ask unanimous consent that the time of the gentleman from Maine be extended for 5 additional minutes.

Objection was made.

Mr. McFADDEN. Mr. Chairman, reserving the right to object, the other day we were assured by the chairman of the committee when he was fixing the time for the debate that if we would yield to him in the matter of a limited time for general debate there would be sufficient time given to the Members to discuss the bill under the 5-minute rule.

Now, I have been here for 2 days, and on my feet repeatedly, trying to get some time to discuss certain features of this bill; but the time seems to be all taken up by members of the committee. I want to know, Mr. Chairman, whether or not a Member of the House can discuss this bill, and how he is going to do it.

Mr. SWANK. Mr. Chairman, reserving the right to object, along the lines mentioned by the gentleman from Pennsylvania I want to submit this question to the chairman of the committee: Will not some parliamentarian in this House cite the rule which states that the Chairman of the Committee of the Whole must recognize members of the committee having the bill in charge regardless of how many times they have spoken theretofore, in preference to a Member who has sat here hour after hour unable to get recognition? I want to know what the rule is and I am asking this question for my own information. Very much of the time of the Committee yesterday was taken up by members of the Committee on Banking and Currency, and I am not kicking about that, although quite a portion of the time was taken up rowing amongst themselves. I should like to know why other Members of the House cannot get recognition. I should like to know about this rule.

The CHAIRMAN. The gentleman from Oklahoma himself, in presiding over the Committee of the Whole, has applied this same rule. The Chair is merely following the precedent established by the gentleman from Oklahoma and others who have presided over the Committee of the Whole.

Without objection, the gentleman from Maryland will be recognized for 5 minutes.

Mr. BEEDY. Mr. Chairman, reserving the right to object, and I shall not, I did not ask for a moment to discuss the bill during general debate, nor have I taken the floor until a moment ago to discuss it under the 5-minute rule. When, to answer a question asked by a Member on the other side of the House, I asked to have my time extended 5 minutes, objection was made. Now I am not complaining, but I think all of us ought to be a little more anxious to have this bill thoroughly considered.

Mr. GAVAGAN. Mr. Chairman, I object to the extension of the argument of the gentleman from Maine.

Mr. BEEDY. I do not object, Mr. Chairman, but I hope the gentleman's time will be extended so he may answer questions.

The CHAIRMAN. Is there objection to the request of the gentleman from Maryland?

Mr. GAVAGAN. Mr. Chairman, I object.

Mr. McFADDEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, no one is more interested in the passage of legislation to give relief to the home owners of the United States than I am. However, I am afraid this bill will not accomplish this purpose because of the limitations in the bill.

In 1916 we passed the Federal Farm Loan Act, which provided for the organization of joint-stock land banks, private institutions, to have the benefit of that particular farm loan law. We authorized those institutions to issue bonds at rates of interest under the law. It was stated in that bill, as it is stated in this bill, that these securities were to be instrumentalities of the United States Government, and the joint-stock land banks sold them as such to the innocent investment public.

Under this bill we are creating an institution with a capital of $200,000,000 which is to be furnished by Federal funds. We are putting language in this bill which gives them the right to issue their bonds up to $2,000,000,000, that they shall be tax exempt, and that they shall be instrumentalities of the United States.

Mr. COCHRAN of Missouri. Mr. Chairman, will the gentleman yield?

Mr. McFADDEN. I am sorry I cannot yield. I have only 5 minutes.

Under authority of the act creating the joint-stock land banks, the greatest deception on the investors and the public was authorized and carried out. Great privation and losses have been sustained by the investing public because these bonds were sold as instrumentalities of the United States Government; not only bonds but the stock of these banks was sold to innocent investors who believed they were investing in Government securities. In many cases they lost all of their money and in some cases I think they had to pay additional assessments.

Here, Mr. Chairman, is being created another institution that may issue $2,000,000,000 worth of bonds which will be and which are intended to be sold to the public as instrumentalities of the United States Government. This goes farther than Congress went in the joint-stock land bank

provision, because the interest on these bonds is guaranteed by the Government of the United States. This guaranty of the interest is tantamount to the assumption on the part of the Government of the total liabilities of the bonds that are out, and I cite in proof of this the very fact that the Government is now contemplating taking over from the investors of this country these joint-stock land bank bonds on some basis. Now, I say that it is unfair to thus deceive the public in this manner.

In addition to this, these bonds will not sell in the open market. The only way you are going to get rid of these bonds is by trading them to present mortgage owners, and the owners of good mortgages are not going to turn over their mortgages, because most of them will bear an interest rate higher than they will get under the provisions of this bill. I say to you that the Government will get all the inferior mortgages of the country, those which the public want to unload.

If you want to make this bill work, you have got to consider some proposition that will furnish a security that will raise the money. Otherwise this plan will not operate.

My guess as to what will be done is that when you get to the point where these bonds are not sold—just the same as has been done on other occasions—you will go to the Reconstruction Finance Corporation or to the United States Treasury and they will have to take over blocks of these bonds.

I wanted to propose at the proper place in the bill an amendment, but no opportunity was offered. I want to suggest to you now that if you are sincere and honest and want to help the poor home owner to finance his loan, and if you want to establish a precedent here which will do what everyone wants done, which is to lower the rates of interest, instead of issuing these kind of bonds, authorize the Secretary of the Treasury to issue bonds of the United States in an amount not exceeding $2,000,000,000 and provide that such bonds shall be transferred to this corporation by the Secretary of the Treasury at such times and in such amounts as the Secretary of the Treasury and the Corporation determine to be necessary for the purpose of carrying out the provisions of this bill.

I propose that these bonds shall bear a rate of interest of 2 percent, and that they shall be given the circulation privilege so that national-bank notes can be issued upon them in the same manner as was authorized by the Borah amendment to the Farm Loan Act at the last session. By doing this you will be giving the borrowers a lower rate of interest and there will be no deceit practiced on the public.

[Here the gavel fell.]

Mr. McFADDEN. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

Mr. CELLER. Mr. Chairman, I object.

Mr. SWANK. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, when we were on the other section of the bill I had an amendment pending which was voted on, providing for the issuance of Treasury notes instead of bonds.

This bill provides for the issuance of $2,000,000,000 of bonds at 4-percent interest. This means that an interest charge of $80,000,000 per year is to be paid for 18 years if the bonds are sold, and you will sell the bonds all right when you make them nontaxable and bear 4-percent interest. This means that when these bonds are sold under this bill the Congress will appropriate $1,440,000,000 for interest and none of the principal will be reduced.

Somebody tell me why, instead of bonds, the Treasury Department cannot issue Treasury notes and instead of appropriating $80,000,000 per year to pay this interest, which is what the interest amounts to at 4 percent on $2,000,000,000, as provided in this bill, to these nontaxable bondholders—somebody tell me why Congress cannot appropriate $80,000,000 a year, put it in a sinking fund, and retire the total issue in 25 years. In 18 years, under the terms of the bill, we pay out $1,440,000,000 in interest and none of the principal is reduced.

Mr. McFARLANE. Will the gentleman yield?

Mr. SWANK. I yield.

Mr. McFARLANE. I believe the gentleman and myself are in accord. If we issued Treasury notes or certificates, this would eliminate any bonus being paid to the Wall Street boys.

Mr. SWANK. I thank the gentleman.

The question has been raised, How are you going to put this money in circulation? You can put it in circulation by lending it direct to the home owners as provided in the amendment offered by the gentleman from Missouri [Mr. COCHRAN], or you can put this money in circulation in other ways. I do not propose to deposit it in banks where it is not put in actual circulation. You can also put the money in circulation by paying off the bonus certificates, and this House is going to have another opportunity, I believe, to vote on the question of paying the bonus to the soldiers. [Applause.] This is an economic question of getting the money into circulation and paying a just debt.

This proposition of issuing nontaxable bonds ought to be stopped, and now is a good time to stop it. This Government owes over $20,000,000,000 in bonds and it costs us over $600,000,000 every year to pay the interest. This is one thing that is wrong with this country. This is one of the troubles that has been brought upon us by the international bankers, the sponsors of the non-taxable-bond issues upon which they draw their interest and pay no taxes.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. SWANK. Yes.

Mr. WEIDEMAN. It is not at all necessary to issue these bonds, is it? Can we not accomplish the same thing by using Treasury notes and in this way save $80,000,000 a year and redeem the principal in the way the gentleman has suggested?

Mr. SWANK. We can do that by appropriating the same amount that we would pay in interest through putting it in a sinking fund for that purpose. [Applause.]

Mr. LOZIER. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, the gentleman from Maine [Mr. BEEDY] has offered an amendment which calls for an increase of the authorization under this bill to $10,000,000,000. I am opposed to this amendment and obviously the gentleman is not serious in presenting it.

Much has been said in this debate with reference to the amount of home-loan mortgages in the United States, and it has been argued here seriously, seemingly, that we could not use any part of the $200,000,000 fund created by this act to make loans direct to home owners, because, these gentlemen say, the home-mortgage loans in the United States amount to $21,000,000,000, implying that if we used any part of the $200,000,000 for direct loans we would be compelled to take up all home mortgages in the United States. In other words, some of the opponents of the Cochran amendment would have you believe that no part of the $200,000,000 carried by this bill could be utilized for making direct loans to home owners, because, forsooth, the fund is not sufficient to take up all the $21,000,000,000 of home mortgages in America. This argument is not only fallacious but absurd, an argumentum ad ignorantiam, or one based on the assumed ignorance of the Membership of this House or on their assumed ignorance of the facts. The Cochran amendment does not propose to refinance all the home mortgages in the United States, but merely authorizes the use of a part of the $200,000,000 fund to make loans direct to home owners facing sacrificial foreclosure sales. It creates no obligation on the part of the Government or on the corporation created by this act to take over all the home-loan mortgages in America.

When the Reconstruction Finance Corporation Act was pending carrying an appropriation of $2,000,000,000, did I hear any of the gentlemen argue that you could not make direct loans to the beneficiaries under that act because the organizations and institutions who would be the beneficiaries of its provisions had a total indebtedness amounting to more than $100,000,000,000? The Reconstruction Finance Corporation Act did not contemplate making loans to cover all the indebtedness of all the concerns embraced in all the

classes or groups intended to be aided, as $2,000,000,000 would have been grossly inadequate for that purpose.

When the recent farm mortgage bill was pending in this House, creating a fund of $2,000,000,000, did these gentlemen argue against making any direct loans to farmers because, forsooth, the farm-mortgage indebtedness of this Nation exceeded $9,000,000,000, and therefore we could not afford to refinance all of those obligations? No; they made no such argument. According to the logic of some of our colleagues, because we cannot refinance $9,000,000,000 of farm mortgages, therefore we should not afford the farmers of America any relief from the present intolerable farm-mortgage conditions. Applied to the pending bill, their reasoning is: Because we cannot make direct loans to take up all the home mortgages in the United States, therefore no direct loans should be made to take up any of the home loans, although a part, at least, of $200,000,000 available under section 4 of the pending bill can be utilized for that purpose if the Cochran amendment had been adopted.

That is a silly argument, and I am surprised that it should be offered in this Chamber. The purpose of the amendment of the gentleman from Missouri [Mr. COCHRAN] was not to open the gates and compel the Government to take up all the mortgages on all American homes, but it merely authorizes the use of such portion of the $200,000,000 fund for direct loans to home owners as may be deemed advisable by the Corporation.

The Reconstruction Finance Corporation that you voted for provided for direct loans under certain conditions. The Farm Mortgage Act, which you recently voted for, provided for making direct loans under certain conditions. Why not adopt this same formula and authorize a part of this $200,000,000 fund to be loaned direct to home owners, without the intervention of any of the associations or organizations recognized or created by this act?

It is illogical for any Member of this House to argue that we should not permit a part of that $200,000,000 to be utilized in making direct loans to home owners, because, forsooth, the sum of $200,000,000 is not sufficient to take up all the mortgages on all homes in America.

The gentleman from Massachusetts [Mr. LUCE], for whom I have a high regard, argued that the Cochran amendment, if adopted, would open the floodgates and obligate the United States Government, or the agencies hereby created, to take over $21,000,000,000 worth of home mortgages, a statement palpably illogical, inaccurate, and misleading, but which seemingly caught the imagination of many of his colleagues.

As I have said, the amendment of the gentleman from Missouri [Mr. COCHRAN] did not contemplate a universal, all-embracing refinancing of all home mortgages in America; but, if adopted, it would have permitted the use of such part only of the $200,000,000 fund as the corporation created by this act deems just and proper for making loans direct to home owners.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. LOZIER. Yes.

Mr. WEIDEMAN. In title III of the Home Loan Act it provides that certain amounts may be used for direct loans. The Cochran amendment only provided that a certain amount of the $200,000,000 be allowed for direct loans to home owners.

Mr. LOZIER. The gentleman is correct. It would not have permitted or compelled the Government or the Home Owners Loan Corporation to acquire all of the home-loan mortgages in the United States. The amendment would only operate on and be applicable to that provision of the bill which creates a fund of $200,000,000, and only such part of this sum could be used in making direct loans as, in the judgment of the Corporation, should be used for that purpose. It would have given the Board authority to make direct loans to individual home owners only when conditions warranted such action.

[Here the gavel fell.]

Mr. McFADDEN. Mr. Chairman, I move to strike out the last two words. To complete what I was going to say when my time expired a little while ago, I want to add that we should be frank with the people and be frank with ourselves. This guarantee of interest is an obligation on the part of the United States to pay the entire part of these bonds that are sold to the innocent public. We might as well look the thing squarely in the face. What will be done eventually with all of these $2,000,000,000 bonds is that which we are doing in many other instances. If the securities cannot be sold, we can send them to the Reconstruction Finance Corporation or the United States Treasury, and they will buy the bonds with the taxpayers' money. The losses sustained by the Reconstruction Finance Corporation—and we all know many of the loans they make are losses now—will eventually be paid by the taxpayers of the United States. This Congress will authorize the payment of these losses out of the funds collected from taxes at some later date. Let us not fool ourselves. When these $2,000,000,000 of bonds are in the hands of the investing public and a default occurs, the United States will be compelled to pay for the bonds in default. And if they do not, Congress will then, by public demand, compel the Government to do so. What I am suggesting here is that to procure this fund of $2,000,000,000 we issue 2-percent Government bonds and give them circulation privilege, which will sustain the market. There is nothing wrong with that. We should be frank with ourselves and have the United States furnish the money that will make this institution function, instead of fooling the public and the Government itself. The Government will be bound to redeem these bonds in case of default.

Mr. LUCE. Mr. Chairman, will the gentleman yield?

Mr. McFADDEN. I am sorry, but I have not the time. Further, in view of the fact that this money is furnished by the United States to this corporation at 2-percent interest, I suggest that that rate be reflected in lowering the rates of interest on these mortgages to the home owners, the borrowers, to 3 percent. The greatest hardship that is experienced by home owners today is to meet the rate of interest and taxes that they have to pay on mortgaged homes. Practically every man here recognizes that fact. If we are honest with ourselves and really want to lower interest rates in the United States, I say that this plan will do it, and it will influence the lowering of rates on every loan that is made and outstanding in the United States. We should be honest with these borrowers, and not repeat what we did under the Federal Land Bank System. Let us give this institution the money with which to operate. It cannot operate otherwise. That is all I have to say about it.

Mr. LUCE. Mr. Chairman, will the gentleman now yield?

Mr. McFADDEN. Yes.

Mr. LUCE. The gentleman will recall that for my own part I have always felt that there was some responsibility upon the part of the Federal Government to make good to the innocent purchasers on the bonds of the joint-stock land banks as well as of the land banks. The bill now approaching us with amendments from the other body destroys all possibility of that ever being done. Does the gentleman approve that attitude toward the bonds of the home-loan banks?

Mr. McFADDEN. I am not saying whether I approve or disapprove. My position has been all along, and it was so stated at the time, that these are not instrumentalities of the Government, but unfortunately those who are responsible for their issuance sold them to the innocent public as such, and many thousands of widows and many other people who had money to invest invested in these bonds. I thought I saw the attitude here, among Members of the House, to make good that obligation which was held out to buyers of these bonds. The gentleman from Massachusetts [Mr. LUCE] has felt from time to time that those innocent holders should be made whole. I still feel there is that sentiment here, and I understood, although it is pretty difficult to learn what the administration is proposing to do eventually, that out of this proposal at this session for refinancing home and farm loans and other things, there was a plan to take up or to reorganize or to take over obligations of the Federal land bank and the joint-stock land bank systems, and I think there is some-

thing in the wind to that effect. I believe, in view of the deception that has been practiced upon the investing public and the losses they have sustained, that there is, to say the least, a strong moral obligation on the part of the Government to make good these bonds.

Mr. LUCE. I have not it myself, but that is what was reported in the newspapers.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Maine.

The amendment was rejected.

The Clerk read as follows:

ENCOURAGEMENT OF SAVING AND HOME FINANCING

SEC. 6. To enable the Board to encourage local thrift and local home financing and to promote, organize, and develop the associations herein provided for or similar associations organized under local laws, there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $250,000, to be immediately available and remain available until expended, subject to the call of the Board, which sum, or so much thereof as may be necessary, the Board is authorized to use in its discretion for the accomplishment of the purposes of this section, without regard to the provisions of any other law governing the expenditure of public funds.

Mr. DIMOND. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. DIMOND: Page 15, line 7, insert a new paragraph, to be known as "section 7", to read as follows:

"SEC. 7. The provisions of this act shall apply to the Territories of Alaska and Hawaii."

Mr. DIMOND. Mr. Chairman, I endeavored to secure time yesterday to address the House on a similar amendment. The pending amendment is constructed so as not to be subject to a point of order, and covers alone the Territories of Alaska and Hawaii. I do not know why these Territories were not mentioned in the original bill, except perhaps there was a thought by some of the members of the committee that they were already covered. After I unsuccessfully tried to secure unanimous consent to discuss the matter yesterday, the very kind and courteous gentleman from Massachusetts [Mr. LUCE] came to me and asked me whether that is not the case, and suggested that I call up the president of the Farm Loan Bank Board. I did that and talked to Mr. Stevenson, and as a result of the conversation with him I am satisfied that, no matter whether as a matter of law this bill covers the Territories, the Board is going to so construe it as not to have it cover the Territories. There are two ways of administering these things by these boards and administrative officers. One is to do things, and the other is to find some method by which they cannot be done. But I am not criticizing these officials.

In my conversation with Mr. Stevenson I asked him about the Territories of Alaska and Hawaii and whether they are covered. He said he did not know, and he strongly suggested that I do not present this amendment in the House but present it to the committee of the Senate. I wish I could. I wish I were a Member of both the House and the Senate, so that I could go over there and present things when I have not an opportunity to present them here. Unfortunately I am not.

This is not an amendment which will emasculate this bill. It will not vitiate the bill. It is not an amendment which will change the broad general purpose of the bill. It is an amendment simply to extend to the citizens of the United States in the Territories of Alaska and Hawaii the same rights and privileges and benefits that are extended to the citizens in the United States proper. I know of no reason why the people in Alaska and Hawaii should be discriminated against, and I am satisfied there is no Member of the committee or of the House who intended to discriminate against them; but under the announced policy of the Board, the announced view of the Board upon the law as I received it from Mr. Stevenson yesterday, Alaska and Hawaii are going to be declared outside of this act if this bill passes without this amendment. We are simply asking for even-handed justice. We do not want anything special. I speak for Alaska, and the gentleman from Hawaii, of course, will speak for that Territory.

We are doing the best we can in Alaska, and we are subject to the evils of the depression just as you are in the United States.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. DIMOND. I yield.

Mr. WEIDEMAN. In other words, all that Alaska and Hawaii ask, as Territories of this country and as parts of this Government, and all that the citizens of these Territories ask, is to be given the same privileges that we have. Is that what you want?

Mr. DIMOND. Yes, sir; precisely.

Mr. WEIDEMAN. Equal protection and equal benefit of the laws?

Mr. DIMOND. Precisely.

Mr. LANZETTA. Will the gentleman yield?

Mr. DIMOND. I yield.

Mr. LANZETTA. Does not the gentleman think the Island of Puerto Rico should also be included?

Mr. DIMOND. I think Puerto Rico, the Virgin Islands, and the District of Columbia should be included. I did not include them in this amendment today for fear somebody would make a point of order against it, because on yesterday the House voted down an amendment which included all of them. Therefore I was compelled to confine myself today to the Territories of Alaska and Hawaii, so that my proposed amendment would not be subject to a point of order.

Mr. LANZETTA. Is the gentleman willing to accept an amendment to his amendment, to include the island of Puerto Rico?

Mr. DIMOND. If it does not kill the amendment which I have offered, I would be agreeable to it.

Mr. WEIDEMAN. If it is beneficial to one, it is beneficial to the other.

Mr. DIMOND. I would prefer that the gentleman would offer his amendment later to include the others, so as not to possibly make this amendment subject to a point of order.

Mr. STEAGALL. I would suggest to the gentleman that as far as I am personally concerned, while I cannot speak for the entire committee, still I think I would be justified in saying that not any member of the committee will object, but, speaking for myself, if the gentleman will accept the amendment to his amendment which has been tendered, I shall not oppose its adoption, and I will make no point of order against it.

The CHAIRMAN. The time of the gentleman from Alaska has expired.

Mr. DIMOND. I ask unanimous consent to proceed for 1 additional minute.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. DIMOND. I now accept the proposed amendment offered by the gentleman from New York [Mr. LANZETTA]. I do that upon the assurance of the chairman of the committee that the entire thing will be accepted. I understand, as a matter of good faith, it will go through and there will not be any point of order raised against it. If there is any danger of that, of course, I should reject it, but I am relying on the good faith of the Members here. I thank you. [Applause.]

Mr. LANZETTA. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. LANZETTA to the amendment offered by Mr. DIMOND: After the word "Alaska" insert "Puerto Rico."

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York to the amendment offered by the Delegate from Alaska.

The amendment to the amendment was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alaska, as amended.

Without objection, the Clerk will report the amendment, as amended, for the information of the House.

There was no objection.

The Clerk again reported the amendment offered by Mr. DIMOND, as amended by Mr. LANZETTA.

The amendment as amended was agreed to.

Mr. CELLER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CELLER: On pages 14 and 15, strike out all of section 6.

Mr. CELLER. Mr. Chairman, section 6, in these days of economy, provides for no less than $250,000 for what? Just for propaganda. I say, at a time when we are causing the severance from service in this country of many thousands of civilian employees by the so-called "30-year compulsory retirement provision", causing a great deal of dismay and suffering among those civilian employees, on the score of economy, we have no right to spend a quarter of a million dollars for what is nothing more nor less than propaganda. I say that in all earnestness to the members of the Committee on Banking and Currency. If they want publicity for what there is to be done under the bill, the newspapers will open column after column to the members of this corporation. If they want publicity over the radio, the broadcasting companies would willingly grant those facilities to spread the gospel of this law.

There are chambers of commerce, there are boards of trade, there are churches and fraternal organizations who would all gladly give time and effort to make known to the people of the various communities the benefits of this act. I am amazed that there should be asked this vast sum of money for this purpose. Perhaps it is necessary to make known to the people of the land what this is all about. It was necessary to do the same thing when we established the Federal home-loan bank, the mother act, but you did not provide for one cent of appropriation for propaganda when you set up the 12 regional home-loan banks or the Federal Home Loan Board. Just see what an avalanche of publicity the members of that Board received.

The chairman of the Board went up and down the length and breadth of this land; he spoke over the radio; he appeared in pulpits and on rostrums, and where not, telling the people what this was all about. His colleagues did the same thing. I know there emanated from each of the banks what was known as home-loan clearance committees, composed of public-spirited citizens in the various communities, who willingly gave of their services to tell the people of their communities what this home-loan bank was and what were the purposes of the act. Those home-loan clearance committees are still in existence. There are hundreds of them throughout the length and breadth of this land. Why cannot these Federal savings and loan associations and the Home Owners Mortgage Corporation avail themselves of those hundreds of home-loan clearance committees, hundreds of advisory boards, the Lions Clubs, the Kiwanis, the Rotary Clubs, to do what can be done for nothing, rather than expend $250,000 in these days of stress and difficulty from public funds?

I hope, indeed, that my amendment will prevail.

The CHAIRMAN. The time of the gentleman from New York [Mr. CELLER] has expired.

Mr. LUCE. Mr. Chairman, the gentleman from New York, living in a thickly crowded region, I think, does not understand the conditions that this proposal means to meet.

As I pointed out yesterday, there are about 1,500 counties in the United States without any thrift institutions. There are in them no such conditions as those of which the gentleman speaks. There is nobody familiar with the way to start a thrift association. The situation is just the opposite of what it is in the communities where there are savings banks and building-and-loan associations. The effort of which the gentleman speaks was to induce such banks and associations to take advantage of the home loan bank law.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. LUCE. I yield.

Mr. CELLER. Are there no newspapers in these counties? Does not the radio reach into these communities?

Mr. LUCE. Very many of them are without any daily paper.

Mr. CELLER. Are there not daily and weekly papers, and farm journals?

Mr. LUCE. The expenditure proposed is not to advertise. The purpose is to incite, by any method that can be found the public-spirited citizens in a community now without any thrift institution to take steps to organize thrift institutions. Doubtless the gentleman is aware that even now after the mutual-savings-bank idea has been spreading for a hundred years, it has gone but little beyond the seaboard States, and that the idea of a mutual savings bank is novel to great areas of the country. The building and loan associations likewise have developed in only 10 or 15 of the States to any great degree.

What we are seeking to do here is to help the people of these 1,500 counties to help themselves; and certainly no more useful effort can be undertaken than to encourage and help the creation of thrift agencies in all parts of the land.

Mr. CELLER. I agree with the gentleman that we should do everything in our power to help organize these thrift agencies, but at this time a quarter of a million dollars is entirely too much for this purpose. The act creating the Federal home-loan bank system contained no such provision, yet the system has spread far and wide throughout this country without the expenditure of money.

I am as familiar as the gentleman is with the wide-open spaces despite the fact he and I live in crowded cities, but I do know that there are public-spirited citizens all over the land who would willingly render their services to spread propaganda for this work. I do not think we need to spend this money for this purpose.

Mr. LUCE. I can say only, Mr. Chairman, that the judgment of those who framed the bill was to the contrary.

Mr. REILLY. Mr. Chairman, the gentleman from New York has misconceived the purpose of the appropriation contained in section 6 of this bill.

It is not intended that the corporation shall hire newspaper space or time on the radio, but the idea is that they will send men into different communities, such as the gentleman from Massachusetts [Mr. LUCE] has described, to urge the organization of thrift associations. It is nothing more nor less than a recognition of the importance of these thrift associations to the home-building movement of this country.

I may say that the building and loan associations of this country, which the gentleman from Missouri said were the special recipients of the benefits of the home-loan bank bill, are doing and have done more to build homes and thereby making our country a country of home owners, than any other institution we have. Something like 8,000,000 homes have been financed and built in this country by home financing institutions. Out of the 36,000 homes built last year more than 19,000 were built and financed by home building and loan associations.

The object of this appropriation is to encourage and build up in these communities that have no thrift association, institutions that will encourage the home-owning and home-building idea, which is the real foundation and stability of our country.

This is a small amount of money to contribute for the purpose not of propaganda but for hiring men to go into communities to organize thrift institutions that will result in more home building.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. REILLY. I yield.

Mr. CELLER. There is nothing, so far as I can see from a reading of the language of the last portion of the section that the money may be spent without regard to the provisions of any other law governing expenditures of public funds which says that the heads of this organization may use those funds to buy space in newspapers, magazines, or purchase radio facilities. There is nothing to prevent it.

Mr. REILLY. I take it, the judgment of the corporation will be to send experts out to help communities organize thrift and savings institutions.

Mr. COCHRAN of Missouri. Mr. Chairman, I rise in opposition to the pro-forma amendment.

Mr. Chairman, it has been charged during the consideration of this bill that some of us who offered amendments in good faith have been trying to strike out vital portions of the bill. The amendment that I offered and which was defeated by the speech of my good friend the gentleman from Massachusetts, Mr. LUCE, who told the Members of the House it would cost $22,000,000,000, was offered in good faith.

It is true that if every man in this country who has a mortgage on his home appealed for recognition under this act it would cost such an amount, but I want to call the gentleman's attention to the fact that if every corporation and everyone entitled to recognition under the Reconstruction Finance Corporation Act appealed to the Reconstruction Finance Corporation for relief, it would cost $100,000,000,000, or possibly twice that amount. We could not answer the speech of the gentleman from Massachusetts, as the time had expired.

Mr. STEAGALL. Mr. Chairman, will the gentleman yield?

Mr. COCHRAN of Missouri. I will yield later.

The gentleman from Massachusetts knows as well as I that only a small portion of the people eligible are going to take advantage of this act.

I think the most dangerous part of this bill is that section wherein appear the words which provide that the bonds shall carry upon their face a notation that they are Government instrumentalities. This gives an opportunity to the high-powered salesmen to go to the innocent investor and say: "Here is a Government obligation. Read what it says on its face." You know all the Government does in respect to the bonds is to guarantee the interest. I think you are making a grave mistake when you leave this provision in the bill. It should be stricken out.

I am going to vote for this bill with the hope that when it gets to the Senate we will get a real relief bill which will prevent distressed home owners from losing their homes because they cannot refinance their obligations.

I have an amendment at the desk similar to the amendment offered by the gentleman from New York to strike out this section. It is a willful waste of public funds to appropriate $250,000 to send men into communities for the purpose of getting them to organize associations to take advantage of this act; more jobs at the taxpayers' expense at a time when we are, by reducing expenditures, separating thousands of faithful employees from their positions.

If the local communities are not sufficiently interested to organize their own associations, why not let them stay out? There is absolutely no reason why you should waste this $250,000 of public funds, and this section should be taken out of the bill.

I have constituents, and many of them, and I am in the same position as other Members, who are looking for jobs, but I am not trying to get them jobs at the expense of the public or by taking funds out of the Public Treasury when there is no necessity for it.

I now yield to the gentleman from Alabama, the chairman of the committee.

Mr. STEAGALL. I have asked the gentleman to yield in order that I may ask, to meet his wishes and the wishes of the committee, unanimous consent to amend the bill on page 5 by striking out, after the word "subsection", the language down to and including the word "and" in line 3.

Mr. COCHRAN of Missouri. That is the amendment which I offered and I yield to the gentleman for that purpose.

Mr. STEAGALL. This strikes out the provision which declares that the bonds are the instrumentalities of the Government and should so state on their face.

Mr. COCHRAN of Missouri. That is the amendment I offered after all time had expired. I was unable to explain to the Committee the purpose of my amendment, which I would have done if I had had the opportunity.

Mr. CELLER. Mr. Chairman, reserving the right to object, may we have the request stated again?

Mr. STEAGALL. To strike out, on page 5, line 1, all after the word "subsection" down to and including the word "and" in line 3. I will state for the information of the committee that the language stricken is "shall be instrumentalities of the United States and shall so state on the face thereof." The amendment would eliminate this language from the bill.

Mr. GOSS. Mr. Chairman, a parliamentary inquiry. If we go back to section 4, page 5, would that throw all of section 4 open to amendment?

The CHAIRMAN. It would be necessary to obtain the unanimous consent of the Committee to do that, of course.

Mr. GOSS. Then other amendments could be offered to that section?

The CHAIRMAN. Under the request, if the Committee returns to that section of the bill it would be for the purpose only of offering the amendment stated by the chairman of the committee.

Mr. GOLDSBOROUGH. Will the gentleman from Alabama yield?

Mr. STEAGALL. I yield.

Mr. GOLDSBOROUGH. I may say to the Committee that the language contained in the amendment suggested now by the gentleman from Alabama was stricken out in committee, but remained in the bill by mistake.

Mr. GREEN. Mr. Chairman, I reserve the right to object, and I hope the Committee will bear with me just a moment. We have recently discovered that the Board handling the home-loan business has ruled that if a municipality or a county or a taxing district has defaulted on its bonds, not a single home owner in such a community can receive one of these loans. We find that only eight States in the Union can have every one of its districts come under this bill. I want the Committee to also give permission to my colleague from Florida to reoffer his amendment, which would correct this ruling of the Board.

Mr. MARTIN of Oregon. Mr. Chairman, I object.

Mr. COCHRAN of Missouri. I hope the gentleman will let each proposition be handled on its own merits.

Mr. STEAGALL. If the gentleman will permit, I may say to my friend from Florida that the Board in the very necessities of the situation has never passed upon, and could not have passed upon, any such question under this bill. This is new legislation and is entirely apart from the original home loan bill, and, of course, no such ruling could have been made.

Mr. GREEN. Will not the same Board handle this fund?

Mr. STEAGALL. And the primary purpose of this legislation is to grant relief by taking care of taxes and other assessments and liens on property for home owners who find themselves in the very difficulties to which the gentleman refers.

Mr. GREEN. Will not the same Board handle this bill?

Mr. STEAGALL. Yes; but it is a different bill.

Mr. GREEN. The same Board will handle the bill, and I may tell the gentleman that they have only recently made this ruling, and there are only seven States that come within this ruling.

The CHAIRMAN. The question before the Committee is whether or not unanimous consent shall be given to return to section 4 of the bill for the purpose of considering the amendment stated by the chairman of the committee. Is there objection?

Mr. MARTIN of Oregon. I object.

Mr. GREEN. The gentleman's State is one of the States I referred to and he is objecting to this for his own State.

Mr. BLANCHARD. Mr. Chairman, I rise in support of the amendent offered by the gentleman from New York [Mr. CELLER].

Mr. Chairman, as I said yesterday, I have the highest respect for the judgment of the gentleman from Massachusetts [Mr. LUCE], who is a member of this committee; and may I say I have also the highest respect for my colleague from Wisconsin [Mr. REILLY], who spoke in opposition to the amendment offered by the gentleman from New York [Mr. CELLER]; but we will observe in the proceedings here today some disposition at least on the part of members of the committee to accept amendments, and we will observe, I take it,

when this bill goes to the Senate, that other amendments will be in order.

I think this amendment is highly proper.

I merely wish to make this observation: The interest rate in the farm mortgage bill is not satisfactory nor is the interest rate in this bill satisfactory to me personally; the interest rate to both farmers and city home owners should be lowered; but my personal consideration in the matter is not an objection to the bill in its entirety nor to the purpose it seeks to accomplish. But I do want to protest vigorously against the appropriation of $250,000 for the purpose stated by the gentleman from Massachusetts and by the gentleman from Wisconsin [Mr. REILLY]. I think the time has come when we ought to put a stop to appropriating public funds for that purpose. [Applause.]

[Here the gavel fell].

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. CELLER].

The question was taken; and on a division (demanded by Mr. CELLER) there were 41 ayes and 76 noes.

So the amendment was rejected.

Mr. GLOVER. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 15, line 1, after the word "of", strike out "$250,000" and insert in lieu thereof the sum of "$100,000."

Mr. GLOVER. Mr. Chairman and gentlemen of the Committee, I agree with the gentleman from New York that this is a worthless part of the bill. I think it is a waste of money that ought not to be tolerated now. If it has any good purpose, it can be accomplished with much less money than the amount appropriated in the bill. Two hundred and fifty thousand dollars in this day is equivalent to one half million dollars 2 years ago.

I agree with the contention of the gentleman from New York that if this can be organized and if it is to be of any service, the communities will avail themselves of it without having this propaganda by persons going around drawing big salaries from the United States Treasury and accomplishing nothing.

There is somebody back of this thing that wants that $250,000. [Laughter.] I imagine they are high-pressure gentlemen that can go out and make the country believe that they are getting United States securities, when they are getting not that but are getting, unless this succeeds well, paper that is not worth 75 cents on the dollar.

I do not believe in appropriating Government money to fool the people. I do not know, but I believe there is not a man on this floor who would pay hard cash to buy the bonds provided in this bill. If there is a man let him stand up. I would not do it, and you would not do it; it is not right to impose on the public by sending out high-pressure salesmen and have them sell these securities to the innocent public who do not know anything about it.

You are saying that these are Government instrumentalities, and these high-pressure salesmen go out and say, "The United States Government is back of this—look on the face of it and you will see that it is." I do not think money should be taken from the Public Treasury for any such purpose.

If these associations can be organized in the country, they will encourage all of this; but let us not take the money out of the United States Treasury and spend $250,000 to accomplish what little could be accomplished under this provision of the bill. You can certainly do this with $100,000. With $100,000 today you can hire a lot of slick-tongued folks to go out and peddle this propaganda.

Mr. FULMER. Mr. Chairman, will the gentleman yield?

Mr. GLOVER. Yes.

Mr. FULMER. In order to say to my friend that the Federal Farm Board in trying to sell the Marketing Act to the country hired some alleged experts at $6,500 a year and expenses to do that, and they spent a good lot of the $500,000,000, and it was just like putting that much money into a rat hole.

Mr. GLOVER. Yes; and these high-powered gentlemen have sold about $30,000,000,000 worth of securities in this country that are not worth anything.

Mr. LOZIER. Is it not true that if there is any merit in this section, any justification in the expenditure of this money for this purpose, $100,000 would be more than adequate until the next session of Congress convenes, and then, if it is found more is needed, the amount can be increased?

Mr. GLOVER. Certainly.

Mr. MARTIN of Oregon. Who is going to compose this board that is going to make these home loans?

Mr. GLOVER. The gentleman will have to find out. I do not know.

Mr. MARTIN of Oregon. If there are to be three Democrats on there——

Mr. GLOVER. Oh, I do not know whether it is Democratic or Republican. I do not enter into cheap politics in a discussion of this kind.

Mr. MARTIN of Oregon. But I object to having a board of our own party criticized in that way.

Mr. GLOVER. Oh, we have had inaccuracies on both sides of the Chamber. I am trying to keep ourselves from digging a pit into which we may fall and be criticized for it hereafter.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arkansas.

The question was taken; and on a division (demanded by Mr. GLOVER) there were—ayes 90, noes 67.

So the amendment was agreed to.

Mr. DIRKSEN. Mr. Chairman, I move to strike out the last two words. Before we relinquish all opportunity to pass on the suggestion made by the chairman of the committee, I am exhibiting here a facsimile reproduction of a joint-stock land bank bond, that was issued by the Joint Stock Land Bank of Detroit, Mich. If you will examine the bond you will notice that it states on its face:

shall be deemed and held to be an instrumentality of the United States.

That is the language of the bill that we are considering at the present time. These bonds recite upon their face that they are to be instrumentalities of the United States. If you will take the bond and turn over to the back side, you will observe in very small print this statement:

This bond is issued under authorization from the Federal Farm Loan Board and is secured by United States bonds or approved first mortgages on farm land.

Now, when a high-pressure salesman comes around to sell you one of these bonds he will say, "This is an instrumentality of the United States Government. Look at it! Read it for yourself! It states so right on the face of the bond."

But you do not often closely examine the small print on the rear side of a bond. The result is, you are buying something that you think is a Government bond or something that is backed by Government bonds, when, as a matter of fact, it may be backed by a mortgage that is not all too secure. This opens the way for fraud. It opens the way for difficulty for investors, and that fact was made patent in the hearings before the Senate Subcommittee on Finance in connection with the refinancing of past-due obligations on farms and homes that were held in January of this year.

Mr. MAY. Will the gentleman yield?

Mr. DIRKSEN. Not just now. The vice president of the First Trust Joint Stock Land Bank of Chicago appeared before the committee and made this statement:

I think probably if Congress had foreseen the situation, they would have worded that a little bit differently, if they thought that we were to reach the situation where we now are and the situation we are in at the present time.

The testimony before that committee shows that substantial business men and bankers in this country were hoodwinked by the language on the face of the bond. I say to the committee here and now that it will be a sad reflection upon the judgment and discernment of this Committee if they fail to go back, on the recommendation of the Com-

mittee on Banking and Currency, and see that the language that is printed on these bonds is not corrected so that the investors may not say they have been hoodwinked by the language written into this instrumentality by the Congress of the United States. I say let us heed well, and I say to the gentleman who made objection to the request of the committee, that he should withdraw the objection, because here is evidence that business men and small investors alike were hoodwinked by the language on the bond, and it cost untold thousands to the investors of this Nation.

Mr. MAY. Will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. MAY. I offered an amendment today, on page 5, to add the words "and direct obligations of", which would have made them direct obligations of the United States Government, but that was defeated.

Mr. DIRKSEN. But that does not do any good unless we go back to the recommendation of the Committee on Banking and Currency; and we will rue the day if any man in this Committee, because of his own selfishness, refuses to withdraw his objection and see that that correction is made. [Applause.]

Mr. EVANS. Will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. EVANS. I have received letters from constituents of mine recently wherein they state that they bought these bonds, believing they were Government bonds, and later found out they were not.

Mr. DONDERO. Will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. DONDERO. Is it not also true that the people of the United States who hold mortgages now that have some value will be induced to take these bonds, believing they are backed by the United States Government, when they are not?

Mr. DIRKSEN. Exactly. It requires no words of persuasion on my part. I have shown you a facsimile of the kind of bond that will be issued under the terms of this act, and it shows how people can be led into a species of fraud by that kind of language.

Mr. LUCE. Mr. Chairman, it ought to be recorded here that the cause of all this is a decision of the United States Supreme Court that these bonds are instrumentalities of the Government.

Mr. DIRKSEN. Then something should be done about it, because here is evidence that people have spent their money.

The CHAIRMAN. The time of the gentleman from Illinois [Mr. DIRKSEN] has expired.

Mr. STEAGALL. Mr. Chairman, I desire to submit a unanimous-consent request. I desire to ask unanimous consent to return to section 4 to offer an amendment to strike out the language indicated on page 5 after the word "subsection", down to and including the word "and" on line 3.

The CHAIRMAN. The gentleman from Alabama [Mr. STEAGALL] asks unanimous consent to return to section 4 for the purpose of striking out the language indicated on page 5. Is there objection?

There was no objection.

Mr. STEAGALL. Mr. Chairman, I now move to strike out in line 1, on page 5, all the language after the word "subsection" down to and including the word "and" in line 3.

The Clerk read as follows:

Amendment offered by Mr. STEAGALL: Page 5, line 1, after the word "subsection", strike out all down to and including the word "and" in line 3.

Mr. O'MALLEY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. O'MALLEY. Do I understand this is an amendment to that section?

The CHAIRMAN. That is correct.

Mr. O'MALLEY. I desire to submit an amendment to the amendment offered by the gentleman from Alabama.

Mr. COCHRAN of Missouri. Mr. Chairman, I make the point of order that the unanimous-consent request was solely for the purpose of striking out this language, and that was agreed to by the House.

The CHAIRMAN. The unanimous-consent request was to return to section 4 for the purpose of considering an amendment on page 5, as indicated, and therefore the gentleman from Wisconsin [Mr. O'MALLEY] is recognized and the amendment will be reported by the Clerk.

The Clerk read as follows:

Amendment by Mr. O'MALLEY: Page 5, line 3, after the word "thereof", strike out "and shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate inheritance, and gift taxes) now or hereafter imposed by the United States or any district, Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority."

Mr. STEAGALL. Mr. Chairman, I make a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. STEAGALL. The point of order is that the amendment which has just been read does not relate to the amendment offered under the unanimous-consent agreement.

The CHAIRMAN. Does the gentleman from Wisconsin desire to be heard upon the point of order?

Mr. O'MALLEY. I do.

Mr. GOSS. Mr. Chairman, I make the further point of order that the House in Committee of the Whole has already passed upon a similar amendment.

Mr. O'CONNOR. Mr. Chairman, I desire to be heard on the point of order.

The CHAIRMAN. The Chair will first hear the gentleman from Wisconsin on the point of order made by the gentleman from Alabama.

Mr. O'MALLEY. Mr. Chairman, the amendment proposed by the distinguished chairman of the committee, the gentleman from Alabama, seeks to strike out the words that would make these bonds instrumentalities of the United States or allow them to be construed as being instrumentalities of the United States.

My amendment to the amendment of the gentleman from Alabama is to strike out the further part of the section which makes these bonds exempt from taxation.

I am entirely opposed to any more tax-exempt bonds of the United States being released upon the public by Congress; and I believe that if we are to decide here that these are not to be instrumentalities of the United States we likewise remove all reason why these bonds should be exempt from taxation.

I believe upon this basis my amendment is entirely germane and that it should and can be a part of the amendment of the gentleman from Alabama.

The CHAIRMAN. The Chair will now hear the gentleman from New York [Mr. O'CONNOR].

Mr. O'CONNOR. The gentleman from Alabama, the chairman of the committee, reiterated what is a delusion. His unanimous-consent request was merely to return to the page. He then made a motion to strike out certain language which is a mere amendment which may be amended in any way that is germane.

The gentleman from Wisconsin then offered an amendment to the amendment of the gentleman from Alabama to strike out additional language. This is the situation at the present moment. The amendment of the gentleman from Wisconsin clearly is in order at this time, the unanimous-consent request having been granted.

Mr. MAY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MAY. Since the section has been returned to, would my amendment to the section which was once passed on now be in order?

The CHAIRMAN. It would not. The unanimous-consent request was to return to the section to offer a particular amendment.

Mr. STEAGALL. That is the situation precisely.

Mr. O'CONNOR. Mr. Chairman, the unanimous-consent request was to return to page 5 to offer a certain amendment. Until the Committee is advised as to that amendment they are not passing on the proposed amendment. They have passed on the unanimous-consent request before they knew what amendment was to be offered.

The CHAIRMAN. The request was coupled with a statement of the purpose in returning to the section, which was to offer an amendment. The Clerk so noted the language at the time and the request was put to the House as one embodying this purpose. Therefore, the only question before the Chair is the germaneness of the amendment offered by the gentleman from Wisconsin to the amendment offered by the gentleman from Alabama.

Mr. O'MALLEY. Mr. Chairman, has the Chair ruled upon the germaneness of my amendment?

The CHAIRMAN. The Chair has not. The Chair is ready to rule.

Mr. MILLARD. Mr. Chairman, I do not care to discuss the first point of order. The gentleman from Connecticut raised the additional point of order that a similar amendment had already been passed upon by the committee.

Mr. GOSS. Today.

Mr. MILLARD. Today, said amendment having been offered by the gentleman from Pennsylvania [Mr. STOKES].

The CHAIRMAN. The Chair may state that the suggestion made by the gentleman that the matter has already been passed on is just one additional reason why the Chair holds that the amendment to the amendment offered by the gentleman from Alabama is not germane and therefore not in order.

The point of order is sustained as to both points raised by the gentleman.

The question is on the amendment offered by the gentleman from Alabama.

The amendment was agreed to.

Mr. McGUGIN. Mr. Chairman, I move to strike out the last two words.

Mr. STEAGALL. Mr. Chairman, will the gentleman yield that I may submit a unanimous-consent request?

Mr. McGUGIN. I yield to the gentleman for that purpose.

Mr. STEAGALL. Mr. Chairman, I ask unanimous consent that all debate on the pending section and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. McGUGIN. Mr. Chairman, I was very much impressed by the remarks of the gentleman from Illinois, who spoke a few minutes ago. No matter what phraseology we put in this bill when these bonds go out to the public as tax exempt, with the Government guaranteeing the payment of the interest, it is going to follow as night follows day that the buying public will believe these are obligations of the Government. We all know that down the road these bonds are not going to be good as to principal 100 cents on the dollar, because the security back of them is bound to be mortgages which are in distress at the very time they are exchanged for these bonds.

This brings us to the point of how helpless we are and how hopeless is our task in what we are trying to do under this bill. There are about $10,000,000,000 of these mortgages very much in distress, and it is going to require about $10,000,000,000 to take care of them.

We might as well face realities as they are and not try to dodge them. Is anyone going to say that the Government should bear the responsibility of meeting the entire $9,000,000,000 or $10,000,000,000 of these mortgages? It seems to me we should be honest with the people of this country and not lead them into these false hopes. I do not believe the Government of the United States can take care of the mortgages of this country. There are too many of them. There are about $10,000,000,000 of this class of city mortgages, perhaps $15,000,000,000 altogether, and $9,000,000,000 or $10,000,000,000 of real-estate mortgages.

The truth of the thing is I do not believe these mortgages can ever be paid by the Government or by the people under present conditions. I do not believe they ever can be paid until we can raise the price level so the people themselves are able to pay their debts. If the price level is raised, then this means, I believe, that the one program which is essential for Congress to enact is to give the President, as quickly as possible, the power he has requested pertaining to the control of money. [Applause.]

This is a source from which we may obtain relief. There is another reason why I want this power lodged in the White House as quickly as possible. The truth of the matter is that if it is not lodged in the White House quickly the pressure which is coming upon Congress to pass bills such as this will be increased and when the people in the country find they will not work, it is going to mean that Congress will have to pass specific measures pertaining to inflation in order to meet such obligations. There will be the soldiers' bonus and there will be a specific issue of money to take care of city mortgages, farm mortgages, public works, and what not, which will probably lead to fifteen or twenty or thirty billion dollars, which will mean unbridled inflation.

Mr. WADSWORTH. Will the gentleman yield?

Mr. McGUGIN. I yield to the gentleman from New York.

Mr. WADSWORTH. I was about to ask the gentleman from Kansas, in view of the prospect he has painted of inflation or the revaluing of the dollar or reducing its gold content, what he thought would happen in such an event to the bonds provided for under this proposed act and under the Farm Mortgage Act.

Mr. McGUGIN. If they are payable in dollars, they will be payable in whatever kind of a dollar is in circulation.

Mr. WADSWORTH. That is very interesting.

Mr. McGUGIN. I will say to my friend from New York if I were opposed to any inflation I would crave an opportunity today to put this responsibility in the hands of the President, because I would know that if it is left with the Congress the inflation will be unbridled in a few months. You conservatives who are opposed to inflation and would prevent the transfer of this authority to the President, if you could, would only bring the crash down upon yourselves because of the inflation that is bound to come if we leave things to their natural course. The pressure that is going to be upon Congress and the people will not be for controlled inflation such as the President is in position to control, but will be an uncontrolled inflation and an unbridled inflation. If you want to save this country from uncontrolled inflation, put the power in the hands of the only authority that can control it, the President of the United States. [Applause.]

[Here the gavel fell.]

The Clerk concluded the reading of the bill.

Mr. STEAGALL. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The CHAIRMAN. I call the attention of the chairman of the committee to the fact that there has been a new section adopted in the course of the consideration of the bill and therefore, without objection, the numbering of the sections will be changed accordingly.

There was no objection.

Mr. HEALEY. Mr. Chairman, I have an amendment which I ask the Clerk to report.

The CHAIRMAN. A motion to amend has precedence over a motion to rise. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. HEALEY: Page 15, line 10, after the word "false", strike out "or whoever willfully overvalues any security."

Mr. GOSS. Mr. Chairman, I make the point of order we have already passed that section.

The CHAIRMAN. The section to which the amendment is applicable, as well as the succeeding section, has been read. The point of order is sustained.

The question is on the motion of the gentleman from Alabama that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. DRIVER, Chairman of the Committee

of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H.R. 5240) to provide emergency relief with respect to home mortgage indebtedness, to refinance home mortgages, to extend relief to the owners of homes occupied by them and who are unable to amortize their debt elsewhere, to amend the Federal Home Loan Bank Act, to increase the market for obligations of the United States, and for other purposes, had directed him to report the same back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. STEAGALL. Mr. Speaker, I move the previous question on the bill and all amendments thereto to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them in gross.

The amendments were agreed to.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. McFADDEN. Mr. Speaker, I offer the following motion to recommit.

The SPEAKER. Is the gentleman against the bill?

Mr. McFADDEN. I am.

The Clerk read as follows:

Mr. McFADDEN moves to recommit the bill to the Committee on Banking and Currency with instructions to report it back forthwith, with the following amendments, and on that motion demands the previous question:

Amendments offered by Mr. McFADDEN on motion to recommit: Page 4, strike out, beginning with line 3, down through line 13 on page 5 and insert:

"(c) The Secretary of the Treasury is authorized to issue bonds of the United States in an amount not to exceed $2,000,000,000, and such bonds shall be transferred to the corporation by the Secretary of the Treasury at such times and in such amounts as the Secretary of the Treasury and the corporation determine to be necessary for the purposes of carrying out the provisions of this section. Such bonds shall be subject to all the conditions and limitations prescribed with respect to bonds which are now authorized to be issued under the various Liberty bond acts, as amended and supplemented, including the provisions with reference to the method of issuance, the form, denominations, redemption, conversion, maturities, time, and method of payment of principal and interest, circulation privilege, refunding, and exemption from taxation, except that the rate of interest on such bonds shall not exceed 2 percent per annum. The sinking fund provided in section 6 of the Victory Liberty Loan Act, as amended, is hereby authorized to be made available for the retirement (subject to all the conditions and limitations contained in such section) of bonds issued under this subsection. For each fiscal year beginning with the fiscal year 1934, until all bonds issued under this subsection are retired, there is authorized to be appropriated, for the purposes of such sinking fund, in addition to amounts otherwise appropriated, an amount equal to 2½ percent of the aggregate face value of the outstanding bonds issued under this subsection. There is authorized to be appropriated such sums as may be necessary to make interest payments on such bonds."

Page 5, line 16, strike out "issued by" and insert "transferred to."

Page 9, line 10, strike out "its bonds" and insert "bonds transferred to it."

Page 9, lines 16 and 17, strike out "retire and cancel the bonds and" and insert: "pay to the Secretary of the Treasury such sums as will enable him to pay the interest on and to retire and cancel bonds transferred to the corporation and to retire and cancel the."

Page 9, line 24, after "States", insert: "and so much of the amount so paid as may be necessary shall be used by the Secretary of the Treasury to retire and cancel the bonds transferred to the corporation under subsection (c)."

Page 7, line 2, strike out "5 percent" and insert "3 percent."

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

The question was taken; and the motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

Mr. STEAGALL. And on that, Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 383, nays 4, not voting 44, as follows:

[Roll No. 26]

YEAS—383

Abernethy	Dingell	Kemp	Randolph
Adair	Dirksen	Kennedy, Md.	Rankin
Adams	Disney	Kenney	Ransley
Allen	Dobbins	Kerr	Rayburn
Allgood	Dondero	Kinzer	Reece
Almon	Doughton	Kleberg	Reed, N.Y.
Andrew, Mass.	Douglass	Kloeb	Reid, Ill.
Andrews, N.Y.	Doutrich	Kniffin	Reilly
Arens	Dowell	Knutson	Rich
Arnold	Doxey	Kocialkowski	Richards
Auf der Heide	Drewry	Kopplemann	Richardson
Ayres, Kans.	Driver	Kramer	Robertson
Bacharach	Duffey	Kurtz	Robinson
Bacon	Duncan, Mo.	Kvale	Rogers, Mass.
Beam	Dunn	Lambertson	Rogers, N.H.
Beck	Durgan, Ind.	Lambeth	Rogers, Okla.
Beedy	Eagle	Lamneck	Romjue
Beiter	Eaton	Lanham	Rudd
Berlin	Edmonds	Lanzetta	Ruffin
Biermann	Eicher	Larrabee	Sabath
Black	Ellzey, Miss.	Lea, Calif.	Sadowski
Blanchard	Eltse, Calif.	Lee, Mo.	Sanders
Bland	Englebright	Lehlbach	Sandlin
Bloom	Evans	Lehr	Schaefer
Boehne	Faddis	Lemke	Schuetz
Boileau	Farley	Lesinski	Schulte
Boland	Fernandez	Lewis, Colo.	Scrugham
Bolton	Fish	Lewis, Md.	Sears
Boylan	Fitzgibbons	Lloyd	Secrest
Brennan	Fitzpatrick	Lozier	Seger
Briggs	Flannagan	Luce	Shallenberger
Britten	Fletcher	Ludlow	Shannon
Brooks	Focht	Lundeen	Shoemaker
Brown, Ky.	Ford	McCarthy	Simpson
Brown, Mich.	Foss	McClintic	Sinclair
Brumm	Foulkes	McCormack	Sirovich
Brunner	Frear	McDuffie	Sisson
Buchanan	Fuller	McFarlane	Smith, Va.
Buck	Fulmer	McGrath	Smith, Wash.
Bulwinkle	Gasque	McGugin	Snyder
Burch	Gavagan	McKeown	Somers, N.Y.
Burke, Calif.	Gibson	McLean	Spence
Burke, Nebr.	Gilchrist	McMillan	Stalker
Burnham	Gillespie	McReynolds	Steagall
Busby	Gillette	McSwain	Strong, Tex.
Byrns	Glover	Maloney, Conn.	Stubbs
Cady	Goldsborough	Maloney, La.	Studley
Caldwell	Goodwin	Mansfield	Sullivan
Carden	Goss	Mapes	Sumners, Tex.
Carley	Granfield	Marland	Sutphin
Carpenter, Kans.	Gray	Marshall	Swank
Carpenter, Nebr.	Green	Martin, Colo.	Swick
Carter, Calif.	Greenwood	Martin, Mass.	Taber
Carter, Wyo.	Gregory	Martin, Oreg.	Tarver
Cartwright	Griffin	May	Taylor, Colo.
Cary	Griswold	Mead	Thom
Castellow	Guyer	Meeks	Thomason, Tex.
Cavicchia	Haines	Merritt	Thompson, Ill.
Celler	Hamilton	Millard	Thurston
Chapman	Hancock, N.Y.	Miller	Tobey
Chase	Hancock, N.C.	Milligan	Traeger
Chavez	Harlan	Mitchell	Truax
Christianson	Hart	Monaghan	Turner
Church	Harter	Montet	Turpin
Claiborne	Hartley	Moran	Umstead
Clarke, N.Y.	Hastings	Morehead	Underwood
Cochran, Mo.	Healey	Mott	Utterback
Cochran, Pa.	Henney	Muldowney	Vinson, Ga.
Coffin	Hess	Murdock	Vinson, Ky.
Colden	Higgins	Musselwhite	Wadsworth
Cole	Hildebrandt	Nesbit	Waldron
Collins, Calif.	Hill, Ala.	Norton	Wallgren
Collins, Miss.	Hill, Knute	O'Brien	Wearin
Colmer	Hill, Sam B.	O'Connell	Weaver
Condon	Hoidale	O'Connor	Weideman
Connolly	Holmes	O'Malley	Welch
Cooper, Ohio	Hooper	Oliver, Ala.	Werner
Cooper, Tenn.	Hope	Oliver, N.Y.	West
Cox	Howard	Owen	White
Cravens	Huddleston	Palmisano	Whitley
Crosby	Hughes	Parker, Ga.	Whittington
Cross	Imhoff	Parker, N.Y.	Wigglesworth
Crosser	Jacobsen	Parks	Wilcox
Crowe	James	Parsons	Williams
Crowther	Jeffers	Patman	Wilson
Culkin	Jenckes	Peavey	Withrow
Cullen	Jenkins	Peterson	Wolcott
Cummings	Johnson, Minn.	Pettengill	Wolfenden
Darden	Johnson, Okla.	Peyser	Wolverton
Darrow	Johnson, Tex.	Polk	Wood, Ga.
Dear	Johnson, W.Va.	Pou	Wood, Mo.
Deen	Jones	Powers	Woodruff
Delaney	Kee	Prall	Woodrum
De Priest	Keller	Ragon	Young
Dickinson	Kelly, Ill.	Ramsay	Zioncheck
Dies	Kelly, Pa.	Ramspeck	

NAYS—4

Bailey	Hoeppel	McFadden	Terrell

NOT VOTING—44

Ayers, Mont.	Bankhead	Brand	Buckbee
Bakewell	Blanton	Browning	Cannon, Mo.

Cannon, Wis.	Fiesinger	Major	Sweeney
Clark, N.C.	Gambrill	Montague	Taylor, S.C.
Connery	Gifford	Moynihan	Taylor, Tenn.
Corning	Hollister	Perkins	Tinkham
Crump	Hornor	Pierce	Treadway
DeRouen	Kahn	Smith, W. Va.	Walter
Dickstein	Kennedy, N.Y.	Snell	Warren
Ditter	Lindsay	Stokes	Watson
Dockweiler	McLeod	Strong, Pa.	Willford

So the bill was passed.

The following pair was announced:

Until further notice:

Mr. Blanton with Mr. Treadway.

Mr. CONNERY. Mr. Speaker, I arrived too late. I was detained by a hearing in the committee room. If I had been present, I would have voted "aye."

Mr. COOPER of Tennessee. Mr. Speaker, my colleague, Mr. CRUMP, is absent on account of illness. If present, he would have voted "aye." Mr. BROWNING, of Tennessee, is absent on business of the House. If present, he would vote "aye."

Mr. MARTIN of Oregon. Mr. Speaker, my colleague, Mr. PIERCE, is absent on account of illness. If here, he would have voted "aye."

Mr. CHAPMAN. Mr. Speaker, the gentleman from North Carolina, Mr. WARREN, is absent unavoidably. If present he would vote "aye."

Mr. BYRNS. Mr. Speaker, the following Members are unavoidably absent; if present, they would vote "aye": Mr. HORNOR, Mr. CRUMP, Mr. BANKHEAD, Mr. WARREN, Mr. PIERCE, Mr. LINDSAY, Mr. MONTAGUE, Mr. GAMBRILL, Mr. CORNING, Mr. BROWNING, Mr. KENNEDY of New York, Mr. SMITH of West Virginia, Mr. DICKSTEIN, Mr. WALTER, Mr. DOCKWEILER, Mr. MAJOR, Mr. DEROUEN, Mr. SWEENEY, Mr. TAYLOR of South Carolina, Mr. WILLFORD, Mr. CANNON of Wisconsin, Mr. CLARK of North Carolina, Mr. FIESINGER, Mr. AYERS of Montana, Mr. BRAND, and Mr. CONNERY.

Mr. LAMNECK. Mr. Speaker, my colleague, Mr. SWEENEY, is unavoidably absent. If present, he would vote "aye."

Mr. McSWAIN. Mr. Speaker, my colleague, Mr. TAYLOR of South Carolina, is absent on pressing business. If present, he would vote "aye."

Mr. O'MALLEY. Mr. Speaker, my colleague, Mr. CANNON of Wisconsin, is unavoidably absent. If present, he would vote "aye."

Mrs. KAHN. Mr. Speaker, the call bells did not ring and I did not arrive in time. If I had been present, I would have voted "aye."

Mr. WIGGLESWORTH. Mr. Speaker, the gentleman from Massachusetts, Mr. GIFFORD, and the gentleman from Massachusetts, Mr. TREADWAY, are unavoidably absent. If present, they would vote "aye."

Mr. MARTIN of Massachusetts. Mr. Speaker, the gentleman from New York, the minority leader, is temporarily absent from the Chamber. He authorized me to say that if present, he would vote "aye."

Mr. ENGLEBRIGHT. Mr. Speaker, the following Members are unavoidably absent; if present, they would vote "aye": Mr. WATSON, Mr. MCLEOD, Mr. TAYLOR of Tennessee, Mr. BUCKBEE, Mr. STRONG of Pennsylvania, Mr. BAKEWELL, Mr. DITTER, Mr. HOLLISTER, Mr. MOYNIHAN, and Mr. STOKES.

The result of the vote was announced as above recorded.

On motion of Mr. STEAGALL, a motion to reconsider the vote whereby the bill was passed was laid on the table.

H.R. 5240—EXTENSION OF REMARKS

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that all Members have 5 days to extend their remarks on the bill.

The SPEAKER. Is there objection?

There was no objection.

Mr. LANZETTA. Mr. Speaker, ladies and gentlemen of the House, the benefits accruing under bill H.R. 5240 to the home owners on whose property other tenants reside is too limited. The bill fails in its purpose with respect to this class, who are also commonly known as "home owners." We must realize that in most of the cities of the United States there are many persons who have invested all their earnings and savings in dwellings, small apartments, and tenements, primarily for the purpose of establishing a home. Some of the properties owned by this type of owner are, in many cases, tenanted by more than three families and partly for business purposes, such as stores, storerooms, and so forth.

In dealing with the problem of helping the small-home owner we should not concern ourselves too much with the number of families tenanting the property but rather with the value of the property and whether it represents a speculation or a desire on the part of the purchaser to have a place to live in. This question can readily be determined by the value of the property. Of course, we all know that a large apartment or tenement house is purchased with something more in view than the making of a home for oneself. On the other hand we must not lose sight of the fact that in most cities very few tenements or small apartments can be bought for less than $15,000, because the land values are very high and average between $6,000 and $10,000 per lot. It is because of the high land values that most of the dwellings, tenements, and small apartments, must, of necessity, have part of the property available for business purposes, in order to obtain a return sufficient to carry the heavy charges on the property.

Many so-called "moderate private houses" and "small apartments" cost much more than $25,000, and the purchaser of this type of property, who invests his life savings and buys it primarily for the purpose of making it his home, should not be considered in a different light from his rural neighbor who purchases a one-family house for his home.

I know, from my own knowledge, that this type of home owner has been hard hit since 1929. Many of his tenants have been unable to pay rent, but they, nevertheless, have been permitted to remain because of the friendly feeling existing between the owner and the tenant, from a long and intimate association.

In many cases, these owners, on the promise of payment have been requested by charity organizations to continue tenants, and I know that in many instances payments were not made and the tenants moved out owing substantial amounts.

Right now in New York City many tenants owe 6, 7, and 8 months' rent because the Home Relief Bureau in no case will pay rent every month. In most cases they pay rent every second or third month. These tenants who are the objects of charity have not been dispossessed, because to do so would practically mean a permanent vacancy; and the owner, rather than have a permanent vacancy, has contented himself with a rent payment every second or third month.

Because of these conditions the owner's income has been materially reduced, with the result that he has been delinquent and unable to pay interest and taxes, and many of them have lost their properties.

There is another and more serious problem which this type of home owner has been faced with during this depression, and that is the inability to obtain mortgage money. Large numbers have lost their properties on this account.

In the city of New York, for the past 2 years, savings banks and loan companies have refused to loan money on properties in districts commonly known as "tenement-house districts." They have even gone so far as to refuse to renew their own mortgages. In the cases where they did not foreclose they permitted the mortgages to remain open and callable at their will.

There are thousands of properties today, owned by this type of home owner, which are in immediate danger of being foreclosed, because it is impossible to obtain mortgage money to satisfy the expired mortgage. The owners are faced with the dark prospect of losing their homes and all their savings unless they receive some governmental aid.

Inasmuch as the purpose of this bill is also to help home owners of dwellings tenanted by other families, I feel that in order for this type of home owner to receive the help

he so sorely needs, the valuation limit should be raised to $20,000, and I ask that my amendment be acted upon favorably by the Members of this House.

Mr. HOEPPEL. Mr. Speaker and Members of the House, in the bill now under discussion we are dealing with the most-cherished institution in America, in fact, in the world—our homes. The administrative majority is forcing us to vote on this question without permitting free debate on remedial and helpful amendments which are offered, thus preventing Representatives from presenting the viewpoints of their constituents on a problem as vital as this is to the welfare of the American citizen.

The measure under discussion is framed primarily to validate and legalize the defaulted investments of the bankers and loan associations of America. It permits these lending agencies to continue their unmerciful attack on the unemployed citizen whose home is encumbered with a mortgage. This measure is a very buoyant life preserver for the bankers and the loan associations of America while, at the same time, it is a lead sinker for the heavily mortgaged citizen whose hopes for relief decrease in exact ratio to the advantages granted to the lender.

It is firmly established by the debate which has thus far taken place that practically none of the tax-exempt bonds provided in this act will be sold to the public, but will be merely transferred to the mortgagee for the mortgage which will be turned over to the loan corporation. To be more specific, the mortgagee will thus be in a position to transfer the defaulted indebtedness of the home owner to the corporation and in return therefor receive a valid bond, on which the interest payments are guaranteed.

Recognizing the merciless character of the money lenders of America, as evidenced by the vast number of foreclosures which have already taken place, it is easily understood that the loan companies will not avail themselves of this provision unless, in their judgment, the existing mortgage on the property is of doubtful value to them, or at least not as good a risk as would be the bonds.

Not only will the loan companies receive 4 percent interest on these bonds—today they are not receiving interest or principal from the mortgagor—but they also, in addition, will be in a position to turn these bonds into the Federal Reserve System and thus obtain cash for bonds, which cash they may again relend to the public on new mortgages or on commercial activities, thus insuring them a double interest return.

The continued issuance of tax-exempt bonds, bearing such high rates of interest, will ultimately, if not soon curtailed, absorb the entire revenue of Government. The national interest on existing bonds approximates $700,000,000 which is an inordinate burden on the taxpayers.

The $2,000,000,000 of bonds proposed under this bill have as security the mortgages which are based on the value of the home. Therefore, instead of issuing bonds carrying 4 percent interest and turning them over to the bankers and loan companies on which they will immediately receive currency from the Federal Reserve System, it is more appropriate in the interest of the taxpayer that the Government itself issue these bonds, based on the security of the mortgage and home, deposit them with the Treasurer of the United States, and, through the Comptroller of the Currency, issue currency to the value of these bonds, and thus redeem the mortgages directly from the mortgagee.

If a plan of this nature is adopted, the interest rate could be reduced to as low as 2 percent or less, which would be an admirable advantage to the impoverished, mortgaged home owner, and all profits accruing therefrom would redound to the credit of the United States, rather than to the credit of the loan companies as will occur if we issue 4-percent tax-exempt bonds to their credit.

If it is not desired to issue bonds to deposit with the Secretary of the Treasury as indicated, sufficient funds to pay the mortgagees to the extent of $2,000,000,000 or more could be easily obtained by the liberalization and extension of our present Postal Savings law. If the limit of deposit is removed and the depositor is given a negotiable receipt for his deposit when made, billions of dollars will come out from hoarding and be deposited in the Postal Savings Department. There is today over $1,000,000,000 on deposit in the Postal Savings fund which the Government lends to the bankers at 2½ percent. It is my contention that the interest of the American people, the distressed and impoverished farmer and home owner, is paramount to that of the bankers. With a liberalization of the Postal Savings laws, the deposits in the Department would aggregate billions of dollars within a very short period.

Therefore, rather than to lend these Government Postal Savings funds to the bankers of America at 2½ percent, the Government could and should lend this money directly to the American citizen, to the farmer, and mortgaged home owners at the same low rate of interest, viz, 2½ percent, as today applies in the lending of these funds to the bankers.

The bill under discussion is weak in its construction inasmuch as it provides for only approximately 50 percent of the homes in America which are in mortgage default. Consequently it is safe to assume that at least half of the mortgaged homes in America which are in default, especially those where the mortgages are not held by bankers or loan companies, will be carried on to foreclosure since it is apparent to anyone who will read the bill, or who has heard the discussion, that this bill is nothing other than an extremely buoyant life preserver for the bankers and loan companies of America, and a sop to the impoverished and unemployed American citizen who is heavily mortgaged and who desires to maintain and retain his home.

In view of the facts as indicated herewith, I vehemently protest the passage of a bill which has for its prime objective the salvation of those who, through undue and faulty extensions of credit, have brought our financial structure to its present plight and who are the very first to cry for relief, which this bill seeks to give them to the exclusion of first protecting the interest of the mortgagor.

Mr. SMITH of Washington. Mr. Speaker, the strength of a nation consists in the homes of its people. This debate recalls to our minds the tribute which William Pitt, the great commoner, delivered in Parliament to the cottage of the British people. He stated, as I recall, that that home may be frail, the roof may shake, the wind may blow through it, the storms may enter, the rain may enter—but the King of England cannot enter; all his forces dare not cross the threshold.

However, the saddest phase to me of the panic which has ravaged our country is the fact, as recently established, that grim poverty and unemployment have entered the home of the American people and caused the loss of the homes of 5,C00,000 of our citizens by mortgage foreclosure or tax sale. This is to these people a real tragedy when we consider the sacrifice and self-denial it means to the average American workingman to acquire a home of his own; and after he has done so the precious associations that hallow about that home, which becomes the center of the affections of his wife and his children, to all of whom that home is probably their dearest possession, and to have it taken away from them, and for them to be evicted after they have made payments upon it for a long period of years is, as I stated, a tragedy, and is also a serious menace to our Government and to our institutions.

The purpose of this bill is to render available the sum of $2,000,000,000 to restore, redeem, rehabilitate, and save the homes of many of the American people, and, Mr. Speaker, when we save the homes of the American people we save America.

Mr. LEHR. Mr. Speaker, ever since word went out to the country that it was part of the President's program to refinance home mortgages as a part of the general emergency program of the administration I have received a number of requests from constituents in my district asking for information in reference to this subject. From the nature of the requests and the information given to me by these constituents, I am satisfied that the only practical relief which can be furnished them would be by actual refinancing of their mortgages with money. The very keystone of the arch



of the American Nation is the home, and the community which has a large number of home owners has always been the most conservative and loyal community that we have in our country. Therefore it seems to me that we should do everything possible within our power to assist and aid the man who is desirous of owning a home for himself and his family. You show me a community that is composed largely of home owners, and I will show you a community that is happy, contented, and, under normal conditions, prosperous and on a solid foundation.

During the last few years of our so-called "inflated prosperity" a great drive was put on all over the country for people to purchase their homes, and to this extent the heads of families made every possible sacrifice in order to acquire a home in which to rear their children as patriotic American citizens. They went into debt way beyond their means under conditions as they now exist, and unless these home owners, the men and women who constitute the very backbone of our American people, are given help of a real substantial nature, the loss to these people in the future is going to be tremendous. In fact, it has already, during the past 3½ years, been terrific. So much has been said as to the relief that was to be afforded this class of our people, which includes myself, that I anticipated the consideration of this measure and its enactment into law with the greatest of pleasure, because I felt that as an emergency measure this was going to be one of the most important measures to come before the Congress. But I am frank to say that I am disappointed with the bill as it has been presented. I know that because of the publicity that has already gone out to the American people, and which will go out to the American people, that the great majority of our people will feel that they, as individual home owners who are still in debt on their homes, and some of them in an amount exceeding its present-day value, will be able to make application and procure the money from the Government to take up the present mortgage or pay off the contract and substitute therefor a new mortgage, running direct to the Government, conditioned on the payment of a lower rate of interest and the principal to be deferred over a long period of years.

If that were only true! But, alas, it is not so; the only relief which I can see in this measure for the individual home owner is that if he can get his mortgagee or his contract vendor to accept these Government bonds in lieu of the present mortgage or the contract, then he will be benefited, because, of course, this measure does give the home owner a lower rate of interest, and does permit him to pay off his obligation over a longer period of years. And, of course, it is going to be of benefit to those banks and building and loan associations and other mortgage institutions which will prefer to hold the Government bonds instead of the mortgages or land contracts, and so, because of this relief, although it is limited, I am in favor of the proposal.

The statement was made on the floor by one of the enthusiastic supporters of H.R. 5240 that this bill—

> will provide direct, necessary, and urgent relief to millions of home owners in the United States, who are today threatened with the loss of their homes and the equity which has taken years to acquire.

I only wish that the optimistic views of the gentleman who thus expressed himself will be realized. I very seriously doubt it. I know that when the Federal Home Loan Bank Act was passed by the last session of the Congress the same optimism was expressed in reference to what that piece of legislation would accomplish, and yet to the best of my information and belief, there was not a single solitary individual home owner in the State of Michigan who received any relief as a result of that bill, and but very little help or assistance was received by the building and loan associations of my own State of Michigan.

I make this statement in order that my position in reference to this bill may be thoroughly understood, and in the hope that those who will have the immediate and direct charge of its administration will so liberalize the rules and regulations surrounding its administration that the quickest relief and the greatest relief possible can be given to the men and women of this Nation who today are in danger of losing their life savings which they have invested in that which we have always been taught to cherish so dearly—the home.

Mr. CANNON of Missouri. Mr. Speaker, we are falling into a loose practice which is not only a violation of the rules but which—like most departures from correct procedure—may subject Members of the House to serious embarrassment. Frequently of late, at the close of a yea-and-nay vote, Members have secured recognition to announce how colleagues who failed to answer when their names were called would have voted if present. I feel free to refer to the subject because I failed to vote on the bill just passed. The bells failed to ring, and I was a minute late in reaching the floor.

The rule prohibiting such announcements has been repeatedly affirmed by decisions of the Chair. I recall that when a Member proposed to announce how he would have voted if present in the Sixty-third Congress, James R. Mann, of Illinois, characterized it as "wholly improper", and Speaker Clark sustained the objection and declined to recognize for the purpose with the emphatic comment that it was out of order. And each succeeding Speaker has affirmed that decision.

And there is a reason, Mr. Speaker. The rules of the House are based on equity and common sense, and that is particularly true in this instance. The rules do not permit a Member to be recorded unless he is present and answers when his name is called, and they do not permit him to vote by proxy. This practice in effect nullifies both provisions of the rules and places him on record on the announcement of a colleague.

But the injustice of the practice to other Members of the House is, perhaps, the greatest objection. Such absentees are always paired, and the announcement of their position on the question automatically records the other party to the pair on the opposite side of the question regardless of how he would have voted if present.

As a matter of fact such announcements are a reflection on all Members who fail to vote, as it infers less interest in the proceedings and less attention to the question at issue than that exhibited by the Member whose position is announced.

Furthermore, Mr. Speaker, the publication of such announcements in the RECORD encourages delinquency. When a Member can enter his appearance in this manner and be recorded by proxy on important roll calls he has less hesitancy in absenting himself. Something like 40 Members were included in a recent announcement of this character. If permitted to grow, we may soon have a situation where a majority of the membership may leave their vote and their conscience in the keeping of a colleague while they attend to more inviting matters.

Mr. DIRKSEN. Mr. Speaker, will the gentleman yield?

Mr. CANNON of Missouri. With pleasure.

Mr. DIRKSEN. Can the matter be corrected by making a point of order?

The SPEAKER. The Chair will state that the matter can be corrected by making a point of order.

Mr. MAPES. Mr. Speaker, is not the only way in which such a statement can be made, to first obtain unanimous consent to make a statement?

The SPEAKER. Yes.

Mr. MAPES. And then if he gets unanimous consent, he can say what he desires to. Unless he gets the floor in that way, he is out of order. Is not that true?

The SPEAKER. The Chair so understands it.

Mr. BYRNS. Mr. Speaker, I am perfectly aware of the past custom and practices of the House. I agree with what the gentleman from Missouri has said to the effect that this is a rather unusual procedure. I have been making these announcements because they have been made here heretofore. I really thought that very few minutes' time would be consumed not only in making the announcement that I

make, but in making the announcement that other Members have made. The Republican whip has been making similar announcements. I admit that the gentleman from Missouri is correct in his interpretation of the rule and the past practice of the House.

Mr. PARSONS. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. Yes.

Mr. PARSONS. Would it not be better form if gentlemen want to have their positions stated, to have the names submitted to the desk here and included in the RECORD without their taking up the time in making the announcement?

Mr. BYRNS. I do not controvert that; but I merely rose to say what I have said in explanation of what I did awhile ago.

Mr. CANNON of Missouri. Mr. Speaker, it is not a question of the time consumed. That is immaterial. It is a matter of maintaining the integrity of the proceedings of the House and protecting the rights of absent Members. It is the custom, as everyone knows, for the clerks at the pair desk to pair every Member who does not vote, whether he asks to be paired or not. All Members who do not answer on roll call are paired without consulting their wishes or inquiring as to their attitude on the question on which the vote is taken. After a Member is so paired, if announcement is made as to how the Member with whom he is paired would have voted if present, he is thereby placed on record on the other side of the question. The possibilities of such a situation are at once apparent.

Mr. BACON. Is there a specific rule of the House against it, or is it the practice of the House? Is it contrary to the rules or to the practice of the House?

Mr. CANNON of Missouri. Both. The rules do not provide for it and the practice of the House does not permit it.

The SPEAKER. The Chair will read the rule:

> Upon every roll call the names of the Members shall be called alphabetically by surname, except when two or more have the same surname, in which case the name of the State shall be added; and if there be two such Members from the same State, the whole name shall be called, and after the roll has been called once, the Clerk will call in their alphabetical order the names of those not voting; and thereafter the Speaker shall not entertain a request to record a vote or announce a pair unless the Member's name has been noted under clause 3 of this rule.

Clause 3 of the rule is the provision for an automatic roll call.

ADJOURNMENT OVER UNTIL MONDAY

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

Mr. MARTIN of Massachusetts. Mr. Speaker, I reserve the right to object. We are agreeable, of course, to adjourning over until Monday. Can the gentleman give us any information as to what the program on Monday will be?

Mr. BYRNS. I know of nothing except the farm-relief bill, which I understand probably will be passed by the Senate today. If that is so, it would be the expectation of the Chairman of the Committee on Agriculture to call it up on Monday and ask unanimous consent that it be sent to conference.

Mr. MARTIN of Massachusetts. There are no suspensions that the gentleman knows of?

The SPEAKER. It is not suspension day.

Mr. MARTIN of Massachusetts. There are several gentlemen who would like to talk under general debate, and I am wondering if the gentleman has given any thought to that.

Mr. BYRNS. If we have no further business other than I have mentioned, I do not think the House will object. Of course, that is a question for unanimous consent.

Mr. MARTIN of Massachusetts. Of course, the House may resolve itself into the Committee of the Whole House on the state of the Union.

Mr. BYRNS. Of course, that is a question of unanimous consent for the House. I assume there will be no objection.

The SPEAKER. The Chair desires to say that he was in error in the previous announcement. Monday is suspension day.

Mr. MARTIN of Massachusetts. Did I understand the Chair to say Monday is suspension day?

The SPEAKER. Yes.

Mr. MARTIN of Massachusetts. Are there any suspensions?

The SPEAKER. The Chair knows of none.

Mr. BYRNS. Mr. Speaker, was my request for adjournment over until Monday agreed to?

The SPEAKER. The Chair will put the request. Is there objection to the request of the gentleman from Tennessee that when the House adjourns today it adjourn to meet on Monday next?

There was no objection.

SHALL SILVER PRESERVE OR PAPER DESTROY THE GOLD STANDARD?

Mr. HARLAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. HARLAN. Mr. Speaker, while there are doubtless many contributing factors to our present unhappy state, such as tariffs, wars, excessive armaments, the dislocation of capital through machine production, and international debts, the conviction that our monetary system is largely at fault is so prevalent that we will not willingly suffer it to continue unchanged.

The measures so far adopted by Congress have centered about two ideas: First, to force more rapid circulation of the money already in existence; and, second, to expand credit. To accomplish the first our Federal Reserve bank made heavy purchases of Government bonds; the public-building program was radically enlarged; great expenditures for charitable relief have been made, and now we are engaged in reforestation and other desirable but not necessary projects. All of these measures may have done some good; it is hoped that they will work no permanent harm.

Our second line of effort has been to force the expansion of credit. The Reconstruction Finance Corporation, the home-loan bank, the farm-mortgage refinancing bill, and our recent law authorizing the Federal Reserve bank to accept as a basis for the issuance of currency almost anything in the nature of an indebtedness. In their turn each has been haled with loud acclaim but for some reason they have not produced the desired result. They have not started the factories to work; they have not increased the price of farm produce; they have not restored purchasing power. The new issue of Federal Reserve bank notes has received practically no use.

While this is all very disappointing, it is not difficult to understand. A country whose National, State, and private debts exceed the whole national wealth hardly needs an increase of indebtedness. Manifestly, it needs a radical decrease of indebtedness or an increase in wealth, either real or fictitious, by reducing the units of monetary measure. Until we get rid of these debts in some way, that confidence in the future which is necessary to trade can never be established. A manufacturer will not sell to a purchaser whom he suspects of being heavily in debt. An honest purchaser will not buy when he doubts his own capacity to pay. Since our debts exceed our wealth, manifestly it is impossible to liquidate those debts from capital. They are now and will remain a lien on future earning capacity. As long as our earnings must be largely dedicated to paying interest and taxes, they cannot be used to purchase the produce of our factories and farms. As long as this great pall of debt hangs over us, a restoration of purchasing power and of vital and necessary confidence is impossible.

This loss of confidence has driven men to seek to convert their wealth into money and then to hoard. They no longer desire the ownership of commodities; they seek only the possession of money. This is largely responsible for the destruction of commodity prices and the enhancement of the value of gold. Another important factor in the unexampled increase in the value of gold has been the demonetization of silver throughout the European possessions in Asia. It is as impossible to compel a river to flow uphill

as to liquidate these debts with commodities at their present price level.

There are two ways by which these debts can be escaped: First, by bankruptcy; and, second, by an artificial manipulation of the monetary unit. During the last 3 years we have given bankruptcy a very thorough trial. Outside of historical periods of war, pestilence, and famine, the last 3 years probably stand alone for the suffering, destruction, and heartaches they have produced.

Yet as we have slowly and painfully reduced our debts by endless bankruptcies, our Nation, the States, and smaller units have been forced to expand credit and increase indebtedness to care for our needy. At the end of 3 years we are now probably as heavily burdened by debts as in 1929, in spite of all our bankruptcies. With the constant shrinking of the price level, furthermore, these debts are daily growing more onerous.

Those mortgagees, bondholders, and money hoarders who do not wish to see the value of their possessions reduced by a change of the monetary unit, and who favor a continuance of deflation by bankruptcy, can expect either a continuance of the experience of the last 3 years for an indefinite period or a social upheaval which at one stroke will wipe out all present values. The experiences of France and Russia show us that human beings will not needlessly endure suffering interminably.

Whatever other remedies may also be needed, a monetary change also is imperative. It is the only way out.

Shall we, under our constitutional power to coin money and regulate the value thereof, increase the value of the gold ounce and thus reduce the amount of gold in a dollar? This will enable us to issue more dollars with the same gold reserve, and enable the debtor to pay his debts with dollars of smaller value. It will enable the owner of commodities to receive more dollars for those commodities and thus facilitate the paying of debts.

This has many obvious advantages which have been ably presented by the so-called "Committee for the Nation." But it has many disadvantages. It would needlessly enhance the value of gold of which the United States and its most desirable future markets produce very little, i.e., the Orient and North and South America. Half of the world's gold production comes from Africa, owned by our European competitors. This step would mean partial repudiation of all our National and State bonds, now payable in gold coin of present weight and fineness. We would then have no complaint against Russia, France, and other nations who hold their word apparently of little value. It would destroy confidence in our bonds and militate against the price of future issues.

At one great jump it would establish us on a fixed, higher price level with the inevitable exploitation of labor during the lag in production. When this level is reached, we would immediately begin another industrial cycle which would reproduce our present situation and in a few years necessitate another inflation of gold, another shaking of confidence, another exploitation of labor. In brief the measure is a palliative, an anodyne, not a remedy.

Shall we let the Bureau of Engraving print us into prosperity? Many nations have done so before. It was always a glorious experience while it lasted. But each new issue in the past has only necessitated a larger one later. Under Gresham's law our sound money would soon disappear either in hiding or by export, and our international trade, after the first boom, would almost vanish. Our paper money would shrink in value as did our greenbacks and continental money; and when the inevitable reckoning comes, when we painfully climb back to specie payment as we must, we will be repaying 100-cent dollars for paper ones which yielded us 30-cent value or less at the time of issue. The mortgagor, bondholder, and hoarder will then receive his compensation with compound usury and the inflationary spree will leave the rest of us with the inevitable headache.

Shall we adopt a monetary system with a varying gold reserve depending on the commodity price index, the so-called "pneumatic, rubber, nonskid dollar"? It sounds all right in a pamphlet of propaganda. It is endorsed by respectable authority. But would you wish to sign a lease for a period of years not knowing whether your rental was to be paid in dollars worth 50 or 150 cents? Would international transactions be on a healthy basis? In short, would people enter into contracts at all based upon such a dollar as a consideration? It is far more probable that we would enter an era of bartering so many grains of gold for a quantity of service or commodities.

What other course is open? Manifestly we wish to escape both from our present evils and from such types of inflation. To do so we must protect and conserve the gold standard. We must obtain reasonable inflation sufficient to supply our present needs and to produce future relief. An inflation with an inescapable control based not upon the whim of governmental officials and politicians but upon the producible quantity of a rare metal.

When we are tinkering with money let us try as few innovations as possible. Let us use a medium to which practically all the world, civilized and partly civilized for ages past, has been familiar. When we must experiment let us first try those measures which, if they fail, will cause no damage. Let us use a medium which will improve and not cripple our international trade; a medium which will benefit us and our own best markets, not those of our competitors.

Such a proposal is contained in a bill now before this House. It provides for the use of silver as an auxiliary metal in our monetary reserve. On the security of this silver, paper currency is to be issued redeemable by the quantity of silver bullion which the paper currency could purchase on the market at the time of redemption. There is no attempt at a resurrection of the impossible 16 to 1 ratio of redemption. To attempt to fix, by law, a ratio controlled alone by supply and demand is as useless as to control appetite by law or regulate the ratio of the diameter to the circumference of a circle by legislative fiat.

From the discovery of America to the present time the actual production ratio of silver to gold is approximately 13 to 1, but the relative demand for these metals in the arts and trade is a far different matter. Under Alexander Hamilton we established a legal ratio of 15 to 1 and immediately discovered our mistake when France adopted 15½ to 1, and gathered to herself our gold. If we really desire an expanding and contracting monetary system controlled by a bimetallic base, let us let the market price of silver be the elastic medium.

A glance at a graph of price levels since 1900 will clearly show that silver has fluctuated in remarkable unison with all commodity prices. Why not use this normal condition to expand and contract currency to procure a commodity price level controlled by the supply and demand of the commodity affected, not controlled, as now, largely by the supply and demand of the monetary measure? When prices are low silver will be cheap. Under the Fiesinger bill, H.R. 1577, it will then be purchased in large quantities and currency issued. This will relieve the demand on gold, and prices in general along with silver will rise. When such a price level is reached, as fairly to measure the relation between the commodity supply and demand, silver purchases will cease, or silver may even be sold at the enhanced price. Then if a price decline occurs, produced by monetary shortage, silver will be repurchased and normal trade facilities restored.

If this experiment fails, we can suffer no loss, our gold reserves will not be disturbed, our bonds and national credit preserved. Silver is now so low in price that, should we desire to abandon the experiment and sell our supply, the loss will be negligible, if any. We will have no disastrous losses to suffer, such as we experienced in redeeming our Revolutionary currency and our greenbacks. We will have a constant stable quantity of gold back of every dollar, or the gold value in silver. No rubber pneumatic nonskid dollar here.

We can afford to settle our troublesome war debts by accepting silver from our European allies, if necessary, at a price above the market because our use of silver as money

will automatically enhance its price. We will lose nothing and our allies will receive an appreciable reduction in their debt. They cannot pay us in gold. We will not accept their commodities. Through their possessions in Asia they control large quantities of silver. Why not accept this obvious solution of a most puzzling problem?

Our international trade will be immediately stimulated. For centuries silver has been the accepted money in the Orient. No one knows the quantity of the metal hoarded by these people. Yet, with the fall of silver prices, they cannot pay for our cotton, wheat, and manufactured goods. Restore the price of silver and our farm problem, growing largely out of the closing of their market, will be materially improved.

Eighty-five percent of the world's silver is produced in North and South America, our neighbors, friends, and natural market. Why not enhance the value of this commodity and enrich our own customers instead of revaluing gold to the undeserved enrichment of those who for years through the manipulation of gold exchange have exploited us?

But we are told that we should not take this step until we receive the sanction of an international conference. Our experience with international conferences in general is that the only agreements arrived at are either unfavorable to us, or if not, they are promptly repudiated.

We have attempted earnestly in the past to have a world agreement on silver, but those nations who controlled gold, who appreciated the advantage of manipulating exchange, would have nothing to do with silver, which did not yield so readily to manipulation. We have been pushed off with many promises; but when the time for conference arrived, there was no one present. What possible advantage can we gain by waiting for a renewal of these disappointments?

We are told that without such a conference the United States will be flooded with silver. Nothing could be less worthy of fear. In the first place, 70 percent of the world's production of silver is a byproduct of copper, lead, and zinc mining. It is controlled by the quantities of these produced. Also in the whole world there is approximately 7,000,000,000 ounces of silver. If we got it all at present prices, we could issue less than $3,000,000,000. If the price of silver would rise to its proper place, at about four times its present price, we should have discontinued its purchase long before. There is not a remote possibility of the Orient's releasing even a large portion of its silver when it assumes greater value as a monetary agency.

In short, the whole thing is an experiment backed by the successful experience of mankind for centuries past. Its very trial will have a beneficial effect upon the mental attitude of the people of the world. If it fails, it will entail no loss; if it succeeds, it will enrich us and our friends, not our competitors and exploiters. It will stimulate foreign trade; it will facilitate the liquidation of international debts. It will preserve our word and our credit. It will stabilize gold as money and destroy it as our instrumentality of robbery and oppression.

INVESTIGATION OF MOTION-PICTURE INDUSTRY

Mr. SABATH, from the Committee on Rules, submitted the following privileged report (H.Res. 121, Rept. No. 58), for printing under the rules:

House Resolution 121

Resolved, That immediately upon the adoption of this resolution the House shall proceed to the consideration of House Resolution 95, and all points of order against said resolution shall be considered as waived. That after general debate, which shall be confined to the resolution and shall continue not to exceed 1 hour, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Rules, the previous question shall be considered as ordered on the resolution to its adoption or rejection.

PERMISSION TO ADDRESS THE HOUSE

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that the gentleman from Iowa [Mr. WEARIN] may address the House for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee [Mr. BYRNS]?

There was no objection.

Mr. WEARIN. Mr. Speaker, I want to take just a few moments to correct a false inference that has gone forth through a certain magazine in this country concerning the stand of my State of Iowa upon the question of alcohol-blend gasoline.

I notice in a recent copy of the Texaco Star, published during the months of March and April, a statement to the effect that the legislature of my State had gone on record as opposed to a 10-percent blend bill. That statement is true, but the inference gathered from it is false. I want to condemn the oil companies, corporations, and trusts who are in opposition to such relief legislation for the benefit of the American farmer for taking such an attitude and drawing such a conclusion from the action of the Iowa Legislature on that measure.

The reason my legislature opposed the passage of that 10 percent bill was that the members feared the surrounding States would not pass a similar type of legislation. They were, generally speaking, in favor of such form of legislation. I happen to be, through my membership in that body during two sessions, personally acquainted with almost every man and woman in the house and senate, and I know that to be a fact.

I have with me documentary evidence of the fact. I have one of the original enrolled copies of a joint resolution adopted by the house and senate of the State of Iowa asking the Congress of the United States to take some action along the line of legislation that will encourage the use of a 10 percent alcohol blend of gasoline. I have taken just this few minutes of your time to point out that certain trusts, monopolies, and oil interests in this country are endeavoring to mislead the Congress of the United States, through the distribution of this magazine into your offices, concerning the stand which my State has taken upon that legislation, that I personally believe will be of material benefit to the farmers of this country.

I will have more remarks to make upon that subject later. I thank you very much. [Applause.]

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. PIERCE, at the request of Mr. MARTIN of Orgeon, on account of serious illness.

To Mr. FERNANDEZ, for 1 week, on account of important official business.

To Mr. WALTER, at the request of Mr. HAINES, indefinitely, on account of illness in family.

To Mr. KEE, for several days, on account of important business.

PREMIER MACDONALD'S ADDRESS AT PILGRIM DINNER—EXTENSION OF REMARKS

Mr. BLOOM. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a speech made by Prime Minister J. Ramsay MacDonald before the Pilgrim Society in New York City.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BLOOM. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address delivered by Premier J. Ramsay MacDonald before the Pilgrims Society, at New York City, Wednesday, April 26, 1933:

Mr. President, Your Excellency, and gentlemen, I have been introduced to you tonight in words all too warm in their praise, and you have responded with a hearty hospitality which, though very striking, is, I must say, only the ending of a series of welcomes which the warm-hearted American people have shown me since I landed on your shores at the end of last week.

The Pilgrims exist for one purpose and for one purpose only; that is to keep hands stretched across the Atlantic. Ah, my friends, I wonder if even you can estimate to its full value what that means.

May I venture to say this, that at this moment, and, so far as one can speak, for many and many a year to come, no greater

blessing can come upon the nations of this world than that Great Britain and America should remain in affectionate relationships.

Alliances—I do not want them, nor do you. An alliance is a bargain. Of what use is a bargain except for hampering purposes when hearts are beating in harmony, when minds are looking to the same goal, and when the determination of the best is guiding feet toward that goal?

COOPERATION OF FREE NATIONS

That is the cooperation I want—the cooperation of free nations; the cooperation of peoples who can talk candidly to each other; the combination of sums when common respect and common confidence determine a common policy.

Anglo-American relations, I hope, will always be that, because that to you, to us, and to the world at large is going to yield the most precious results.

I would like to take this opportunity on behalf of my daughter and myself to send a parting message of good will to the American folks, the American folks who speak our language, who are inspired by geniuses that both of us can claim as ours—Shakespeare, Milton—a great political philosophy of liberty, independence which you may have asserted against us, and whilst you took it we blessed you for the service you did to us.

Runnymede—what shall I say, Bunker Hill?—shall I think of them as being engraven side by side in the annals of the American people and in the annals of the British people who have remained at home?

What a precious example, lifting us both out of a narrow nationalism and enabling us to breathe the genial and the generous air of free men and free women, inspired by moral ideals which they desire to apply to the solution of the practical problems of life.

OLD AND FIRM FRIEND

When I arrived at the White House I shook hands with a host who happened to be your President, as a guest who happened to be the Prime Minister of Great Britain. When I left this morning I shook hands with a host and a President who, in the brief interval of a long week-end, had come to be regarded by me as an old and firm friend.

Your President hinted at the more personal contact and diplomacy. The world will never be able to do without that now. We were all very stilted and dignified gentlemen who never could regard ourselves as being out of uniform. Does it surpass the seas—personal handshakings—a determination to put difficulties in the middle of a table and to look at them all around in conversation using all the power of personality to help both sides out of the entanglements?

Personal confidence, personal contact of that character, has become absolutely essential if we are to successfully meet the intricate problems that now become the great problems of the world.

Today, how many are the influences of destruction? How many mouths whisper into your ears stories, ideas, suggestions, that make for disruption? You and I, my friends, you, the Pilgrims Society, as one who occupies some little position, have to lay our heads together, have to lay our minds together, have to lay our consciences together, to repeal those influences of disruption and to put into their place influences of cooperation and mutual helpfulness.

NOT TO BE SOLVED IN A DAY

The business that has brought us together on this occasion is a very difficult business. We can talk quite clearly, but it is not going to be solved in a day.

Your President was perfectly right in suggesting to you that this is not one of the ordinary crises that nations go through. I am not at all sure, my friends, but that when you and I are dust and when our grandchildren and our great-grandchildren look back upon these days through which we are living and striving to straighten out, it will not be an old chapter in our mutual histories that will be taken down by them to read of that story. It will be the beginning of an old and a new volume all together. The world's great age begins anew.

Ah, how much you and I hope that those grandchildren and great-grandchildren of ours can add to what the golden years have returned. But whether that may be so or not, there we are—hosts and guests—pledged, I believe, pledged as deeply as honest men can pledge themselves, that by the blessing of God and by our use of our own courage and common sense, our great-grandchildren will be able to add that line about the returning golden age. It is an old problem.

It is as old as the world. It is a problem of how to keep cupboards full. It is the old problem of how human beings with a mind that can think, with a conscience that can pass judgment on what is right and what is wrong, how such high forms of creation may be able to keep peacefully evolving into greater and greater liberty, and higher and higher happiness. If they are thwarted, what can happen?

SOCIETY IS A FAMILY

The human being who is educated, and who has a keen sense of right and wrong, who can feel grievances, and by the very fact that he feels grievances he is differentiated from the brute creation—we must take him as our partner, we must make him feel that society is a family and that the rules of the family hold good there. We must ask him to give his services.

The society of the future is to be no place for loafers. The society of the future is to be no place for men and women who enjoy without giving service. But the society of the future must provide that men and women who are anxious to give service which will entitle them to an honest and an honorable living—the society of the future must give them the opportunity to do that service. That is the problem we are up against today.

And again, as your President said, it is not a national problem. If I had had time to go out to the West, to have talked, say, to your farmers, your farmers puzzled, with their hearts overcast with gloom because when the harvest ripens and is gathered in it gives them no equivalent; your farmers, facing nature closer than any of us do, find there is no mistake with nature; that the seasons follow each other as God provided; that the corn sprouts; that it gets into ear; that the ear ripens and that the threshing follows; and nevertheless he looks upon a home not happy in prosperity but full of distress.

If I had gone to him, what could I have said to him? I could have said, "My friend, come to Lancashire with me, come to Yorkshire with me where the miners are, and every problem that you have is precisely the same as the problem that we are facing there."

America, one of the things that your President and I mused over in those hours after the old day had gone and the new day had already been born—one of the things that we mused most over was that your problems are our problems. So far as that is concerned, there might have been no Atlantic at all, and no American Revolution, in that we are a family, whether you like it or not.

It is therefore an international problem. It is not an accident. What has been happening to give you problems of enormous unemployment has been happening with us, has been happening with France, has been happening with Germany, and so on. And what has brought me to America at the present moment is to discuss with the President as to how American experience, American brains and intelligence, and American business capacity could join with ours and try to make our people happier, better, and put more sunshine and happiness and peace into their lives.

We want to turn our backs upon the past. We have had our wars, we have had our waste, we have had our escapades. I hope your children will be generous in their judgments upon us.

Turn our backs upon them. Let us look to the future, and when we meet in this international economic conference, which I hope will be very soon then, my friends, we don't sit at opposite sides of a table.

I want you to sit at the same side of the table with us and others, other enlightened nations, other nations that do appreciate their duty to the individual, and with courage and yet with reason and common sense, but with courage, face those problems and produce constructive proposals for overcoming them.

THINGS HAVE DETERIORATED

There is another great question. I was here before and I talked to you about it. It is not solved yet. The mills of the gods grind slowly. One of the burdens, I think, that has been put upon our backs is to have a patience, steadiness, and a loyalty to the good that will enable us not to get impatient when the mills of the gods do grind slowly.

We also talked about disarmament.

Well, things have deteriorated a little, I think, since I was here 4 years ago—not because of what you have done and not because of what we have done.

What I say to you now is this: Keep the faith—keep the faith—we shall win, you and we. Those declarations we made, those professions that we made, those aims that we put before us to secure peace on this earth and an abiding good will to all men—they will win. And there is no reason why we should not see that victory during our own lifetime.

I do not know who invented the expression "A war to end war." I would like to speak very plainly, even if you will accuse me of being rude. But whoever invented that was a fool.

The one certain thing about war is that it makes another one equally certain. In all peace treaties that are imposed upon the vanquished there is a secret clause. Statesmen may say there is not. There is, although the statesmen have never seen it.

The secret clause is the date of the next war. That is inevitable unless the nations of broad, generous minds—deep, penetrating minds that see the tooth lying glittering away below the surface—use the opportunity of a militarist peace to create a spiritual peace. And that is what we are engaged in trying to do at the present moment.

My friends, the thought of all these things is good. It is good to us all that we should take counsel together. Even if it brought us no benefit except this: That friendship, the most precious thing between individuals, is also the most precious thing between nations. It broadens, it lightens. It deepens the happiness of life. To feel secure sitting under your own fig trees—none daring to make you afraid—isn't that the foundation of real life, of worship, and of all the wonderful things that we have inherited by the simple reason of our birth and our appearance of this earth?

TIES OF FRIENDSHIP VERSUS ALLIANCES

But it is more than that. It is a very good thing, as I have hinted, for all the other nations of the earth that we, too, not in the alliances—I repeat it—not bound together by documents that are written and sealed and filed at the League of Nations, or kept in secret in our Foreign Offices. Not that sort of thing. That belongs to the past, which has always failed to carry out the spirit of those documents.

Let's put documents on one side. Let us put signatures on one side. Let us substitute for them the less tangible but the more

real friendship based upon a complete understanding of each other, a friendship which will allow a quarrel, a friendship which will allow a difference of opinion, a friendship which will not be broken if we were to vote against each other in the League of Nations, a friendship that suffers long and is kind because it is based upon a complete understanding which enables us to do just like individuals do—look into each other's eyes, express sentiments hard and honest and cruel as any Scotsman can—and immediately afterward show by a merry twinkle in the eye and a smile that almost twinkles at the edges of one's mouth that the moment of wrath has passed and that the sun is shining upon our relationships again. That is my idea of an Anglo-American friendship and cooperation.

My friends, I am awfully sorry to leave you, but it reminds me of a story. I think I will venture it.

There was a fellow countryman of mine who, like so many of my fellow clansmen, was about to pass under the uncongenial hands of the public executioner. And Dougall spent the last night in jail playing cards with his jailers.

When the morning came, Dougall was still laying down his cards. The knock came on the door, and Dougall was informed that the time had come. And Dougall said, "Go away. Let me finish my game." Dougall was told it was impossible, and Dougall, rising up like a gentleman, apologized to his partners in the card game that he was not able to finish the game, and the words he used were—"Time awaits me."

I say to you, "The ship awaits me."

My operation is not so tragic as the operation that my fellow countryman was about to undergo, but I am inclined almost to use his language, which expresses my great regret that I have to leave you whilst the night is still young. It is only just 10, but I have to turn my back upon you, and when I awaken tomorrow morning I shall be far out at sea.

But, my friends, do believe me when I say this—when I give you assurance of this—I may be able to come back, or I may not. Who can read what is written upon those scrolls kept in the dark? But should I come back or should I not—and I speak for my daughter as well—we shall never forget the quiet, the genial, the so touchingly eloquent welcome that we got in the White House from your President and right along the way down to the pleasant, smiling-faced girl who stood on the pavement to wave us a godspeed as we went past—that, finished up by this very distinguished company, this very representative company, this company which is determined to give us a good send-off and show us how generous, how good, and how helpful is the heart of the American people. Thank you very much.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 25 minutes p.m.) the House, pursuant to its order, adjourned until Monday, May 1, 1933, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

29. Under clause 2 of rule XXIV, a letter from the Secretary of War, transmitting draft of a bill to authorize credit in the accounts of certain disbursing officers of the Army of the United States and for the settlement of individual claims approved by the War Department, was taken from the Speaker's table and referred to the Committee on Claims.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. SABATH: Committee on Rules. House Resolution 121. Resolution providing for the consideration of House Resolution 95; without amendment (Rept. No. 58). Referred to the House Calendar.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H.R. 2890) granting an increase of pension to Mary A. Ashton; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

A bill (H.R. 5314) granting an increase of pension to Clarene E. Orr; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. GRANFIELD: A bill (H.R. 5326) to authorize the erection of an addition to the existing Veterans' Administration hospital plant no. 95, at Northampton, Mass., and to authorize the appropriation therefor; to the Committee on World War Veterans' Legislation.

Also, a bill (H.R. 5327) to sell the present post-office site and building at Springfield, Mass.; to the Committee on Public Buildings and Grounds.

Also, a bill (H.R. 5328) providing that 100 percent of the annual gross receipts, including money-order fees, be credited for the annual classification of post offices; to the Committee on the Post Office and Post Roads.

By Mr. SNELL: A bill (H.R. 5329) creating the St. Lawrence Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Lawrence River at or near Ogdensburg, N.Y.; to the Committee on Interstate and Foreign Commerce.

By Mr. IGLESIAS: A bill (H.R. 5330) to amend the act of March 2, 1917, entitled "An act to provide a civil government for Puerto Rico, and for other purposes"; to the Committee on Insular Affairs.

By Mr. LLOYD: A bill (H.R. 5331) to provide a separate promotion list for the Judge Advocate General's Department of the Army, and for other purposes; to the Committee on Military Affairs.

By Mr. CANNON of Wisconsin: A bill (H.R. 5332) to establish minimum-wage requirements for workers employed in the production or manufacture of articles shipped, transported, or delivered in interstate or foreign commerce; to the Committee on Labor.

By Mr. DIRKSEN: A bill (H.R. 5333) to provide for the construction of a post-office building and courthouse at Peoria, Ill.; to the Committee on Public Buildings and Grounds.

By Mr. MOREHEAD: A bill (H.R. 5334) to amend the third clause of section 14 of the act of March 3, 1879 (20 Stat. 359; U.S.C., title 39, sec. 226); to the Committee on the Post Office and Post Roads.

By Mr. WITHROW: Joint Resolution (H.J.Res. 166) directing the Federal Trade Commission to investigate and report to the Senate and to the House of Representatives the cause or causes for the high prices of agricultural implements and machinery; to the Committee on Interstate and Foreign Commerce.

By Mr. BURKE of California: Joint resolution (H.J.Res. 167) awarding Distinguished Service Medals to Tony Siminoff, Oliver F. Rominger, and Robert E. Beck, veterans of the Philippine insurrection; to the Committee on Military Affairs.

By Mr. CELLER (by request): Joint resolution (H.J.Res. 168) to prevent interstate commerce in certain commodities and articles produced or manufactured in industrial activities and under conditions which produce unfair competition and restraints of trade and are injurious to the general welfare, and to regulate interstate transportation, and for other purposes; to the Committee on Labor.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ALLGOOD: A bill (H.R. 5335) granting a pension to Andrew J. Watts; to the Committee on Pensions.

By Mr. BROWN of Michigan: A bill (H.R. 5336) for the relief of Bridget Patton; to the Committee on Claims.

By Mr. BRUNNER: A bill (H.R. 5337) for the relief of Michael Bello; to the Committee on Claims.

Also, a bill (H.R. 5338) granting insurance payments to Hugh H. Newell; to the Committee on Claims.

By Mr. CARPENTER of Nebraska: A bill (H.R. 5339) for the relief of Era A. Ryan; to the Committee on Claims.

By Mr. DOCKWEILER: A bill (H.R. 5340) for the relief of Jacob Kaufman; to the Committee on Military Affairs.

Also, a bill (H.R. 5341) for the relief of Harrison Brainard, alias Harry White; to the Committee on Military Affairs.

Also, a bill (H.R. 5342) granting a pension to Julia C. Messamore; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5343) granting a pension to Dell V. Trisler; to the Committee on Invalid Pensions.

By Mr. GRANFIELD: A bill (H.R. 5344) granting a franking privilege to Grace G. Coolidge; to the Committee on the Post Office and Post Roads.

Also, a bill (H.R. 5345) for the relief of George A. G. Dearborn; to the Committee on Naval Affairs.

Also, a bill (H.R. 5346) for the relief of John E. Springer; to the Committee on the Civil Service.

Also, a bill (H.R. 5347) for the relief of Myles McDonagh; to the Committee on Military Affairs.

Also, a bill (H.R. 5348) granting a pension to Mary R. Currier; to the Committee on Pensions.

Also, a bill (H.R. 5349) for the relief of Clara Easter; to the Committee on Claims.

Also, a bill (H.R. 5350) authorizing the President of the United States to appoint Thomas Lougharan to the position and rank of first-class sergeant in the Army of the United States and immediately retire him with the rank and pay of a first-class sergeant; to the Committee on Military Affairs.

Also, a bill (H.R. 5351) for the relief of Robert Francis Connell; to the Committee on Naval Affairs.

Also, a bill (H.R. 5352) granting a pension to Angele Dragon; to the Committee on Pensions.

Also, a bill (H.R. 5353) authorizing the President to order Charles Southgate, Jr., before a retiring board for a hearing of his case, and upon the findings of such board to determine whether or not he be placed on the retired list with the rank and pay held by him at the time of his discharge; to the Committee on Military Affairs.

By Mr. HART: A bill (H.R. 5354) for the relief of the estate of George H. Mertz, deceased, of Saginaw, Mich.; to the Committee on Claims.

By Mr. KNUTSON: A bill (H.R. 5355) for the relief of Lillie Krogh; to the Committee on Claims.

By Mr. LLOYD: A bill (H.R. 5356) authorizing the Secretary of the Navy, in his discretion, to loan to the city of Olympia, State of Washington, a bronze tablet on the U. S. cruiser *Olympia;* to the Committee on Naval Affairs.

By Mr. McREYNOLDS: A bill (H.R. 5357) for the relief of Alice M. A. Damm; to the Committee on Claims.

By Mr. PEYSER: A bill (H.R. 5358) for the relief of the Sultzbach Clothing Co.; to the Committee on Claims.

By Mr. REECE: A bill (H.R. 5359) granting a pension to Fannie Drain; to the Committee on Pensions.

Also, a bill (H.R. 5360) granting a pension to Annie Hankal; to the Committee on Pensions.

Also, a bill (H.R. 5361) granting a pension to Charlie Jones; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

775. By Mr. ANDREWS of New York: Resolution of Board of Supervisors of Erie County, N.Y., favoring passage of bill to aid small-home owners; to the Committee on Banking and Currency.

776. Also, petition of judges and police executives of Erie County, N.Y., favoring passage of House bill 8378; to the Committee on the Judiciary.

777. Also, resolution of Niagara County (N.Y.) Committee of the American Legion, vigorously opposing any movement favoring recognition of Soviet Russia; to the Committee on Foreign Affairs.

778. Also, resolution of Niagara County (N.Y.) committee of the American Legion, protesting any cut of Regular Army personnel or elimination of National Guard or citizens' military training camps; to the Committee on Military Affairs.

779. Also, resolution of Niagara County (N.Y.) committee of the American Legion, favoring repromulgation of Executive order of March 2, 1929, with reference to civil-service status of veterans; to the Committee on the Civil Service.

780. Also, resolution of Niagara County (N.Y.) committee of the American Legion, protesting against discontinuance of Veterans' Administration office at Buffalo, N.Y.; to the Committee on World War Veterans' Legislation.

781. By Mr. BAKEWELL: Petition of sundry citizens of the State of Connecticut, protesting against the passage of the plan for involuntary severance from the Federal service of all employees of 30 years of service; to the Committee on Ways and Means.

782. By Mr. BEITER: Petition of Veterans' Association of the Seventy-fourth Infantry, New York National Guard, Buffalo, N.Y., urging appropriation for attendance of the National Guard in armory drills and summer camp; to the Committee on Military Affairs.

783. Also, petition of George F. Lamm Post, No. 622, Auxiliary, the American Legion, Williamsville, N.Y., protesting against the recognition of communistic Russia; to the Committee on Foreign Affairs.

784. By Mr. CRAVENS: Petition of Fayetteville Chamber of Commerce, Fayetteville, and Frank H. Fredeman, president Federation of Federal Employees, Little Rock, Ark., protesting against the proposed $34,000,000 additional cut in Veterans' Administration appropriations; to the Committee on Appropriations.

785. Also, petition of C. A. Lick, president Weldon, Williams & Lick, Fort Smith, Ark., protesting against passage of Black bill, S. 158; to the Committee on Labor.

786. Also, petition of Local Union No. 2110, United Mine Workers of America, endorsing Black bill, S. 158; to the Committee on Labor.

787. By Mr. GOODWIN: Petition of Leon S. Miroff, Sol. Glazer, S. Friedman, Samuel Zinnar, Daniel Harris, and some 263 other residents of Sullivan County, N.Y., urging me to raise my voice in Congress in protest against the barbarities visited by the Hitler regime upon the Jews in Germany; to the Committee on Foreign Affairs.

788. By Mr. JAMES: Resolution of the City Commission of the City of Ironwood, Mich., heartily endorsing House bill 4801 to release the States, Territories, municipalities, and political subdivisions from the obligation to repay relief funds received under title I of the Emergency Relief and Construction Act of 1932, and for other purposes; to the Committee on Banking and Currency.

789. By Mr. JOHNSON of Minnesota: Resolutions from the Central Labor Political Committee of Duluth, Minn., memorializing Congress to issue money and establish the value thereof; to the Committee on Banking and Currency.

790. Also, resolution from Farmers Educational and Cooperative Union of America, supporting relief for the farmers; to the Committee on Agriculture.

791. Also, resolutions commending the Swank-Thomas and Wheeler silver bills; to the Committee on Agriculture.

792. Also, petition of farmers and citizens of Ghent, Minn., requesting the use of petroleum products to be blended with ethyl alcohol; to the Committee on Ways and Means.

793. Also, resolution from Post No. 228 of Waseca, Minn., urging economy in the mail lines; to the Committee on the Post Office and Post Roads.

794. By Mr. KENNEY: Petition of American Legion, Department of New Jersey, that the time is ripe when the building of our Navy to treaty strength will greatly strengthen our efforts to forward the cause of peace in every council of the Nation in which we take part; to the Committee on Naval Affairs.

795. Also, petition of the American Legion, Department of New Jersey, by the executive committee, this 22d day of April 1933, that the New Jersey Senators and Congressmen be urged to use every possible effort to have the Lakehurst Naval Air Station retained as a lighter-than-air base, and that the former *Los Angeles* be recommissioned and used as a training ship for enlarging the personnel for this branch of our defensive forces; to the Committee on Naval Affairs.

796. Also, petition of the American Legion, Department of New Jersey, opposing any reduction in the present per-

sonnel of our armed forces and any curtailment in the operation of our armed forces, as the American Legion feels that our armed forces even now are not adequate; and that the American Legion of New Jersey use every effort to oppose any further cut in the personnel of our armed forces or in the operation of said armed forces, and to oppose strenuously the elimination or curtailment of the citizens' military training camps and Reserve Officers' Training Corps; to the Committee on Military Affairs.

797. Also, petition of the Elizabeth Parcells Devoe Chapter, Daughters of the American Revolution, Leonia, N.J., sending to the White House their urgent prayer to build up, rather than further reduce, the existing defense forces of training and equipment for the safety of our Nation, its people, and the Government itself; to the Committee on Appropriations.

798. By Mr. LESINSKI: Petition of banking commissioners and banking associations' officials and representatives of 14 States, urging fair and sound banking legislation for the purpose of strengthening banking in general; to the Committee on Banking and Currency.

799. Also, petition of the Legislature of the State of Michigan, urging Federal insurance of bank deposits in National and State banks; to the Committee on Banking and Currency.

800. By Mr. LEWIS of Colorado: Resolution of the Twenty-ninth General Assembly of the State of Colorado, requesting that the Congress of the United States make the appropriations for the mineral-leasing division of the Geological Survey sufficient to enable the division to function efficiently for the protection of the oil, gas, coal, and nonmetallic mineral resources of the Western States; to the Committee on the Public Lands.

801. By Mr. LUDLOW: Petition of residents of Indianapolis, Ind., opposing compulsory 30-year retirement from the Government service; to the Committee on the Civil Service.

802. By Mr. McFARLANE: Petition of Pat Carrigan Post, No. 120, American Legion, Wichita Falls, Tex., urging the Congress of the United States to enact into law at once the Patman bill for immediate payment of the adjusted-service certificates; to the Committee on Ways and Means.

803. By Mr. RUDD: Petition of Brooklyn Real Estate Board, Brooklyn, N.Y., favoring the passage of the home-mortgage refinancing legislation, with an amendment of $20,000, be made on homes; to the Committee on Appropriations.

804. Also, petition of Edward Quittner, New Rochelle, N.Y., favoring the Sirovich resolution, for an investigation of the motion-picture industry; to the Committee on Interstate and Foreign Commerce.

805. By Mr. SUTPHIN: Petition adopted by the American Legion, Department of New Jersey, praying for the continuance of the naval air station at Lakehurst, N. J.; to the Committee on Naval Affairs.

806. Also, petition adopted by the American Legion, Department of New Jersey, advocating building of our Navy to treaty strength for the purpose of forwarding the cause of peace; to the Committee on Naval Affairs.

807. Also, petition adopted by the American Legion, Department of New Jersey, urging the maintenance of a strong national defense; to the Committee on Military Affairs.

808. Also, petition adopted by the New Jersey State Association of Postal Supervisors, protesting against an amendment to the Retirement Act, attached as a rider to the independent offices appropriation bill, demanding compulsory retirement of certain employees; to the Committee on Appropriations.

SENATE

MONDAY, MAY 1, 1933

The Chaplain, Rev. Zebarney T. Phillips, D.D., offered the following prayer:

In the midst of the beauty of this, another day, give us thankful hearts, O loving Heavenly Father, that as we hold within our grasp the reins of many complicated tasks we may bring to our work a deepened interest, vibrant with the very joy of life. Upon our Nation, our President, Vice President, the Members of Congress, and all who share in the responsibility of government, bestow Thy blessing, and to those among us so recently overborne with sorrow vouchsafe the abundance of Thy peace and holy comfort.

Grant to each one of us here that, seeing the spirits of the moments yet unborn, we may stand sponsor for each moment as it comes, holding it in reverent hands for baptism at the sacred font of God. We ask it all in the name and for the sake of Him who, in redeeming the time of life's little day, revealed to us the glory of Thy eternal morning, Jesus Christ our Lord. Amen.

MESSAGE FROM THE HOUSE OF REPRESENTATIVES

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed a bill (H.R. 5240) to provide emergency relief with respect to home-mortgage indebtedness, to refinance home mortgages, to extend relief to the owners of homes occupied by them and who are unable to amortize their debt elsewhere, to amend the Federal Home Loan Bank Act, to increase the market for obligations of the United States, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled joint resolution (S.J.Res. 13) authorizing the Attorney General, with the concurrence of the Secretary of the Navy, to release claims of the United States upon certain assets of the Pan American Petroleum Co. and the Richfield Oil Co. of California and others in connection with collections upon a certain judgment in favor of the United States against the Pan American Petroleum Co. heretofore duly entered, and it was signed by the Vice President.

THE JOURNAL

The VICE PRESIDENT. The clerk will read the Journal.

The Chief Clerk proceeded to read the Journal of the proceedings of the calendar day of Friday, April 28, when, on motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the further reading was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Coolidge	Keyes	Reynolds
Ashurst	Copeland	King	Robinson, Ark.
Austin	Costigan	La Follette	Robinson, Ind.
Bachman	Couzens	Logan	Russell
Bankhead	Cutting	Lonergan	Sheppard
Barbour	Dickinson	McAdoo	Shipstead
Barkley	Dill	McCarran	Smith
Black	Duffy	McGill	Steiwer
Bone	Erickson	McKellar	Stephens
Borah	Fess	McNary	Thomas, Okla.
Bratton	Fletcher	Metcalf	Thomas, Utah
Brown	Frazier	Murphy	Townsend
Bulkley	Glass	Neely	Trammell
Bulow	Goldsborough	Norbeck	Tydings
Byrd	Gore	Norris	Vandenberg
Byrnes	Hale	Nye	Van Nuys
Capper	Harrison	Overton	Wagner
Caraway	Hayden	Patterson	Walcott
Carey	Johnson	Pittman	Walsh
Clark	Kean	Pope	Wheeler
Connally	Kendrick	Reed	White

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from Illinois [Mr. LEWIS] is necessarily detained from the Senate. I wish this announcement to stand for the day.

Mr. REED. I wish again to announce the absence of my colleague [Mr. DAVIS] on account of illness.

Mr. KENDRICK. I desire to announce that the Senator from North Carolina [Mr. BAILEY], the Senator from Illinois [Mr. DIETERICH], and the Senator from Georgia [Mr. GEORGE] are necessarily detained from the Senate.

Mr. OVERTON. I desire to announce that my colleague [Mr. LONG] is necessarily detained from the Senate. I ask that this announcement may stand for the day.

The VICE PRESIDENT. Eighty-four Senators have answered to their names. A quorum is present.

PROPOSED INVESTIGATION OF MUSCLE SHOALS PROPERTY

The VICE PRESIDENT. The Chair lays before the Senate a communication which will be read.

The legislative clerk read as follows:

WAR DEPARTMENT,
OFFICE OF THE CHIEF OF ENGINEERS,
Washington, April 28, 1933.

The PRESIDENT OF THE SENATE,
Washington, D.C.

SIR: I have just noticed the following part of an amendment to S. 1272, current session, introduced on the 17th instant by Senator NORRIS, of Nebraska. The bill deals with the Tennessee Valley development:

"*And provided further*, That the President is hereby expressly authorized to select attorneys and assistants for the purpose of making any investigation he may deem proper to ascertain whether, in the control and management of Dam No. 2, or any other dam or property owned by the Government in the Tennessee River Basin, or in the authorization of any improvement therein, there has been any undue or unfair advantage given to private persons, partnerships, or corporations, by any officials or employees of the Government, or whether, in any such matters, the Government has been injured or unjustly deprived of any of its rights."

Since I am individually responsible for all acts done on the Tennessee River improvement by Federal authority during the past three and a half years, I am well aware of what has been done there. Being conscious of no wrongdoing at all and confident that I have personally and otherwise protected all of the interests of the United States at Muscle Shoals and on the Tennessee at all times, I believe that this amendment does great injustice to deserving and honorable public servants by bringing them in public suspicion and leaving them there at a critical time when their services are needed.

I am unwilling to wait for the investigation that this amendment proposes; it may never happen and will not remedy the harm done. The Senate has able lawyers fully capable of handling this matter, and of saving the Government the hire of lawyers and assistant lawyers.

It seems strange that at this late day that those who have built this Wilson Dam, who have guarded it through 10 years of controversy, who have preserved it in fine condition, free from any incumbrances whatsoever, and who have furnished every scintilla of data on which this much-advertised Tennessee development is based, should now, even though inadvertently, be brought under the suspicion of wrongdoing.

The time to investigate is now. If mud there be to dry out, let it be dried while the fire is hot and I am here to assist. All of the facts of the case should see the light of day, and before any further steps are taken in this matter.

I request an immediate and open investigation of the matter of this amendment by the appropriate committee of the Senate, and an opportunity to be heard.

Respectfully,

LYTLE BROWN,
Major General, Chief of Engineers.

Mr. NORRIS. Mr. President, at 2 o'clock the Muscle Shoals bill will come before the Senate. The amendment referred to by General Brown is one that will be offered by me during the consideration of the bill. It provides for an investigation by the President of the United States. General Brown is anxious to have the matter investigated by a Senate committee and is fearful of delay.

In anticipation of the adoption of the amendment when it is offered during the consideration of the bill, I am going to ask that the letter be referred to the President of the United States. If the amendment shall not be adopted when reached and debated, I will withdraw the request. Of course, I have no objection to any other plan the Senate may desire to pursue, but General Brown, so far as I know, has not been accused of anything, neither has any other worthy citizen, and he will have ample opportunity, as he suggests, to help in the investigation. I hope he will help.

The VICE PRESIDENT. Is there objection to the request of the Senator from Nebraska to refer the letter to the President of the United States? The Chair hears none, and it is so ordered.

REPORT OF THE RECONSTRUCTION FINANCE CORPORATION

The VICE PRESIDENT laid before the Senate a letter from the secretary of the Reconstruction Finance Corporation, submitting, pursuant to law, a report of the activities and expenditures of the Corporation for the month of March 1933, together with a statement of loans authorized during that month, showing the name, amount, and rate of interest in each case, which, with the accompanying papers, was referred to the Committee on Banking and Currency.

FUNCTIONS OF THE INTERIOR DEPARTMENT (S.DOC. NO. 48)

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Interior, submitting, pursuant to Senate Resolution 351, Seventy-second Congress, a report of the functions and activities conducted under the jurisdiction of the Interior Department, the statutory authority therefor, the total annual expenditures thereon, and also a list of employees receiving compensation at the rate of $5,000 or more per annum, which, with the accompanying papers, was ordered to lie on the table and to be printed.

FUNCTIONS OF THE DEPARTMENT OF LABOR (S.DOC. NO. 47)

The VICE PRESIDENT laid before the Senate a letter from the Secretary of Labor, submitting, pursuant to Senate Resolution 351, Seventy-second Congress, a report of the functions and activities conducted under the jurisdiction of the Department of Labor, the statutory authority therefor, the total annual expenditures thereon, and also a list of employees receiving compensation at the rate of $5,000 or more per annum, which, with the accompanying papers, was ordered to lie on the table and to be printed.

FUNCTIONS OF THE TARIFF COMMISSION (S.DOC. NO. 51)

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the United States Tariff Commission, submitting, pursuant to Senate Resolution 351, Seventy-second Congress, a report as to the functions of the Commission, the statutory authority therefor, and the total annual expenditures thereon, also a list of employees receiving compensation at the rate of $5,000 or more per annum, which, with the accompanying papers, was ordered to lie on the table and to be printed with illustration.

FUNCTIONS OF THE AMERICAN BATTLE MONUMENTS COMMISSION (S.DOC. NO. 50)

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the American Battle Monuments Commission, submitting, pursuant to Senate Resolution 351, Seventy-second Congress, a report as to the functions and activities of the Commission, the total number of employees, the salaries and wages paid, and other expenditures required for administration and for the field office under the jurisdiction of the Commission, etc., which, with the accompanying papers, was ordered to lie on the table and to be printed.

FUNCTIONS OF EMPLOYEES' COMPENSATION COMMISSION (S.DOC. NO. 49)

The VICE PRESIDENT laid before the Senate a letter from the Acting Chairman of the United States Employees' Compensation Commission, submitting, pursuant to Senate Resolution 351, Seventy-second Congress, a report of the functions and activities conducted under the jurisdiction of the Commission, the statutory authority therefor, and the total annual expenditures, also a list of employees receiving compensation at the rate of $5,000 or more per annum, which, with the accompanying papers, was ordered to lie on the table and to be printed.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint resolution of the Legislature of the State of Wisconsin, which was referred to the Committee on Banking and Currency:

STATE OF WISCONSIN.

Joint resolution memorializing Congress to pass an act permitting cities, counties, and States to deposit their bonds with the Federal Government in exchange for currency

Whereas the special privilege now enjoyed by banks throughout this country to have the Federal Government issue currency in exchange for its bonds is discriminatory as against cities, counties, and States; and

Whereas this discrimination has the effect of curtailing the cash resources of the various cities, counties, and States throughout this country; and

Whereas if this privilege were extended to cities, counties, and States of this country, it would tend to wipe out for all time the curse of the interest burden of the public debts of such cities, counties, and States: Now, therefore, be it

Resolved by the senate (the assembly concurring), That the Legislature of Wisconsin hereby respectfully petitions the Congress of the United States to pass an act permitting cities, counties, and States to deposit their bonds with the Federal Government, and to have the Federal Government issue currency thereon; be it further

Resolved, That a properly certified copy of this resolution be sent to each of the following officials: To the President of the Senate of the United States, the Speaker of the House of Representatives, the Chief Clerks of both Houses of Congress, and to each Senator and Representative from this State in the Congress of the United States.

C. T. YOUNG,
Speaker of the Assembly.
JOHN J. SLOCUM,
Chief Clerk of the Assembly.
THOMAS J. O'MALLEY,
President of the Senate.
R. A. COSBAN,
Chief Clerk of the Senate.

The VICE PRESIDENT also laid before the Senate the following concurrent resolution of the Legislature of the State of Oklahoma, which was referred to the Committee on Finance:

STATE OF OKLAHOMA,
DEPARTMENT OF STATE.

To all to whom these presents shall come, greeting:

I, R. A. Sneed, secretary of state of the State of Oklahoma, do hereby certify that the following and hereto attached is a true copy of enrolled Senate Concurrent Resolution No. 22 (by Fischl):

A concurrent resolution memorializing Congress to provide relief for the oil industry, the farmers, the unemployed, business, and the people generally by providing an adequate tariff or tax on oil that will place the domestic-oil industry on a competitive basis with imported oil as shown by the reports of the Tariff Commission.

The original of which is now on file and a matter of record in this office.

In testimony whereof I hereto set my hand and cause to be affixed the great seal of State. Done at the city of Oklahoma City, this 27th day of April A.D. 1933.

[SEAL] R. A. SNEED, *Secretary of State.*

Senate Concurrent Resolution 22 (by Fischl)

A concurrent resolution memorializing Congress to provide relief for the oil industry, the farmers, the unemployed, business, and the people generally by providing an adequate tariff or tax on oil that will place the domestic-oil industry on a competitive basis with imported oil as shown by the reports of the Tariff Commission

Whereas business generally, not only in Oklahoma and the Southwest, but throughout all the oil-producing States, affecting over 22,000,000 people, has been directly depressed by the long distressed condition of the oil industry, and which depressed condition has now become very serious; and

Whereas excessive importations of foreign oils continue to flow into our country, constantly increasing in volume, until the flood has reached alarming proportions; and

Whereas in the year 1932, in Oklahoma alone the total production of crude oil was over $215,000,000 less than for the year 1929, which tremendous loss would have been saved had there been a tax or a tariff of $1.03 per barrel on crude oil, thereby placing domestic oil on a competitive basis with importations, as shown by the latest report of the Tariff Commission; and

Whereas the rentals and annual royalty income, mostly paid to farmers, have been reduced millions of dollars yearly, which increasing loss continues to add to their already unbearable burdens; and

Whereas the schools of Oklahoma have suffered severely in the loss of nearly six millions of dollars in gross production tax in the single year of 1932, compared with the gross production tax received in 1929; and

Whereas not only have the farmers and the schools sustained severe losses, but also banking, transportation, manufacturing, industry, utility, and every type and character of business have been adversely affected by the distressed condition of the oil industry and by the great loss in purchasing power due to the taking of our domestic markets by the importations of cheap foreign oil; and

Whereas the general unemployment situation has been very greatly aggravated by the thousands of oil-field workers, geologists, land men, lease men, scouts, and office employees forced out of employment, and by the thousands now unemployed but formerly employed by businesses dependent on the oil industry, the third largest industry in the Nation: Now, therefore, be it

Resolved by the Senate of the State of Oklahoma (the house of representatives concurring therein), That the Congress of the United States be, and it is hereby, memorialized to give relief to the distressed oil industry, and thereby to the Nation generally, by immediately levying an adequate tax or tariff upon imported petroleum and its refined products that will enable our domestic-oil industry to meet importations of foreign oil and its refined products on a competitive basis as shown by the report of the Tariff Commission; be it further

Resolved, That copies of this resolution be sent to the presiding officers of the legislative bodies of the other oil-producing States with the request that they transmit similar memorials to Congress; and that a copy of this resolution be transmitted to the President of the United States, and to the President of the Senate, and to the Speaker of the House of Representatives of the Congress of the United States, and to each of the United States Senators and Congressmen representing the State of Oklahoma.

Passed the senate the 18th day of April 1933.

Passed the house of representatives the 22d day of April 1933.

JOHN A. MACDONALD,
Acting President of the Senate.
TOM ANGLIN,
Speaker of the House of Representatives.

Correctly enrolled.

CLAUDE LIGGETT,
Chairman Committee on Engrossing and Enrolling.

The VICE PRESIDENT also laid before the Senate the following joint memorials of the Legislature of the Territory of Alaska, which were referred to the Committee on Commerce:

TERRITORY OF ALASKA,
OFFICE OF SECRETARY FOR THE TERRITORY.

I, Karl Theile, secretary of Alaska and custodian of the great seal of said Territory, do hereby certify that I have compared the annexed copy of House Joint Memorial No. 4 of the Alaska Territorial Legislature, 1933, with the original thereof, and that the same is a full, true, and correct copy of said original now on file in my office.

In testimony whereof I have hereunto set my hand and affixed hereto the seal of the Territory of Alaska at Juneau, the capital, this 17th day of April A.D. 1933.

[SEAL] KARL THEILE,
Secretary of Alaska.

House Joint Memorial 4 (by Mr. Baronovich)

To the honorable the Congress of the United States:

Your memorialist, the Legislature of the Territory of Alaska, in regular session assembled, respectfully represents:

Whereas practically the entire native population and a large percentage of the whole population of southern Alaska are engaged in commercial fishing and have their entire capital invested in it; and

Whereas the Bureau of Fisheries of the United States, under the provisions of the acts of Congress approved June 26, 1906, and June 6, 1924, and acts amendatory thereto, are charged with the administration of the said laws and with the conservation of the fisheries of Alaska, and under the power given them have issued orders governing fishing that are sometimes ambiguous and technical; and

Whereas the said acts provided penalties for breaches thereof or violations of any of the orders issued thereunder. These penalties permit fines of not more than $5,000 or imprisonment of not more than 90 days, or both, upon conviction in the criminal court, and, in addition, the seizure and forfeiture of boats, gear, or appliances under the admiralty law, where the trial is before the judge alone. No provision is made for the release of these boats or paraphernalia, on bonds or otherwise, pending the disposition of the case; and

Whereas a practice has arisen whereby the agents of the said Bureau of Fisheries immediately seize the boats, gear, or appliances as soon as a breach of the law is suspected, and the accused is then notified by the said agents that if he, they, or it, as the case may be, will agree to plead guilty to offense charged and pay a fine designated by the said agents, that the boats, etc., will be released upon the said plea of guilty being made to a charge that would be filed in the criminal court and paying the fine agreed upon, otherwise the said boats, etc., would be held for disposition by the admiralty court; and

Whereas this practice is unjust and un-American, since it deprives the accused of the right guaranteed by the Constitution to appear and answer and the right to a speedy trial by jury on the charge presented, and compels the innocent to either accept the alternative of admitting a crime of which he was not guilty or paying the penalty for the said crime by losing the use of his property for a period likely to cover the whole fishing season, thereby limiting his means of earning his living:

Now, therefore, your memorialist respectfully prays that section 6 of the act of Congress approved June 6, 1924, be amended to provide that no boats, gear, or other appliances used in fishing shall be seized until the accused has been tried and convicted of the crime charged against him.

Passed by the house March 30, 1933.

JOE MCDONALD,
Speaker of the House.

Attest:

C. H. HELGESEN,
Chief Clerk of the House.

Passed by the senate April 4, 1933.

ALLEN SHATTUCK,
President of the Senate.

Attest:

AGNES F. ADSIT,
Secretary of the Senate.

Certified a true copy.

C. H. HELGESEN,
Chief Clerk of the House.

TERRITORY OF ALASKA,
OFFICE OF SECRETARY FOR THE TERRITORY.

I, Karl Theile, secretary of Alaska and custodian of the great seal of said Territory, do hereby certify that I have compared the annexed copy of Senate Joint Memorial No. 5 of the Alaska Territorial Legislature, 1933, with the original thereof, and that the same is a full, true, and correct copy of said original now on file in my office.

In testimony whereof I have hereunto set my hand and affixed hereto the seal of the Territory of Alaska, at Juneau, the capital, this 21st day of April A.D. 1933.

[SEAL] KARL THEILE,
Secretary of Alaska.

Senate Joint Memorial 5 (by Messrs. DeVane and Lomen)

To the Congress of the United States, the Department of Commerce, the Bureau of Fisheries, and the Delegate to Congress from Alaska:

Your memorialist, the Legislature of the Territory of Alaska, respectfully represents that—

Whereas the present law governing the fisheries of the Territory of Alaska (White Act) passed June 6, 1924, prohibits commercial fishing for shipment out of the Territory of Alaska in or within 500 yards of the mouth of any river in the Territory of Alaska except the Kariuk and Ugashik Rivers; and

Whereas the Yukon and Kuskokwim Rivers are navigable for more than 2,500 miles, and along their banks are scattered a population of several thousands of people consisting of native Indians and whites, and many of these native Indians and white settlers in the Yukon and Kuskokwim Rivers have established permanent homes and live the year round in their respective homes, making a living off the country by trapping, fishing, prospecting, and small-scale mining; and

Whereas every year there is caught and dried for dog feed more than 100,000 king salmon from these two rivers, formerly used as food for dogs used as means of transporting mail and for general transportation purposes; and

Whereas, because of the advancement of the aviation industry, and the fact that airplanes are used almost entirely for the transportation of mail and for general transportation of passengers and supplies along the Yukon and Kuskokwim Rivers, there is no further use for dogs and dog teams as a means of transportation generally, this fish, which is caught and prepared for use within the Territory of Alaska as feed for these dogs, is unsalable and of no value; and the trails have become blocked with snow, because of general use of airplanes by traveling public and are of little or no use to the permanent residents for travel by dog teams. Thus has been eliminated to a large extent the use for dog teams in these two valleys; and

Whereas regulations now in force under the White law permit the taking of 50,000 king salmon 500 yards off the mouth of the Yukon River, which said mouth is designated by markers at Nilak and Tin Can Point, which points are on the open sea; and

Whereas the fishing under this regulation last season resulted in only 4,739 king salmon packed out of the 50,000 allowed because of the fact that fishing in the waters allowed under said regulation required the owning or securing of a sea-going power boat and fishing gear suitable for fishing in the open sea, and represented an investment of at least $20,000, and that of the 4,739 fish taken last season 4,412 of them were taken by one man, who is the only person with proper boat and gear adjacent to the place where fishing is allowed; and

Whereas the taking of 50,000 king salmon 500 yards outside the mouth of the Yukon River has not resulted in any economic relief to the people of the Yukon River who are permanent and bona-fide residents of the Yukon Valley, because of the fact that they are unable to fish in the designated waters due to lack of equipment suitable for such fishing; and

Whereas in addition to the 50,000 fish allowed to be taken from the mouth of the Yukon many thousands of fish just as equal in quality are caught inside the mouth of the Yukon and cannot be prepared for human consumption because of the prohibitions of the present laws and regulations, which fish are far in excess of the requirements for local use and are dried under present conditions wasted; and

Whereas the average income of the native Indian and the permanent white population of the Yukon and Kuskokwim Rivers has become greatly reduced through the low prices and poor catches of furs, and the income of many families has been wiped out entirely through the use of airplanes for the transportation of mail, passengers, and supplies, and want and destitution are prevalent among the native and white inhabitants of these sections; and

Whereas the Grand Igloo of Pioneers of Alaska by resolution has condemned the present wasteful practice of drying king salmon for dog food, and the Ninth and Tenth Sessions of the Alaska Territorial Legislature have memorialized the Congress of the United States praying for relief, and the platform on which the present Delegate to Congress from Alaska and a large majority of the Alaska Territorial Legislature were elected demanded this relief; and

Wherefore your memorialists, the Legislature of the Territory of Alaska in eleventh session assembled, most urgently request—

That the White law be amended to permit the native Indians and permanent white inhabitants of the Yukon and Kuskokwim Rivers to catch and pack king salmon for export from the Territory of Alaska in limited quantities and under suitable regulations to prevent depletion of the supply, and that the regulations permit cooperative or community canneries and cold-storage facilities for mild curing the fish so taken.

And your memorialist will ever pray.

Passed the senate April 13, 1933.

ALLEN SHATTUCK,
President of the Senate.

Attest:

AGNES F. ADSIT,
Secretary of the Senate.

Passed the house April 19, 1933.

JOE MCDONALD,
Speaker of the House.

Attest:

C. H. HELGESEN,
Chief Clerk of the House.

A true copy:

AGNES F. ADSIT,
Secretary of the Senate.

The VICE PRESIDENT also laid before the Senate the following joint memorial of the Legislature of the Territory of Alaska, which was referred to the Committee on Territories and Insular Affairs:

TERRITORY OF ALASKA,
OFFICE OF SECRETARY FOR THE TERRITORY.

I, Karl Theile, secretary of Alaska and custodian of the great seal of said Territory, do hereby certify that I have compared the annexed copy of House Joint Memorial No. 3 of the Alaska Territorial Legislature, 1933, with the original thereof, and that the same is a full, true, and correct copy of said original now on file in my office.

In testimony whereof I have hereunto set my hand and affixed hereto the seal of the Territory of Alaska, at Juneau, the capital, this 17th day of April A.D. 1933.

KARL THEILE,
Secretary of Alaska.

House Joint Memorial No. 3 (by Mr. McCutcheon)

To the President and the Congress of the United States:

Your memorialists, the Legislature of the Territory of Alaska, in eleventh regular session assembled, present to you the following facts:

Whereas there are vast areas of agricultural and mineral lands in Alaska susceptible of development which will maintain a permanent population so necessary to the welfare of the Territory; and

Whereas the lands referred to are still inaccessible and undeveloped, due to the lack of vehicular roadways; and

Whereas the development of the farm and mineral lands will tend greatly to the material well-being, not only of the people at large but of the Government constructed and operated railroad; and

Whereas the Federal Government has already extended aid to all of the States of the Union and the Territory of Hawaii for the construction of highways jointly with such States and Territory; and

Whereas Alaska has in the past contributed generously from its own funds in the construction and maintenance of roads; and

Whereas Alaska is willing to cooperate on any equitable basis with the Federal Government in the matter of Federal aid for highways: Now, therefore,

We, your memorialists, believing that the general welfare of the Territory can thereby be greatly improved, earnestly pray that the Federal Aid Road Act, approved July 11, 1916, be extended to the Territory of Alaska;

And your memorialists will ever pray.

Passed by the house April 4, 1933.

JOE MCDONALD,
Speaker of the House.

Attest:

C. H. HELGESEN,
Chief Clerk of the House.

Passed by the senate April 10, 1933.

ALLEN SHATTUCK,
President of the Senate.

Attest:

AGNES F. ADSIT,
Secretary of the Senate.

Certified a true copy.

C. H. HELGESEN,
Clerk of the House.

The VICE PRESIDENT also laid before the Senate the following memorial of the Senate of the Territory of Alaska, which was referred to the Committee on Territories and Insular Affairs:

TERRITORY OF ALASKA,
OFFICE OF SECRETARY FOR THE TERRITORY.

I, Karl Theile, secretary of Alaska and custodian of the great seal of said Territory, do hereby certify that I have compared the annexed copy of Senate Memorial No. 1 of the Alaska Territorial Legislature, 1933, with the original thereof, and that the same is a full, true, and correct copy of said original now on file in my office.

In testimony whereof I have hereunto set my hand and affixed hereto the seal of the Territory of Alaska, at Juneau, the capital, this 21st day of April A.D. 1933.

[SEAL]

KARL THEILE,
Secretary of Alaska.

Senate Memorial 1 (by Mr. Campbell)

To the President of the United States, the United States Senate, the House of Representatives, and the Delegate from Alaska:

Your memorialist, the Territorial Senate of the Territory of Alaska, in eleventh regular session assembled, hereby most earnestly and respectfully represents:

Whereas it appears to be the present policy of the Federal Government to cause a general and material reduction in wages and/or salaries paid its officials and employees in the services of the Federal Government in the Territory of Alaska; and

Whereas there are many Federal officials and employees residing in sparsely settled districts of Alaska, far from any direct line or lines of transportation; and

Whereas for reasons above stated no official schedule of the cost price of living in Alaska has been or can with anything like accuracy be given with the information and data at hand or available at this time; and

Whereas the cost of living, anywhere in Alaska, is much greater than it is in any State of the Union because and for the reason of its isolation and the cost of transportation: Wherefore

Your memorialist prays that the President and Congress will, before making or authorizing any material reduction in wages or salaries of its officials and employees in the Territory of Alaska, cause an investigation of the true conditions and a schedule price of the cost of living in Alaska to be officially studied and determined and the salaries of Federal employees in the Territory of Alaska to be adjusted from the findings of this survey.

Passed by the senate April 20, 1933.

ALLEN SHATTUCK,
President of the Senate.

Attest:

AGNES F. ADSIT,
Secretary of the Senate.

A true copy:

AGNES F. ADSIT,
Secretary of the Senate.

The VICE PRESIDENT also laid before the Senate the following resolution of the House of Representatives of the Territory of Alaska, which was ordered to lie on the table:

TERRITORY OF ALASKA,
OFFICE OF SECRETARY FOR THE TERRITORY.

I, Karl Theile, secretary of Alaska and custodian of the great seal of said Territory, do hereby certify that I have compared the annexed copy of House Resolution No. 1 of the Alaska Territorial Legislature, 1933, with the original thereof, and that the same is a full, true, and correct copy of said original now on file in my office.

In testimony whereof I have hereunto set my hand and affixed hereto the seal of the Territory of Alaska, at Juneau, the capital, this 21st day of April A.D. 1933.

[SEAL]

KARL THEILE,
Secretary of Alaska.

House Resolution 1 (by Mr. Green)

Whereas there is pending in the Congress of the United States a bill to establish a bimetallic system of currency, employing the use of gold and silver, to fix the relative value of gold and silver, and to provide for the free coinage of silver, and for other purposes; and

Whereas it is believed that the prosperity of the people of the United States depends largely upon foreign markets for the products of the farms and factories; and

Whereas foreign nations which could use these products are unable to buy them on account of the shortage and maldistribution of gold and the depreciation of their currencies as measured by gold; and

Whereas many of the leading nations of the world have abandoned the gold standard and are unable to settle adverse trade values in gold; and

Whereas the commodity price levels of today are so much lower than the price levels at the time when practically all of the existing debts, both public and private, were contracted; and

Whereas, if the present commodity price levels continue, the payment of the aforesaid debts will be impossible; and

Whereas it is believed that legal provisions for the remonetization of silver as set forth in the Wheeler bill (S. 2487) now pending before Congress would rehabilitate the purchasing power of people everywhere, create a world market for the products of our farms and factories, and thereby bring about a rise in the price of commodities thus enabling all debtors to meet their obligations: Now, therefore, be it

Resolved by the House of Representatives of the eleventh session of the Legislature of the Territory of Alaska, now in session—

1. That we hereby petition the Congress of the United States to give favorable consideration to the Wheeler bill, S. 2487, now referred to and in the hands of the Committee on Finance of the United States Senate to the end that relief may be afforded to all industries and all classes of society through the stabilization of the currencies of the world.

2. That certified copies of this resolution be sent to the Vice President of the United States and the Speaker of the House of Representatives, and the Alaska Delegate in Congress.

Passed by the house April 13, 1933.

JOE MCDONALD,
Speaker of the House.

Attest:

C. H. HELGESEN,
Chief Clerk of the House.

Certified a true copy.

C. H. HELGESEN,
Clerk of the House.

The VICE PRESIDENT also laid before the Senate resolutions adopted by the House of Representatives of the General Court of Massachusetts, favoring the passage of legislation for the tariff protection of the fishing industry, which was referred to the Committee on Finance.

(See resolutions printed in full when presented today by Mr. WALSH.)

The VICE PRESIDENT also laid before the Senate three petitions of sundry citizens of the State of Louisiana, praying for a senatorial investigation of alleged acts and conduct of Hon. HUEY P. LONG, a Senator from the State of Louisiana, which were referred to the Committee on the Judiciary.

He also laid before the Senate two memorials and several letters and telegrams in the nature of memorials of sundry citizens, all in the State of Louisiana, endorsing Hon. HUEY P. LONG, a Senator from the State of Louisiana, condemning attacks made upon him, and remonstrating against a senatorial investigation of his alleged acts and conduct, which were referred to the Committee on the Judiciary.

He also laid before the Senate a telegram from Walter B. Rheineck, of Romeville, La., setting out copy of a telegram to John M. Parker, of St. Francisville, La., relative to the action of certain Democratic Senators in voting to defeat President Roosevelt's inflation plan, etc., which was referred to the Committee on the Judiciary.

He also laid before the Senate a resolution adopted by the Council of the City of Los Angeles, Calif., protesting against the use of the "pauper's oath" in connection with relief work, as a seemingly un-American practice, which was referred to the Committee on Banking and Currency.

He also laid before the Senate a petition of sundry citizens, being postal employees of Oklahoma City, Okla., praying for the passage of legislation providing for compulsory retirement of all classified Civil Service employees, upon the completion of 30 years' service, which was referred to the Committee on Civil Service.

He also laid before the Senate a memorial of the Philadelphia Freight Brokers, Forwarders, and Customs Brokers Association, of Philadelphia, Pa., remonstrating against the passage of legislation providing for mandatory retirement of civil employees of the Customs Service who have served for 30 years or more, which was referred to the Committee on Civil Service.

He also laid before the Senate a resolution adopted by the American Russian Institute, San Francisco, Calif., favoring the immediate recognition of the Soviet Government of Russia and the establishment of trade relations with that Government, which was referred to the Committee on Foreign Relations.

He also laid before the Senate a letter from J. R. Edwards, of J. R. Edwards & Co., of Cincinnati, Ohio, calling attention to an alleged error in the securities bill now pending, on page 23, line 7, article D, under "Exemptions", relative to stock dividends, which was ordered to lie on the table.

Mr. KEAN presented a resolution adopted by Elizabeth Parcells Devoe Chapter, Daughters of the American Revolution, of Leonia, N.J., favoring the maintenance of the defense forces of the Nation, which was referred to the Committee on Appropriations.

Mr. CAPPER presented a memorial of members of the International Relations Club of McPherson College, McPherson, Kans., remonstrating against the passage of legislation providing for the construction of 30 warships and the expenditure of $230,000,000 for that purpose, which was referred to the Committee on Naval Affairs.

Mr. WALCOTT presented letters and telegrams in the nature of memorials from Branch 47, of Bridgeport, and Branch 35, of New Haven, National Association of Postal Supervisors; the Subs Organization of the Post Office, of Bridgeport; the Federation of Federal Employees, of Hartford; and the Supervisors Association of the Post Office, of Hartford, all in the State of Connecticut, remonstrating against the passage of the 30-year compulsory retirement provision relating to Federal employees, which were referred to the Committee on Civil Service.

He also presented the petition of members of the Political Equality Club, of Meriden, Conn., praying for the prompt ratification of the World Court protocols, which was referred to the Committee on Foreign Relations.

He also presented a petition and papers in the nature of petitions from the League of Women Voters, of Westport; the Bridgeport Section, National Council of Jewish Women, of Bridgeport; members of the United Church of Bridgeport, and sundry citizens, all in the State of Connecticut, praying for the passage of legislation to prohibit the exportation of arms or munitions of war from the United States under certain conditions, which were referred to the Committee on Foreign Relations.

He also presented a resolution adopted by the Veterans' Council, of Waterbury, Conn., protesting against cuts in appropriations for the Army and Navy, which was ordered to lie on the table.

Mr. COPELAND presented a resolution adopted by the Jackson Heights Community Council, of Queens County, New York City, N.Y., opposing the passage of the so-called "Federal home mortgage relief bill" in its present form, as not being adequate to meet the prevailing situation, which was referred to the Committee on Banking and Currency.

He also presented a resolution adopted by the Syracuse, N.Y., branch of the National Woman's Party, favoring the passage of the so-called "Copeland-Dickstein equal nationality bill", which was referred to the Committee on Immigration.

He also presented a resolution adopted by the Young Men's Board of Trade, of New York City, opposing the ratification of the Great Lakes-St. Lawrence Deep Waterway Treaty with Canada, which was ordered to lie on the table.

He also presented a resolution adopted by the Civic Association of Hollis Crest, Inc., of Hollis, L.I., N.Y., favoring the passage of legislation for the relief of small-home owners, which was ordered to lie on the table.

Mr. THOMAS of Oklahoma presented the following concurrent resolution of the Legislature of the State of Oklahoma, which was referred to the Committee on Appropriations:

STATE OF OKLAHOMA,
DEPARTMENT OF STATE.

To all to whom these presents shall come, greeting:

I, R. A. Sneed, secretary of state of the State of Oklahoma, do hereby certify that the following and hereto attached is a true copy of Enrolled Senate Concurrent Resolution No. 25, by Briggs, Stewart, MacDonald, and Nance, of the senate, and Henderson and Kight, of the house.

A resolution memorializing Congress, urging the passage by Congress of an act appropriating funds for Federal-aid highway construction, to be distributed among the various States of the Union for the relief and to provide work for the unemployed, the original of which is now on file and a matter of record in this office.

In testimony whereof I hereto set my hand and cause to be affixed the great seal of State.

Done at the city of Oklahoma City this 28th day of April A.D. 1933.

[SEAL]

R. A. SNEED,
Secretary of State.

Senate Concurrent Resolution 25 (by Briggs, Stewart, MacDonald, and Nance, of the senate, and Henderson and Kight, of the house)

A resolution memorializing Congress, urging the passage by Congress of an act appropriating funds for Federal-aid highway construction, to be distributed among the various States of the Union for the relief and to provide work for the unemployed

Whereas the Congress of the United States now has before it for consideration certain measures designed to and providing for the appropriation of moneys to be distributed to the various States for the relief and to provide employment for the unemployed; and

Whereas among other things said acts contemplate the appropriation of a large sum of money for the construction of public improvement, including highways; and

Whereas under present existing conditions the greatest number of people in the history of the United States have no employment and are without means of earning and providing support for themselves and families; and

Whereas the conditions in the State of Oklahoma at the present time are more acute and distressful than ever in the history of said State, in that many thousands of heads of families have been and are without employment or the ability to find employment unless funds are made available to carry on public-improvement projects; and

Whereas the earning power of the citizenship of the State of Oklahoma has so depreciated until at the present time and for the past 2 years owners of taxable property are facing the loss of their property and homes by reason of their inability to pay the taxes and lift the mortgage burdens thereon; and

Whereas by reason of said conditions the collection of funds and revenues of the State of Oklahoma have fallen so far short of anticipated receipts that there are now outstanding and unpaid warrant obligations of the State and its various subdivisions aggregating more than $40,000,000, and by reason thereof the banks of the State and Nation have evidenced their unwillingness to further invest funds in warrants, and the State has, therefore, found itself in a condition necessitating and requiring the legislature to make provision in some manner to relieve the said condition; and

Whereas in order to meet the demands in the administration of the affairs of the government the fourteenth session of the Oklahoma Legislature has been forced to divert a portion of its revenues to the payment of said outstanding unpaid warrant indebtedness by the passage of house bill no. 416 of the said Fourteenth Oklahoma Legislature, thereby reducing the amount of available funds with which to purchase materials and employ labor in the construction of highways; and

Whereas through the construction of highways under the supervision of the Bureau of Good Roads, Department of Agriculture, of the United States Government, the State of Oklahoma has heretofore greatly profited by reason of the improved type and class of construction necessarily required to meet Federal-aid specifications and establishing standards which has resulted in a higher and better type of highway construction, both as to State and Federal aid highways in this State; and

Whereas a continuation of said program is greatly desired on the part of the legislative branch of government, and in fact is deemed essential and necessary to the future welfare, convenience, and prosperity of the citizens of said State; and

Whereas it is the desire of the Senate and House of Representatives of the Fourteenth Legislature of the State of Oklahoma that highway construction continue under the supervision of the Federal Bureau of Good Roads, and with their cooperation, in order that the high standard of construction may be maintained, and is also essentially necessary to the prosperity of the State and the relief of the unemployed; and

Whereas although the State of Oklahoma through the aforesaid legislative act has diverted a portion of its highway revenues through apparent necessity, the same was enacted as a temporary measure and will be repealed and the funds thus diverted replaced at the earliest possible date; and

Whereas it is the desire of the Legislature of the State of Oklahoma that the State fully cooperate with the Congress of the United States and the Department of Agriculture, Bureau of Good Roads, in carrying on an extensive comprehensive program of construction of highways to relieve the unemployment and distressful financial condition in this State and other States as well: And for said reasons be it

Resolved by the senate (the house of representatives concurring therein), That the Congress of the United States is urgently requested to immediately pass the proposed Federal-aid construction appropriation bills and render available much-needed relief in the form of Federal-aid funds to be distributed to the various States in proportion to the needs and conditions; and be it further

Resolved, That Congress be urged to continue the policies of Federal supervision of the construction of all highway projects, whether under regular appropriation or emergency relief appropriation in order that the high standard of construction may be maintained and the funds thereby expended result in permanent and lasting improvement; and be it further

Resolved, That the terms and conditions for the distribution of said funds be so provided that the State of Oklahoma and other States which have been forced to temporarily divert a portion of its revenue from highway construction will not result in loss of Federal-aid funds, and that said funds be distributed under agreements equitably providing for future State fund replacements or expenditures in lieu thereof; and be it further

Resolved, That copies of this resolution be forwarded to each Senator and Member of the House of Representatives of United States Congress from Oklahoma, and that they be requested to cause the same to be exhibited in the permanent records of both branches of the Congress of the United States, and copies hereof be forwarded to the Secretary of Agriculture and to the Chief of the Bureau of Good Roads, of Washington, D.C., and that the

same be brought to the attention of the Honorable Franklin D. Roosevelt, President of the United States, by the forwarding of a copy thereof to the Secretary to the President.

Passed the senate the 21st day of April 1933.

Passed the house of representatives the 21st day of April 1933.

ROBERT BURNS,
President of the Senate.
S. H. SINGLETON,
Acting Speaker of the House of Representatives.

Correctly enrolled.

CLAUDE LIGGETT,
Chairman Committee on Engrossing and Enrolling.

RELIEF OF AGRICULTURE

Mr. THOMAS of Oklahoma. Mr. President, I present a concurrent resolution of the Legislature of the State of Oklahoma and ask that the title thereof may be read and the resolution referred to the Committee on Banking and Currency.

There being no objection, the resolution was referred to the Committee on Banking and Currency, and the title thereof was read, as follows:

Concurrent resolution memorializing Congress that it is the sense of the members of the Oklahoma Legislature that the Government of the United States should perform its solemn promise and place American agriculture on the basis of equality with other industries by providing an adequate system of credit, and that adequate legislation to that end should be adopted at the earliest possible date.

PROTECTION OF THE FISHING INDUSTRY

Mr. WALSH. Mr. President, I present and ask to have printed in the CONGRESSIONAL RECORD and appropriately referred resolution sent to me by the secretary of the Commonwealth of Massachusetts, urging protection and relief for the fishing industry.

There being no objection, the matter was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

THE COMMONWEALTH OF MASSACHUSETTS,
OFFICE OF THE SECRETARY, BOSTON,
House of Representatives, April 26, 1933.

Ordered, That the House of Representatives of the General Court of Massachusetts respectfully represents to the President and the Congress of the United States the necessity of according to the fishing industry of this country reasonable tariff protection and such other protection and relief as may be necessary in order that said industry be preserved and the American standard of living for the workers engaged therein be maintained; and be it further

Ordered, That copies of this order be forwarded forthwith by the secretary of the Commonwealth to the President of the United States, the presiding officers of both branches of Congress, and to the Members thereof representing this Commonwealth.

Adopted.

FRANK E. BRIDGMAN, *Clerk.*

A true copy.
Attest:

F. W. COOK,
Secretary of the Commonwealth.

FITZSIMONS GENERAL HOSPITAL, ADAMS COUNTY, COLO.

Mr. COSTIGAN. Mr. President, the Senate of the State of Colorado recently adopted a memorial with reference to the proposed closing of Fitzsimons General Hospital in the vicinity of Denver. I ask that the memorial be printed in the RECORD and appropriately referred.

There being no objection, the memorial was referred to the Committee on Military Affairs and ordered to be printed in the RECORD, as follows:

Senate Joint Resolution 18 (by Senator Houston and Representative Rogers)

Whereas it has been brought to the attention of the general assembly that the War Department of the United States, acting under authority of a recent act of Congress, is contemplating the transfer of many patients now receiving hospitalization and medical treatment at the Fitzsimons General Hospital, located at Aurora, Adams County, Colo., to other smaller Government hospitals located in various parts of the United States; and

Whereas such action would, if carried out as now contemplated by the War Department, result in a very substantial decrease in the number of patients cared for at said Fitzsimons General Hospital and would further result in a substantial reduction of the military and civilian personnel employed at said general hospital; and

Whereas the removal of said patients to other smaller Federal hospitals would, in all probability, result in the effecting of no economies in the carrying on of the work of hospitalization and medical treatment of ex-service men entitled thereto, but, on the contrary, such action would probably result in increased cost to the Federal Government in the carrying on of such work, for the reason that the overhead expenses of such smaller institutions would necessarily be increased in a greater amount than the overhead expenses of said Fitzsimons General Hospital would be reduced as the result of such transfer of patients; and

Whereas the patients now being hospitalized and treated at said Fitzsimons General Hospital ought not, in justice, to be removed therefrom to hospitals in other parts of the country, for the reason that because of the equable and salubrious climate of Colorado said general hospital is more advantageously located for the treatment of diseases and ailments than any other Federal hospital in the United States and the removal of said patients to other hospitals where the climate is less favorable as a curative agent would be highly unjust to said patients; and

Whereas in reliance upon the location of said Fitzsimons General Hospital as a permanent institution in Adams County, Colo., various industries, such as dairying, merchandising and dealing in hospital supplies, have been established, enlarged, and stimulated in the vicinity of said hospital and in the city and county of Denver, and the decimation of the patients and personnel of the said hospital would result in the serious impairment of the local market for such products and supplies to the detriment of a large number of citizens of said vicinity and of the city of Denver; and

Whereas the site for said general hospital was donated to the Federal Government by public subscriptions of many thousands of dollars furnished by the citizens of Denver and of other parts of Colorado upon the representation by the Federal Government and upon the expectation on the part of said citizens that said general hospital would be established and equipped for the care and treatment of 1,100 or 1,200 patients and would remain as a permanent institution upon the site so donated, and the removal of a substantial number of said patients now at said hospital and the consequent substantial reduction of the activities thereof would be a breach of faith upon the part of the Federal Government with the people of Colorado, who furnished such site for its establishment: Now, therefore, be it

Resolved by the General Assembly of the State of Colorado, That in behalf of the patients now being treated at said general hospital and in behalf of the citizens of this State, especially whose property rights and interest would be gravely jeopardized by the contemplated action of the War Department as above set forth and in behalf of the citizens of Aurora, and of Denver, Colo., and of the State generally, protest be hereby made to the President of the United States and to the Secretary of War against the transfer of patients from said hospital to other hospitals and against any substantial reduction of any personnel, military or civil, at said general hospital, and that certified copies of this resolution of protest be forwarded to the President of the United States, the Secretary of War, the Surgeon General of the United States Army, and to the Senators and Representatives of Colorado in the Congress of the United States.

CURRENCY AND MONETARY CONTROL

Mr. CAPPER. Mr. President, I ask consent to have printed in the RECORD a letter from the National Grange and American Farm Bureau headquarters, urging the next step in currency and monetary control in the public interest.

It is my judgment that the administration and the Congress have taken the right step in providing for a controlled inflation at this time. But even more important is a permanent monetary control—such as Congress is expected to exert under the provisions of the Constitution to regulate the value of money—to insure a stable ratio between the dollar and the general commodity price level.

These alternating periods of inflation and deflation work a great injury to the great mass of our people. Periods of inflation work an injustice to creditors, to those who are thrifty and invest their savings. Periods of deflation ruin the producers and workers.

It is my judgment that after the dollar finds a level as the result of the controlled inflation in prospect, we then should proceed to create the necessary machinery, Government controlled, to stabilize the purchasing power of the dollar. I send the letter to the desk for printing in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

WASHINGTON, D.C., *April 28, 1933.*

To the Members of Congress:

No greater service could be rendered America at this critical time than to restore the purchasing power of our dollar to a level which will enable debtors to pay back the exact number of dollars they have borrowed, and then stabilize it at that point. The fluctuating value of the dollar is largely responsible for the tragic conditions confronting our people.

The lack of confidence, the fear, and the confusion of thought which make normal business revival impossible, are largely due to uncertainty as to what the purchasing power of the dollar will be a month or a year from today. This Congress can solve the problem.

The President's courageous program for inflation is the first step. Of even greater importance is the need for controlling and stabilizing the value of the dollar.

This can be done simply, accurately, and constitutionally by adding to the President's constructive proposals the stabilizing features of the Goldsborough bills, H.R. 5073 and 5160.

The whole Nation is demanding monetary stability. Debtors must have an honest means of meeting their debts without losing their all through bankruptcy. Finance requires stability before sound credit can again become available. Agriculture, labor, and business are dependent upon the stability of the purchasing power of the dollar for their very existence.

Congress should seize this opportunity to establish a stable and accurate medium of exchange, and thereby confer upon the country benefits of lasting and immeasurable worth.

Very respectfully,

THE NATIONAL GRANGE,
A. S. GOSS,
Chairman Executive Committee.
AMERICAN FARM BUREAU FEDERATION,
EDW. A. O'NEAL, *President.*

FUNERAL EXPENSES OF THE LATE SENATOR HOWELL

Mr. BYRNES. From the Committee to Audit and Control the Contingent Expenses of the Senate I report back favorably without amendment Senate Resolution 26, and I ask unanimous consent for its present consideration.

There being no objection, the resolution (S. Res. 26), submitted by Mr. MCNARY on March 14, 1933, was read, considered, and agreed to, as follows:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay from the contingent fund of the Senate the actual and necessary expenses incurred by the committee appointed by the Vice President in arranging for and attending the funeral of Hon. Robert B. Howell, late a Senator from the State of Nebraska, upon vouchers to be approved by the Committee to Audit and Control the Contingent Expenses of the Senate.

EXECUTIVE REPORT OF THE JUDICIARY COMMITTEE

As in executive session,

Mr. DILL, from the Committee on the Judiciary, reported favorably the nomination of Charles Wyzanski, Jr., of Massachusetts, to be Solicitor of Labor, to succeed Theodore G. Risley, which was ordered to be placed on the Executive Calendar.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. FLETCHER:

A bill (S. 1548) for the relief of Harry Flanery; to the Committee on Military Affairs.

By Mr. SHEPPARD:

A bill (S. 1549) for the relief of Lt. Col. Harry Walter Stephenson, United States Army, retired; to the Committee on Military Affairs.

By Mr. BACHMAN:

A bill (S. 1550) granting a pension to Rue S. Jackson; to the Committee on Pensions.

By Mr. MCNARY:

A bill (S. 1551) granting a pension to Lemuel T. Wilson; to the Committee on Pensions.

By Mr. DICKINSON and Mr. CLARK:

A bill (S. 1552) to amend the provisions of the Revenue Act of 1932 relating to the tax on gasoline; to the Committee on Finance.

By Mr. THOMAS of Oklahoma:

A bill (S. 1553) for the relief of John Hamilton; to the Committee on Military Affairs.

By Mr. CAPPER:

A bill (S. 1554) to promote safety on the public highways of the District of Columbia by providing for the financial responsibility of owners and operators of motor vehicles for damages caused by motor vehicles on the public highways in the District of Columbia; to prescribe penalties for the violation of the provisions of this act, and for other purposes; to the Committee on the District of Columbia.

By Mr. THOMAS of Oklahoma:

A joint resolution (S.J.Res. 47) conferring upon the United States District Court for the Eastern District of Oklahoma the power to retain jurisdiction and to hear, try, and give judgment in case no. 6091 law, entitled "*Charles Pope Hollingsworth* v. *United States of America*"; to the Committee on Finance.

By Mr. SHEPPARD:

A joint resolution (S.J.Res. 48) authorizing the Secretary of War to receive for instruction at the United States Military Academy at West Point, Posheng Yen, a citizen of China; to the Committee on Military Affairs.

DISTRIBUTION OF GRAIN BY AMERICAN NATIONAL RED CROSS

Mr. HAYDEN. Mr. President, I introduce a joint resolution to authorize the purchase of grain and grain products for distribution by the American National Red Cross for the relief of distress, and I ask that it may be printed in the RECORD and referred to the Committee on Banking and Currency.

The joint resolution (S.J.Res. 49) to authorize the purchase of grain and grain products for distribution by the American National Red Cross, for relief of distress, was read twice by its title, referred to the Committee on Banking and Currency, and ordered to be printed in the RECORD, as follows:

Resolved, etc., That the Reconstruction Finance Corporation is authorized to make available out of the funds of the Corporation not to exceed $40,000,000 to be used by the Federal Emergency Relief Administrator, in his discretion, for the puchase of grain or grain products, which shall be delivered to the American National Red Cross to be used for the purposes and in the manner provided with respect to wheat and the products thereof in the joint resolution entitled "Joint resolution authorizing the distribution of Government-owned wheat and cotton to the American National Red Cross and other organizations for relief of distress", approved July 5, 1932, the actual costs of processing, distribution, and administration to be paid out of amounts made available pursuant to this section. The amount of notes, debentures, bonds, or other such obligations which the Reconstruction Finance Corporation is authorized and empowered, under section 9 of the Reconstruction Finance Corporation Act, as amended, to have outstanding at any one time is increased by $40,000,000.

PLANNING IN INDUSTRY BY PERMITTING COOPERATION

Mr. WALSH. Mr. President, I am introducing a bill to encourage planning in industry by permitting controlled cooperation and protecting agriculture, labor, and consumers and to supplement the powers of the Federal Trade Commission.

During the debates upon the Sherman Act, Senator Sherman stated that his proposed bill would not apply to agricultural organizations or to labor. The courts subsequently disagreed with Senator Sherman.

When Congress adopted the Clayton Act, it believed that section 6 of that law exempted labor, agricultural, and horticultural organizations, but again the provision was not sufficiently clear to effect this purpose.

In the Capper-Volstead Act, Congress granted to agricultural cooperative marketing associations a partial exemption from the antitrust laws, coupled with governmental supervision of prices.

The purchasing power of farmers and labor must be restored, and for this purpose their right to collective bargaining must be fully recognized, and I have therefore endeavored to provide for the full exemption of agriculture and labor from the antitrust acts so as to enable them to hold their own with industry.

The anti-injunction bill was enacted by the last Congress because of its recognition of the fact that industry was unduly oppressing labor through the use of injunctions and the use of "yellow dog" contracts. I have provided in this bill that industrial units entering into permitted cooperative agreements must not use "yellow dog" contracts and must abrogate all existing ones.

In addition to the above provisions for the protection of agriculture and labor, the bill contains the following features:

First. Cooperative agreements in aid of economic planning may be filed with the Federal Trade Commission and may be approved after a hearing, if they are reasonable and economically sound and will not result in a selling price of the goods or commodities affected thereby in excess of a fair and reasonable price based on all fair and reasonable items of cost plus a fair and reasonable profit, taking into

consideration the necessity of a fair and reasonable compensation to producers and distributors of average ability and efficiency and to labor, and will not depress wages or conditions of employment of labor or prices of agricultural products or raw materials, and will not result in oppression of competitors, labor, or producers of agricultural products or raw materials.

Second. The Commission shall retain jurisdiction over the subject matter of such cooperative agreements and over the persons entering into them, and a procedure is provided for the revocation of the approval.

Third. Full publicity for all proceedings is provided.

Fourth. The definition of "unfair methods of competition" and "unfair trade practices" is clarified and amplified.

Fifth. Trade-practice conferences are legalized.

Sixth. Penalties are provided for noncompliance with the orders of the Commission.

Seventh. The procedure before the Commission is generally amplified and clarified, and the number of Commissioners is increased from 5 to 9, to enable the Commission to handle its enlarged functions.

The bill does not contemplate governmental price-fixing of goods or commodities but recognizes that exorbitant prices and oppressive practices must not be permitted, and permits the approval of agreements voluntarily entered into, subject to governmental supervision, over the reasonableness of the prices to be charged and the practices to be resorted to.

I believe that this measure, if enacted, will give to honest industry the necessary privilege of cooperation and will at the same time protect the public and preserve the full intent and purpose of the antitrust laws, merely substituting cooperation in place of competition as the means to be used to accomplish the goal of reasonable selling prices for manufactured commodities without depressing the purchasing power of agriculture, labor, and consumers.

The bill (S. 1555) to encourage planning in industry by permitting controlled cooperation and protecting agriculture, labor, and consumers and to supplement the powers of the Federal Trade Commission, was read twice by its title.

Mr. WALSH. I move that the bill be referred to the Committee on the Judiciary.

The motion was agreed to.

Mr. WALSH. Mr. President, I ask that a statement explaining a somewhat similar bill introduced at the last session may be printed in the RECORD.

There being no objection, the statement submitted by Mr. WALSH was ordered to be printed in the RECORD, as follows:

[CONGRESSIONAL RECORD, Jan. 25, 1932, p. 2605]

STATEMENT EXPLAINING THE BILL S. 3256

This bill is a complete amendment and amplification of the Federal Trade Commission Act in line with the almost universal demand as expressed by industrial organizations, by the Chamber of Commerce of the United States, and by the American Bar Association, and also in the President's message to Congress; but goes beyond most other suggestions in that it gives full protection to the public, declaring that the public interest requires fair compensation to producers and labor and a fair price to consumers.

The major features of the bill are:

First. Federal Trade Commission is empowered to give advance approval of cooperative contracts for curtailment of production and for other acts to avoid ruinous competition.

Second. The public is protected by prevention of unfair prices through such approved contracts.

Third. The antitrust laws are not repealed, but exemption is granted to approved acts. Approved contracts are declared legally enforceable.

Fourth. Approval to be revoked if it leads to unfair prices or is otherwise no longer in the public interest or if approval is secured by misrepresentation. Exemption from antitrust laws terminates upon revocation of approval.

Fifth. Penalty similar to penalty in Interstate Commerce Commission Act is provided for noncompliance with Commission's orders.

Sixth. Definition of unfair methods of competition and unfair trade practices is clarified and amplified.

Seventh. Trade-practice conferences are legalized.

Eighth. Power of Commission to conduct investigations is enlarged.

The bill also generally amplifies and clarifies the procedure before the Commission.

The bill is introduced in response to the almost universal demand for the stabilization of industry so as to enable producers to earn a fair profit and to pay fair wages to labor and to charge fair prices to consumers, without the hindrance of cutthroat competition, which industry claims has been imposed upon it by the antitrust laws.

The President in his message to Congress said, "In my message of a year ago I commented on the necessity of congressional inquiry into the economic action of the antitrust laws. There is wide conviction that some change should be made, especially in the procedure under these laws. I do not favor their repeal. Such action would open wide the door to price fixing, monopoly, and destruction of healthy competition."

This bill does not repeal the antitrust laws. These laws are left in full force, as they must be in order to prevent price fixing and monopoly to the detriment of the public.

Chambers of commerce and other industrial organizations have demanded advance Government approval of contracts for curtailment of production and for other acts to avoid ruinous competition, basing their demand on the proposition that under existing laws such contracts are prohibited and that this prohibition has led to overproduction in all lines of industry, which in turn has resulted in this depression with its accompaniment of unemployment, starvation, misery, and suffering.

The bill permits such advance approval by the Federal Trade Commission of contracts to curtail production, as well as many other forms of contract that may be necessary to the complete stabilization of industry, provided such contracts are in the public interest.

Industry admits that these contracts will replace competition by cooperation, and it is possible that in some instances these contracts might destroy healthy as well as unhealthy competition.

If my proposal contained nothing beyond the provision for such advance approval of cooperative contracts, it would "open wide the door to price fixing and monopoly", just as effectively as would the complete repeal of the antitrust laws.

This cannot be risked. The public interest demands fair prices to all. The public as producers must receive a fair compensation and as consumers must be able to purchase goods at fair prices. Neither excessively low nor excessively high prices are in the public interest. Both extremes are equally bad. My bill therefore states that the public interest requires a fair and reasonable compensation to producers of average ability and efficiency, and to labor, and a fair price to consumers, and forbids the use of an approved contract for the purpose of enhancing prices beyond a fair and reasonable price based on all fair and reasonable items of cost plus a fair profit.

The bill grants exemption from the antitrust laws to all approved contracts and all acts performed pursuant thereto, and makes such approved contracts legal and enforceable. It provides, however, for the revocation of the approval if prices are enhanced beyond cost and a fair profit, or if the contract is no longer in the public interest or if the parties misrepresented the facts upon their application for approval, and in case of revocation of approval, the exemption from the antitrust laws is lost.

To make the Commission more effective, a penalty for noncompliance with its orders is provided, similar to the penalty contained in the Interstate Commerce Commission Act; the definition of unfair methods of competition and unfair trade practices is clarified and amplified; trade practice conferences are expressly legalized; and the power of the Commission to conduct investigations is enlarged.

The bill also provides for the increase of the Federal Trade Commission from 5 to 9 members so as to enable it to handle its enlarged functions, and the Commission is authorized to divide itself into 3 divisions of 3 members each in the same manner as the Interstate Commerce Commission, each division to have the full powers of the board. In my opinion, this and the other changes of procedure which I have made will serve to expedite the work of the Commission and generally make it a more efficient instrument for the welfare of industry.

This bill does not contemplate compulsory Government regulation of prices of goods or commodities, but will check those industries which voluntarily apply for Government approval of contracts that might be prohibited by the antitrust laws; and these industries must, in return, agree to submit to Government jurisdiction over the reasonableness of the prices to be charged by them, so as to protect the public against unreasonably excessive prices.

In brief, realizing that industry cannot be stabilized by congressional edict, the bill permits industry to stabilize itself through cooperative agreements, and at the same time protects the public against the extortionate practices of monopolies.

DEVELOPMENT OF THE TENNESSEE VALLEY—AMENDMENTS

Mr. LOGAN submitted an amendment and Mr. BANKHEAD submitted two amendments intended to be proposed by them, respectively, to Senate bill 1272, the Tennessee Valley development bill, which were ordered to lie on the table and to be printed.

UNEMPLOYMENT RELIEF—AMENDMENT

Mr. FLETCHER submitted an amendment intended to be proposed by him to the bill (H.R. 4606) to provide for cooperation by the Federal Government with the several States



and Territories and the District of Columbia in relieving the hardship and suffering caused by unemployment, and for other purposes, which was ordered to lie on the table and to be printed.

PURCHASE OF INSURANCE COMPANY STOCK AND BONDS—AMENDMENT

Mr. JOHNSON submitted an amendment intended to be proposed by him to the bill (S. 1094) to provide for the purchase by the Reconstruction Finance Corporation of preferred stock and/or bonds and/or debentures of insurance companies, which was ordered to lie on the table and to be printed.

PETROLEUM PRICES

Mr. THOMAS of Oklahoma submitted a resolution (S.Res. 64, with accompanying papers), which was referred to the Committee on the Judiciary, as follows:

Resolved, That Senate Resolution 339, agreed to on February 25, 1933, be, and the same is hereby, amended by adding the following to the end of such resolution: "(10) The Commission is hereby further directed to report particularly whether any of the practices heretofore in this resolution stated or facts disclosed in pursuance of this resolution relate to or constitute violation of the Federal antitrust laws."

ALCOHOL MANUFACTURED FROM CORN, ETC.

Mr. SHIPSTEAD submitted a resolution (S.Res. 65), which was ordered to lie on the table, as follows:

Resolved, That the Secretary of Agriculture is hereby requested to investigate, through the agencies of the Bureaus of Agricultural Economics, Chemistry and Soils, and Agricultural Engineering of the Department of Agriculture, the practicability and advantages to agriculture of using alcohol, manufactured from corn and other farm products, in motor fuel, and to report thereon to the Senate as soon as possible.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States submitting nominations were communicated to the Senate by Mr. Latta, one of his secretaries.

CHILD LABOR

Mr. COSTIGAN. Mr. President, the emancipation of children from the serfdom of excessive toil is one of the unfinished tasks of civilization. In yesterday's Philadelphia Record, Frances Perkins, our fine Secretary of Labor, in a timely and impressive article on the subject of child labor, reaffirmed her support of that splendid cause—in part, by State action; in part, through ratification of the proposed amendment to the Federal Constitution. I ask leave to have the article of Secretary Perkins printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SPEEDY ACTION URGED—SECRETARY OF LABOR DECLARES DEPRESSION OFFERS OPPORTUNITY TO ERASE EVILS

By Frances Perkins, Secretary of Labor

A new belief that child labor may soon be eradicated from American industry has arisen from the economic depression.

With millions of adults unemployed, there is no need for young children to become wage earners. Public opinion cries out against employing them as it never has before, demanding that what few opportunities exist in gainful occupations be given to adult breadwinners.

Thus the movement to protect children against premature entrance into industry and to safeguard them in their first year or two of contact with it, which has been gaining momentum steadily through two decades, has received unexpected impetus. Today it is not only the socially minded person who says "Children ought not to work" but also the adult who covets the child's job.

ONLY ONE "DEFENSE"

Virtually the only honest voice raised in defense of the theory of child labor is that of the person who sees the child as the sole breadwinner of his family, and who argues that it is better for him to be earning a meager wage than for his parents and brothers and sisters to starve.

It would be far better to keep children under 16 out of employment entirely and to acknowledge a social responsibility for the maintenance of the families dependent upon them. Thus we should at least take the burden from those least able to bear it, and we might also reduce to a considerable extent the postponed costs which the present exploitation of adolescent workers is piling up against the future.

Child labor has been steadily decreasing since 1929, just as have all other forms of labor. Although there were still 2,000,000 children gainfully employed in 1930, at the time of the last census, the number has decreased since that date.

ASSURANCE IS NEEDED

However, unless preventive legislation is adopted throughout the country, it is by no means certain that when business picks up again many of these children will not go back to work.

In the past the employment of children has always paralleled the employment of adults, showing corresponding peaks and troughs from year to year as business fluctuated.

There is, moreover, a reverse side to this seemingly pleasant picture of declining employment among children. While the total numbers decrease, there is an increasing demand for child labor in certain lines of manufacturing, in the "fly-by-night" industries and sweatshops, which have sprung up as a by-product of the depression and contribute to the general breakdown of industrial standards.

Children have been driven into street trades, into industrial work, domestic and personal service, and industrialized agriculture, the very trades where conditions are most often undesirable and where, because they are unregulated, opportunities exist for serious exploitation.

In some Southern States, where the industrial crisis was not felt so promptly as in the North, there was an actual increase in the number of children under 16 reported at work in 1930 as compared with 1920. South Carolina, for example, showed an increase of 29 percent, Florida, 7 percent, and Georgia, 2½ percent.

The number of children under 16 in manufacturing industries, according to the census, had decreased by 63 percent since 1920, but the number of children in trade had decreased only 20 percent and in domestic and personal service only 15 percent.

INCREASE NOTED HERE

In many cities, such as New York, Detroit, Chicago, and Philadelphia, there has been of late a very large increase in the number of boys and girls employed as waiters and servants.

Most of the opportunities for children of 14 or 15 are today in domestic service, in canvassing, and in types of manufacture where the breakdown of standards is general. The latter, in fact, are responsible for figures in some northern cities showing actual increases in the number of child workers since 1929.

In the more desirable occupations, such as those of clerical workers, apprentices, and clerks, there has been a consistent decline. Apprenticeship figures for Wisconsin, the only State which has a supervised system of apprenticeship, show only 73 new indentures in trade in 1931 as compared with 755 in 1929.

STANDARDS ASSAILED

And in the States where a high standard of child protection exists by law there has been great pressure to break down standards. The actual need for profits, however small, have deflated wages and led to violation of age and hour standards, while at the same time budgets for factory inspections and the enforcement of child labor laws have necessarily been cut.

In certain industrial localities, especially those where the garment trades flourish, a return to sweatshop conditions, reviving the notorious evils of a past generation, has been widely deplored.

The Massachusetts Minimum Wage Commission, for example, last spring learned that 10 cents an hour, and in one case 5 cents an hour, were paid to girl workers in Fall River, and that hundreds were earning less than $5 a week.

SITUATION IN STATE

From another source we learn that nearly half the children under 16 were earning less than $3 a week in the clothing factories of Pennsylvania, and that more than a fifth were earning less than $2. In Scranton the median wage for a group of 14- and 15-year-old children was $4.94 for boys and $4.20 for girls.

Conditions are worse in the so-called "contract shops", but these in turn threaten the employers of good intention who see their business imperiled by the competition of unscrupulous rivals, and thus the whole industrial fabric is endangered.

Another class of occupation which causes grave concern is the commission job for boys, involving house-to-house canvassing, with the recitation of hard-luck stories in which they have been secretly coached. Domestic service is in some localities about the only work available to juveniles, but the New York Junior Placement Service in February refused to fill two thirds of the positions because of unsuitable conditions of wages and environment.

HEALTH IS MENACED

The menace to child health in this substandard employment adds another element of danger to the unwholesome picture. For children already suffering from malnutrition resulting from a lowered economic standard in the home, employment under such conditions may mean a sacrifice of vitality for the remainder of their lives and an additional burden on the Public Treasury. Yet in many towns no adequate physical examination is linked with the issuance of work papers.

The value of such examinations is demonstrated statistically in reports from Philadelphia, where in 1930 and 1931, before the depression had undermined the health of growing children, the number of 14- and 15-year-old boys and girls refused permits for reason of ill health was only one fifth of the total. By 1932 one third were not allowed to go to work because of poor physical condition.

Granted, then, that the time is ripe for more decisive action in the fight against child labor, the problem arises as to the best method to be pursued, and to this question child-labor authorities are at this moment giving their most careful attention.

AMENDMENT HAS VIGOR

The Federal child-labor amendment shows more vigor than it has for several years, and there is increasing sentiment in the separate States for the establishment of local legislative safeguards for their children.

The child-labor amendment was first accepted by Congress in 1924, after the second Federal child-labor law had been declared unconstitutional on the ground that it was an "infringement upon the reserved rights of the States." This proposed amendment to the Constitution reads:

"The Congress shall have power to limit, regulate, and prohibit the work of persons under 18 years of age."

SPEEDILY RATIFIED

The amendment was ratified almost immediately by five States—Arkansas, Arizona, California, Montana, Wisconsin—and in 1931 Colorado ratified the amendment. Then action by the States came to a standstill. Within the last few months, however, it has been ratified suddenly by four more—North Dakota, Ohio, Oregon, and Washington—by legislators spurred to new concern for public welfare and that children should not work while grown men walk the street.

Ten States have now ratified and ratification resolutions have been introduced in as many more. Favorable votes must be obtained from 26 more, and here the friends of the amendment run up against the practical difficulty that most of the 1933 legislatures are on the point of adjourning or already have done so, and that the majority will not meet again for 2 years, unless summoned in special session.

Public indignation against the exploitation of the child laborer under the cloak of the depression was focused in the conference last winter, called together by the Children's Bureau of the Department of Labor at the request of the president of the American Federation of Labor, and attended by representatives of the National Association of Manufacturers, the American Legion, and leading religious, educational, and civic-minded women's groups.

JOBS FOR ADULTS ONLY

This conference expressed its common belief that "in the economic crisis every available job should be given to an adult, in the interest of both the child and adult", and recommended the enactment of new State standards during the year's sessions of the various State legislatures.

The standards recommended were: 16 years as the basic minimum age for employment; 16 and 17 the "regulated" period; working hours for minors shorter than those allowed adults, but never exceeding 8 hours a day, and a minimum wage established for workers under 18, with double compensation allowed for injuries to minors under 18 in extrahazardous occupations.

In the hope that public opinion would respond to their call and that the necessary laws would be passed, the organizations represented at the conference agreed to work for adoption of these standards by the various State legislatures.

Utah was the only State in which the 16-year minimum age bill for employment was passed, although it was introduced in nine States, and in a dozen others there were similar measures looking toward the reduction of hours for child laborers.

ONLY TWO PASSED

Bills providing for minimum wages for minors and women, or for minors alone, were before the Legislatures of Connecticut, New Hampshire, New Jersey, New Mexico, New York, Pennsylvania, Rhode Island, Texas, and Utah, but so far New York and Utah are the only States in which such bills have been passed. Indiana passed a law granting double compensation to illegally employed minors.

This movement, thus hopefully begun, must be stimulated in the months to come, and public opinion, newly sensitive to the deplorable conditions surrounding the child workers, must not be allowed to sink into apathy.

Fortunately we have a leader to whom we look continuously for inspiration and example—Grace Abbott, Chief of the Children's Bureau, who for 15 years has been working untired and undiscouraged in defense of the Nation's children.

FIRST FEDERAL JOB

Her first Federal service was as Director of the Child Labor Division of the Children's Bureau, in which she was responsible for the administration of that first Federal child labor law, which forbade the interstate transportation of the products of child labor made in violation of Federal standards. This law and its successor were declared unconstitutional, thus leading to the passage of the proposed constitutional amendment.

In 1921 Miss Abbott became Chief of the Children's Bureau, and under her direction its services to parents, to children's agencies and institutions, and to State child-welfare departments have been invaluable, while day and night she has called attention to the evils of child labor and the necessity of safeguarding the health and the general welfare of the Nation's children, confident that, in the words of Theodore Roosevelt, who first urged upon Congress creation of the bureau she now heads, "Public sentiment, with its great corrective power, can only be aroused by full knowledge of the facts."

HOUSE BILL REFERRED

The bill (H.R. 5240) to provide emergency relief with respect to home-mortgage indebtedness, to refinance home mortgages, to extend relief to the owners of homes occupied by them and who are unable to amortize their debt elsewhere, to amend the Federal Home Loan Bank Act, to increase the market for obligations of the United States, and for other purposes, was read twice by its title and referred to the Committee on Banking and Currency.

THE CALENDAR

The VICE PRESIDENT. Morning business is closed. The calendar under rule VIII is in order.

ALASKAN BOARD OF ROAD COMMISSIONERS

The bill (S. 743) to amend the act approved June 30, 1932, entitled "An act providing for the transfer of the duties authorized and authority conferred by law upon the Board of Road Commissioners in the Territory of Alaska to the Department of the Interior, and for other purposes" was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 3 of the act approved June 30, 1932 (ch. 320, 47 Stat. 446; U.S.C., supp. VI, title 48, sec. 321c), is amended by adding at the end thereof the following:

"Any person who shall violate any of the provisions of the rules and regulations established hereunder shall be deemed guilty of a misdemeanor, and shall, upon conviction thereof, be fined in a sum not exceeding $100 or be imprisoned for a period not exceeding 30 days, or both, and be adjudged to pay all costs of the proceedings."

DESERT-LAND ENTRIES

The bill (S. 157) to amend an act approved March 4, 1929 (45 Stat. 1548), entitled "An act to supplement the last three paragraphs of section 5 of the act of March 4, 1915 (38 Stat. 1161), as amended by the act of March 21, 1918 (40 Stat. 458)", was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the act approved March 4, 1929 (45 Stat. 1548), entitled "An act to supplement the last three paragraphs of section 5 of the act of March 4, 1915 (38 Stat. 1161), as amended by the act of March 21, 1918 (40 Stat. 458)", be amended to read as follows:

"That where it shall be made to appear to the satisfaction of the Secretary of the Interior with reference to any lawful pending desert-land entry made prior to July 1, 1925, under which the entryman or his duly qualified assignee under an assignment made prior to the date of this act has in good faith expended the sum of $3 per acre in the attempt to effect reclamation of the land, that there is no reasonable prospect that he would be able to secure water sufficient to effect reclamation of the irrigable land in his entry or any legal subdivision thereof, the Secretary of the Interior may, in his discretion, allow such entryman or assignee 90 days from notice within which to pay to the register of the United States land office 25 cents an acre for the land embraced in the entry and to file an election to perfect title to the entry under the provisions of this act, and thereafter within 1 year from the date of filing of such election to pay to the register the additional amount of 75 cents an acre, which shall entitle him to a patent for the land: *Provided*, That in case the final payment be not made within the time prescribed the entry shall be canceled and all money theretofore paid shall be forfeited."

STOCK-RAISING HOMESTEADS

The bill (S. 604) amending section 1 of the act entitled "An act to provide for stock-raising homesteads, and for other purposes", approved December 29, 1916 (ch. 9, par. 1, 39 Stat. 862), and as amended February 28, 1931 (ch. 328, 46 Stat. 1454), was announced as next in order.

Mr. KING. Mr. President, I ask for an explanation of the bill.

Mr. CAREY. Mr. President, the bill has the approval of the Department of the Interior. A similar bill was passed during the last session of the Congress. It provides that, with the approval of the Secretary of the Interior, homesteads may be filed on lands upon which the production of oil has been reduced to a small quantity. We have one field in particular in Wyoming where there is a very limited production of oil, and the thought was that it would be well if the homestead entries were permitted to be made upon such lands. It is wholly discretionary with the Secretary of the Interior.

Mr. KING. Will this in any manner interfere with the titles heretofore obtained by those who have entered upon the public domain?

Mr. CAREY. No; it simply permits the filing of homesteads for surface rights.

Mr. KING. Is it a recognition of the right of the Federal Government to retain the mineral deposits beneath the surface and to lease the surface?

Mr. CAREY. It relates only to the surface rights.

Mr. KING. Is it to apply to all public domain not otherwise entered?

Mr. CAREY. It would apply, but my purpose in introducing it was to take care of a situation in Wyoming, where there is a field from which there is a very small production of oil. The people who live there have almost ceased to operate the wells, and we thought it advisable that homestead entries be permitted upon those lands.

Mr. KING. Is it limited in its operation to the State of Wyoming?

Mr. CAREY. No; it is a general bill.

Mr. KING. I have had no opportunity to examine the bill.

Mr. CAREY. It is not limited to the State of Wyoming.

Mr. KING. I shall not object, but if upon examination I feel that there should be some further consideration, I shall ask the Senator to consent that it may be restored to the calendar for that purpose.

Mr. CAREY. That is satisfactory.

Mr. McKELLAR. Mr. President, may I ask the Senator from Wyoming a question?

The VICE PRESIDENT. Does the Senator from Wyoming yield to the Senator from Tennessee?

Mr. CAREY. Certainly.

Mr. McKELLAR. The second proviso of the bill reads:

That for the purposes of this section, lands withdrawn or reserved solely as valuable for oil or gas shall not be deemed to be appropriated or reserved.

Does that mean the homesteading of the lands would carry the oil rights except as to naval reserves?

Mr. CAREY. It has nothing to do with the naval reserves.

Mr. McKELLAR. I know it has not under the other proviso, but under the particular proviso which I have read does it mean that it carries oil and gas with the homestead rights?

Mr. CAREY. No; not those rights. It simply relates to the surface rights.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 1 of the act entitled "An act to provide for stock-raising homesteads, and for other purposes", approved December 29, 1916 (ch. 9, par. 1, 39 Stat. 862), and as amended February 28, 1931 (ch. 328, 46 Stat. 1454), be amended to read as follows:

"From and after December 29, 1916, it shall be lawful for any person qualified to make entry under the homestead laws of the United States to make a stock-raising homestead entry for not exceeding 640 acres of unappropriated unreserved public lands in reasonably compact form: *Provided, however*, That the land so entered shall theretofore have been designated by the Secretary of the Interior as 'stock-raising lands': *Provided further*, That for the purposes of this section lands withdrawn or reserved solely as valuable for oil or gas shall not be deemed to be appropriated or reserved: *Provided further*, That the provisions of this section shall not apply to naval petroleum reserves and naval oil-shale reserves: *And provided further*, That should said lands be within the limits of the geological structure of a producing oil or gas field entry can only be allowed, in the discretion of the Secretary of the Interior, in the absence of objection after due notice by the lessee or permittee, and any patent therefor shall contain a reservation to the United States of all minerals in said lands and the right to prospect for, mine, and remove the same."

LAND GRANTS IN WYOMING

The bill (S. 313) to amend section 5 of the act approved July 10, 1890 (28 Stat. 664), relating to the admission into the Union of the State of Wyoming, was considered. The bill had been reported from the Committee on Public Lands and Surveys with an amendment, on page 2, line 4, to strike out "5" and insert "10", so as to make the bill read:

Be it enacted, etc., That section 5 of the act approved July 10, 1890 (28 Stat. 664), be, and the same is hereby, amended to read as follows:

"That all lands herein granted for educational purposes shall be disposed of only at public sale, the proceeds to constitute a permanent school fund, the interest of which only shall be expended in the support of said schools. But said lands may, under such regulations as the legislature shall prescribe, be leased for mineral, grazing, agricultural, or other purposes, provided that the term of agricultural and grazing leases shall not exceed 10 years; mineral leases, including leases for exploration for oil and gas and the extraction thereof for a term not longer than 10 years; and leases for the development of hydroelectric power for a term not longer than 50 years; and such land shall not be subject to preemption, homestead entry, or any other entry under the land laws of the United States, whether surveyed or unsurveyed, but shall be reserved for school purposes only."

SEC. 2. Anything in the said act approved July 10, 1890, inconsistent with the provisions of this act is hereby repealed.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

SUSPENSION OF ASSESSMENT WORK ON MINING CLAIMS

The bill (S. 7) providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska was considered. The bill had been reported from the Committee on Mines and Mining with an amendment, on page 2, line 1, after the numerals "1933", to insert:

Provided, That the provisions of this act shall not apply in the case of any claimant not entitled to exemption from the payment of a Federal income tax for the taxable year 1932: *Provided further*, That every claimant of any such mining claim, in order to obtain the benefits of this act, shall file, or cause to be filed, in the office where the location notice or certificate is recorded, on or before 12 o'clock m. July 1, 1933, a notice of his desire to hold said mining claim under this act, which notice shall state that the claimant, or claimants, were entitled to exemption from the payment of a Federal income tax for the taxable year 1932.

So as to make the bill read:

Be it enacted, etc., That the provision of section 2324 of the Revised Statutes of the United States, which requires on each mining claim located, and until a patent has been issued therefor, not less than $100 worth of labor to be performed or improvements aggregating such amount to be made each year, be, and the same is hereby, suspended as to all mining claims in the United States, including Alaska, during the year beginning at 12 o'clock m. July 1, 1932, and ending at 12 o'clock m. July 1, 1933: *Provided*, That the provisions of this act shall not apply in the case of any claimant not entitled to exemption from the payment of a Federal income tax for the taxable year 1932: *Provided further*, That every claimant of any such mining claim, in order to obtain the benefits of this act, shall file or cause to be filed, in the office where the location notice or certificate is recorded, on or before 12 o'clock m. July 1, 1933, a notice of his desire to hold said mining claim under this act, which notice shall state that the claimant, or claimants, were entitled to exemption from the payment of a Federal income tax for the taxable year 1932.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BOND AND STOCK PURCHASES BY RECONSTRUCTION FINANCE CORPORATION

The bill (S. 1094) to provide for the purchase by the Reconstruction Finance Corporation of preferred stock and/or bonds and/or debentures of insurance companies was announced as next in order.

Mr. ROBINSON of Indiana. Mr. President, this measure is entirely too important to pass in this fashion. It provides for an appropriation of $100,000,000. While I dislike to object to anything offered by my friend the Senator from Florida [Mr. FLETCHER], I will ask that the bill may go over, in order that it may be debated to some extent.

Mr. FLETCHER. Mr. President, we are not passing bills by unanimous consent. One objection does not carry the bill over.

The VICE PRESIDENT. Under the rule, it requires unanimous consent to consider a bill. A motion is in order to take it up notwithstanding the objection.

Mr. FLETCHER. Very well; I move that the bill be taken up for consideration, if that is necessary. I do not understand, however, that we are proceeding under unanimous consent.

Mr. McNARY. Mr. President, we are not proceeding under a unanimous-consent agreement. If objection is made, the bill goes over; but the Senator can move at this particular time to proceed to its consideration.

The VICE PRESIDENT. The Senate is calling the calendar under rule VIII. Where there is no objection, the bill may be considered and passed. If there is objection, any Senator may move to proceed to its consideration.

Mr. FLETCHER. Then I move to proceed to the consideration of the bill.

The VICE PRESIDENT. The question is on the motion of the Senator from Florida to proceed to the consideration of the bill.

The motion was rejected.

The VICE PRESIDENT. The bill will be passed over.

BILL INDEFINITELY POSTPONED

The bill (S. 1110) to provide emergency relief with respect to agricultural indebtedness, to refinance farm mortgages at lower rates of interest, to amend and supplement the Federal Farm Loan Act, to provide for the orderly liquidation of joint-stock land banks, and for other purposes, was announced as next in order.

Mr. McNARY. Let the bill go over.

Mr. WAGNER. Mr. President, the text of the bill has become a part of the so-called "farm bill." I therefore ask that consideration of the bill be indefinitely postponed.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

THE WHALING INDUSTRY

The joint resolution (S.J.Res. 15) extending to the whaling industry certain benefits granted under section 11 of the Merchant Marine Act, 1920, was announced as next in order.

Mr. CLARK. Mr. President, I ask that the bill go over.

Mr. McNARY. Mr. President, will the Senator withhold his objection for a moment?

Mr. CLARK. Yes; I shall be glad to do so.

Mr. McNARY. The whaling industry is rather an important one in Alaska and the Pacific Northwest. This bill simply makes the construction-loan fund of the Merchant Marine Act applicable to whaling vessels, the same as it is applicable to the merchant marine. It will assist that industry in carrying on this great American enterprise. It does not require any appropriation. It simply makes available the fund now available for the merchant marine.

The bill has the favorable report of the committee and the favorable report of the Shipping Board, and I hope the Senator will permit it to be considered and passed.

Mr. CLARK. I will say to the Senator that I voted against reporting this bill out of the committee on the ground that it extends a subsidy, as I see the bill. I am opposed to subsidies, and therefore I am opposed to the bill.

Mr. COPELAND. Mr. President, the Senator is mistaken about that. The bill simply permits this particular industry to apply for a loan.

Mr. CLARK. But that is equivalent to a subsidy, as the Senator well knows.

Mr. COPELAND. No; I do not think so, because this is an industry which, if encouraged, can meet its obligations. They have to put down 25 percent of the value of any construction they have and are permitted to borrow the rest from the Government on the security of the vessel; but the loan must be repaid, and that is the expectation. It is not a subsidy in the sense that the mail contracts are.

Mr. CLARK. Not in the same sense that the mail contracts are; but I think the Senator will agree that these loans have been repaid in a very small percentage of the cases in which they have been made. In other words, it is in effect a subsidy, although not nominally such.

Mr. COPELAND. Not a small percentage.

Mr. DILL. Mr. President, I call the attention of the Senator from Missouri to the fact that this sort of loan not only goes to the ships themselves but it goes to the development of the American whaling industry. Unless we are going to repeal the law that permits money to be loaned to build ships, it will certainly be, it seems to me, a very great injustice to continue to refuse the whaling industry the chance to build itself up on the same terms that the merchant marine was permitted to do so, because there is a far better chance to repay the money out of the whaling industry than there is out of the merchant marine, in the condition it is in now.

Mr. McKELLAR. Mr. President, if the Senator will yield, does he know how much money has actually been returned by the shipping interests from these loans that have been made?

Mr. DILL. No; I am unable to give that information.

Mr. McKELLAR. My information is that it has been very little—practically none.

Mr. COPELAND. O Mr. President, the Senator is mistaken about that!

Mr. McKELLAR. Will the Senator be good enough to get the figures and put them in the RECORD by the time this matter comes up the next time?

Mr. COPELAND. I shall be glad to do so. Let me say to the Senator that this is not for passenger ships.

Mr. McKELLAR. I know it is not.

Mr. COPELAND. This is not for lines of vessels. This is simply to encourage an industry which at this time, because of the demand for whale oil, can give employment and can establish a lagging industry—lagging because these people have not all the funds necessary to put it upon its feet. If we are going to help the railroads and the banks, certainly here is an industry which is entitled to exactly the same consideration.

Mr. McKELLAR. We can certainly find a great many industries that are in the same situation if we look around us today. What I want to know, before we proceed to lend these funds to others, is what success we have had in having these funds repaid by those to whom we have already loaned them, and I should like to have the figures before I vote on this bill.

Mr. COPELAND. Mr. President, may I say to the Senator that I know how he feels about the lines of ships which we have supported and subsidized, but this is an industry entirely separate and apart from the shipping industry in the ordinary sense, and my judgment is that by passing the bill we will be encouraging a worthy industry and giving employment and assisting our country in that way.

Mr. KING. Mr. President, if no objection has been made, I object.

The VICE PRESIDENT. Objection is made. The bill will be passed over.

BILLS PASSED OVER

The bill (S. 682) to prohibit financial transactions with any foreign government in default on its obligations to the United States was announced as next in order.

Mr. KING. Mr. President, reserving the right to object to the consideration of this bill, I think it deserves more consideration than can be given at this time.

The VICE PRESIDENT. Objection being made, the bill will be passed over.

The bill (H.R. 4220) for the protection of Government records was announced as next in order.

Mr. JOHNSON. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 317) authorizing the Reconstruction Finance Corporation to make advances to the reclamation fund was announced as next in order.

Mr. KING. Mr. President, this bill, as I recall, was incorporated in the so-called "farm bill." With that understanding I will ask that it be passed over until I can verify the impression which I have.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 1272) to improve the navigability and to provide for the flood control of the Tennessee River; to provide for reforestation and the proper use of marginal lands in the Tennessee Valley; to provide for the agricultural and industrial development of said valley; to provide for the national defense by the creation of a corporation for the operation of Government properties at and near Muscle Shoals in the State of Alabama; and for other purposes, was announced as next in order.

The VICE PRESIDENT. This bill is the unfinished business.

Mr. FESS. Let it go over.

The VICE PRESIDENT. The bill will be passed over.

OTTO CHRISTIAN

The bill (S. 1288) for the relief of Otto Christian was announced as next in order.

Mr. SHEPPARD. Mr. President, let me state that this is one of a number of relief bills which have been reported from the Military Affairs Committee and which passed the Senate during the last Congress. All have been found to come within the rules generally followed by the committee in connection with such measures.

Mr. KING. Mr. President, I should like an explanation from the Senator as to the reason for this special legislation.

Mr. SHEPPARD. This bill gives an officer a chance for a hearing as to whether illness prevented him from passing an examination for promotion. The War Department itself says that the circumstances are such that he should have another chance.

The Senate proceeded to consider the bill, which was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the President of the United States be, and he is hereby, authorized to summon Otto Christian, late captain, Medical Corps of the Regular Army of the United States, before a retiring board for the purpose of a hearing of his case and to inquire into all facts touching upon the nature of his disabilities, to determine and report the disabilities which in its judgment have produced his incapacity and whether such disabilities were incurred during his active service in the Army and were in line of duty; that if the findings of such board are in the affirmative the President is further authorized, in his discretion, to nominate and appoint, by and with the advice and consent of the Senate, the said Otto Christian a captain in the Medical Corps and to place him immediately thereafter upon the retired list of the Army with the same privileges and retired pay as are now or may hereafter be provided by law or regulation for the officers of the Regular Army: *Provided*, That the said Otto Christian shall not be entitled to any back pay or allowance by the passage of this act.

DAN DAVIS

The bill (S. 531) for the relief of Dan Davis was announced as next in order.

Mr. KING. Let that go over.

Mr. SHEPPARD. Mr. President, this is another of the bills which the committee examined carefully, and concluded that the circumstances justified its passage. The committee found that the faithful service rendered by the beneficiary of this bill was sufficient cause for the action proposed.

Mr. McKELLAR. Has a similar bill heretofore been passed?

Mr. SHEPPARD. A similar bill has heretofore passed the Senate.

Mr. KING. Mr. President, I notice that the person who is to be the beneficiary of the bill deserted from the military service of the Government. Are the circumstances such as to warrant removing the record of desertion and giving him a pension for life?

Mr. SHEPPARD. He had seen active service, had encountered a number of hardships, and deserted while ill, apparently not realizing the effect of what he was doing. That was what the committee found. They found extenuating circumstances connected with the matter; and we followed the usual rule under which we act in such cases.

Mr. KING. Mr. President, may I ask the Senator from Massachusetts [Mr. WALSH], who is familiar with the grounds on which exceptions are made, whether he has examined this bill and understands it to come within the rule he has invoked heretofore?

Mr. WALSH. Mr. President, I have not examined this bill. The next bill is one which I introduced, and that is recommended favorably by the War Department.

Mr. FRAZIER. Mr. President——

Mr. SHEPPARD. The Senator from North Dakota [Mr. FRAZIER] introduced this bill, and the Senator from New Mexico [Mr. CUTTING] reported it.

Mr. FRAZIER. Mr. President, this is a case where this man enlisted in the Spanish-American War from North Dakota, served throughout that war with distinction, and received an honorable discharge. He reenlisted a couple of years later, and after some months became ill and deserted on account of the illness. He afterward tried to enlist in the World War and was kept out because of poor health. He thought it was because he had deserted. He went across into Canada, took his mother's maiden name, enlisted in the Canadian Engineers, and served 7 months overseas, receiving an honorable discharge.

Mr. WALSH. Was the dishonorable discharge given to him in the period of war?

Mr. FRAZIER. No; not during the war. It was right after the Spanish-American War. He reenlisted in June 1902, as I remember.

Mr. REED. And deserted in September 1902.

Mr. WALSH. Of course if a soldier has an honorable discharge during the war period, he has all the benefits of veterans' legislation. The only disadvantage sustained by a soldier who had an honorable service during the war, but who was dishonorably discharged after the war, is that he is not permitted to enter a soldiers' home.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Dan Davis, who was a member of Company L, Twenty-second Regiment United States Infantry, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a member of that organization on the 5th day of September 1902: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

MICHAEL J. MORAN

The Senate proceeded to consider the bill (S. 423) for the relief of Michael J. Moran, which was read, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Michael J. Moran, alias James Moran, who was a member of Troop F, Third Regiment United States Cavalry, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a member of that organization on the 27th day of September 1876: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

Mr. WALSH. Mr. President, this bill is recommended by the War Department.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

THE DALLES BRIDGE CO.

The Senate proceeded to consider the bill (S. 804) to authorize the Secretary of War to grant a right of way to The Dalles Bridge Co., which had been reported from the Committee on Military Affairs with an amendment, on page 1, line 3, after the word "authorized", to insert "and", so as to make the bill read:

Be it enacted, etc., That the Secretary of War be, and he is hereby, authorized and empowered to grant to The Dalles Bridge Co., a corporation organized and existing under the laws of the State of Washington, its successors and assigns, a permanent right of way, in such location and under such terms and conditions as may be approved by the Secretary of War, over and across the Celilo Canal and other Government lands along the Columbia River near The Dalles, Oreg., for bridge and highway purposes, with full power to locate, construct, and operate a bridge, approaches and approach highways, and adjuncts: *Provided*, That the land shall not be used for other purposes and when the property shall cease to be so used it shall revert to the United States: *Provided further*, That the right to compel the removal of said bridge, approaches and approach highways, and adjuncts is hereby reserved in the Secretary of War, whenever he may determine the interests of the Government so requires, and which said removal is to be without expense to the Government as a condition of this grant.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

JAMES J. JORDAN

The Senate proceeded to consider the bill (S. 707) for the relief of James J. Jordan, which had been reported from the Committee on Military Affairs with an amendment, on page 1, line 9, after the word "Corps", to insert "on February 19, 1901", so as to make the bill read:

Be it enacted, etc., That in the administration of the pension laws and the laws governing the National Home for Disabled Volunteer Soldiers, or any branch thereof, James J. Jordan shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a private of the Thirty-third Company United States Coast Artillery Corps on February 19, 1901: *Provided*, That no pension shall accrue prior to the passage of this act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ALBERT A. MARQUARDT

The bill (S. 422) for the relief of Albert A. Marquardt was announced as next in order.

Mr. KING. Mr. President, I will ask for an explanation of this bill.

Mr. SHEPPARD. Mr. President, a soldier of brilliant service in the World War was court-martialed for taking a raincoat and was dishonorably discharged. There were a number of raincoats hanging on the wall. This soldier had to leave quarters on a cold, rainy night. He took the coat for his own protection, with the idea of returning it. The committee felt, in view of his praiseworthy and at times daring service during the war, that he is entitled to this legislation.

Mr. WALSH. Mr. President, may I read, for the benefit of the Senator from Utah, the last paragraph of the report of the officer in charge of the court martial?

In view of Lieutenant Marquardt's excellent record as an officer of the Three Hundred and Tenth Infantry in active service against the enemy, as well as the fact that this officer, at the age of 42 years, married, the father of four children, the owner of a farm, and eligible for a commission as chaplain, volunteered for service in the line of the Army, I join heartily in the recommendation that he be pardoned, restored to duty, and given an honorable discharge.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Military Affairs with an amendment, on page 1, line 10, after the word "no", to strike out "bounty, back pay, pension, or allowance" and insert "compensation, retirement pay, back pay, pension, or other benefit", so as to make the bill read:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Albert A. Marquardt, who was a member of Company F, Three Hundred and Tenth Regiment United States Infantry, Seventy-eighth Division, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a member of that organization on the 4th day of November 1918: *Provided*, That no compensation, retirement pay, back pay, pension, or other benefit shall be held to have accrued prior to the passage of this act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

WAR-TIME RANK FOR RETIRED ARMY OFFICERS

The bill (S. 593) to amend the act entitled "An act to give war-time rank to retired officers and former officers of the Army, Navy, Marine Corps, and/or Coast Guard of the United States", approved June 21, 1930, so as to give class B officers of the Army benefits of such act, was announced as next in order.

Mr. McKELLAR. Mr. President, will the Senator from Pennsylvania explain this bill?

Mr. REED. Mr. President, in 1930 we passed a bill which, in effect, gave a brevet title, without increase of pay, to all officers honorably retired from the Army after service in the World War. In other words, if a regular was a brigadier general during the war, and after the war was put back to his regular rank of lieutenant colonel—to take a typical case—and was then retired, he would be entitled to be addressed as "Brig. Gen. So-and-so." It carried no privileges, no pay, no compensation or allowances of any sort; but it meant a good deal to the pride and self-respect of these officers.

It was discovered after the bill went into effect that those officers who were retired under the class B provision of our national defense law, without any reproach to them, without any turpitude or dishonor or malfeasance on their part, were ruled to be not entitled to the benefits of the act. There are 27 officers of the Army who were retired under the class B provision at a rank lower than they occupied during the World War. This gives those officers the right to assume that title.

Mr. McKELLAR. It does not impose any financial obligation on the Government?

Mr. REED. Absolutely not.

Mr. McKELLAR. I have no objection.

Mr. CONNALLY. Mr. President, officers who were retired under the class B provision do not draw the same rate of retired pay that officers draw who were retired for length of service.

Mr. REED. That is true.

Mr. CONNALLY. Does this in anywise change that?

Mr. REED. Not in the least; no. There is a proviso in the law of 1930 that it shall not in any way be construed to increase the pay or allowances of these officers.

Mr. CONNALLY. What I mean, though, is this: An officer who retires after 30 years for disability gets three-fourths pay.

Mr. REED. That is right.

Mr. CONNALLY. An officer who is retired under the class B law, as it is called, does not get three-fourths pay, but he gets a percentage based upon the number of years that he was actually in the service.

Mr. REED. He would get the three-fourths pay only if he had been in the service for 30 years.

Mr. CONNALLY. This bill, then, will not disturb that?

Mr. REED. No; it will not disturb that at all.

Mr. CONNALLY. It will not increase the charge on the Treasury at all?

Mr. REED. Not one cent, I assure the Senator.

Mr. CONNALLY. What good does it do, then?

Mr. REED. It is a matter of pride.

Mr. CONNALLY. Just the rank? Is that all?

Mr. REED. Yes; it is merely a reminder of the higher rank which they held during the war.

The Senate proceeded to consider the bill, which was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 1 of the act entitled "An act to give war-time rank to retired officers and former officers of the Army, Navy, Marine Corps, and/or Coast Guard of the United States", approved June 21, 1930, is amended by striking out the words "except those retired under the provisions of section 24b of the act of June 4, 1920."

FRANCIS N. DOMINICK

The bill (S. 727) for the relief of Francis N. Dominick was announced as next in order.

Mr. KING. Let that bill go over.

The VICE PRESIDENT. The bill will be passed over.

ROBERT J. SMITH

The Senate proceeded to consider the bill (S. 772) for the relief of Robert J. Smith, which was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers, sailors, and marines Robert J. Smith shall hereafter be held and considered to have been honorably discharged from the military service of the United States on October 6, 1899: *Provided*, That no back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

ROBERT J. FOSTER

The Senate proceeded to consider the bill (S. 166) for the relief of Robert J. Foster, which had been reported from the

Committee on Military Affairs with an amendment, on page 1, line 9, to strike out the words "15th day of August" and to insert in lieu thereof the words "26th day of October", so as to make the bill read:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Robert J. Foster, who was a member of Company C, Sixth Regiment United States Infantry, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a private of that organization on the 26th day of October 1901: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ROLANDO B. MOFFETT

The Senate proceeded to consider the bill (S. 248) for the relief of Rolando B. Moffett, which was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Rolando B. Moffett, who was a member of Company H, Eleventh Regiment United States Infantry, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a member of that organization on the 30th day of September 1880: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

SAMSON DAVIS

The Senate proceeded to consider the bill (S. 381) to correct the military record of Samson Davis, which had been reported from the Committee on Military Affairs with an amendment, on page 1, line 5, to strike out the words "Company A, Ninth Regiment United States Infantry", and to insert in lieu thereof the words "the Hospital Corps, United States Army", so as to read:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Samson Davis, who was a member of the Hospital Corps, United States Army, shall be held and considered to have been honorably discharged from the military service of the United States as a private of that organization on the 29th day of August 1902.

The amendment was agreed to.

Mr. REED. Mr. President, I think there has been a clerical error in that bill. It ought to carry the usual proviso. I move to add at the end of the bill the words "*Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act."

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill for the relief of Samson Davis."

BERYL M. M'HAM

The Senate proceeded to consider the bill (S. 558) for the relief of Beryl M. McHam, which had been reported from the Committee on Military Affairs with an amendment, on page 1, line 9, after the numerals "1920", to insert a colon and the words "*Provided*, That no pay, compensation, benefit, or allowance shall be held to have accrued prior to the passage of this act", so as to make the bill read:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers, Beryl M. McHam, who served in Company C, Twenty-sixth Regiment, and Company C, Eighth Regiment United States Infantry, World War, shall hereafter be held and considered to have been honorably discharged from the military service of the United States on the 7th day of July 1920: *Provided*, That no pay, compensation, benefit, or allowance shall be held to have accrued prior to the passage of this act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

WILLIAM BURKE

The Senate proceeded to consider the bill (S. 1204) for the relief of William Burke, which was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers William Burke, who was a member of Company C, Ninth Regiment United States Infantry, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a member of that organization on the 6th day of August 1901: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

LEONARD THEODORE BOICE

The Senate proceeded to consider the bill (S. 1287) for the relief of Leonard Theodore Boice.

Mr. REED. Mr. President, that, again, fails to include the proviso. I move that there be added at the end of the bill the words—

Provided, That no pay, compensation, benefit, or allowance shall be held to have accrued prior to the passage of this act.

The amendment was agreed to.

Mr. SHEPPARD. Mr. President, I suggest to the Senator that the officer referred to in this bill is dead, and that the object of the bill is to make it possible for his widow to receive an allowance of a few hundred dollars. If the amendment proposed by the Senator is added in this case, the purpose of the bill will be defeated.

Mr. REED. Then the amendment is worded incorrectly. It ought to include the words "excepting active-duty pay."

Mr. SHEPPARD. That is true.

The VICE PRESIDENT. It will be necessary to reconsider the vote by which the amendment was agreed to. Without objection, the vote will be reconsidered, and the clerk will state the amendment as modified.

The CHIEF CLERK. The Senator from Pennsylvania proposes to insert at the end of the bill the following proviso:

Provided, That no pay, excepting active-duty pay, compensation, benefit, or allowance shall be held to have accrued prior to the passage of this act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

CURTIS JETT

The Senate proceeded to consider the bill (S. 792) for the relief of Curtis Jett, which was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Curtis Jett, who was a member of Troop I, Sixth Regiment United States Cavalry, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a private on July 23, 1898: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

SUPERVISION OF FOREIGN COMMERCIAL TRANSACTIONS

The bill (S. 882) to provide for the more effective supervision of foreign commercial transactions, and for other purposes, was announced as next in order.

Mr. JOHNSON. Mr. President, this bill is one in which I am very greatly interested, and it is legislation urgently needed and required. However, on last Friday, I think it was, the Senator from Florida [Mr. FLETCHER] presented, from the Committee on Banking and Currency, a bill of similar import, which represents the administration's views. I do not want to interfere with the administration's program, although I desire that the legislation shall be hastened with the utmost celerity.

Inasmuch as the Senator from Florida is absent, I do not feel that I ought to press this particular measure of mine, which is of like character with that which he has presented. So I ask that it go over.

The VICE PRESIDENT. The bill will be passed over.

RELIEF IN EXISTING BANKING EMERGENCY

The bill (S. 1425) to amend the act entitled "An act to provide relief in the existing national emergency in banking, and for other purposes", approved March 9, 1933, was announced as next in order.

Mr. COUZENS. Let that go over. The Chairman of the Committee on Banking and Currency is not in the Chamber at present.

The VICE PRESIDENT. The bill will be passed over.

RELIEF OF UNEMPLOYMENT

The bill (H.R. 4606) to provide for cooperation by the Federal Government with the several States and Territories and the District of Columbia in relieving the hardship and suffering caused by unemployment, and for other purposes, was announced as next in order.

Mr. McNARY. Mr. President, this is a bill of huge proportions. It appropriates $500,000,000. I do not imagine the able Senator from New York desires to have it considered at this time. Indeed, I do not think that in the remaining time during the morning hour we could give proper consideration to the bill.

Mr. WAGNER. Mr. President, may I say to the Senator that this bill is almost identical with a bill which the Senate has already approved, after a discussion covering a period of 3 days. I can state briefly the reason why it is here.

Mr. McNARY. I think it is similar technically, or in language, but it carries an additional appropriation of $500,000,000.

Mr. WAGNER. Oh, no; this identical bill, with one or two minor amendments which were made by the House, has already passed the Senate. The reason why it is back here again is that when the Senate bill reached the House a point was made that since it provided for a bond issue the bill ought to originate in the House. Therefore the same bill was reintroduced in the House, was passed there, and is back here. Under those circumstances I did not think it would lead to any discussion here at all, because the amendments do not relate to the substance of the bill.

Mr. COUZENS. Mr. President, will the Senator from Oregon yield to me?

Mr. McNARY. I yield.

Mr. COUZENS. The Committee on Banking and Currency compared this measure very carefully with the bill which originally passed the Senate, as the Senator from New York states, and there is really only a minor difference as to the difference in the method of distribution of the $500,000,000 among the States. I think the amendments can be easily explained in a very few minutes, because the whole field has been covered before.

Mr. McNARY. When I read the bill hastily on the calendar I thought it was for an additional appropriation.

Mr. WAGNER. Oh, no; it is a bill which we discussed here; and the only change which might be regarded as a substantive change is that the original bill provided a fund of $200,000,000, which was to be distributed by the so-called "matching process"; that is, whenever a State had expended a certain sum over a period of 3 months, to that State was to be advanced one third of that sum out of a $200,000,000 fund. Then the $300,000,000 fund was to be regarded as an emergency fund, to be given to the States in addition to the one third if need were shown. Instead of $200,000,000 being appropriated for matching purposes, the fund was increased to $250,000,000, and the emergency fund was decreased from $300,000,000 to $250,000,000. Outside of that the changes are minor. I really did not think it would lead to any debate or discussion of any kind, because the Senate by a very substantial vote approved the legislation some days ago.

Mr. McNARY. Does this bill have a unanimous report from the Committee on Banking and Currency?

Mr. WAGNER. It has been unanimously reported from that committee.

Mr. McNARY. It does not increase the financial load to the Government?

Mr. WAGNER. No more than we increased it in the original measure.

Mr. McNARY. I mean, it does not increase the obligation over and above that which was considered by the Senate previously, some weeks ago?

Mr. WAGNER. No; it is the same sum exactly.

Mr. LA FOLLETTE. Mr. President, I hope the Senator from Oregon will not object to the consideration of the bill, for the further reason that the funds available for this purpose under the old act are rapidly diminishing, and it is imperative that additional funds be made available. In view of the fact that the Senate committee has recommended certain minor amendments, it becomes necessary for the bill to go back to the House, and it may be necessary to have a conference. In view of the fact that we have already thrashed out all of the major issues contained in the legislation, and the Senate has acted, I trust the Senator will let us take it up this morning.

Mr. McNARY. Mr. President, I am not going to be particularly stubborn about the matter. I simply want to know how we are proceeding. I am advised that the Senator from Arizona [Mr. HAYDEN] is to offer a very substantial amendment to the measure. I do not want to have the bill considered if there are to be several amendments offered.

Mr. FLETCHER. Mr. President, will the Senator yield to me?

Mr. McNARY. I yield.

Mr. FLETCHER. I had a request to offer a minor amendment to the bill. It is not so very important, I think, but it is worth while, I presume. It was to include the Virgin Islands under section 7, to insert the words "Virgin Islands" after the words "Puerto Rico", so as to make that section read:

SEC. 7. As used in the foregoing provisions of this act, the term "State" shall include the District of Columbia, Alaska, Hawaii, Puerto Rico, and the Virgin Islands; and the term "Governor" shall include the Commissioners of the District of Columbia.

Mr. McNARY. Mr. President, I have no objection to that, but I am advised that the Senator from Arizona intends to offer an amendment. Should the bill be taken up, and an amendment be offered, it would be too late then to request that it go over. If there are to be amendments offered of a substantial character, in view of the necessary absence of some of the Members of the Senate on this side, I should have to object to the consideration of the bill this morning until we had an opportunity to study the amendments to the bill.

Mr. WAGNER. Mr. President, may I inquire whether there is any other Senator who proposes to offer an amendment to the bill? I think the Senator from Arizona is the only one who desires to do so. I might say to the Senator that, with my knowledge of procedure in the Senate, if this bill were coming up for the first time, I would not even suggest that it be considered in this short period of time; but we have discussed the bill in all its details.

Mr. McNARY. I appreciate that.

Mr. BRATTON. Mr. President, if the Senator from Arizona is to offer an amendment, I suggest that he let us know what it is.

Mr. HAYDEN. Mr. President, I can state very briefly that the proposal I intend to offer is to permit the American National Red Cross to continue, as it has been doing in past years, the distribution of flour made from wheat or other grain products. It will not take me more than 10 minutes to explain the proposal to the Senate, and the Senate could vote on it immediately.

Mr. McNARY. That may be true; it may be a very worthy project, and personally I probably would have no objection, but there are Members on this side who would like to consider the amendment before it is voted on. It involves the expenditure of $40,000,000. Let me say to the Senator further that there is no more Government wheat left. All of that which heretofore has been a reservoir from which we have taken the wheat and turned it over to the Red Cross has been disposed of.

Mr. HAYDEN. Mr. President, I am sure it would not take more than 20 minutes to dispose of the matter. I can very briefly state what the amendment provides, and the Senate can vote on it at once. I think the Senate is perfectly competent to pass on it right now.

Mr. McNARY. I appreciate that, but the point I am making is simply this: Whatever my views may be, I could not

permit a vote on this $40,000,000 proposition, which has never been before the Senate, with so many absent from the Senate at this hour. It is not a fair way to legislate.

Mr. COSTIGAN. Mr. President, will the Senator yield?

Mr. McNARY. I yield.

Mr. COSTIGAN. In view of the serious consequences which may follow the suggested objection of the distinguished Senator from Oregon, will not the Senator from Arizona generously consider withholding his amendment, and offering it as a separate bill? The need for action is urgent. The enactment of this measure should not be delayed another day.

Mr. HAYDEN. Mr. President, if it is the judgment of the three authors of the bill that I should do that, of course I will follow their suggestion.

Mr. WAGNER. I join in the request to the Senator.

Mr. McNARY. Mr. President, I am not considering that amendment only. I object to consideration of the measure with so many absent. If the Senator wants to offer the amendment and let the bill go over until tomorrow during the morning hour, that would meet my suggestion.

Mr. LA FOLLETTE. Mr. President, if the Senator who has the floor will yield, I want to add to the appeals already made to the Senator from Arizona that he permit us to get this bill through this morning, because of the urgent need of supplementing the funds available. So far as any individual Senator can do so, I promise the Senator that I will be glad to assist him in getting consideration for his bill, but I think the proposal should be in a separate bill.

Mr. HAYDEN. Mr. President, I can assure the Senator from Oregon, then, that at the request of the three authors of the bill I will not offer my amendment if he will permit the bill to come up.

Mr. McNARY. Mr. President, in view of the statements of the Senator from New York and others that the bill conforms to the legislation which formerly went through the Senate, I shall not object.

The VICE PRESIDENT. Is there objection?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Banking and Currency with amendments. The first amendment of the committee was, on page 3, line 16, to strike out "not to exceed $8,500" and to insert in lieu thereof the words "to be fixed by the President at not to exceed $10,000", so as to make the section read:

SEC. 3. (a) There is hereby created a Federal Emergency Relief Administration, all the powers of which shall be exercised by a Federal Emergency Relief Administrator (referred to in this act as the "Administrator") to be appointed by the President, by and with the advice and consent of the Senate. The Administrator shall receive a salary to be fixed by the President at not to exceed $10,000, and necessary traveling and subsistence expenses within the limitations prescribed by law for civilian employees in the executive branch of the Government. The Federal Emergency Relief Administration and the office of Federal Emergency Relief Administrator shall cease to exist upon the expiration of 2 years after the date of enactment of this act, and the unexpended balance on such date of any funds made available under the provisions of this act shall be disposed of as the Congress may by law provide.

Mr. BRATTON. I desire to ask the Senator from New York a question with reference to this bill. I am moved to do so by reason of a telegram received from a constituent in New Mexico who is deeply interested in it. The telegram reads:

If newspaper statements correct, bill substituted by House would make exclusive basis allotment Federal relief funds to October 1 the ability of the State to put up $3 for every dollar allotted by Federal Government. This absolutely impossible New Mexico. If this provision retained, would mean thousands of people hungry in New Mexico coming months.

Does this bill contain a provision to that effect?

Mr. WAGNER. It does not. It is not limited to a matching fund.

Mr. BRATTON. I did not so understand the bill but "to make assurance doubly sure", I desired to obtain an expression from the Senator from New York who is one of the authors of the proposed legislation.

Mr. BLACK. Mr. President, before this amendment shall be adopted I desire to ask what is the reason why it is necessary to strike out the salary limitation and to increase the salary from $8,500 to $10,000?

Mr. LA FOLLETTE. Mr. President, I may say in response to the inquiry of the Senator from Alabama that, in the first place, this bill contemplates very important administrative functions to be performed by the person selected to administer the act. In other words, he is going to exercise a wide discretion over a fund amounting to $500,000,000. Therefore, it seemed to the members of the committee that to fix the salary at $8,500, which would in turn be subject to a 15 percent cut under the general economy act, would reduce the salary to the point where it might be impossible to get the type and caliber of person who certainly ought to be selected to discharge such an important administrative function as is provided for in the bill. Therefore the committee raised the figures from $8,500 to $10,000, which, subject to a 15-percent cut, would make a net salary of $8,500 per annum.

Mr. BLACK. So that I understand, then, the Senator's idea is that there should be one employee at $10,000, which would really make a net pay of $8,500?

Mr. LA FOLLETTE. That is correct.

Mr. BLACK. That is doubtless correct, but I desire to ask the Senator if he does not think it would be wise, by reason of various complaints which have come to many Senators about salaries, to limit the $10,000 salary to one rather than to leave it wide open?

Mr. LA FOLLETTE. I do not understand that it is left wide open. If the Senator will note the language as proposed to be amended, he will find that it reads:

The administrator—

That is, the person referred to all through the bill as the person who will be appointed to administer the act—

shall receive a salary to be fixed by the President at not to exceed $10,000.

Mr. BLACK. Is there any further limitation?

Mr. LA FOLLETTE. On page 4, if the Senator will refer to lines 6 and 7, he will see that the bill permits the administrator to fix the compensation of certain officers and experts, and the salary limitation is placed at not to exceed $8,000 per annum.

Mr. DILL. Mr. President, why does the committee think that we could not get a man to administer this proposed law without raising his salary to $10,000?

Mr. LA FOLLETTE. The Senator ought to say raising it to a net sum of $8,500.

I may say to the Senator that, of course, probably persons might be obtained for work of this kind who would not expect any salary at all. On the other hand, there are persons, as the Senator knows, who have no private income, and the committee felt that in the administration of a fund so large as this we would want to secure the best-equipped person to carry on the work, and that, in the end, in order to get the right person, it would be well worth the difference, say, between $7,000 and $8,500.

Mr. DILL. Mr. President, the Senator from Wisconsin must know that there are literally hundreds—I think, thousands—of men who ordinarily get large salaries but who today would be delighted to have an opportunity to get a salary of $8,500 with a 15 percent cut; men of outstanding ability; men of large administrative experience. It seems to me we are setting a bad precedent in these hard times when we provide salaries of $10,000 a year. I do not see any need of it. We shall have coming before us pretty soon a railroad bill providing for a coordinator who will try to reorganize the railroads of the United States. I have consistently fought in the preliminary discussion of that legislation to keep down any high salaries. I do not believe at this time we are justified in paying high salaries, and I do not see any need of the Senate committee's amendment.

Mr. LA FOLLETTE. Mr. President, the Senator from Washington speaks of a $10,000 salary, and once more I

want to point out that it will be a net salary of $8,500. Furthermore, I may say in response to the Senator's suggestion that there are hundreds, if not thousands, of persons who could be obtained to administer this proposed act; but it embraces a special field, and the person undertaking to administer it should be one who has training, experience, and character. We felt that the President ought not to be hampered in the selection by providing a salary below $8,500. It was the judgment of the committee that that was not an exorbitant salary for a person charged with the tremendous responsibilities which will be imposed upon the administrator under this bill; and to insist upon a reduction of $1,500 in the salary of the official who is to be charged with administering a fund which reaches $500,000,000, it seems to me would be certainly pennywise and pound foolish.

Mr. CLARK. Mr. President——

Mr. LA FOLLETTE. I yield to the Senator from Missouri.

Mr. CLARK. Mr. President, we passed a bill here last Friday at one gulp authorizing an unlimited number of $10,000 jobs in connection with the administration of the farm bill. It seems to me, as the Senator says, it would be pennywise and pound foolish to be raising that point at this time in the case of one official charged with the administration of as important and large a fund as is provided by the pending bill.

Mr. LA FOLLETTE. Mr. President, I may say for myself in behalf of the other Senators who have been interested in this proposed legislation that it has been our constant desire from the beginning, as a careful reading of the bill will show, in every possible way to limit and cut down the cost of administration in order that the largest amount of this money should ultimately reach those who are in distress. We have provided that all except a few experts shall be under the Civil Service. We have done everything we possibly could to circumscribe the administrative cost. We fixed a very infinitesimal percentage as the total limit beyond which the administrative cost should not go. I hope the Senator will permit the President to have a sufficient amount of leeway to enable him to get the right man for this job, for if there ever was a bill drawn on the theory that it must have competent administration it is this one.

Mr. COSTIGAN. Mr. President, I desire to ask the Senator from Wisconsin whether it is not true that we also carefully examined the possibility of securing some rarely qualified administrator, even discussing that subject with representatives of the President? We have always had in view securing the services of an administrator who would most efficiently function under this proposed act and who, by virtue of his experience, could save far more than any salary that could be paid him.

Mr. TRAMMELL. Mr. President, I see no occasion to raise the salary of $8,500 fixed by the House in this bill passed by it and now being considered by the Senate. The House fixed the salary at $8,500 per annum. The Senate is endeavoring to raise it to $10,000. I believe in these times when Congress is at least making an effort toward effectuating economy that we should force some of it on the higher salaries.

I was against the idea of giving unlimited salaries in connection with the bill which we passed last week. This is not the day of high salaries in any line of endeavor, but some want to maintain high salaries for a lot of officials. To me it does not seem consistent that we should constantly be trimming small salaries, that some Senators should be constantly nagging at the veterans of the country, many of whom are getting only $12.50 a month, and cutting off their compensation, or reducing it in other instances 25 percent or 30 percent, and denying them the privilege of hospitalization when bedridden. Yet when it comes to the salary of some official, such as the one provided for in this bill, it is proposed to give a big salary just as though the country were prosperous and that everything was going along well and lovely in this country. As a rule, those who want to give big salaries even during the time of depression can predominate. But I submit the policy is all wrong.

I hope the Senate will cut down the salary to $8,500 a year, which is the amount fixed by the House, and, if we do that, in all probability, the same person will occupy the position who otherwise would. I have often in the Senate seen claim made that we could not get an efficient person unless we fixed his salary at ten or twelve thousand dollars per annum, and I will guarantee, if a check be made of such cases, that in 75 percent of the instances the same person occupied the place at the increased salary. Yet some would have us think that we are going to lose their efficient and wonderful services unless we add $1,000 to $2,000 more to an already high salary, considering the depressed condition of our country.

This item involves only one salary, and that in itself does not amount to much, but the question of the principle involved and the question of the attitude of Congress in dealing with other financial matters bulk large. I do not know how it is in most of the States, but back in my State I do not find that the people approve of high salaries not being reduced or that those drawing them should not make equal contribution in any reduction that may occur while all kinds of minor and inconsequential items of expense are trimmed to the very bone.

I hear a great deal from my State about 8 and 10 and 15 thousand dollar salaries that some here insist in maintaining. I dare say other Senators do not; that their people are well satisfied to keep up the high salaries and to cut the lower salaries and cut off the soldiers from many benefits previously enjoyed. Are they? Are they? I get a different sentiment expressed from the people that I happen in part to represent. I hope the item will remain just as it is in the House bill. The salary there fixed was ample. You can get the best men in the country now for $5,000 or $6,000 per annum.

Mr. McNARY. Mr. President——

Mr. TRAMMELL. I yield the floor.

Mr. McNARY. The House provision called for $8,500 per annum?

Mr. WAGNER. That is correct.

Mr. McNARY. And the committee increased it to $10,000. Was that because of the 15 percent reduction in the economy bill?

Mr. WAGNER. That, of course, influenced the committee in fixing the higher maximum.

Mr. McNARY. So that the net amount of money that would go to the official would be $8,500?

Mr. WAGNER. Yes; that is really what the House fixed, and I assume that the House did not take into consideration the 15-percent reduction. I think it was in their minds to make the compensation equal to the salary of Senators and Members of the House.

Mr. McNARY. It occurs to me that the amendment adopted by the Senate committee conforms to the intention of the House.

Mr. WAGNER. That is my view of it.

Mr. BYRNES. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from South Carolina?

Mr. WAGNER. I will be through in a moment. There is very little, Mr. President, that can be added to what the Senator from Wisconsin [Mr. LA FOLLETTE] has stated, except that I think the Senate appreciates that we are imposing upon the administrator under this bill one of the most difficult tasks imaginable. As a matter of fact, we have got to have somebody in the office who has not only ability but has had experience in the distribution of relief funds, for here is involved the task of distributing throughout the country as a gift from the Federal Government $500,000,000. The one who administers this fund has got to have knowledge of the conditions in various localities, of the needs, and of the social problems involved. I have made inquiry as to what the States are paying to the experts employed by them, and I will say that most of the States have not permitted

politics to interfere with the administration of relief funds and they have employed experts, men who have made a study of the social problems involved, to head their relief committees, and four of the States are now paying higher salaries for the administration of merely State funds than we are proposing to pay the one who shall have placed upon him the tremendous task that we are imposing upon the administrator of this proposed act. So I hope that the amendment will be adopted.

Mr. BYRNES. Mr. President, I wish to say a word or so in support of the amendment. Let me remind the Senator from Florida that when the economy bill was passed during the last Congress all salaries were limited to $10,000, with the exception of salaries paid to members of the Cabinet. As I recall, the only exception was the Director of Veterans' Administration. The Banking and Currency Committee inquired into the matter when this bill was pending before the committee and became convinced that it was the intention of the House that the Administrator should be paid a salary of $8,500. By the language of the bill he is given discretion to appoint State administrators to handle the funds covered by the bill. Unlike the former act, which provided for loans, it is provided now that there shall be direct advances. I think if we can visualize the duties and the importance of the position of administrator under this bill, having in his control and discretion $500,000,000, we can agree that the salary of $8,500 provided by the bill is not excessive.

As to the other employees, provision is made that in no case shall any employee other than the director receive a salary in excess of $8,500. The 15-percent cut will apply to the $8,500. That means that the assistant to the administrator cannot receive more than $7,225. I think under the circumstances the committee is wise in fixing the salary as it is provided in the bill, and I hope the amendment will be agreed to.

Mr. TRAMMELL. Mr. President, I think there is greater justification for this particular increase, more than in nine tenths of the other cases where salaries, in spite of any opposition, have been fixed by Congress in excess of $8,000, $9,000, or $10,000. Still I do not approve of the policy of maintaining a high standard of salaries for those in the higher positions and not cutting their salaries proportionately when we consider the necessities and the needs of the families of the country in the Government service who are drawing the smaller salaries, say, $1,200 to $1,800 per annum. I have contended here upon several occasions that a person who receives a salary of $2,000 a year and has a cut of $325 from that salary can much less afford that reduction than a person who is getting a $12,000 a year salary can afford a reduction of $2,500 or $3,000 per annum and still have left a salary of $9,000 or more. That is the basis of my contention.

Of course, some do not believe in the idea of increasing the percentage of cut as we reach the larger salaries. They would have them continue to draw, say, from $7,000 to $12,000 annually. I believe we should adopt such a policy as that. In the Government's distress I believe those able to pay should pay most. I think that the salaries, generally speaking, fixed during prosperous times were quite liberal, far more liberal to those receiving the higher salaries than to those who received the smaller salaries. During my 16 years of service in the Senate I have found it far more difficult to obtain an increase of $50 or $100 a year for a person receiving a salary of $1,500 to $2,000 a year than it has been to secure an increase from $10,000 to $12,000 or $15,000. As a rule, the $8,000 and $10,000 and $12,000 salaries are readily and quickly increased. A suggestion of an increase in such a salary has gone through like the machinery had been perfectly oiled in advance. However, I opposed many of them. In prosperous times, when there was some agitation favoring a minor increase in the smaller salaries, there would be debate and contention for 2 or 3 or 4 days in the Senate, and the little fellow would do well to get an increase of $60 to $100 per annum.

I agree that in this particular instance there is more justification for the increase than ordinarily, but we have all seen many instances where salaries of $7,000 or $8,000 or $10,000 are paid to people who were not previously receiving more than $3,000 or $4,000. I have seen agitation in the Senate and I have seen legislation enacted following statements to the effect that we had to pay larger salaries to obtain the services of certain people upon certain boards or in certain bureaus, and then we have seen those positions as a rule filled by people who previously were not receiving half the salaries fixed by the Government. I am contending against the general principle that in this time of depression and distress, in this time when the Government has deemed it proper even to take away in some instances a part of the very small compensation paid to soldiers, to withdraw hospitalization from the soldiers in many cases. In such times we should guard well and wisely the question of dealing with the higher and larger salaries. Do not cry economy, economy, and then have no economy in legislating on the big, fat salary.

The PRESIDING OFFICER. The question is on the adoption of the amendment of the committee.

The amendment was agreed to.

The PRESIDING OFFICER. The next amendment will be stated.

The next amendment of the Committee on Banking and Currency was, on page 4, line 2, after the word "and", to insert "subject to the provisions of the Civil Service laws, appoint, and, in accordance with the Classification Act of 1923, as amended, fix the compensation of", so as to make the clause read:

(b) The Administrator may appoint and fix the compensation of such experts and, subject to the provisions of the Civil Service laws, appoint, and, in accordance with the Classification Act of 1923, as amended, fix the compensation of such other officers and employees as are necessary to carry out the provisions of this act—

And so forth.

Mr. DILL. Mr. President, does this mean that everybody employed by such an organization has to be on the Civil Service rolls or one who has previously been discharged and is still on the Civil Service rolls?

Mr. LA FOLLETTE. Mr. President, may I explain the situation? This is the language in the bill exactly as it passed the Senate originally. When the bill was up for consideration in the House an amendment was offered striking out the words which are now in the bill, and the result was that everything was thrown under the Civil Service. The language as now written in the bill will require all persons in a clerical capacity to be taken from the Civil Service roll, but would permit the administrator to appoint whatever small number of experts he may need without regard to the Civil Service. In other words, the amendment is less restricted than the text of the bill provided as it passed the House.

Mr. DILL. My understanding is that unless the statute specifically exempts employees authorized they must come under the Civil Service.

Mr. LA FOLLETTE. That is true.

Mr. DILL. The experts are still not exempt.

Mr. LA FOLLETTE. Yes; they are. The administrator may appoint and fix the compensation of such experts.

Mr. DILL. But it does not say the experts are not subject to the Civil Service Act.

Mr. LA FOLLETTE. The way the language is drawn I believe it does, if the Senator will read it carefully. This is the language commonly used. It is very clear that they are not to be subject to the Civil Service requirement, because the affirmative declaration is that all others are to be so subject, and this makes the exception. As the bill passed the House everybody had to come under the Civil Service provision.

Mr. DILL. Under an Executive order issued by former President Hoover the selection of new employees from the Civil Service came not from new lists by examination but from former employees who had been discharged. What is

being done here is to compel the Board to take employees who have been dropped from the rolls of other departments. That is the effect of it.

Mr. WAGNER. Mr. President, I do not know whether that is the effect or not; but even if it is, I do not think it would be a serious objection, would it? If originally the employees acquired their position through a competitive examination and then through the economy program they have been discharged, I should think they ought to have a prior right. However, I do not think we provide here one way or the other.

Mr. DILL. That condition exists under the Civil Service Executive order issued by the President. I think these special organizations ought not to be hampered by the Civil Service. They are temporary in their nature and exist only for a short period. I think it is a serious mistake to hamper the men in charge of these special organizations by compelling them to follow the Civil Service plan. We have not done it with the Reconstruction Finance Corporation generally. We have not done it with various other organizations.

Mr. WAGNER. I am not so sure that we should not have done it.

Mr. DILL. We could not have done any worse, I agree; but the whole theory is that in these temporary organizations the officers ought to be free to choose men for the particular positions.

Mr. WALSH. Mr. President, I simply want to go on record as in favor of all Government employees being under the Civil Service. The incompetency of many temporary Government departments is due in large part to the fact that they are not under the Civil Service. If we want competent employees, we are more likely to get them through the Civil Service than through favoritism or political influence.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The PRESIDING OFFICER. The next amendment will be stated.

The CHIEF CLERK. On page 4, line 6, after the word "act", insert the words "but such compensation shall not exceed in any case the sum of $8,000", so as to make the sentence read:

> The Administrator may appoint and fix the compensation of such experts and, subject to the provisions of the Civil Service laws, appoint, and in accordance with the Classification Act of 1923, as amended, fix the compensation of such other officers and employees as are necessary to carry out the provisions of this act, but such compensation shall not exceed in any case the sum of $8,000.

The amendment was agreed to.

The PRESIDING OFFICER. The next amendment will be stated.

The CHIEF CLERK. The next amendment of the Committee on Banking and Currency is, on page 4, line 16, after the word "purpose", to insert the following new sentence:

> The Administrator may, in his discretion, appoint a State administrator in any State or States where in his judgment more effective and efficient cooperation between the States and Federal authorities may be secured in carrying out the purposes of this act, and shall prescribe rules and regulations for that purpose.

Mr. LOGAN. Mr. President, I desire to offer an amendment to the amendment of the committee. In line 16, after the word "discretion", I move to amend the committee amendment by striking out the words "appoint a State administrator" and insert in lieu the words, "under rules and regulations prescribed by the President, assume control of the administration", so as to read:

> The Administrator may, in his discretion, under rules and regulations prescribed by the President, assume control of the administration in any State or States—

And so forth. The first thing the amendment does is to allow the administrator to proceed under rules and regulations prescribed by the President. The next thing, instead of simply appointing a State administrator, the amendment allows him to assume control of administration under rules and regulations prescribed by the President.

Mr. WAGNER. Mr. President, I do not understand the amendment.

Mr. LOGAN. The amendment proposes to strike out the words "appoint a State administrator" and insert in lieu thereof words so it will then read:

> The administrator may in his discretion, under rules and regulations prescribed by the President, assume control of administration in any State or States—

And so forth.

Mr. WAGNER. I think we can accept the amendment.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 4, line 16, after the word "discretion", the Senator from Kentucky proposes to amend the committee amendment by striking out the words "appoint a State administrator" and insert in lieu thereof the words "under rules and regulations prescribed by the President, assume control of the administration."

The PRESIDING OFFICER. Without objection, the amendment to the committee amendment is agreed to and without objection the committee amendment as amended is agreed to. The clerk will state the next amendment.

The CHIEF CLERK. On page 8, line 8, the Senator from Florida proposes to amend by striking out the word "and", before "Puerto Rico", and after the words "Puerto Rico" insert the words "and Virgin Islands", so as to read:

> As used in the foregoing provisions of this act, the term "State" will include the District of Columbia, Alaska, Hawaii, Puerto Rico, and the Virgin Islands; and the term "governor" shall include the Commissioners of the District of Columbia.

Mr. WAGNER. There is no objection to the amendment.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. COPELAND. Mr. President, I am not quite sure that I understood the answer my colleague made to the Senator from New Mexico [Mr. BRATTON]. I find, on page 5, at the bottom of the page, the statement that—

> Each State shall be entitled to receive grants equal to one third of the amount expended by such State—

And so forth.

Mr. WAGNER. That applies to the fund of $250,000,000, which is set aside for a period of time to be used in the matching process; that is, for every $3 the State has expended during a period of 3 months prior to the application the State will be entitled as a matter of right to receive $1. In addition thereto, however, there is another fund of $250,0000,000, which we call "the emergency fund"; and if the one third is insufficient to meet the needs of the States they may apply for a further allowance under the $250,000,000 provision by establishing the need for the fund.

Mr. COPELAND. Then the anxiety that the mayor of the city of New York had is quite unnecessary?

Mr. WAGNER. Yes.

Mr. COPELAND. Because under the bill as written the city, through the State, would get back one dollar for each three spent, and then in addition would get funds from the other section of the bill?

Mr. WAGNER. Yes; and, besides, I think it carries out his suggestion. Let me give my colleague an illustration. If during a period of 3 months New York City has spent $9,000,000, it then will be entitled to $3,000,000 in the succeeding 3 months under this matching provision, so that the city will only have to expend $6,000,000. Therefore he is getting 2 for 1, really, for future expenditure—exactly what he sought.

Mr. COPELAND. In order that the illustration may be correct, I desire to let the Senate know that the city of New York is spending $7,500,000 per month for relief now.

Mr. WAGNER. Yes. The whole State, as a matter of fact, is spending $14,000,000 a month for relief.

Mr. BRATTON. Mr. President——

Mr. WAGNER. I desire to follow that up. If that one third is insufficient, the State may still apply for a portion of the $250,000,000, and the amount allowed depends upon the need of the State. That is where the State of New Mexico will be cared for.

Mr. BRATTON. The provision to which the Senator now refers is on page 6, line 8, subparagraph (c)?

Mr. WAGNER. Yes.

Mr. BRATTON. And that provision relates to $250,000,000?

Mr. WAGNER. Two hundred and fifty million dollars. As to the distribution of that fund, there are no restrictions except that no State can receive more than 15 percent, and the State must establish the need for the fund.

Mr. BRATTON. That was my understanding of the legislation; but a misconception has gone throughout the country. It has provoked a great deal of anxiety; and I think it is a real service to correct that misconception on the floor of the Senate, so that the country may know that a State that is unable to comply with the matching provision is not excluded from relief, but may obtain relief under the other provision of the legislation.

Mr. COPELAND. May we not say, also, that to the $250,000,000 in the second section will be added any remnant of the first $250,000,000 not taken by the States?

Mr. WAGNER. That is in the discretion of the President.

Mr. COSTIGAN. That is provided under subdivision (d) on page 6.

Mr. WAGNER. If the President so directs.

The PRESIDING OFFICER. The question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time and passed.

BILL PASSED OVER

The bill (S. 687) providing for the establishment of a term of the District Court of the United States for the Southern District of Florida at Orlando, Fla., was announced as next in order.

Mr. DILL. Let that go over.

Mr. FLETCHER. Mr. President——

Mr. DILL. I am opposed to that bill.

The PRESIDING OFFICER. The bill will be passed over.

MOTHER'S DAY

The resolution (S.Res. 16) favoring an expression on Mother's Day of our love and reverence for motherhood, was announced as next in order.

Mr. WALSH. I ask to have the resolution printed in the RECORD.

The PRESIDING OFFICER. That order will be made.

The resolution was considered and agreed to, as follows:

Whereas by House Joint Resolution 263, approved and signed by President Wilson, May 8, 1914, the second Sunday in May of each year has been designated as Mother's Day for the expression of our love and reverence for the mothers of our country; and

Whereas there are throughout our land today an unprecedentedly large number of mothers and dependent children who, because of unemployment or loss of their bread earners, are lacking many of the necessities of life: Therefore be it

Resolved, That the President of the United States is hereby authorized and requested to issue a proclamation calling upon our citizens to express, on Mother's Day this year, our love and reverence for motherhood;

(a) By the customary display of the United States flag on all Government buildings, homes, and other suitable places;

(b) By the usual tokens and messages of affection to our mothers; and

(c) By making contributions, in honor of our mothers, through our churches or other fraternal and welfare agencies, for the relief and welfare of such mothers and children as may be in need of the necessities of life.

Mr. COPELAND. I ask that two telegrams, one from Bishop McConnell of the Methodist Church, and another from Mr. Tuttle, ex-district attorney of New York, may also be printed in the RECORD.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

NEW YORK, N.Y., *April 27, 1933.*

Senator ROYAL S. COPELAND,
Senate Building:

Greatly appreciate your contribution to unemployment relief by means of Senate Resolution 16. Earnestly hope you will push for early passage, thereby give necessary time for effective organization on the part of churches and other cooperating agencies.

FRANCIS J. MCCONNELL.

NEW YORK, N.Y., *April 27, 1933.*

Senator ROYAL S. COPELAND,
Senate Building, Washington, D.C.:

Greatly appreciate your leadership and effort to secure early adoption Senate Resolution 16. Believe if adopted early enough to enable churches to make proper presentation it will result in life-saving contribution and relief of much suffering among our unemployed.

CHARLES H. TUTTLE.

AMENDMENT OF EMERGENCY BANKING ACT

Mr. FLETCHER. Mr. President, while I was called out of the Chamber, Senate bill 1425 was reached and some Senator suggested that it go over. I do not see any objection to the bill. It is recommended by the Reconstruction Finance Corporation and by the Secretary of the Treasury. It simply provides that the Reconstruction Finance Corporation may take other stock in national banking associations. I think the idea, when it was reached, was that it had to do with the securities bill; but it has no relation at all to that measure.

Mr. McNARY. Mr. President, I think it would be unfortunate to recur to the bill at this time, in view of the fact that so many Senators are absent. I think it was the Senator from Michigan [Mr. COUZENS] who asked that it go over; and during his absence I should have to insist on the objection.

Mr. FLETCHER. I think it was the Senator from California [Mr. JOHNSON] who suggested that it go over, because he thought it had reference to his bill, S. 882; but that is a different matter entirely.

Mr. McNARY. I know; but in the absence of the Senators I shall have to insist on my objection.

Mr. FLETCHER. Very well.

THE DALLES BRIDGE CO.

The Senate proceeded to consider the bill (S. 1278) to amend an act (Public, No. 431, 72d Cong.) to identify The Dalles Bridge Co., which was read, as follows:

Be it enacted, etc., That an act to authorize the construction of certain bridges over navigable waters of the United States, approved March 4, 1933 (Public, No. 431, 72d Cong.), be amended by adding to section 2a the words "a Washington corporation", immediately following the words "The Dalles Bridge Co."

Mr. LA FOLLETTE. Mr. President, a parliamentary inquiry. Has this bill any relation to the one previously considered on the calendar?

Mr. DILL. No; this bill relates to a bill passed in the last Congress. The other bill relates to another phase of this subject.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILLS PASSED OVER

The bill (S. 875) to provide for the furnishing of information and the supervision of traffic in investment securities in interstate commerce was announced as next in order.

Mr. KING. Mr. President, this bill is so important that I presume the Senator from Florida does not want to have it taken up at this time with so many Senators absent.

Mr. FLETCHER. It is a very important bill, and cannot be disposed of in 5 minutes.

Mr. KING. That is what I supposed. I suggest, therefore, that it go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (H.R. 4589) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1934, and for other purposes, was announced as next in order.

Mr. McNARY. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

AMENDMENT OF PROBATION LAW

The Senate proceeded to consider the bill (S. 1131) to amend the probation law, which had been reported from the Committee on the Judiciary with an amendment, on page 2, line 18, after the word "after", to strike out "his discharge from probationary supervision" and insert "the probationary period", so as to make the bill read:

Be it enacted, etc., That section 2 of the act of March 4, 1925, entitled "An act to provide for the establishment of a probation system in the United States courts, except in the District of Columbia" (U.S.C., title 18, sec. 725), be, and the same is hereby, amended to read as follows:

"SEC. 2. That when directed by the court the probation officer shall report to the court, with a statement of the conduct of the probationer while on probation. The court may thereupon discharge the probationer from further supervision and may terminate the proceedings against him, or may extend the probation or modify the condition of his probation, as shall seem advisable.

"At any time within the probation period the probation officer may arrest the probationer wherever found, without a warrant, or the court which has granted the probation may issue a warrant for his arrest, which warrant may be executed by either the probation officer or the United States marshal of either the district in which the probationer was put upon probation or of any district in which the probationer shall be found and, if the probationer shall be so arrested in a district other than that in which he has been put upon probation, any of said officers may return probationer to the district out of which such warrant shall have been issued. Thereupon such probationer shall forthwith be taken before the court and the court may revoke the probation or the suspension of sentence and impose any sentence which might originally have been imposed.

"At any time after the probationary period, but within the maximum period for which the defendant might originally have been sentenced, the court may issue a warrant and cause the defendant to be arrested and brought before the court. Thereupon the court may revoke the probation or the suspension of sentence and may impose any sentence which might originally have been imposed."

The amendment was agreed to.

Mr. COPELAND. Mr. President, may I ask the Senator from New Mexico whether this bill radically changes the probation law? I ask the question because it happens that I introduced the probation bill which became a law.

Mr. BRATTON. It does not. I will state to the Senator that it changes it in four respects only:

First. It authorizes the court during the period of probation, upon report of the probation officer, to modify the condition of the probation.

Second. It expressly authorizes the arrest of the probationer wherever found.

Third. It expressly authorizes the arrest of the probationer by either the probation officer or the United States marshal wherever found.

Fourth. It authorizes the court, during the period of probation, not only to terminate, extend, or modify the term of probation, but to impose any sentence which might have been imposed originally.

Mr. COPELAND. I assume that the experience in the application of the law has made it seem wise to make these changes.

Mr. BRATTON. It has; and the passage of this bill was recommended by the Department of Justice.

Mr. COPELAND. Does the Senator know how successful the law has been in its operation?

Mr. BRATTON. It has been very successful. With these improvements I think it will be more so.

Mr. COPELAND. I thank the Senator.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

INSURANCE COMPANY BONDS AND STOCKS

Mr. FLETCHER. Mr. President, I move that the Senate proceed to the consideration of Senate bill 1094 to provide for the purchase by the Reconstruction Finance Corporation of preferred stock and/or bonds and/or debentures of insurance companies. We ought to dispose of that bill now.

Mr. McNARY. Mr. President, when this matter came up earlier in the day the able Senator from Indiana [Mr. ROBINSON] objected to it. An amendment is desired to be offered by the Senator from California [Mr. JOHNSON]. They are both absent from the Chamber, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Barkley	Bulkley	Carey
Ashurst	Black	Bulow	Clark
Austin	Bone	Byrd	Connally
Bachman	Borah	Byrnes	Coolidge
Bankhead	Bratton	Capper	Copeland
Barbour	Brown	Caraway	Costigan
Cousens	Kean	Norbeck	Steiwer
Cutting	Kendrick	Norris	Stephens
Dickinson	Keyes	Nye	Thomas, Okla.
Dill	King	Overton	Thomas, Utah
Duffy	La Follette	Patterson	Townsend
Erickson	Logan	Pittman	Trammell
Fess	Lonergan	Pope	Tydings
Fletcher	McAdoo	Reed	Vandenberg
Frazier	McCarran	Reynolds	Van Nuys
Goldsborough	McGill	Robinson, Ark.	Wagner
Gore	McKellar	Robinson, Ind.	Walcott
Hale	McNary	Russell	Walsh
Harrison	Metcalf	Sheppard	Wheeler
Hayden	Murphy	Shipstead	White
Johnson	Neely	Smith	

Mr. KENDRICK. I desire to announce that the Senator from North Carolina [Mr. BAILEY], the Senator from Illinois [Mr. DIETERICH], the Senator from Georgia [Mr. GEORGE], and the Senator from Louisiana [Mr. LONG] are necessarily detained from the Senate.

The PRESIDING OFFICER. Eighty-three Senators having answered to their names, there is a quorum present.

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair). The question is on the motion of the Senator from Florida [Mr. FLETCHER] that the Senate proceed to the consideration of Senate bill 1094.

Mr. FLETCHER. Mr. President, I may say, very briefly, that I do not propose to go into a discussion of the bill at any length.

The PRESIDING OFFICER. The motion is not debatable during the morning hour.

Mr. FLETCHER. I just wanted to explain the object of the motion and to state that I did not expect to take any time with it.

The PRESIDING OFFICER. The question is on the motion of the Senator from Florida.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Banking and Currency with amendments.

The first amendment of the committee was, on page 1, line 3, before the word "existing", to insert the word "the", so as to read:

That during the continuance of the existing emergency heretofore recognized by Public, No. 1, of the Seventy-third Congress, or until this act shall be declared no longer operative by proclamation of the President, etc.

The amendment was agreed to.

The next amendment of the committee was, on page 2, line 17, to strike out the words "an amount sufficient" and to insert in lieu thereof the words "$100,000,000, in order to provide funds."

Mr. KING. Mr. President, before this bill is disposed of, I shall be very glad to have an explanation. There may be reasons sufficient to justify putting our hands into the Treasury of the United States and taking out $100,000,000 for insurance companies—that, I understand, being the purpose of the bill—but if there are reasons which warrant that, I should be glad to be advised of them.

It seems to me we are a little too tender toward some of these corporations, banks, insurance companies, railroads, and so on, and I fear that some of the advances which we are making will never be returned, that the taxpayers of the United States will be the victims of improvident loans and expenditures. Before I can vote for this proposal, I shall be very glad to have reasons which will appeal to me.

Mr. JOHNSON. Mr. President, I want to say to the Senator from Florida that I have an amendment which I am about to offer to the bill or which I shall offer ultimately, and I might as well offer it now, because I think the bill will probably not be acted upon before 2 o'clock.

I will say to the Senator, in order that he may be informed respecting it, that the amendment is simply an amendment of the Reconstruction Finance Corporation law, which has been written, in part, by the attorney for the Corporation, and in part by our legislative counsel, authorizing loans to municipalities and school districts which will enable those school districts and municipalities in southern California which suffered in the recent earthquake, and whose schoolhouses were literally destroyed, to obtain loans upon their credit and in the execution of the obligations

and the like from the Reconstruction Finance Corporation. I explain that to the Senator in order that he may consider it in the future when this bill comes up. I offer the amendment, which I ask to have printed and lie upon the table.

Mr. FLETCHER. Mr. President, I am very glad to have the Senator offer the amendment now. I supposed the conditions in California had been taken care of by a separate appropriation.

Mr. JOHNSON. In respect to the construction of these schoolhouses, nothing whatsoever has been done.

Mr. FLETCHER. In response to the Senator from Utah, if the Senator from California will allow me, I will state briefly what the purpose of the bill is and what is intended to be accomplished by it. I may say this, that I would not be so persistent about getting action on the bill if it were not that the Reconstruction Finance Corporation have urged it upon me. They say it is not only important but necessary, in some instances, if we are to save the lives of some of these insurance companies for the benefit of those who are insured, for us to take this action right now; that we cannot wait; that it will be too late 10 days from now. Some of the companies are in a very bad situation so far as their financial set-up is concerned, and they can get relief under the bill, and the Government would be entirely safe in taking the preferred stock.

In these instances it is a matter in which the public is concerned, not merely the insurance companies themselves.

The bill authorizes the Reconstruction Finance Corporation, during the emergency declared by the President on March 6, 1933, or until the provisions of the bill are declared inoperative by proclamation of the President, to subscribe for preferred stock of insurance companies which is exempt from assessment or additional liability, or to make loans to such companies secured by such stock as collateral whenever the Secretary of the Treasury finds that such subscriptions or loans are necessary to provide working capital for such companies.

The Secretary of the Treasury must first find that the loans are necessary in order to provide working capital for such companies. Such subscriptions to stock are to be made upon request of the Secretary of the Treasury, with the approval of the President.

I cannot see any stronger foundation for a proposal than that. It must be certified by the Secretary of the Treasury that the loan is necessary, and the loans are to be made only upon the request of the Secretary of the Treasury, and with the approval of the President.

The bill also provides that whenever the issuance of such preferred stock is prohibited under State law, which is the case in some States, or may be issued only with the unanimous consent of the stockholders or upon more than 20 days' notice, which is legal under the laws of some States, the Corporation is authorized to purchase legally issued notes, bonds, or debentures of insurance companies in such States, which may be subordinated to the claims of other creditors.

Under the bill as reported by the committee the borrowing power of the Reconstruction Finance Corporation is increased by $100,000,000 to provide funds to carry out the provisions of the bill.

It may not be necessary to use a dollar; it may not be necessary for them to expand their borrowing power one cent; but this provision must be made in order that they can do it if it is required in order to meet the conditions which are determined, first, by the Secretary of the Treasury and approved by the President, and found to be proper and advisable by the Reconstruction Finance Corporation. They must protect the loans. That is the whole purpose of the bill.

As I recall, I have not heard a single objection to the bill as originally introduced. The objections which have been urged or brought to my attention at least, and the only objections, are those which arise under the committee amendment. The amendment of the committee, which the Senate can accept or reject as it sees fit, of course, provides that the insurance companies must put up additional capital in an amount equal to that which is subscribed for by the Reconstruction Finance Corporation. Some of the companies say they cannot do that. They say that they cannot call upon the stockholders now, who are not able to put up this additional capital, and therefore the bill will do them no good. There are some companies in that situation, I have no doubt. That is one of the things provided for in the amendment, not in the bill itself.

Another thing provided in the amendment is a limitation on salaries. No officer in any of these borrowing companies, president or otherwise, may receive more than $17,500. Then we provide that there shall be no increase or rise in the salaries during the time the Government holds the stock. That is provided in the amendment, and there are objections raised to the provisions of the amendment. To the purpose and objects of the bill as introduced I have not found any serious objection anywhere. The Reconstruction Finance Corporation people tell me that it is essential that we do something about this now, and there are some companies which undoubtedly would be salvaged and go on with their business, conducted in a proper, legitimate way, if they are able to get this help, through the subscription to the preferred stock, under which there is no liability to the Reconstruction Finance Corporation, or assessment, or anything else, on condition that the companies borrowing the money put in new capital to the amount that is subscribed by the Reconstruction Finance Corporation.

Mr. President, that is the provision of the bill. The insurance companies of this country need the help, undoubtedly—they want it—and the Reconstruction Finance Corporation commends the bill. The loans would be safeguarded by being passed upon by the Secretary of the Treasury and approved by the President. So that I think the bill ought to be acted upon now. If the Senate feels that the amendment which the committee has reported should not be insisted upon, or should be defeated, that is entirely a matter for the Senate itself.

Mr. ROBINSON of Indiana. Mr. President, I just want to suggest to the Senator from Florida that I will have no objection to taking up the bill when it can be thoroughly discussed and its weaknesses exposed. In other words, there is nothing dilatory about my objection at this time. I just knew that the bill could not be taken up and acted upon during the morning hour, because there could not be sufficient opportunity to point out the weaknesses of the measure.

When the bill comes up in regular order, however, and we can have time to discuss it, I propose to lay bare what seems to me to be some of the dangers of the proposal, to strongly urge that the bill be defeated; and then, if the Senate acts upon it, at least I will be conscience free. The Senate can then do as it chooses. A majority can act. But I certainly do not desire that the Senate should take snap judgment on this matter, because it is of very grave importance.

The proposal is to give a hundred million dollars to insurance companies, and I propose to point out, when the proper time comes, that all in the world that money is expected to be used for by the insurance companies themselves is to bolster up their own weaknesses. I propose to show that the policyholders, for whom these executive officers act in trust, would not benefit one cent by any advance from the Reconstruction Finance Corporation. Because of the fact that the policyholders have been, in my judgment, abused thoroughly during the past 3 years by these very insurance companies, I consider it my duty to do all I can to see that they are not abused any further, that they may be protected in the future.

PERSONALITIES AND PERSONAL RELATIONSHIPS IN THE AMERICAN EXPEDITIONARY FORCES—ADDRESS BY MAJOR GENERAL HARBORD

Mr. SHEPPARD. Mr. President, I present and ask unanimous consent for publication in the RECORD an address delivered by Maj. Gen. J. G. Harbord, United States Army, retired, at the Army War College, April 29, 1933, entitled "Personalities and Personal Relationships in the American Expeditionary Forces."

There being no objection, the address was ordered to be printed in the RECORD, as follows:

One of the principal advantages to a country of an institution such as West Point for the training of its officers is that it acquires through the years a group of men who, in addition to the other benefits of military training, speak the same language. The training is sufficiently grooved so that given a set of circumstances the majority of graduates will draw substantially the same inferences and will report them to military superiors in language which will carry the same interpretation to other graduates of that incomparable school. When the graduates of the institution constitute the great majority of the general officers commanding for our country in a war, this advantage, already great, is multiplied if, in mature life, a large proportion of those officers have been further standardized by the service schools and Army War College. The effect of this uniform training is again multiplied by the personal relationships that have been established through the years of such association.

General Pershing graduated from West Point in 1886, having personally known, with greater or less intimacy and realism, the cadets of the several classes which graduated from the academy from 1883 to 1889. Those still in service of the seven classes in 1917 ranged generally between 50 and 60 years of age. They were the physical and professional survivors of from 28 to 34 years of service, and furnished 27.8 percent of the 474 general officers who commanded for America in the World War. The outstanding character of General Pershing's Army service had given him unusual opportunity for knowing a great number of those officers destined to serve under him in the American Expeditionary Forces. He served a tour as tactical officer at his alma mater just before the Spanish-American War and knew many members of the classes that graduated from 1895 to 1899. These classes furnished 8.8 percent of our general officers for the war. He was a member of the highly professional Army which went to Cuba in 1898. His early service in the Philippines was contemporaneous with the volunteers of 1899 and 1900, the field officers of which largely reappeared as general officers in 1917. He had a tour on the General Staff just after its organization with the opportunity for acquaintance which comes to the young officer stationed in the National Capital. He commanded Fort William McKinley at a time when Manila was the mecca of the mobile army. His command of the Mexican expedition brought him further opportunity for wide acquaintance with the officers on the Rio Grande border.

Of the 42 divisions which served under General Pershing in France, 14 at one time or another were commanded by his classmates of 1886. Sixteen others were under command of officers whom he had known as cadets at West Point. Several others were commanded by officers whom he had known while serving there as a tactical officer. In the first detail to the General Staff in 1903, one room in the War Department is said to have furnished office space to Majors Goethals and Dickman and Captains Pershing and March. The latter became Chief of Staff in the World War, Dickman commanded a division and then a corps, and finally the Third Army in Germany; Goethals became a major general in recognition of his tremendous achievement of the Panama Canal, and was Director of Purchase, Storage, and Traffic on the War Department General Staff under General March.

This wide acquaintance with his contemporaries and many juniors compared very favorably with that enjoyed by Haig in the British Army and Petain, Foch, and Joffre in the Armies of France. Beyond doubt the success of all these men was attributable in no small degree to their judgments of officers formed during years of service before the Great War. These personal relationships played such a dominating part in the drama of America's greatest adventure that the stuuent of the military art who seeks to deduce principles from the story of the American Expeditionary Forces must constantly take them into account. Personalities really govern the world, and personal relationships are, in my judgment, more potent in politics, professional, and business life than any other single factor. To the extent that they influenced the course of events in the American Expeditionary Forces, it is important that someone shall make record of them. Memories of the Great War are already fading and will die with our generation. The bare records of administration, the tactical studies, the official reports and rosters, will no longer glow with life when the last survivor of the events of which they treat has joined his comrades in the beyond. The future historians and biographers of our time, if of the "debunking" type so obnoxious in recent years, will undertake to supply the human interest by synthetic process if those of us who knew and lived it have left behind us no record of it.

Actually, in a small army in time of peace, there can hardly be a choice of staff officers by a commander just charged with the responsibilities which faced General Pershing on May 14, 1917, when I reported to him in the War Department, except one based upon personal acquaintance. In my own case I had known General Pershing since December 1898, nearly 19 years. We had occupied the same tent in the Tenth Cavalry camp at Huntsville, Ala., for about half of that month. I had just been appointed regimental quartermaster. He had performed the same duty when the regiment went to the Santiago campaign. Promoted away from Cuba and his property accountability after the surrender of the city with no opportunity to transfer to a successor, he was now under the lash of the auditor for the War Department, and had come to Huntsville to see what could be found of his shortage. In verifying the accountability turned over to me by the officer who had acted as regimental quartermaster since Pershing had left Cuba, I found that much of the property in the hands of the troops was not included. I inventoried all the Government property in the camp, and took up on my returns what I found unaccounted for. It included such items as over 800 horses, 2 wagons, and a couple of pack trains. In general, what I found corresponded fairly well with the shortage over which Captain Pershing was worrying. In the years that passed between Huntsville and the World War I had crossed the Pacific once with General Pershing, and had considerable contact with him in the many years during which we were both in the Orient. In the summer of 1915 I had been stationed at the Presidio of San Francisco, and saw him during the short leave of absence from the border which he passed there with his family in the month that preceded the great tragedy which darkened his life in that year.

When I reported to him on May 14, being considered for the duty of chief of staff to accompany him to France, our first duty together was to study the names submitted by the chiefs of supply bureaus of suitable men for his staff. To a certain extent such naming by a department head or chief of bureau settled the matter for the time, especially if we both knew the officer and agreed on his merits. In other cases, if doubt not confirmed by personal acquaintance existed, an understudy was requested, whose selection was based on personal knowledge of him. In the case of the two General Staff officers not named by the War Department, but whom General Pershing was authorized to select, we agreed, without hesitation, on Lt. Col. John McA. Palmer and Maj. Dennis E. Nolan. The former worked himself sick in France, but came back to command a brigade in the closing days of the war, and eventually retired as a brigadier. Nolan was the assistant chief of staff for intelligence during the whole war, but, during a rest period from confinement to an office desk, went up to the front line, and won a Distinguished Service Cross in command of a brigade. He is now a major general. Lt. Col. Fox Conner and Maj. Hugh A. Drum, both of whom had served with General Pershing in the Southern Department, accompanied us to France and began work in the operations section of the General Staff. Conner succeeded Palmer as its head when the latter broke down in health, and was the great chief of operations for the American Expeditionary Forces during all its active operations, and came home with the Commander in Chief as his chief of staff. Drum, who had known the general in the old days in Lanao, became the very efficient chief of staff of the First Army. Both Conner and Drum now wear the double stars. During the first month in France, five officers joined us who were destined by reputation and the general's acquaintance with their records to become members of his initial general staff. They were Lt. Cols. William D. Connor and Paul B. Malone, and Majs. LeRoy Eltinge, Frank R. McCoy, and Stuart Heintzelman.

Eltinge, who became deputy chief of staff, American Expeditionary Forces, died soon after the war as a brigadier general. Connor was the first asistant chief of staff, G–4. He left general headquarters to be chief of staff of the Thirty-second Division the same day I left to command the Marine Brigade. He had his stars as a brigadier and was fighting a brigade on the Vesle when I persuaded General Pershing to send him to me in the Services of Supply, where he eventually became chief of staff and relieved me of the command in May 1919. As a major general he went from the command of the Army War College last year to be Superintendent at West Point. Malone was the officer in charge of training, as assistant chief of staff, G–5, for the first half year and then commanded the Twenty-third Infantry. The fortunes of war delayed his promotion until October 1918, but he is now a major general. Stuart Heintzelman stayed with the operations section of the general staff and became chief of staff of the Second Army. As a major general he is graduating General Staff officers from Fort Leavenworth. Frank Ross McCoy became a colonel, left general headquarters with Connor and myself on May 6, 1918, going to command the old Sixty-ninth New York, the One Hundred and Sixty-fifth Infantry in the Rainbow Division. He soon changed his eagles for stars, and commanded a brigade in the Thirty-second Division, until he, too, was commandeered for the Services of Supply. One of the best all-around officers in the Army, he has been kept busy as a major general in far-flung diplomatic missions to Nicaragua and Manchuria.

About the time General Pershing sailed, May 28, 1917, to command all American military units and individuals in Europe, the War Department sent to Europe a commission of 12 selected officers to study organization at the Allied front and make recommendation to the War Department on the proper organization with which to fight the war. Nine of those twelve officers became general officers during the war, one of them is now the efficient Commandant of the Army War College. Every consideration of common sense and courtesy, as well as efficiency, should have suggested that this commission be ordered to report to General Pershing, who was to command the armies for which the commission was to suggest an organization. He might have been supposed to have ideas on organization if he was a fit selection for the command. As a matter of fact, he had such ideas, and had at once set his General Staff to getting the data upon which to form recommendations which he would make to the War Department.

The commission visited the puzzled British and French headquarters, who knew of Pershing's arrival and could not understand this independent commission roving the western front. It completed its tour, but, like all Americans in peace or war, expected to put the finishing touch on its study in Paris, and came there, but



did not report to General Pershing. The senior officer was a quartermaster, a fact rather amusing to our Allies, but he was a classmate of our general, and, of course, was friendly. The Commander in Chief saw the danger of the commission, in person recommending to the War Department one form of organization while he by cable suggested another, and realized what was likely to happen under such circumstances. He invited the members of the commission to discuss their proposed organization with him and his staff, where by every consideration he should have been able to order it. The discussion lasted over 2 long summer days, when time was more precious than fine gold. It was held in the lovely garden at the back of 78 rue de Varenne, which Mr. Ogden Mills had turned over to the general for his use during the war, a splendid, beautiful establishment, the residence of Marshal Lannes when Napoleon became emperor. Serious differences of opinion developed in the discussion. In his earnestness, one of the outstanding officers of the commission, later to be a distinguished division and corps commander on the western front, carried his argument as nearly to the limit of courtesy as I have ever seen an officer go and escape unrebuked. General Pershing kept his temper, was infinitely patient, and the commission finally agreed with the organization he recommended to the War Department. It was the most critical moment of his command in some respects.

The great personality of the American Expeditionary Forces was, of course, the commander in chief himself. There was no rivalry for first place among the several officers who reached prominence in the American Expeditionary Forces. It was loyally conceded to John J. Pershing. He appears to have been a marked man from the time he entered West Point. Older than the average cadet, he was a leader in the corps, became first captain, and was made president of his class. He was under 40 when I first met him. He was 57 in the autumn of 1917. The years had dealt kindly with him, and he was at the height of his physical and professional vigor. He had great personal charm, though not all the American Expeditionary Forces were privileged to feel it. He is an exceedingly temperate man, not a drinker, and seldom smoked. He appeared to have no routine for exercise, though in France he seemed always in fine physical condition. A good rider and a fast walker, he was physically and mentally alert. He was the personification of neatness and a model of military smartness. I have seen him show some temper, but never saw him lose control of himself. Caution and canniness were strong traits of his character. He was very impersonal in his military decisions; quiet, definite, but willing to hear explanations. He had a contempt for haziness and indefiniteness in his subordinates. When he had made up his mind it was not easy to get him to change it, but it was tenacity and firmness and not obstinacy, and it could be changed. Patience was not his most conspicuous trait, but he had it in great degree when necessary. He never "spilled the beans."

In the second month after our arrival in France the Seventeenth Engineers landed at St. Nazaire. It was a fine regiment under a fine colonel, John S. Sewell, a graduate of West Point, who had gone into civil life some years before the war. Nevertheless it would have figured as but one more among many good regiments with good colonels that were so numerous as to be the accepted standard but for the presence in it of one great personality. Over 25 years before Lieutenant Pershing, of the Sixth Cavalry, had served a tour as military instructor at the University of Nebraska at Lincoln. A struggling lawyer of the town was Charles Gates Dawes, destined to become one of the very conspicuous figures of our time. The two young men, unmarried, similar in tastes, nearly of an age, and almost equally impecunious, formed a friendship that still endures.

In 1917, Dawes, in the meantime, became a prosperous banker of Chicago, for which he had abandoned the law, was of an age and importance to his community that, in the case of thousands of other men, furnished a justification for remaining at home. He, however, resurrected a youthful experience in railroad engineering and sought and obtained a commission. He landed in France as lieutenant colonel of the Seventeenth Engineers. He became the most outstanding civilian in the American uniform. He exercised an influence on the accomplishments of the American Expeditionary Forces which easily places him among perhaps a dozen officers who, standing just below the commander in chief, were so nearly on the same level of merit with each other, that history will take little note of any difference.

General Pershing found the Allies bidding against each other for munitions in the restricted markets of allied and neutral countries. Our own supply chiefs, true to the independence of function in which they had been bred, began the same expensive effort, with no coordination and no regard for priority of needs. One would bid high prices in open market for materials which might be on hand unused and unneeded in another branch of our own supply. General Pershing sent for Lieutenant Colonel Dawes, his lawyer-trained business friend of long experience, already well known to the Allies as the banker of Chicago whose bank had led the subscription for the Anglo-French loan, and gave him the task of coordinating the purchases of the whole command in allied and neutral markets. He wore the title of general purchasing agent, but never personally made a purchase. In time there were added to his responsibilities many other activities, such as the Accounting Bureau of Accounts, Rents, Requisitions, and Claims, the civilian labor, and the American membership on the Inter-Allied Board of Military Supply.

General Dawes acquired few military characteristics during his time in uniform, fewer than he thought he did, but his usefulness, loyalty, and direct-action efficiency never slackened for a moment. He thought of General Pershing as the "John" of Lincoln days, and usually addressed him that way. Yet he would have fought like a tiger to defend the dignity and respect due the commander in chief from anyone under all circumstances. His was at all times the noble and steadfast heart, and, if military channels meant little to him, his official performance left nothing to be desired. His direct access to the General occasionally put a little strain on the military conventionalities, and, as the boys sometimes said, he operated from a position "out on a limb." Meantime, Dawes and Harbord became close friends, and when the latter went to command the Services of Supply, where Dawes nominally belonged, personal relationship again played a part in securing unvarying cooperation and conformity from the general purchasing agent. In time Colonel Dawes became a brigadier general and terminated a career of usefulness in France, where no one could have replaced him, with the final negotiation of the sale of our American Expeditionary Force supplies to France, with accompanying settlement of all claims of the French against the American Expeditionary Forces. General Dawes' subsequent brilliant and useful career is a logical sequence to the service he rendered his country in the World War.

Maj. Gen. John Biddle, an engineer of long experience, an outstanding officer of his corps, and a former superintendent of West Point, came over early in the summer of 1917 with a brigade of Engineers which was assigned with the British. Its units were soon separated, and General Biddle because virtually a liaison officer at British general headquarters.

In September of that year Maj. Gen. Hugh L. Scott, Chief of Staff of the Army, was retired for age. I remember one September Sunday reminding General Pershing of that fact, and telling him I thought he might expect a request to recommend a successor to him. He replied that, singularly enough, he had just received a letter from the Secretary of War stating that General Bliss, who himself was to reach retiring age in 3 months, was to succeed General Scott, and asking General Pershing if General Biddle could be spared for the position of the assistant, only one then, to the Chief of Staff. We discussed General Biddle for a moment, of whom we both held high opinion, General Pershing having known him intimately for many years. It seemed that if General Biddle were a success as assistant, he was probably in line for Chief of Staff. With every fine quality of loyalty, squareness, intelligence, and experience he was past the age of greatest energy. We were reluctantly of the opinion that he lacked a little of the iron which would be needed for the senior place, but thought that with an assistant who had it the combination would be an excellent one. General March at once came to the mind of both of us as an exemplar of the complementary qualification needed.

General Pershing recommended Biddle for assistant, and if later made Chief of Staff, suggested that General March be made the assistant. General Biddle was ordered to Washington and became Assistant Chief of Staff, acting as chief much of the time through General Bliss's absence in Europe on the Supreme War Council. Secretary Baker, who had known and thought well of General March, evidently approved General Pershing's letter regarding him. Early in 1918 General Biddle was returned to Europe and became commander of the SOS section in England. Major General March was ordered home to be made Chief of Staff, and held the position until June 30, 1921.

He had come to France in July 1917. As an experienced artilleryman of long service he was assigned by General Pershing to command the artillery training camp at Valdahon, and the Army Artillery of the First Army. Valdahon's importance to the American expeditionary forces was great and by no means to be estimated by its distance from the center of the stage. General March's untiring energy and driving force made it a center of activity.

The new Chief of Staff was now going to a position which any officer should be proud to occupy, even though at the cost of an opportunity to command troops in the theater of war. It was one—the number two and less conspicuous—of the two high positions of transcendental importance in our military organization in the greatest war in which our country has ever engaged. The laurel is an outdoor plant and seldom blooms from an office desk. General March left no doubt in the minds of those of us who had contact with him in his last days in France that he turned his back on the western front with great regret and only in obedience to orders. He would have been less a soldier if he had not continued to feel that regret throughout the war. Even a more sweet-tempered man than the new Chief of Staff might have found it impossible to bear that keenest disappointment that can come to a soldier without some bitterness and resentment. Future historians are so sure to take this into consideration in accounting for some of his official actions that there seems no impropriety in the present speaker giving it some weight.

It is not too much to say that there should have been but a single motive actuating the War Department in 1917 and 1918, and that was to do everything possible in every way to contribute to the success of the American arms. The whole war machinery existed only in order that we might do our full share in winning the war. The proper policy and the duty of the new Chief of Staff might have been stated in the simple sentence that he was to support the commander in chief of the American Expeditionary Forces in every proper way. The prestige that comes from being the chief military adviser to the President and the Secretary of War is very great. The presumption that when he speaks it is by that authority is very seldom questioned by the Army and is therefore

the more carefully to be guarded. The wording of official messages from the new Chief of Staff very quickly took on a rasping and irritating method of expression. This surely reflected no mood of Secretary of War Baker. If merely a mannerism, it was most deplorable. If it was the indication of a belief, then not yet stated in words, that General March himself personally was the military superior of the commander in chief, American Expeditionary Forces, it was worse, for such a belief had no justification in either law or custom of the service.

In delaying, for example, the promotion of Colonel Malone, who, as assistant chief of staff in charge of training, had differed from him on the matter of artillery training, though, of course, the Chief of Staff under the law could neither grant nor withhold promotion except by authority of the Secretary of War, General March said to General Pershing, substantially, "I" was not satisfied with the way he performed his duty as your staff officer. General Pershing had been satisfied with it and month after month had urged his promotion.

An injustice was done Colonel Malone. He was put out of step with the officers of his own time by his delayed promotion, and his career has suffered cruelly from it. A military adviser and mouthpiece to the Secretary of War—and that, in the cold meaning of the law, is all that a Chief of Staff is—set himself in judgment on the needs of the American Expeditionary Forces as urgently stated by the responsible commander in chief and presumed to grant or withhold what the latter said was necessary to their success.

Legislation adopted in October 1917 had provided the temporary grade of general for the commander in chief of the American Expeditionary Forces and for the Chief of Staff of the Army. When Major General March became Chief of Staff in the spring of 1918 his temporary rank became that of general, and as such he was junior to General Pershing by about half a year. Every attribute of command attached to the grade as held by General Pershing. No attribute of command attached to it as held by General March, except that as Chief of Staff he could give orders in his own name to the War Department General Staff. In every other function he performed he spoke only by the authority of the Secretary of War. Regulations then, as now, provided that the Chief of Staff, as such, takes precedence of all other officers of the Army—that is, he precedes them on all official and ceremonial occasions. This precedence carries no authority to give an order to any officer not a member of the War Department General Staff, except by giving it in the name of the Secretary of War. In the light of the very interesting book published by General March in 1932, there can be no doubt now that he thought himself the military superior of General Pershing and competent to give him orders by virtue of the authority inherent in such military superiority. Without warrant of law for the belief of such authority inherent in his rank or office, he may have convinced himself that some vestige of it adhered to him by virtue of being the vehicle of transmission for the commanding authority of the Secretary of War. It is as though the telegraph wire became glorified by carrying an important message.

Whatever the rasping tone of General March's cablegrams, however much his compulsory removal from the theater of war may have soured a disposition none too amiable, and however much the intoxicating aura that surrounds the office of the Secretary of War may have contributed to his hallucination of military superiority over General Pershing, the fact remains that no Chief of Staff who ever sat in our War Department exceeded him in driving force and ability to get things done. Beset by newspapermen, hectored and interrupted by the elected Senators and Representatives of the people, and with the million details of the administrative end of a great war as his responsibility, General March kept his mind and body on his tremendous task and well accomplished it. His country owed him more than the omnibus legislation which restored his war-time rank in retirement with hundreds of others.

In late July 1918, General Pershing received a letter from the Secretary of War which, in substance, stated that to save him from too much worry by detail, it had been suggested that General Goethals be sent to France to command the services of supply as a coordinate authority with General Pershing, reporting direct to the War Department. General Goethals at that time was the principal subordinate of the Chief of Staff in the War Department and an obvious successor of that officer in case a change was made. To take from General Pershing the control of his own military supply was an action unprecedented in military history, so far as my information goes, and regarded by him and all of his staff as a step fatal to the success of the American arms on the western front. It would have created a two-headed combination for control of American military matters in France and would have divided not only authority but responsibility between Pershing and Goethals. It could have had but one result, which we may hope that no one advocating it in the War Department foresaw, and that is failure in which both Pershing and Goethals would have been involved. Their independent activities would have required a common superior to coordinate them and a single individual would have again been given the command.

These potentialities were at once apparent to General Pershing, who replied to the Secretary of War that he had for some time been dissatisfied with the management of the services of supply, and had already determined to send there Major General Harbord, who had been Chief of Staff through the organization period of the American Expeditionary Forces, and more recently in command of combat troops. He urged that General Goethals be not sent as contemplated. He was then informed that the temporary detail of General Harbord to command the services of supply was approved until the expected visit of the Secretary of War in September, when final decision would be made. The suggestion was not renewed when Secretary Baker came to France. He concurred in the assignment.

Thus it was the play of personality and personal relations on both sides of the Atlantic which gave a new commander to the services of supply in late July 1918, and that sent there a particular officer. With the change there was an extension of authority to the commanding general of the SOS by permitting him to cable directly to the War Department on matters on which the policy had already been determined by the commander in chief. This authority had never been extended to his predecessor. It instantly speeded up the machinery by shortening the time for getting requisitions to the War Department. The personal relationship between the new supply chief and the commander in chief enabled the former to handle many matters directly with the latter. It also served as more or less of a "Keep off the grass" sign to ambitious staff officers at general headquarters.

In the summer of 1917 General Pershing had determined on breaking with the traditions of the old Army by creating a director general of transportation. The Quartermaster Corps had long handled all transportation matters during peace. The field-service regulations assigned military railways to the Engineer Corps in war. Upon communicating this determination to the War Department, he very soon received a cablegram from the acting Chief of Staff, General Bliss, saying that the directors of the Pennsylvania Railroad had patriotically offered the services of their operating vice president, Mr. Wallace W. Atterbury, to organize and operate transportation for the American Expeditionary Forces, on condition that he be given an entirely free hand, reporting only to the commander in chief. General Pershing replied, pointing out the impossibility of accepting the services under such conditions and that it was not practicable to emancipate anyone in the command from staff control, or to promise that any agent or instrumentality of the American Expeditionary Forces could always have access to or deal exclusively with the commander in chief. This cablegram must have been lost in the mountain of unopened and unread messages said to have existed in the mail and record room of the Adjutant General's office at that time, as stated by Major General March in conversation on his arrival in France. At any rate, within a fortnight Mr. Atterbury reported to General Pershing. Evidently he had not been informed of the general's view on the condition imposed by the Pennsylvania, but General Pershing supposed that he had been, an dthe subject was not mentioned during their interview and not until long after.

The new director general of transportation was made a brigadier general in the autumn of 1917. Under the assignment of duties to the Transportation Corps, as the officers and men under General Atterbury came in time to be, an article of supply arriving on transports immediately became its responsibility. The transportation people handled it every time it was moved until it was delivered to troops at the railhead. In each port there was a transportation officer who reported directly to General Atterbury. To do his work of unloading and transferring freight to storage or trains this officer had to use stevedore troops, who, when not actually engaged in labor under his orders, reverted to the command of the base section commander, who was responsible for their subsistence, clothing, shelter, pay, instruction, and discipline. The transport officer never knew at night what number of men he could count on for the next day nor in what condition they would be for work. The base section commander had no responsibility for their accomplishments. The misunderstanding under which General Atterbury had come to France, and which had by inadvertence been perpetuated, had resulted in this inefficient arrangement. Delays also arose from the fact that the commander in chief could not always be accessible for consultation by the director general of transportation, who sought counsel and direction from no one else.

By the winter of 1917–18 matters of detail were crowding on the commander in chief and occupying his time to the exclusion of the more important nonadministrative matters which were entitled to his attention. Some 22 heads of staff bureaus and departments were going to him for decision, all of them being his staff officers and by long custom of the service, and in some cases by law, entitled to personal access to him. This was remedied by a change which was made placing the supply chiefs on the staff of the commanding general of the services of supply, and assigning them, including the director general of transportation, to Tours. It does not seem probably that the proper relations of the Transportation Corps to the remainder of the staff were made clear to General Atterbury until the late summer of 1918. The commanding general under whom he first served at Tours, in some respects one of the ablest men of his time in the service, was a lawyer by instinct and training, inclined somewhat, I think, to consider that a thing was accomplished when the order for it had been given from his desk. There appears to have been little or no effort to smooth General Atterbury's path or to help solve his difficulties, which were many. His transportation units were still in regiments, battalions, and companies. The units did not fit railroad and transport duty—too many men and officers in some places; too few in others.

Just before the change in the command of the services of supply, which occurred at the end of July 1918, tension between the commander and the director general of transportation really threatened to deprive the American Expeditionary Forces of General Atterbury's services. A board on which both he and the commander and general headquarters were represented attempted

to work out disciplinary and administrative relations. The commanding general, services of supply, had thrown his disciplinary authority into arbitration on an equality with his subordinate—who, in all fairness, could not be held responsible for a situation which he was encountering for the first time. With the change of command in the services of supply the proceedings of this board were filed in "the archives of unachieved endeavor" and were seen no more. The necessity for coordination under base section commanders was explained, and loyally accepted when understood. The corps organization was adopted and regiments and battalions merged into the Transportation Corps. Trouble and friction ended, and the corps under General Atterbury became one of the outstanding successes of the American Expeditionary Forces. These changes were worked out through personal relationships, and the give-and-take of personalities united in an effort to solve difficulties that had arisen under circumstances with which all of us were but newly acquainted.

No address that dealt with personalities of the American Expeditionary Forces would be complete without reference to Gen. Douglas MacArthur and Maj. Gen. George Van Horn Moseley, whom I link together because at the time this paper is written they are, respectively, the Chief and Deputy Chief of Staff of the Army. The former came over as chief of staff of the Forty-second Division, the famous Rainbow.

He was the youngest division commander in the American Expeditionary Forces when the armistice came. Dashing and picturesque, he must have been to the few survivors of the Civil War, the very reincarnation of his gallant father. As a youthful but senior major general of our Army, any story of him written now might lack its best chapters. His deputy, with whom I served as a captain in the old First Cavalry, of blessed memory, was one of General March's outstanding artillerymen at Valdahon. Already an officer of General Staff experience, Moseley was early taken from the command of the Fifth Field Artillery, to succeed the brilliant William D. Connor as assistant chief of staff G–4 of the American Expeditionary Forces. It would be difficult to overstate his efficiency in that position. Made a brigadier when the national defense reorganized the Army in 1920, he has moved steadily on to a major generalcy, with the exception of a few months, when he was a victim to political expediency in 1921.

In the hurried months of my brief tour with combat troops in the early summer of 1918 I had close association with one of the strong personalities of the American Expeditionary Forces and the Army. I refer to Maj. Gen. Preston Brown, at that time a colonel and the chief of staff of the Second Division. Like myself, he was a promotion from the ranks. A graduate of Yale, the university authorities were much more willing to award him a degree when he came home from the World War than when he completed his course in the nineties. He was a pillar of strength in the Second Division, a remarkable reader of men, a keen detector of inefficiency, and an expert deflator of stuffed shirts. He had more than earned his stars by midsummer, and after a brief period with a brigade commanded the Third Division in the last days of the Meuse-Argonne.

Personality is powerless without opportunity. It is probably true, as one of the successful division commanders of the American Expeditionary Forces remarked, "The official life of every high commander in the American Expeditionary Forces hung by a thread." That may refer to the shortness of official life at the front, the casualties that sometimes ended a career without ending a life, or, again, to the fatalistic chances which affected many outstanding careers. What might have been is always an interesting field for conjecture. It has been the central thought of many a work of fiction. It has been the consolation of dreamers in all ages. The distance of the American Expeditionary Forces from the War Department, the uncertainties, misunderstandings, and delays arising from cipher and code communication by no means as perfect then as now—all played a part in the hopes and ambitions of men and officers on the western front.

Maj. John L. Hines had been adjutant general with the Pershing expedition in Mexico and came to France as the second adjutant in rank to Colonel Alvord. He early sought command of troops and in the autumn of 1917 was assigned to the Sixteenth Infantry. Within a week General Alvord was suddenly invalided to Cannes, and Maj. Robert C. Davis, though not the senior in the office, was directed to carry on the department in the absence of his chief. A week earlier the illness of The Adjutant General would have placed Hines in charge of the office. The American Expeditionary Forces would have lost one of its most distinguished corps commanders and the Army a future Chief of Staff. Davis would not have become the efficient adjutant general of the American Expeditionary Forces or the most conspicuously able The Adjutant General of the Army in my time.

Maj. Gen. Hunter Liggett, with his chief of staff, Col. Malin Craig, was one of the division commanders who, in late 1917, came over for educational experience at the front. It was decided to retain them for commanding general and chief of staff of the First Corps, and cable for authority was sent to the War Department. Days passed and they were on ship ready to sail, when the cablegram was found in the code room, at general headquarters, received but mislaid. The responsible officer in the coderoom was court-martialed. The Army might have lost a lieutenant general and successful Army commander, as well as a future chief of Cavalry, and major general of the line, if another hour had elapsed with the cablegram undelivered.

Maj. Gen. James W. McAndrew, the very able and efficient chief of staff of the American Expeditionary Forces during the period of active operations was by accident of assignment a colonel of Infantry in the First Division, the earliest unit to arrive. Seniority put him in the list who were made general officers in early August 1917. He was an outstanding graduate of the service schools and was selected because of it to command the Army school at Langres. By May next year his success there had so attracted the attention of the commander in chief that when Harbord was sent to the marine brigade, McAndrew was made chief of staff. When the former was selected to command the services of supply, having been formerly chief of staff, the opportunity for some jealousy or friction existed, but nothing of the sort ever occurred, and it was a team that worked smoothly together. General McAndrew was a very exceptional officer, and his untimely death as commandant of the Army War College in May 1922 was a serious loss to his country.

Col. Hanson E. Ely was one of the commission which came to France coincident with the arrival of General Pershing, to study organization. His retention was requested, and he was left without assignment. General Pershing made him provost marshal general. Colonel Ely was not so enamored with his new duties that he did not welcome a belated detail to the General Staff which followed him to France, and released him to be chief of staff of the First Division. When he next crossed my horizon, he had won a medal of honor during the Boxer campaign by jump- of Cantigny. He commanded the Third Brigade under me at Soissons, and 3 years later the same brigade at Camp Travis, Tex. But in the meantime he had been a major general, commanding the Fifth Division. He again wore the double stars, and, among other important duties, was a successful commandant of the Army War College before he retired from active service.

The American Expeditionary Forces rated two lieutenant generals, Liggett and Bullard. The latter started to France as colonel of the Twenty-sixth Infantry, and was promoted at sea to be a brigadier. When in August 1917 all regular brigadiers were promoted to major general, he became one without a command, there being but the one division in France at the time. He was in charge of the several service schools when General Sibert's relief from command of the First Division, with Bullard standing by in the south of France, gave General Pershing an opportunity to assign him to it. He became in succession a corps and Army commander, but his greatest fame is in my mind linked with the splendid First Division. Nothing finer was seen in the war than the grim determination which made Bullard stand up to his work for months when, by every rule of health, he should have been in a hospital. He is still paying the price.

In the group of officers who accompanied General Pershing to France were two outstanding personalities destined to very directly influence the men and morale of the American Expeditionary Forces. These were Col. Andre W. Brewster, the inspector general, and Col. Merritte W. Ireland, of the Medical Corps. The former had won a medal of honor during the Boxer Campaign by jumping into the tawny tide of the Pei-Ho under fire and rescuing a wounded soldier of his company from drowning. He had been a far traveler in foreign lands and knew our Allies well. His soldierly character made him a great influence for discipline and deportment. He early became a major general and, like the knightly gentleman that he is, cheerfully endured his disappointment in not having a command. Colonel Ireland was General Pershing's choice for chief surgeon, but Colonel Bradley, senior to him, was already in Europe and designated for the duty. The latter, a very able officer, was not in robust health, and, when he fell before the medical examination in early 1918, Ireland became chief surgeon of the American Expeditionary Forces. He quickly achieved the reputation that made him the conspicuously successful chief of his corps for a longer period than any of his predecessors. Both of these officers are major generals on the retired list.

When we sailed for Europe on May 28, 1917, General Pershing found on the Baltic a friend from his Russian-Japanese War days, the eminent war correspondent, Frederick Palmer, whom he had known on the Manchurian front. Palmer, an interperter of wars from his youth, sought the colors in the summer of 1917 and became a major, serving with the press and intelligence section. In the dark days of the following winter he returned, for some months, to America, and not only personally told the story of the American Expeditionary Forces from the lecture platform but his book, America at War, was a powerful influence on public opinion at home. As an author his writings will constitute important material for other and later historians.

Though he was never strictly a part of the American Expeditionary Forces, his duties in Europe may be said to have been tangent to it, and Gen. Tasker H. Bliss was a personality of tremendous potentiality. Chief of Staff for a brief 3 months which terminated with his statutory retirement for age, December 31, 1917, he was the American member of the Supreme War Council at Versailles. He was without doubt the most highly educated member of our Army in his generation. He knew Latin and Greek as he knew English. He had a workable command of French, Spanish, German, and Italian. He was an authority on oriental botany. He was widely read in the military history of the world and a student of all branches of the military profession. He came to France with the entire confidence of the President and Secretary of War, whose confidential staff officer he had been. He was an older man than General Pershing. He undoubtedly had opinions of his own on events as they were happening. He was a member of a council which had infinite capacity for harm and, in my opinion, little utility for good. He could, with the best of intentions, have involved General Pershing in every kind of difficulty. But he "played the game" in every particular, supporting

the commander in chief, and demonstrated lofty patriotism as well as professional and personal wisdom. The President leaned on him heavily during the Peace Conference, of which he was a member. With no test of his ability as a high commander of troops, no American need hesitate to agree that he was a great military statesman.

Any address which purports to deal with personalities and personal relations in the American Expeditionary Forces must, of course, be fragmentary and incomplete. Ours was perhaps the most individualistic army that ever went to war. There were over 2,000,000 personalities in the American Expeditionary Forces, some thousands of them, no doubt, strong and outstanding. Personality is largely the impression which one person makes and leaves upon another. My opportunities for meeting and observing the other members of that great organization were perhaps better than those of anyone else except the great commander in chief himself. But, after all, mine were largely the fleeting contacts which registered an impression of the moment. The apprehension I feel in trying to make this address measure up to such a title as I have given it is not that I shall include personalities that do not belong in such a category but that some real personalities have been omitted out of regard for those who have had to listen to an address now already too long.

Time flew over our heads in those busy days of 1917 and 1918. There was little and in some cases no time to secure discipline, esprit de corps, and cohesion, not to mention instruction by the time-honored methods. What was accomplished was largely due to the adaptability of Americans and their comprehension that what we call discipline must be maintained if their mission was to be accomplished in such fashion as to permit them to return to their homes in the shortest possible time. That was what they all desired. When the armistice was signed, which to their minds signified the end of the war, there was a great pressure brought to send "the boys" home at once. They all wished it. Most of them thought it a fine idea to come by way of Paris, and the thinking ones who realized that the entire American Expeditionary Forces could not take transports for home on November 12 or 13, eagerly hoped that the necessary delay might be passed in that attractive city.

General Pershing, who realized how much of their discipline was self-imposed and how incomplete was the training of some of the later arrivals, knew that the armistice, though everyone hoped that it had ended the war, was actually merely an agreed cessation of hostilities for a month. Our troops were still under command of the Allied commander in chief. The forces of the Allies had still to be kept intact for many months. The effect of idleness on a command in such circumstances is very deleterious to health and discipline. The great majority of the soldiers of the American Expeditionary Forces were men whose age justified the belief that if trained properly they would be a military asset to our country for 15 or 20 years to come if their services should again be needed. General Pershing therefore instituted a rigid program of instruction and carried it out. His great personality was never better demonstrated than in the unswerving firmness with which he enforced this program. Coincident with it was the fact, which our country has never appreciated, that he sent the armies home free from venereal infection. No army in history has had such a record in this particular. Generations yet unborn, and our whole national life to come, will owe a debt of gratitude to him which cannot be overstated in history.

The immediate effect of these things on the American Expeditionary Forces, however, was a great unpopularity for the commander in chief. They looked for someone on which to put the responsibility for the delays and the precautions. The censor had done its work well, and they knew no one on whom to blame them except General Pershing. As the credit for what was done was his, he had with it to bear the onus of unpopularity. The first men to be returned to the United States were, naturally, casuals. They came back as individuals or as members of temporary organizations without discipline or esprit de corps, some of them sick and disabled, full of soldier ideas about the discomforts of the ports of embarkation. To be met by reporters eager for news of the returning armies was a strange and new sensation to most of them. They were free from restraints that had bound them for many months, and they used the new-found freedom. Time, however, has brought the realization to those now middle-aged men, that what is their greatest pride and frame is inseparably bound up with their great leader. Individual claims and stories of war experiences that do not diminish with the passing of the years must for their authenticity depend upon the fact that they were well commanded on the western front, and that the man who did it was John J. Pershing.

The commander in chief throughout the World War bore himself always in the most distinguished way. His life since his return has been devoted to two great accomplishments, the national defense plan and the proper marking of the battlefields forever immortalized by the success of the American arms. He long since became a great national figure, standing out above the lesser men of our times. He has never forfeited the confidence of his countrymen by any misstep in speech or action, by any error in judgment, or conduct, or in any other way. Since Washington, no other of our national heroes has completed the natural span of life with such an unbroken continuity of respect, esteem, and affection from the American people.

INTERNATIONAL RELATIONS—ADDRESS BY HON. CORDELL HULL

Mr. KING. Mr. President, I ask unanimous consent to have inserted in the RECORD an address delivered by Secretary of State Hon. Cordell Hull on Saturday, April 29, 1933, at the annual dinner of the American Society of International Law, at the Willard Hotel, Washington, D.C.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Mr. President, ladies, and gentlemen of the American Society of International Law, I have just been informed that I have been elected by this distinguished society as an honorary vice president. I do not know what rights, duties, powers, or privileges attach to the office, but what I am now experiencing very forcefully reminds me that the immunities are not very far-reaching.

At the time I promised Dr. Scott that I would be here tonight I had more in mind enjoying the fellowship of members of this learned society, whose interests are so closely identified with my own, than any intention to state or restate canons of international law. I am, however, glad to receive the very encouraging information that has come to me this evening that many of the involved and troublesome problems on the international horizon have not only been ably and scientifically discussed by this organization but that actual solutions have been found for problems that have perplexed international jurists and statesmen from the time of Grotius to the present time.

It is an amazing commentary on the human race that international law was virtually unknown during the first 3,000 years of history; that it was only at the end of the Thirty Years War, with its indescribable brutalities and savagery that the great Dutch jurist really founded this system of law, and that persistent effort through succeeding centuries was necessary to extend it to the preservation of peace as well as the regulation of warfare.

This phase, however, is not so surprising when we recall that the term "human rights" was scarcely conceived until within the past 800 years, and that the common lot of 90 to 95 percent of the human race, until within the past 200 years, was that of slavery, serfdom, or enforced war service, mainly to gratify the ambition of rulers.

I feel that you and your associates everywhere who are engaged in the development of international law have reason to take great pride in the fact that while late in its origin and adoption this system has grown more rapidly than any other branch of the law.

Relations between nations, no less than relations between individuals and their communities, are dependent upon mutual respect for and confidence in each other, and these in turn are dependent upon frankness and honesty of purpose. There is, therefore, for the nations in their relations with each other, a code of ethics, without the observance of which international confidence is warped and weakened. International law and modern rules of diplomacy are based on essential ideas of that conduct which will best serve the interests of the community of nations. There could not be omitted from any enumeration of basic tenets of international conduct the equality of States, and the insistence that foreign governments shall respect the equal position of each other and their rights under international law. The great immediate objective, however, should be progress in the enforcement and observance of international law and usage, the high purpose of which is to regulate the behavior of people in their relations with one another in the common interest.

The present utterly chaotic and dislocated conditions—political, economic, and moral—in every part of the world, present a terrifying crisis. International treaty obligations are flouted, the sanctity of contracts is complacently ignored, while force and violence are either indulged in or threatened in different parts of the world; the international exchange and monetary situation loudly call for stabilization; the commodity prices in world markets are in a state of collapse; international finance and trade are almost dried up. The internal affairs of each nation are in a still worse plight, with vast unemployment, damned-up surpluses, price dislocations, depreciated currencies, and extreme agricultural distress.

Hundreds of millions of suffering and desperate people in the various countries are not in a state of mind to function at all normally or to manifest serious concern about other problems and conditions, no matter how important, until and unless they first secure relief from their economic ills. They are hopelessly engrossed with these frightful and unbearable conditions. Another phase of this psychology, significant as it is dangerous, is the possibility of social disturbances and uprisings easily leading to wide-spread disorders. It is also true that most modern military conflicts and other serious international controversies are rooted in economic conditions, and that economic rivalries are in most modern instances the prelude to the actual wars that have occurred. The restoration of fair, friendly, and normal trade relations among nations at present would not only avoid serious economic, military, and political differences between countries in the future but would go far toward composing those now existing.

All important countries since the war have pursued the same policy of economic isolation or aloofness, and all alike plunged into the world panic. Each nation has struggled during the past 3½ years by bootstrap methods to extricate itself from the unprecedented panic conditions, but thus far without satisfactory results. It follows beyond question that suitable business recovery must be preceded by the restoration of international finance and commerce, the alternative to which is a continuance of the unsound economic policies under the operation of which the entire world since 1929 has been in the throes of an unspeakable depression.

The awful plight of all countries offers proof conclusive of the break-down of leadership and the bankruptcy of statesmanship in every part of the world. Governments have been more responsible for the present world economic dislocations than for any similar conditions in the past. In my judgment, the destiny of history points to the United States for leadership in the existing grave crisis. Present-day statesmen in charge of governments of the various nations, in my opinion, must immediately realize that the people of each country alike are living in a new age with new and transformed economic conditions calling for more modernized policies which are vital and basic to satisfactory business recovery, and see to it that such remedial action is taken.

Many years of disastrous experience, resulting in colossal and incalculable losses and injuries, utterly discredit the narrow and blind policy of extreme economic isolation. The present world state of economic war not only strikes at the very vitals of international commerce but it may also gradually infect the whole fabric of international relations. In short, healthy international relations depend no less upon a properly regulated exchange of goods and commodities than upon courteously phrased diplomatic exchanges. Let me add, too, that international commerce is the lifeblood of civilization.

It shall be my purpose, so long as I occupy my present position at the State Department, to show in my dealings with foreign nations that neighborly attitude and sympathetic understanding that we expect other nations shall adopt toward us. Lack of understanding is the parent of fear no less in diplomatic relations than it was among the superstitious heathen tribes in remote ages. Important conversations are now taking place between leading statesmen of Europe and our President. Men who seek to arrive at common accords are endeavoring to understand each other, and to start a course designed to promote in a reciprocal manner their common interests. It is a great satisfaction to one who is confronted with the tasks devolving upon the Department of State to realize how, in meeting the problems that are our daily portion, the interests of our Government and our people seem so clearly to coincide with the interests of humanity. What the world is sparring for today, under the urge of economic pressure, is a fair opportunity to which all are entitled under every known law.

This society of international lawyers, students, and teachers of international relations, whose interest in the strengthening and development of international law is excelled by no other organization, has an important part in molding the intelligent thought of the American people. You are also in a position to play no small part in promoting in the other nations a greater feeling of confidence, respect, and good will toward our Nation and our people. By such accomplishments will the shackles to international trade and commerce be loosed, the wheels of American industry set in motion, and the great burden of depression removed from our land.

In brief, no nation is sufficient unto itself. The normal life of a nation, no less than that of an individual, is one of association with others. If the nations must depend, one upon the other, in the normal development of their social, intellectual, financial, and political well-being, they of necessity must do so in accordance with certain standards of conduct which we may term international ethics. By this we mean honesty of purpose, frankness of expression, and a proper regard for the rights of others as members of the great family of nations.

MUSCLE SHOALS

The PRESIDING OFFICER. The hour of 2 o'clock having arrived, the Chair lays before the Senate the unfinished business.

The Senate resumed consideration of the bill (S. 1272) to improve the navigability and to provide for the flood control of the Tennessee River, to provide for reforestation and the proper use of marginal lands in the Tennessee Valley; to provide for the agricultural and industrial development of said valley; to provide for the national defense by the creation of a corporation for the operation of Government properties at and near Muscle Shoals in the State of Alabama; and for other purposes, which had been reported from the Committee on Agriculture and Forestry with amendments.

Mr. NORRIS. Mr. President, I ask unanimous consent that the formal reading of the bill may be dispensed with, that the bill may be read for amendment, committee amendments to be first considered.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Nebraska?

Mr. KING. Mr. President, will the Senator yield in order that I may call for a quorum?

Mr. TYDINGS. Will the Senator from Utah withhold his request for a moment?

Mr. KING. Yes.

Mr. TYDINGS. May I ask the Senator from Nebraska if, this afternoon, it is his intention to point out the difference between this bill and the House bill on the same subject?

Mr. NORRIS. Yes; I can point out the difference if any Senator desires me to do so, but I should like to have the request which I have made put, Mr. President.

Mr. KING. I have no objection to the request of the Senator from Nebraska.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Nebraska? The Chair hears none, and it is so ordered.

Mr. KING. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Coolidge	Keyes	Reynolds
Ashurst	Copeland	King	Robinson, Ark.
Austin	Costigan	La Follette	Robinson, Ind.
Bachman	Couzens	Logan	Russell
Bankhead	Cutting	Lonergan	Sheppard
Barbour	Dickinson	McAdoo	Shipstead
Barkley	Dill	McCarran	Smith
Black	Duffy	McGill	Steiwer
Bone	Erickson	McKellar	Stephens
Borah	Fess	McNary	Thomas, Okla.
Bratton	Fletcher	Metcalf	Thomas, Utah
Brown	Frazier	Murphy	Townsend
Bulkley	Glass	Neely	Trammell
Bulow	Goldsborough	Norbeck	Tydings
Byrd	Gore	Norris	Vandenberg
Byrnes	Hale	Nye	Van Nuys
Capper	Harrison	Overton	Wagner
Caraway	Hayden	Patterson	Walcott
Carey	Johnson	Pittman	Walsh
Clark	Kean	Pope	Wheeler
Connally	Kendrick	Reed	White

The PRESIDING OFFICER. Eighty-four Senators having answered to their names, a quorum is present. The clerk will state the first amendment reported by the committee.

The first amendment of the Committee on Agriculture and Forestry was, on page 7, line 2, after the word "donations", to insert the words "for sale", so as to read:

(e) Under the authority of this act the board may make donations or sales of the total product of the plant or plants operated by it to be fairly and equitably distributed through the agency of county demonstration agents, agricultural colleges, or otherwise as the board may direct, for experimentation, education, and introduction of the use of such products in cooperation with practical farmers so as to obtain information as to the value, effect, and best methods of use of same.

The amendment was agreed to.

The next amendment was, in section 24, on page 22, line 18, after the word "section", to strike out the figures "24" and insert the figures "23", so as to make the section read:

SEC. 24. The President shall from time to time, as the work provided for in section 23 progresses, recommend to Congress such legislation as he deems proper to carry out the general purposes stated in said section and for the especial purpose of bringing about in said Tennessee drainage basin in conformity with said general purposes (1) the maximum amount of flood control; (2) the maximum development of said Tennessee River for navigation purposes; (3) the maximum generation of electric power consistent with flood control and navigation; (4) the proper use of marginal lands; (5) the proper method of reforestation of all lands in said drainage basin suitable for reforestation; and (6) the most practical method of improving agricultural conditions in the valleys of said drainage basin.

The amendment was agreed to.

Mr. NORRIS. Mr. President, that is all the committee amendments. I have several amendments which I desire to offer. On page 2, line 22, I move to strike out "fifth" and insert "third"; in the same line, to strike out "tenth" and insert "sixth"; in line 23, to strike out "fifteenth" and insert "ninth"; and in line 1, page 3, to strike out "fifteen" and insert "nine." These amendments relate to the same thing, and they all ought to be adopted or none of them. They refer to the term of office of the board, and make the term 9 years instead of 15. The amendments make the bill correspond with the bill passed by the House, and I have some hope, if this change shall be made, that the House will agree to the Senate bill when it is sent over as an amendment to the House bill. I will ask to have all the amendments just suggested by me acted upon at once.

The PRESIDING OFFICER. Is there objection? The Chair hears none. The question is on agreeing to the amendments submitted by the Senator from Nebraska.

The amendments were agreed to.

Mr. TYDINGS. Mr. President, I have no objection to the amendment, but if convenient to the Senator from Nebraska, it would help me to understand if I knew just what difference there was between the bill as passed by the House and the Senate bill which is now before us. I apprehend that some of the amendments which the Senator will offer will be better understood, at least by me, and I expect by other Senators, if we may have a rough synopsis of the two bills.

Mr. NORRIS. Mr. President, since we have passed this bill so many times through the Senate I felt just a little embarrassed about taking up the time of the Senate in going over it again. I shall be glad, however, to do so, and the Senator has made a very proper request.

Mr. TYDINGS. Mr. President, will the Senator yield again?

Mr. NORRIS. Yes.

Mr. TYDINGS. It is not so much that I desire information concerning the Senate bill, but I know there is another bill, a copy of which I have on my desk, which has just come to us from the House, and I was wondering not so much what the Senate bill contained as what the difference between the two bills happens to be.

Mr. NORRIS. Very well. I will try to explain the two bills.

Mr. BLACK. Mr. President——

Mr. NORRIS. I yield to the Senator from Alabama.

Mr. BLACK. If the Senator has some formal amendments like the ones already submitted and one or two others which he may desire to offer, I think it might be all right to act on them, unless the Senator from Maryland prefers that the Senator from Nebraska should now proceed.

Mr. NORRIS. I will take either course. I will answer questions first or ask to have action on the amendments first.

Mr. TYDINGS. The amendments, I understand, do not change the philosophy of the bill, so I see no reason why they should not now be adopted.

Mr. McKELLAR. I suggest that the amendments be adopted, Mr. President.

Mr. NORRIS. Very well.

Mr. BANKHEAD. Mr. President, under the procedure can I offer an amendment later?

Mr. NORRIS. Oh yes; there will be no attempt whatever to shut out amendments.

Mr. BLACK. Mr. President, when the Senator reaches page 17, I have a suggestion which I am sure will be satisfactory to him. I discussed it with him this morning. It occurred to me that perhaps the Senator's purpose would be better accomplished if we strike out line 24 on page 17, and in line 1 on the next page through the word "Congress." In other words, the bill provides generally at its end an authorization for an appropriation to build the Cove Creek Dam and all other portions of this project, and the clause I have referred to would seem to be in conflict with the general authorization, because it would seem to make it necessary hereafter to have both an authorization and an appropriation.

Mr. NORRIS. The Senator talked to me about that particular part of the bill this morning, and I think the Senator's suggestion is a good one. I intimated to him then that I thought we ought to strike out, on page 17, line 24, the words "to be made available", because I think that is all cared for in a section near the close of the bill where appropriations are authorized.

Mr. BLACK. That is true, and it would seem to make it necessary later to secure an authorization, when there is an authorization provided at the end of the bill which would include this item.

Mr. NORRIS. Yes; it would seem so, and when we reach that page I will offer the amendment as suggested.

Mr. President, on page 6, line 4, I move to strike out the words "and directed."

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. NORRIS. On the same page, line 21, after the "(d)", I move to insert the words "In order to improve and cheapen the production of fertilizer."

Mr. FLETCHER. Where does that amendment come in?

Mr. NORRIS. At the beginning of line 21.

Mr. BANKHEAD. On what page?

Mr. NORRIS. On page 6, right after the "(d)" in line 21, so that it will read:

In order to improve and cheapen the production of fertilizer the board—

And so forth.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. NORRIS. In the same line I move to strike out the word "shall" and insert the words "authorized to." If this amendment shall be agreed to, the provision will read in this way:

In order to improve and cheapen the production of fertilizer the board is authorized to manufacture fixed nitrogen—

And so forth.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. SMITH. Mr. President, may I ask the Senator from what page and line he was reading?

Mr. NORRIS. Page 6, line 21.

Mr. SMITH. Paragraph (d)?

Mr. NORRIS. Yes.

Mr. SMITH. The present language is "the board shall manufacture fixed nitrogen at Muscle Shoals", and so forth?

Mr. NORRIS. Yes; and as amended it will read:

In order to improve and cheapen the production of fertilizer the board is authorized to manufacture fixed nitrogen—

And so forth.

Mr. President, on page 7 the committee amendment, in line 2, has been agreed to. I desire to offer a further amendment in the same line, to strike out the word "total", so the sentence will read:

Under the authority of this act the board may make donations or sales of the product of the plant or plants operated by it—

And so forth.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. FLETCHER. Mr. President, may I ask the Senator a question? Will these changes leave the matter so that the board is not directed to do any of these things?

Mr. NORRIS. Yes. For instance, we struck out "directed." I did not know that particular language was in there. I think it was in the prior bill and escaped notice in rewriting this bill. It would have read:

The board is authorized and directed to make a contract with commercial producers for the production of fertilizer, fertilizer material—

And so forth. In other words, in carrying out their fertilizer experiment, if they followed it technically, they would be compelled to buy fertilizer of private producers of fertilizer.

Mr. FLETCHER. I had particular reference to the changes made in subdivision (d). If the changes go into effect the matter is entirely one of discretion in the board whether they shall manufacture fertilizer or not?

Mr. NORRIS. Yes.

Mr. FLETCHER. They are not compelled to do it?

Mr. NORRIS. They are not compelled to do it under that paragraph.

Mr. FLETCHER. It is all a question of whether they think it wise or proper to go into the manufacture of fixed nitrogen at all?

Mr. NORRIS. That is true. Under the terms of the bill they will have to manufacture fixed nitrogen, but they will not be required, for instance, to use existing facilities. For instance, they could manufacture and I think any study of the subject will convince anybody that they will manufacture fixed nitrogen under the synthetic process, which is

much improved over the other process, although the bill gives them authority to use the other as well.

Mr. FESS. Mr. President, may I suggest to the Senator from Nebraska that the rule of the Senate be observed and that amendments be read at the desk?

Mr. NORRIS. Most of the amendments I shall offer I have prepared and shall be glad to send to the desk. However, they involve just the change of a word or a part of a phrase or some minor change of that sort.

Mr. FESS. I agree with the Senator, but I think they should be stated at the desk.

Mr. NORRIS. I simply did not think that was necessary inasmuch as I was stating them.

Mr. FESS. Otherwise we may have confusion.

Mr. NORRIS. Very well, I shall be glad to comply with the Senator's suggestion. On page 7, line 18, I move to strike out "the board shall have power" and commence the next word "to" with a capital letter. That makes it consistent with the remainder of the paragraph enumerated under this section.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 7, line 18, strike out the words "the board shall have power to" and insert the word "To."

The PRESIDING OFFICER. Without objection the amendment is agreed to.

Mr. TYDINGS. Mr. President, may I ask the Senator from Nebraska a question?

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Maryland?

Mr. NORRIS. Certainly.

Mr. TYDINGS. On page 6, section 5, subsection (a), I observe that the words "and directed" have been eliminated in the line just above.

Mr. NORRIS. Yes.

Mr. TYDINGS. So that all of these powers are authorizations rather than directions?

Mr. NORRIS. Yes.

Mr. TYDINGS. Under subsection (a), as I understand it from a hasty reading, the board would have the power "to contract with commercial producers for the production of such fertilizer or fertilizer materials as may be needed for the Government's program of development and introduction in excess of that produced by Government plants." As I read that, I assume the idea in mind is that the board down there could make contracts with private fertilizer concerns to buy up their output?

Mr. NORRIS. Oh, no; that is not the idea at all.

Mr. TYDINGS. It is not?

Mr. NORRIS. Oh, no. The provisions of the bill taken as a whole constitute authority to the board to engage in experimentation in the production of fertilizer and fertilizer ingredients on a very large scale, always with the object of course of cheapening the cost of fertilizer. That particular language has been in practically every bill the Senate has passed in previous years. The reason why it was inserted was to leave no doubt. In the various experiments which will be undertaken the board might find in some experiments which they are undertaking that some fertilizer produced by some private corporation ought to be tested. They might want to experiment with it in connection with some fertilizer they themselves have produced. It may never occur, of course, but the idea was to give the board broad powers to make the experiment and not to handicap them.

Mr. TYDINGS. It was not the idea that the board would take over the private output?

Mr. NORRIS. Oh, no. In fact, when I come to it later the Senator will find that this is one of the differences between what I have always advocated for Muscle Shoals and what is contained in the House bill.

Mr. TYDINGS. Mr. President, will the Senator yield for another question?

Mr. NORRIS. Certainly.

Mr. TYDINGS. I am simply inquiring, not to take issue with the provision but to understand it a little better. The other sentence in that same subsection on page 6 is:

> Such contracts may provide either for outright purchase by the Government or only for the payment of carrying charges on special materials manufactured at the Government's request for its program.

In view of what the Senator has already said, I think I understand what is in mind there, but I submit to the Senator whether it would not be possible, under that power and authorization, if the board desires to do so, to purchase a private fertilizer plant?

Mr. NORRIS. I do not think so. At least I do not want to give them that authority. I have no such intention.

Let me explain a little further about the provision. I think this provision was put in a bill I introduced here probably 10 years ago when I introduced it as a minority member of the committee, when we had the Ford proposal before us. I inserted this particular clause as well as some others. After quite a number of conferences, some of them very lengthy, with scientific men in the Bureau of Mines and in the Bureau of Chemistry, we had a conference with Dr. Cottrell, who, incidentally, is a man of international reputation on some matters contained in the bill. This language was put in the bill after conference with Dr. Cottrell, who thought it was necessary. He explained to me that probably there might arise a case where the board would want a contract with some private party to produce some fertilizer for their use. It might be in Indiana or Ohio or any State. The language gives the board authority either to buy it outright or to provide for the carrying charges that are necessary in carrying on the experiment. It may be that the experiment is being conducted on land at Muscle Shoals owned by the Government, or it may be that it is conducted on land privately owned in some other State.

Mr. TYDINGS. I think I understand the Senator. My interpretation is perhaps wrong, but in order that any doubt might be removed as to the authority given to the board to buy a private fertilizer plant or plants would it not be necessary to insert in that particular sentence the words "ingredient or ingredients", so it would refer only to the material rather than to the plant itself?

Mr. NORRIS. In what line?

Mr. TYDINGS. Let me read it:

> Such contracts may provide either for outright purchase by the Government or only for the payment of carrying charges on special materials manufactured at the Government's request for its program.

I see the words "special materials" there. I think what the Senator said is pretty well borne out by the language, but when we read the first sentence, "such contracts may provide either for outright purchase by the Government", then I am in doubt.

Mr. NORRIS. I think we ought to change the word "Government" to "board." I am glad to have that suggestion made.

Mr. TYDINGS. I shall not press the other point, although I do think that it should read, "Such contracts for materials may provide either for outright purchase", and so forth. Does the Senator see what I am attempting to point out?

Mr. NORRIS. Yes; and I have no objection to the Senator's suggestion at all. We must all remember, however, that it is difficult to determine how far to go. We are trying to give the board the proper authority to carry on the greatest experiment that has ever been undertaken in the history of the world. That is what we are doing in the bill. It is for the cheapening of fertilizer. Everybody concedes we are justified in expending public money for that purpose. But in giving authority to the board we must make it broad enough and we must make it wide enough to have it include enough authority so they will not be hampered. We cannot tell in advance just what they may want to do.

Mr. TYDINGS. Mr. President, will the Senator from Nebraska yield further?

Mr. NORRIS. Certainly.

Mr. TYDINGS. I wonder if the Senator would have any objection to an amendment, so that the sentence would read:

Such contracts for materials may provide either for outright purchase by the board or only for the payment of carrying charges on special materials manufactured at the board's request for its program.

Mr. NORRIS. I have no objection to that.

Mr. TYDINGS. I think that would clarify it.

Mr. NORRIS. I am inclined to think that would improve the language.

Mr. TYDINGS. Will it be in order to offer the amendment now?

Mr. NORRIS. I will offer it if the Senator desires me to do so. I move to amend, on page 6, after the word "purchase," in line 10, by inserting the words "of materials", so as to read:

"Such contracts may provide either for outright purchase of materials by the Government," and so forth.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 6, line 10, after the word "purchase", insert the words "of materials."

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. NORRIS. In the same line, page 6, line 10, I move to strike out the word "Government" and insert the word "board", and in line 12 to strike out the word "Government's" and insert the word "board's."

The PRESIDING OFFICER. The amendments will be stated.

The LEGISLATIVE CLERK. On page 6, line 10, strike out the word "Government" and insert the word "board", and in line 12 strike out the word "Government's" and insert the word "board's", so as to read:

Such contracts may provide either for outright purchase of materials by the board or only for the payment of carrying charges on special materials manufactured at the board's request for its program.

The PRESIDING OFFICER. Without objection, the amendments are agreed to.

Mr. NORRIS. Mr. President, I send to the desk an amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 8, after line 3, it is proposed to insert:

Provided, That any invention made by an employee of the Government of the United States serving under this section, or by any employee of the corporation, together with any patent which may be granted thereon, shall be the sole and exclusive property of the corporation, which is hereby authorized to grant a license thereunder as shall be authorized by the board.

Mr. NORRIS. Mr. President, this language follows an authorization for the giving of assistance to this board by governmental officials in these experiments. If they take out patents while thus employed, this amendment provides that the patents shall belong to this board.

Mr. FESS. Is not that the law now?

Mr. NORRIS. It may be. I would not say.

Mr. FESS. It is the law.

Mr. DILL. Mr. President, let me say to the Senator that there is a recent decision of the Court to the effect that that is not the law unless there is a special provision to that effect.

Mr. FESS. Mr. President, will the Senator yield?

Mr. NORRIS. I yield to the Senator from Ohio.

Mr. FESS. Some 4 or 5 years ago, when Dr. Rittmann made the remarkable discovery in regard to the increase of the gasoline content in crude oil which added an enormous amount of wealth to the country, the doctor told me that under the law he had no advantage whatever of it, because the contracts of the Government require that. Rittmann was a personal friend of mine and used to be a student in the State University of Ohio, and I was in conversation with him about this remarkable discovery.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. ROBINSON of Arkansas. I think the distinction is that the Government usually incorporates in its contracts a provision that inventions by the employee signing the contract shall inure to the benefit of the Government. This makes it a matter of law.

I am wondering if the committee reporting the bill, or the Senator, have given consideration to the effect of an amendment which provides that no inventor who is employed by the Government shall derive any pecuniary benefit from his invention, the thought being this: While it is manifestly a questionable practice, and frequently unfair, to permit one who is employed by the Government to devote his time to a discovery or to an invention and then to obtain a profit from it when his time belongs to the Government, at the same time does it not tend to discourage exploration and invention by employees to provide by law that they shall not receive any benefit as a result of their genius?

Mr. NORRIS. Mr. President, there is a great deal in what the Senator says.

Quite a number of years ago, when I was Chairman of the Committee on Patents, I introduced a bill and succeeded in getting it through the Senate, but it failed in the House, and I tried to get it through the Senate in the next Congress and failed here, which provided that all Government employees who got patents were to turn them over to the Government. Then I think in that bill I authorized the President of the United States in any such cases to authorize payment to the employee who made the invention of whatever he thought was right to be paid to him; and I should not have any objection to such an amendment being offered here.

The truth is that the amendment we are talking about was suggested to me by a patent attorney. I would have laid it before the committee if I had had it in time, as I would all these other amendments; but the committee was very busy, its chairman being in charge of the farm bill, and I felt that I would not be justified in asking him to call the committee together for that purpose. Therefore I prepared the amendment. I did not offer it just as the patent attorney had prepared it. He had some other suggestions that I did not follow. The truth is that I prepared the amendment this morning, and I was very much rushed for time. If the Senator from Arkansas or any other Senator would like to consider that matter and try to remodel this amendment, I have no objection to its going over for the present. If the Senator would like to consider a modification of it, I am in entire sympathy with the suggestion he makes.

Mr. ROBINSON of Arkansas. I thank the Senator. It seems to me that the matter is well worthy of some consideration. I am prepared to proceed with it now. I should not like to have it go over indefinitely.

Mr. NORRIS. This amendment will be in conference anyway. There is no provision on the subject in the House bill.

Mr. ROBINSON of Arkansas. My thought is that perhaps the board itself ought to be authorized to make reasonable provision for the inventor.

Mr. NORRIS. Let me say that if the Senate bill is agreed to, and substituted, as I hope it will be, for the House bill, this amendment will be in conference, and we will have more time to consider the matter then; and I should be glad to try to add to it some provision that would authorize the board to make a reasonable allowance to any employee under these circumstances.

Mr. ROBINSON of Arkansas. Perhaps the language which the Senator has just used would be adequate for the purposes I have in mind with the addition of a proviso to this effect:

Provided, That the Board may make a reasonable allowance to any employee for his invention.

Mr. NORRIS. Suppose we add that to the bill.

Mr. ROBINSON of Arkansas. I will offer that as an amendment.

Mr. NORRIS. I accept it, Mr. President.

Mr. KING. Mr. President, I desire to make a few observations. The Senator from Nebraska has the floor at this moment, however, and I do not want to interrupt him.

Mr. ROBINSON of Arkansas. I offer that as an amendment to the Senator's amendment.

Mr. NORRIS. As far as I can accept it, I am agreeable to the amendment.

Mr. DILL. Mr. President, I desire to say just a word on this particular subject. Recently the Supreme Court passed on this matter; and unless there is a provision of some kind on the subject here or in other legislation, these Government employees have full right to their patents.

I think some such provision as is being worked out is desirable on this legislation. The truth of the matter is that the patent law should be amended, and this matter taken care of by a statute affecting all Government employees; and that is especially true in the light of the recent decision of the Supreme Court.

Mr. KING. Mr. President, if the Senator from Nebraska will indulge me for a moment, I should like to obtain his views concerning the amendment suggested by the Senator from Arkansas [Mr. ROBINSON]. I am inclined to the view that their position is not quite just or sound, and yet I shall be glad to have them further elaborate the subject.

The Government has in its employ many technical and scientific men who are employed because of their knowledge of subjects in which the Government is interested and matters in which it deals. They have been employed because of their supposed experiences and qualifications to engage in important scientific research. They were glad to accept the positions and were expected to devote their time and energies to the work for which they were engaged. They knew that in various departments of the Government important research work was and is being conducted, research work which may eventuate in new discoveries and inventions. The work of the Government in some of its departments is technical and scientific, and it is expected that those whom it employs will make new discoveries and contribute to the scientific and technical knowledge of the world. The Government furnishes laboratories and assistants and facilities for investigation and research. It is, as I understand, expected that those employed for such purposes will give their time and attention and their best endeavors to advance the interests of the Government and to add to the scientific knowledge of the day. They are not supposed to give their time to private matters or to what might be denominated extraneous matters.

It is obvious that in the many technical and scientific fields in which the Government operates, there will be improvement and the technicians and scientific men in the service of the Government will make new discoveries and evolve improvements and advancements in the fields in which they labor.

I inquire, if while so employed, it is ethical or proper for them, utilizing the resources of the Government, the facilities which it provides, the laboratories and scientific apparatus which it furnishes, to engage in private investigation in matters and questions and fields which they were employed to explore?

Mr. FESS. Will the Senator yield for a moment?

Mr. KING. In a moment I shall yield. To illustrate what I have in mind—suppose persons who are employed by the Government are working in chemical laboratories provided and maintained by the Government, with ample facilities for research work, and particular and minute investigation of particular matters and problems, would it be proper for such persons while so employed and while using the funds and facilities and laboratories of the Government for the purpose of inventing or discovering matters and things advantageous and necessary for the Government in its operations to claim compensation in addition to that which they have received because of some improvement or discovery or invention resulting from their labors?

Apply it to persons employed by private individuals or corporations. What would be the result? I have in mind a great scientist who comes from my own State. He has been employed for a number of years with the Bell Telephone Co. in scientific and research work. He has added greatly to the scientific knowledge of the day, and has made important discoveries in respect to sound and electricity. He has been employed for particular work and to engage in particular scientific research. I inquire as to whether new discoveries and inventions resulting from his labors while so employed would entitle him to patents upon such discoveries or inventions?

Senators are familiar with the fact that the Government has maintained at great expense plants, laboratories, and stations in which are conducted scientific investigations with a view to discovering the nature and character of gases and agencies for military purposes. The Government has also at great expense conducted experiments at Langley Field for the purpose of improving aerial navigation. Scientific men have been and are engaged in this work; they have been employed specially because of their scientific knowledge and because they were specialists. They were not employed to prosecute private or individual scientific investigations, but to give of their time and of their ability to make new discoveries and improvements that would be not only of advantage to the Government, but with the consent of the Government, to the entire country. Many of these persons have been in the employ of the Government for years and have a civil-service status. They have all the advantages resulting from a continuity of service and from the retirement privileges which follow such service. I inquire again, if, while so employed to make new discoveries, and they succeed in so doing, should they be permitted to take advantage of the same and obtain patents and thus deprive the Government of the results of their labors for which the Government has paid?

Mr. FESS. Mr. President——

Mr. KING. I yield to the Senator from Ohio.

Mr. FESS. The item that was of interest to me was in the case I mentioned in the increase of the gasoline content of crude oil. This young man was directly interested in scientific research, and he went through the State University of Ohio, and made that his major study. Then he went on to Columbia University and stayed quite a while in research work; but he could not find there all the facilities that he needed in the pursuit of that particular line of work. He then made application to come to the Bureau of Mines, in order to further in practical application the thing he was working out; and while in the employ of that Bureau he made this discovery. In fact, he was looking ahead to something of this sort; and, to my surprise, he told me afterward that by virtue of his being employed as a Government worker he could get no advantage whatever from this remarkable discovery, and it struck me that it was not quite ethical.

I see the force of the statement of the Senator that generally speaking, in all probability, a man who is paid a salary, who comes here to make the Government service his life work, and who makes a discovery, might not be in as strong a position as the one I have in mind; but in the case of men in the Government service, especially the research divisions, such as the Bureau of Standards and others, who are doing special work, trying to discover what has not yet been discovered, would we not really get greater public benefit if we could recognize the principle suggested by the amendment proposed by the Senator from Arkansas?

Mr. KING. Mr. President, the question before us is not entirely free from doubt. It may be true (but as to that I have some doubts) that a person employed by the Government, because of his scientific knowledge and employed to make investigations for the Government in fields in which the Government is vitally interested, may, if he is permitted to acquire a proprietary interest in some of these discoveries, work more assiduously or exhibit greater interest in his researches. Certainly he would not if he appreciated his obligation and possessed the spirit of the true scientist. There is a question of ethics involved in the matter we are discussing. If the Government is engaged in an important research work which calls for the employment of scientists, and it employs persons for such investigation and research,

certainly they are expected to give of their time and their services and their ability to the accomplishment of the work for which they are employed. They should, it seems to me, devote themselves earnestly and seriously to the work for which they have been employed.

During the war, as Senators know, many technical and scientific men were employed in branches of the Government. They were employed to make discoveries that would be helpful to the Government in its military and naval operations. It is known that important discoveries were made in the matter of gases, explosives, and submarines, depth bombs, and many other agencies destructive and utilitarian. Would it be ethical for those so employed who were expected to aid the Government and to contribute to the winning of the war to obtain patents upon the discoveries made, or claim compensation and advantages other than those which the Government had agreed to give to them?

I have in mind a field in which the Government is interested. To carry on the work in this field, the Bureau of Mines has been established in which scientific and technical men are employed for the work of the Government. Many of them are employed to make investigations in coals and hydrocarbons. Some are employed for the purpose of discovering the causes of explosions in mines and to devise means to prevent these explosions. The Government furnishes every facility for investigations by those employed.

Millions of dollars are expended by the Government in research work. In the University of Utah, an institution in which the junior Senator from Utah [Mr. THOMAS] served with distinction for a number of years, there is a branch of the Bureau of Mines. A number of technical and scientific men have been employed there for years, and they have carried on important and valuable researches for the purpose of discovering all the elements and combinations in coal and what processes must be employed in order that all of the properties in coal might be utilized to the highest advantage and for the benefit, not only of the owners of coal properties, but of the people generally.

The Government paid for these researches, examinations, and investigations, and the scientists so employed were glad to engage in the work for which they were employed and undoubtedly utilized all of their scientific knowledge to secure the best results. I am advised that in these investigations discoveries were made that will tend to revolutionize the use of coal, or at any rate that will obtain from bituminous coals far greater wealth and benefits than have been obtained. It may be that if persons so employed by the Government should make some discovery not in the field for which they are employed, a different question would then be presented.

Mr. FESS. Mr. President, if the Senator will permit, I meet the major force of his proposition that the Government should receive the benefit of these discoveries, but I believe in the long-range views that the public would be benefited if we should give the man who made the discovery recognition of some sort.

Mr. KING. It may be that in addition to the compensation paid to the employee of the Government some bonus or gratuity should be paid him, or some honor conferred upon him, but the broad question before us, as I understand it, is whether legally and technically persons employed by the Government for scientific, technical, and research work should, while so employed and while using all the facilities of the Government to aid them in such investigations, investigations which they are employed to make in order that discoveries, improvements, and advances in science and knowledge should be obtained, should be permitted to obtain patents upon such discoveries and inventions or to receive profits and pecuniary advantages aside from what the Government contracted to pay them.

As Senators know, most of the results flowing from scientific and technical investigations made by the Government inure to the advantage of the public.

Some of the scientists in the Agricultural Department, by reason of investigations made, discover methods of eradicating diseases in plants and vegetables, and make discoveries that are of immense advantage to the agriculturists of our country. It would seem that while so employed for the purpose of making these investigations, which are for the benefit of the Government, and for which they are paid by the Government out of the taxes collected from the people, they should not claim additional compensation as a matter of right, or be permitted to obtain patents to or for inventions and discoveries resulting from their efforts.

It is possible that some plan might be devised by which additional compensation or advantages might be made after a thorough investigation of all the facts by a board set up for that purpose by the Government; and yet, it would be difficult to draw the line and to determine just when persons who have been paid for their services should receive additional compensation.

Mr. McKELLAR. Mr. President, the amendments offered by the Senator from Arkansas contemplates the appointment of a board. That is precisely what his amendment would do.

Mr. ROBINSON of Arkansas. Mr. President, I should like to modify the amendment so that it would read as follows:

Provided further, That the Board may pay to such inventor such sum from the income from sale of licenses as it may deem proper.

As modified, the amendment would limit the power of the Board to payments out of income from the sale of licenses and would not fix any charge upon the General Treasury.

Mr. KING. Mr. President, I ask the Senator, if his amendment were accepted and should become a part of the law, would it not be an entering wedge for the payment to every employee of the Government, in every department in which that employee might be engaged, for any improvement or discovery made by him?

Mr. ROBINSON of Arkansas. Mr. President, frankly answering the Senator from Utah, it seems to me that the amendment is based on a principle of justice, that it cannot be anticipated or expected that persons who are employees of the Government, the most of them receiving small compensation, and who happen to possess that peculiar characteristic known as inventive genius, should work over-hours, as most inventors do, with the absolute assurance that, no matter how great might be their success or their triumph, no matter to what extent they might enrich the board or the Government which has employed them on meager salaries, neither they nor their dependents may ever expect to receive any benefit. It seems to me that if we do not wish to stamp out and crush the inventive genius which has been demonstrated throughout the history of our country by many of our citizens, and by some of them in a most notable way, we ought at least to hold out to them the fair prospect of obtaining some compensation as the result of the great sacrifices which they probably must make if they succeed as inventors.

It is an old, old story, one with which every Senator is familiar, that almost from the beginning of history the men who have exhausted their physical and mental resources in trying to work out some great invention for the betterment of humanity, for the improvement of living conditions, usually go to their graves in poverty and sorrow, having been deprived of all benefits by some person or combination of persons who are shrewd enough to see the value of the work done by the humble citizen, and to obtain ownership or control of his invention before he himself realizes, in his extremity, what may be the prospects of profit from it.

It seems to me that it is not quite fair for the United States Government to take into its employ on small salaries persons who possess the talent or genius for invention, and expect them to go forward, with sacrifice, and at some personal expense, and, at the same time, have it written into the law that, no matter how great their sacrifice or their efforts, those inventors cannot have any profit from their labors. We would discourage invention as we could accomplish that unwholesome result in no other way, and if we wish to stamp out and destroy the spirit of advancement in the minds and hearts of the employees of the Govern-

ment, the best way to do it is to say that, no matter how hard they work, no matter how much overtime they expend in carrying out a thought which they have conceived, they cannot derive any benefit from it.

Mr. NORRIS. Mr. President, I am very much in favor of the modification of my amendment by the adoption of the amendment suggested by the Senator from Arkansas, and I do accept it and make it a part of my amendment, so that we will not have to have 2 votes on it.

Let me say just a word about it. I have listened with a great deal of interest to what has been said here on both sides of the question. I want to call the Senate's attention to a particular case which happened while Muscle Shoals legislation has been pending before Congress. It is connected with our operation of the nitrate plant down at Muscle Shoals. It shows that what the Senator from Arkansas has said is often true—that the man who invents, and is working for the Government when he makes an invention, reaps no benefit whatever. I do not think such a man ought to own his invention; the Government ought to have it, because the man is being paid by the Government when he invents the process or whatever it may be. But no inventor ever worked on an 8-hour basis or a 4-hour basis. They work on their inventions at night. They wake up at midnight, and lie awake through the night working the thing out. That is generally the case.

Mr. President, down at nitrate plant no. 2, at Muscle Shoals, Dr. Cottrell, whose name I mentioned a while ago, one of the great scientific men of the world, invented an improvement used in the extraction of nitrogen from the atmosphere. He was in the employ of the Government when he did that. He never got a penny for it; he never even had it patented. I have talked with him about it. He got his reward in the satisfaction of doing something for humanity, and there are thousands of men who feel the same way.

Mr. President, that patent is used all over the world now where the process of getting nitrogen from the atmosphere is employed. Men came to Muscle Shoals from foreign countries to see how it was operated, and the satisfaction Dr. Cottrell got out of it was the satisfaction in his own heart that he had done some good for humanity.

Mr. KING. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. KING. I think perhaps we are a little at cross purposes. Suppose Dr. Cottrell had been employed by the Government of the United States for the purpose of trying to obtain nitrogen from the atmosphere.

Mr. NORRIS. That is just what he was employed for.

Mr. KING. Suppose the Government of the United States were engaged in that enterprise, the same as the industries had been engaged in the enterprise, and the Government was paying Dr. Cottrell as a scientist to do that work, and in the execution of his work, for which he had been employed as a scientist, he made that discovery. Does the Senator think then that the Government ought not to be the beneficiary?

Mr. NORRIS. The Government is the beneficiary. I do not want to say that Dr. Cottrell should have the patent, that it should be his individually. I believe that he ought to have something out of it, however. But the Government ought to own the patent. Both the Government and the employee should make something out of it.

It seems to me we should hold out inducements to men and women who are working for the Government that if they will bring about improvements the Government will see that they are benefited as well as that the Government is benefited from the inventions.

Mr. SMITH. Mr. President, if the Senator will allow me to read from a bulletin sent us by the United States Department of Agriculture, dated July 1, 1932, I think I can show who become the beneficiaries of improvements discovered by the geniuses whom we employ and for which we do not allow them to benefit. Let us see who gets the benefit:

> The pioneer scientific and technical researches on fertilizers and fixed nitrogen, as conceived and fostered by the Department of Agriculture and carried through by industry, is an excellent example of a Government activity and service to the industry, the consuming public, and civilization in general. When the investigations were carried through to pilot-plant scale and their economic feasibility determined, industry took over the processes together with the personnel trained by the Government.

Mr. President, when employees of the Government make discoveries, the Government does not benefit. The processors, the manufacturers, are the ones who take the patent. The Government having done all the pioneering work and discovered a process, for example, by which a whole plant is given additional facilities, then industry takes it, and the public pays for it. This bulletin proceeds with that discussion, and in my own time I shall have something to say about the system under which employees of the Government, in its experimental plants, for which we pay, making discoveries; and, in place of the public being the beneficiary of such discoveries, the Government sells the processes to the great corporations who manufacture the articles, and they charge what they please for the articles so manufactured.

Mr. NORRIS. Mr. President, this amendment would prohibit that.

Mr. SMITH. Exactly, to a degree, but we ought to provide some means by which the Government would hold its hand on these discoveries of genius which revolutionize our organized society and not turn them over to corporations.

I think we ought to amend our patent laws. As the ranking member of the Committee on Patents, I have been astounded at contracts that manufacturers enter into with inventors. Not only do they buy the patent rights from the one who makes the discovery of the original basic art but they have him sign an agreement that all subsequent discoveries by him shall be the property of the corporation. The Patent Office has been the prolific source of monopolies and combinations. Anyone studying our patent laws and ascertaining what has grown out of them may readily understand how monopolies have sprung up which have throttled the progress of industry in this country. The history of the internal-combustion engine is a fine illustration of the power monopoly to acquire the discoveries of inventive geniuses. Monopoly has the power and the money with which to develop and commercialize the use of inventions. I think a good example of that is afforded by the Agricultural Department in that discoveries made by those employed by it do not benefit the Government, but benefit those who have the capital to process and commercialize the discoveries, and who, when they have purchased the patents, have a monopoly and the public fails to profit by the inventions of these employed by the Government.

The PRESIDING OFFICER. The Senator from Nebraska has accepted the modified amendment of the Senator from Arkansas and the question is on the amendment as modified. Without objection the amendment, as modified, is agreed to.

Mr. NORRIS. I send to the desk an amendment to come in on page 12, and ask that it may be stated.

The PRESIDING OFFICER. The amendment proposed by the Senator from Nebraska will be stated.

The LEGISLATIVE CLERK. On page 12, at the end of line 14, it is proposed to insert the following additional proviso:

> And provided, that the board is hereby authorized and directed to make studies, experiments, and determinations to promote the wider and better use of electric power for agricultural and domestic use, or for small or local industries, and it may cooperate with State governments, or their subdivisions or agencies, with educational or research institutions, and with cooperatives or other organizations, in the application of electric power to the fuller and better balanced development of the resources of the region.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. NORRIS. Mr. President, on page 12, line 13, after the word "of" and just before the word "electric", I move to insert the word "such", so that it will read:

> Sale and distribution of such electric power.

Mr. ROBINSON of Arkansas. What would be the effect of the amendment, if agreed to?

Mr. NORRIS. The amendment refers to a particular development of power and it makes application of it.

The PRESIDING OFFICER. The amendment proposed by the Senator from Nebraska will be stated.

The LEGISLATIVE CLERK. On page 12, line 13, after the word "of", it is proposed to insert the word "such", so that the line will read:

Sale and distribution of such electric power—

And so forth.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. NORRIS. On page 12, I want to transpose certain words in order to make the grammar a little better, I think, without at all changing the meaning. Beginning in line 6, the clause reads:

In order to provide for the fullest possible use of electric light and power on farms, the board in its discretion shall have power within reasonable distance of any of its transmission lines—

And so forth. I want to transpose the words "the board in its discretion shall have power" from line 8, where they now are, to line 9, immediately after the word "lines", so that it will read:

In order to provide for the fullest possible use of electric light and power on farms within reasonable distance of any of its transmission lines the board in its discretion shall have power—

And so forth.

The PRESIDING OFFICER. The amendment proposed by the Senator from Nebraska will be stated.

The LEGISLATIVE CLERK. On page 12, line 8, it is proposed to strike out the words "the board in its discretion shall have power" and to insert the same words after the word "lines" in line 9, so that the clause will read as follows:

In order to provide for the fullest possible use of electric light and power on farms within reasonable distance of any of its transmission lines the board in its discretion shall have power to construct—

And so forth—

The PRESIDING OFFICER. In the absence of objection, the amendment is agreed to.

Mr. NORRIS. I offer another amendment to come in on page 13, which I send to the desk.

The PRESIDING OFFICER. The amendment proposed by the Senator from Nebraska will be stated.

The LEGISLATIVE CLERK. On page 13, line 2, after the word "generated", it is proposed to insert:

and to interconnect with other systems. The board is also authorized to lease to any person, persons, or corporation any transmission line owned by the Government and operated by the board, but no such lease shall be made that in any way interferes with the use of such transmission line by the board.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. NORRIS. I send to the desk another amendment to come in on page 13.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. It is proposed on page 13, line 8, to strike out the letter "a" and insert "and maintain a properly designed and built."

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. NORRIS. On the same page in line 11, after the word "Government", I move to insert the words "or leased by the board."

The PRESIDING OFFICER. The amendment proposed by the Senator from Nebraska will be stated.

The LEGISLATIVE CLERK. On page 13, line 11, after the word "Government", it is proposed to insert the words "or leased by the board."

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Nebraska.

The amendment was agreed to.

Mr. NORRIS. I offer the amendment, which I send to the desk, to come in on page 14.

The PRESIDING OFFICER. The amendment proposed by the Senator from Nebraska will be stated.

The LEGISLATIVE CLERK. On page 14, after line 19, after the word "board", it is proposed to insert a colon and the following additional proviso:

And provided further, That the board is hereby authorized to enter into contracts with other power systems for the mutual exchange of unused excess power upon suitable terms, for the conservation of stored water and as emergency or break-down relief.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Nebraska.

The amendment was agreed to.

Mr. NORRIS. On page 14——

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from New York?

Mr. NORRIS. Does the Senator want to ask me a question about the amendment which has just been agreed to?

Mr. COPELAND. I want to ask a question about the provision with reference to gross proceeds on page 14, beginning in line 20. Did the committee give it any attention?

Mr. NORRIS. Will the Senator let me finish the amendments going down to the point to which he refers? Then I shall be glad to take that up.

Mr. COPELAND. Very well.

Mr. NORRIS. On page 14, line 12, after the word "at", I move to strike out the words "a price" and to insert the word "prices."

The PRESIDING OFFICER. The amendment proposed by the Senator from Nebraska will be stated.

The LEGISLATIVE CLERK. On page 14, line 12, after the word "at", it is proposed to strike out the words "a price" and to insert the word "prices", so as to read:

Electric power at prices—

And so forth.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Nebraska.

The amendment was agreed to.

Mr. NORRIS. On the same page, in line 12, after the word "exceed", I move to strike out the words "an amount" and insert in lieu thereof the words "a schedule", so that it will read:

That shall not exceed a schedule.

The PRESIDING OFFICER. The amendment proposed by the Senator from Nebraska will be stated.

The LEGISLATIVE CLERK. On page 14, line 12, after the word "exceed", it is proposed to strike out the words "an amount" and insert the words "a schedule", so as to read:

Shall not exceed a schedule fixed—

And so forth.

The PRESIDING OFFICER. The question is upon agreeing to the amendment proposed by the Senator from Nebraska.

The amendment was agreed to.

Mr. NORRIS. On page 14, line 13, after the word "fixed", I move to insert the words "by the board from time to time", and to strike out the words "by the board" in the same line after the word "fair."

The PRESIDING OFFICER. The amendment proposed by the Senator from Nebraska will be stated.

The LEGISLATIVE CLERK. On page 14, line 13, after the word "fixed", it is proposed to insert the words "by the board from time to time"; and on the same page, in the same line, after the word "fair", to strike out the words "by the board."

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Nebraska.

The amendment was agreed to.

Mr. NORRIS. Now I yield to the Senator from New York.

Mr. COPELAND. I find in line 20, on page 14, provision is made for the payment of 5 percent of the gross proceeds

to the State of Alabama, and so forth. Did the committee give any thought to the idea of making that "net proceeds"?

Mr. NORRIS. Mr. President, the language is identical with the language that has been in the bill which the Senate passed several times heretofore; it was discussed, and the Senator will realize, I think, when he reads the latter part of the section that "gross proceeds" in that case are not as inclusive as he might think. Commencing on the next page, in line 17, the clause reads:

> In ascertaining the gross proceeds from the sale of such power upon which a percentage is paid to the States of Alabama and Tennessee the Board shall not take into consideration the proceeds of any power sold to the Government of the United States, or any Department of the Government of the United States used in the operation of any locks on the Tennessee River, or for any experimental purpose, or for the manufacture of fertilizer or any of the ingredients thereof, or for any other governmental purpose.

That considerably modifies what might at first seem an all-embracing expression in reference to gross proceeds.

Mr. COPELAND. I can see that the modification suggested by the Senator does make a great difference, but the tax proposed on gross proceeds, it seems to me, might absorb all the income of the establishment. That is the reason why I propounded the inquiry.

Mr. NORRIS. The idea, I will say to the Senator, is—some people do not agree with it, of course, but it has always been my idea—that, for instance, if Cove Creek Dam were build by a private party, it would be taxed, and the State of Tennessee would derive considerable revenue from the taxation of the property, but under this measure it would get nothing in the way of taxation. This is intended to compensate the States for the loss of taxation.

I realize what can be said to the effect that the Government should not be taxed; but, in carrying out this governmental purpose, incidentally we shall sell some power and make some money out of it; and when it comes to revenue, it does not seem to me the Government ought to be in any different position from an ordinary taxpayer.

Mr. McKELLAR. Mr. President, will the Senator from Nebraska yield to me?

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Tennessee?

Mr. NORRIS. I yield.

Mr. McKELLAR. In addition, may I say to the Senator from New York and to other Senators, the proposed dam will take the larger part of one county, and probably entirely destroy that county or force it to be merged with another county, and also large portions of two other counties will be affected. In other words, the lake which will be formed by the Cove Creek Dam will take up substantially one large county in Tennessee and will remove that county from State taxation and from local taxation as well. For this reason it seems to me the provision is very reasonable.

Mr. VANDENBERG. Mr. President, will the Senator from Tennessee yield for a question?

Mr. McKELLAR. I yield.

Mr. VANDENBERG. Does the Senator find any advantages from this Tennessee Valley authority which would be adequately compensating if the State of Tennessee did not get this percentage payment annually?

Mr. McKELLAR. Of course, it will help the people of Tennessee; and, so far as the government of the State of Tennessee is concerned, it seems to me that it is a reasonable and proper compensation.

Mr. VANDENBERG. Would the Senator oppose the bill with the 5 percent eliminated?

Mr. McKELLAR. I did on a former occasion.

Mr. VANDENBERG. I realize that, and that is why I am asking the Senator now whether the new prospectus has additional compensation?

Mr. McKELLAR. There was not any compensation at all in the bill that I opposed on a previous occasion; that is, the State of Tennessee got nothing whatsoever for the loss of the taxing power over a county and got nothing for the destruction of its property and its taxing power. The Senator from Nebraska afterward very properly, as it seems to me, inserted this provision. It seems to me, in all fairness to the State of Tennessee, it ought to be allowed.

Mr. VANDENBERG. I recall that the Senator said to me that there are navigation and flood-control advantages to the State of Tennessee out of this development. That is correct, is it not?

Mr. McKELLAR. It may be helpful if the project is completed. The building of the dam alone will not make it so.

Mr. VANDENBERG. The Senator contemplates those advantages from this project, does he not?

Mr. McKELLAR. I doubt from the standpoint of the Cove Creek Dam whether that is possible or not. I doubt if it will ever be utilized for navigation purposes.

Mr. VANDENBERG. I am speaking about flood control.

Mr. McKELLAR. Flood control will help not only Tennessee but all the States below this dam on the Tennessee and Mississippi and Ohio Rivers.

Mr. VANDENBERG. Are the benefits of the bill to Tennessee confined to the 5-percent commission on Government expenditures?

Mr. McKELLAR. So far as the State itself is concerned, that is perhaps true; but so far as the people of the State disconnected from the State government are concerned, that is not true.

Mr. VANDENBERG. If the 5 percent were eliminated, it would still be an advantage to the State of Tennessee, would it not?

Mr. McKELLAR. It would be an advantage to the people of the State of Tennessee.

Mr. KING. Mr. President, I recall when a bill known as the "Muscle Shoals bill" substantially the same as the one under consideration was before the Senate. The Senator from Tennessee violently opposed the same. He insisted that under its provisions a number of counties in Tennessee would be inundated.

Mr. McKELLAR. No; land amounting to one county. The lands in three counties, the county of Union, the county of Clairborne, and the county of Campbell, and it will inundate about as much as one average county in Tennessee, but taking a part of each of the three counties. The Senator is right. There was no provision for compensation to the State of Tennessee for the loss of its taxing power over so large a portion of its territory. The Senator from Nebraska realized it afterward and inserted this provision in order to meet the objections I then raised to the bill. The position I took then and the position that I take now are perfectly consistent. Since that time we have passed the Muscle Shoals bill three times, I believe, have we not?

Mr. NORRIS. I believe so.

Mr. KING. Mr. President, I am waiting rather impatiently for an explanation of the provisions of the bill before us and the reasons which it is alleged justify its enactment into law. The report accompanying the bill affords but little information, and the bill itself contains so many general and indeterminate provisions that it is impossible to predict just what it seeks or will accomplish. I should like to know how much land is to be inundated, the value of the same, the necessity for destroying most of one county and a part of two other counties. I desire information as to the cost of this enterprise. I want to know what the damages will be for the land which is to be taken, the cost of buildings to be erected, the plants to be constructed, and the power lines which are to traverse large sections of several States, and the ultimate cost to the Government. I should like to know the limits of the bill, the field which it is to cover, the projects which it is to construct, and the activities in which it is to engage.

A brief survey of the bill, as I have indicated, does not supply that information which it seems to me should be required when legislation is to be enacted which undoubtedly will require many millions of dollars, and project the Government into business and industrial activities which but a short time ago were regarded as beyond the province and

authority of the National Government. But we are in strange times; this is a period of unrest, indeed, of panic, and it is easy in this condition of confusion and bewilderment to make suggestions, many of which may be unsound and some of which may be dangerous, which appeal to many of the people. History discloses the fact that sound principles of economics and of government are forgotten when economic confusion and severe industrial depressions exist.

We instinctively, like men floundering in deep water, reach out to grasp any floating substance, no matter how fragile it may be. Undoubtedly there is a strong movement throughout the land to have the Federal Government engage in enterprises of almost every character. The idea seems to be prevalent that the Government is endowed with some hidden and immortal powers that will enable it to take over the functions of individuals, communities, and States and successfully carry on not only governmental activities but all the functions which belong to the field of private endeavor. Paternalism and socialism make great headway in periods of depression. It may be that the situation is such as to warrant the Government spending millions, if not several hundred millions, of dollars, in the completion of the so-called "Muscle Shoals project." It may be that the Government should build great dams and form great lakes and construct great power plants for the development of electrical energy and transmission lines to carry such energy to various communities and States and to sell and dispose of the same to individuals, corporations, States, and their political subdivisions. It may be deemed wise for the Federal Government to build great plants, to manufacture nitrogen and products by the synthetic or other processes to provide fertilizers for sale to the farmers of our country.

Of course, if the Government can engage in some of these activities, it would seem that there will be difficulty in determining just where the Government should stop in its activities in industry and in the fields which have heretofore been regarded as belonging to individuals and corporations. There should be some line of separation between the legitimate functions of the Government and the rights, duties, responsibilities, and functions of individuals. I know that there is a strong movement in the United States which, if unchecked, will eventuate in the Government owning and operating the railroads and the various agencies employed in transportation.

The Government has appropriated enormous sums for the construction of dams and power plants, and it is called upon to spend hundreds of millions of dollars more for the construction of additional dams, canals, lakes, power plants, transmission lines, and instrumentalities for the distribution of electrical energy.

Socialism has reached its apex in Russia, where the Government owns, controls, and operates everything. In some other countries socialistic movements have attained powerful proportions. Undoubtedly many people look with deep satisfaction upon the growth of socialism and the latter-day developments in our economic and industrial life which restrict, if they do not extirpate, individual activity and what some call the individualistic theory of economics and of government.

If we are to believe the newspaper reports, we may be warranted in inquiring as to just what form our Government is to assume; that is whether it is to be a government of law which recognizes the rights of individuals and of sovereign States, and which recognizes the limitations and restrictions upon the Federal Government or a government in which there are no restrictions upon the Federal Government either as to the assertion of political power or the authority to control all forms of industry. As I understand, it has been suggested in certain official quarters, that in transactions and industries labelled interstate, the Federal Government shall have power to determine the amount of production of the commodity and allocate to individuals or corporations the quantity which they shall produce. Prices are to be fixed; licenses for interstate businesses are to be obtained; and, broadly stated, the industrial activities of the country are to be supervised by Federal agencies.

However, I shall not pursue this thought further. Recurring to the bill, I perceive that it is understood that a large area of land will be inundated; that the Government will have to pay damages, that appraisers are to be provided in order to determine the damages which the Government is to pay when it seeks condemnation. Senators know from their experience that when the Government condemns land, the Treasury of the United States is called upon to make an enormous contribution. I have been informed that lands which the Government desired for game refuges and which it was expected would cost but a very small sum—a dollar or two an acre—advanced far beyond any possible dreams when payment had to be made by the Government.

I recall that when measures were under consideration for the protection of the Mississippi Valley and it was suggested that a considerable area in Louisiana would be inundated, at least periodically, that it was stated by a distinguished representative of that State that it would cost $200,000,000 to pay for the damages to the land which was to be periodically covered with water. Unless some limitations are placed in the bill, I feel sure that the additional cost to the Government will exceed $100,000,000. I have not yet been advised as to the reasons for the Government's entering upon this enterprise. There may be reasons adequate and sufficient, but I have understood, however, from statements made by proponents of the measure, that it is not needed for the manufacture of fertilizers, and that the cost of the dams and the machinery and plants for the manufacture of fertilizer would not be warranted. I am not advised that there is no imperative need for the construction of the plants in the Tennessee Valley for the production of electrical energy. At any rate, if additional electrical power is required, there is no necessity for the enormous appropriation which this bill will call for before the project contemplated is completed.

It cannot be urged that this enterprise is being developed for the purpose of experimentation. There is no need to experiment for the purpose of discovering how to manufacture fertilizers. We have many plants in the United States producing fertilizers. It is obvious that if this product should be produced at Muscle Shoals, the transportation rates would be prohibitive beyond a distance of a few hundred miles.

There is no need for the building of a plant at Muscle Shoals for experimental purposes in the development of electricity. Private enterprise and private capital have made enormous strides in the development and transmission of electric energy. Electric wires traverse our country, and nearly every section of the United States is supplied now with electric power. I might add in passing that it is contended by many that electricity can be produced cheaper from oil or coal than from falling water; however, I do not want to enter into that controversy. I only point to the fact that there seems to be no warrant for spending tens of millions, if not considerably more than a hundred millions of dollars additional, in order to do some experimental work at Muscle Shoals in the development and transmission of electric power. The Federal Government has not been very fortunate in many of its investments in enterprises within the field of private endeavor or in some of its projects for the benefit of agriculture or various industries.

It has expended by direct appropriation and by loans, hundreds of millions of dollars in the shipping industry with unsatisfactory results. It recently appropriated $500,000,000 to be expended by the Farm Board, and the recent reports indicate that nearly all this stupendous sum has been lost and wasted. It has spent millions of dollars in boats and barges upon the Mississippi and other streams without justification and without satisfactory results.

Mr. COPELAND. Mr. President, I dislike to press this matter, but I really want some information. Does it not seem strange that we should take from the income of this operation not alone from the sale of power generated by the waters of the dam but also from the steam plant? It is going to cost a lot of money to operate a steam plant, whether it does to operate a water plant or not, and yet the bill as it is written provides that 5 percent of the gross

proceeds both from water plant and from steam plant shall be paid over to the State of Alabama or to the State of Tennessee as the case may be.

That seems to me to be a very unusual proceeding. I can understand how we might pay 5 percent of the net proceeds, but to spend the money to operate not alone the water plant but the steam plant and then to take 5 percent of all the gross income, regardless of the cost of maintenance and operation and overhead, and pay it to the respective States is a proposal that I can hardly understand.

Mr. NORRIS. Mr. President, on page 17, I propose the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be read for the information of the Senate.

The LEGISLATIVE CLERK. The Senator from Nebraska proposes, on page 17, line 10, after the word "war" to insert the words "or the Secretary of the Interior", so as to read:

The Secretary of War or the Secretary of the Interior, whenever the President deems it advisable, is hereby empowered and directed to complete Dam No. 2 at Muscle Shoals, Ala.—

And so forth.

Mr. KING. Mr. President, I want to address myself for the moment to the Senator from New York [Mr. COPELAND]. He certainly must be in error in saying that the bill contemplates the operation of a steam plant. I have been told that we have in the Tennessee Valley the greatest water power in the world, so important that the Government is justified in expending tens of millions of dollars in its development. Is not the Senator from New York in error in saying that we are to operate steam in addition to the water power?

Mr. COPELAND. I am not surprised that the Senator asks the question. I invite his attention to the language on page 14, beginning in line 20:

Five percent of the gross proceeds received by the board for the sale of power generated at Dam No. 2, or from the steam plant located in that vicinity, or from any other steam plant hereafter constructed in the State of Alabama, shall be paid to the State of Alabama.

I suppose there is a certain amount of primary power which can be depended on throughout the year, but to make certain there is a uniform supply of power it has been necessary to erect a steam plant, and the States are to have 5 percent of the gross proceeds not only of the water-power plant but of the power generated in the steam plant.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Nebraska.

The amendment was agreed to.

Mr. NORRIS. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The clerk will read the amendment.

The LEGISLATIVE CLERK. On page 17, line 23, after the word "War", the Senator from Nebraska proposes to insert the words "or the Secretary of the Interior", so as to read:

The Secretary of War or the Secretary of the Interior is hereby authorized, with appropriation hereafter to be made available by the Congress—

And so forth.

Mr. COPELAND. Mr. President, why is this change proposed? Perhaps the Senator from Nebraska has already explained it, but I did not hear his explanation.

Mr. NORRIS. Mr. President, I am doing this at the request of the President of the United States. In the remodeling or reorganization of the Departments it may be that part and perhaps all, as contemplated by another amendment which I am going to offer, of this project will be turned over to the Secretary of the Interior, or he may direct the Secretary of the Interior or the Secretary of War to employ engineers in private life to do such work as he may designate.

Mr. COPELAND. I understand that in the reorganization of the Departments the activity may be found in the Interior Department rather than in the War Department, and for that reason the Senator offers the amendment?

Mr. NORRIS. Yes.

The PRESIDING OFFICER. The question is on agreeing to the amendment just offered by the Senator from Nebraska.

The amendment was agreed to.

Mr. BLACK. Mr. President, while the Senator from Nebraska is on that question, may I suggest that it would seem to me that it would be wise to strike out line 24, on page 17, and the word "Congress", at the beginning of line 1, on the following page, giving the Secretary of War undoubted authority thereunder to build the Cove Creek Dam and to rely upon the authorization which appears at the end of the bill, the general authorization.

Mr. NORRIS. I think the Senator is right. It is agreeable to me to accept that amendment so far as I can.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 17, line 24, the Senator from Alabama [Mr. BLACK] proposes to strike out the words "with appropriations hereafter to be made available by the Congress", so the section would read:

The Secretary of War or the Secretary of the Interior is hereby authorized to construct, either directly or by contract to the lowest responsible bidder—

And so forth.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. NORRIS. Mr. President, I send to the clerk's desk another amendment which I offer.

The PRESIDING OFFICER. The amendment will be read for the information of the Senate.

The LEGISLATIVE CLERK. The Senator from Nebraska proposes, on page 18, line 15, after the word "dam", to insert a colon and the following provisos:

Provided, however, That the President is hereby expressly authorized by the appropriate order to direct the employment by the Secretary of War, or by the Secretary of the Interior, of such engineer or engineers as he may designate, to perform such duties and obligations as he may deem proper, either in the drawing of plans and specifications for said dam, or to perform any other work in the building and construction of the same. The President may, by such order, place the control of the construction of said dam in the hands of such engineer or engineers taken from private life as he may desire: *And provided further,* That the President is hereby expressly authorized, without regard to the restriction or limitation of any other statute, to select attorneys and assistants for the purpose of making any investigation he may deem proper to ascertain whether in the control and management of Dam No. 2, or any other dam or property owned by the Government in the Tennessee River Basin, or in the authorization of any improvement therein, there has been any undue or unfair advantage given to private persons, partnerships, or corporations by any officials or employees of the Government or whether in any such matters the Government has been injured or unjustly deprived of any of its rights.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Nebraska.

The amendment was agreed to.

Mr. NORRIS. On the same page—page 18—in line 17, after the word "War", I move to insert the words "or the Secretary of the Interior."

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 18, line 17, after the word "War", it is proposed to insert "or the Secretary of the Interior", so as to read:

In order to enable and empower the Secretary of War or the Secretary of the Interior—

And so forth.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Nebraska.

The amendment was agreed to.

Mr. NORRIS. I send to the desk an amendment to be inserted on page 20.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. It is also proposed, on page 20, at the end of line 11, to insert:

Provided, That the benefits of this section shall not apply to any art, machine, manufacture, or composition of matter discovered

or invented by such employee during the time of his employment or service with the corporation or with the Government of the United States.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Nebraska.

The amendment was agreed to.

Mr. NORRIS. On page 20, line 9, after the word "compensation", I move to insert "for such infringement", so that it will read:

for the recovery of reasonable compensation for such infringement.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 20, line 9, after the word "compensation", it is proposed to insert "for such infringement."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Nebraska.

The amendment was agreed to.

Mr. NORRIS. I send to the desk another amendment, to be inserted on page 20, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 22, at the end of line 16, it is proposed to add the following words:

or subdivisions or agencies of such States, or with cooperative or other organizations, and to make such studies, experiments, or demonstrations as may be necessary and suitable to that end.

Mr. KING. Mr. President, without desiring to be at all critical, I should like to ask the able Senator from Nebraska if all of these amendments which he is suggesting were considered by the committee.

Mr. NORRIS. No.

Mr. KING. And if not, why not?

Mr. NORRIS. Most of the amendments that I am offering now came after the committee had acted on the bill and reported it. I explained at the beginning that I would have been glad to have the committee consider them if it had not been that the chairman of the committee had charge of the farm bill, which was then pending, all the members of the committee were interested in it, and I thought it would be practically an impossibility for the committee to be called together to consider these amendments.

Some of these amendments, including the one which we have here now, were suggested—not always in the form in which they are offered, because he sometimes suggested the idea, but it seemed so plausible that it seemed to me the amendments were justified—by Mr. Morgan, who is connected with Antioch College as the head of the engineering department. He is the engineer who had charge of building the flood-control dams in and about Dayton, Ohio; and everybody knows what a wonderful engineering work that was. This amendment, which he suggested, appeals to me, and I think it would to anyone who would read the text, as being necessary. The language says, winding up—

All for the general purpose of fostering an orderly and proper physical, economic, and social development of said areas; and the President is further authorized in making said surveys and plans to cooperate with States affected thereby, or—

This is the amendment—

subdivisions or agencies of such States, or with cooperative or other organizations, and to make such studies, experiments, or demonstrations as may be necessary and suitable to that end.

Mr. FESS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Ohio?

Mr. NORRIS. I yield to the Senator.

Mr. FESS. To be textually correct, we should have to strike out the period.

Mr. NORRIS. Yes; that is true. The Senator from Ohio suggests that the period after the word "thereby" be stricken out. I have it stricken out here; but it is not, in the amendment. I suppose the clerk probably would do that, anyway; but to be sure about it I should like to have the period stricken out and a comma inserted in place of it.

I thank the Senator for the suggestion.

Mr. FESS. Mr. President, for the sake of the RECORD I desire to state that Dr. Morgan is the president of Antioch College, not the head of the engineering department.

Mr. NORRIS. I am very glad to be corrected.

Mr. FESS. He is the president of the college.

Mr. NORRIS. He has a national, if not an international, reputation.

Mr. FESS. That is correct.

Mr. NORRIS. People of all classes and of all political beliefs who know anything about him and his work always speak of him in the very highest of praise.

Mr. FESS. That is correct.

Mr. NORRIS. He analyzed this bill and suggested this amendment and one or two others that I am going to offer.

Mr. FESS. I should think, without a doubt, that if this or any other public-works project is launched, he will be called upon to do some directing in connection with it.

Mr. NORRIS. I should think so.

Mr. FESS. Without a doubt.

Mr. KING. Mr. President, this provision is so indefinite that it is difficult to determine its limitation; it is like other provisions in the bill. We do not know the point to which it will lead or the ground which it will cover. When we talk about constructing a dam and taking into account the social development of the community and States and cities and counties, and when we attempt to appraise all factors incidental to the building of communities and community life, and authorize experimentation without limitations, we are lost in uncertainty. We do not know whether the experimentation is purely physical or whether it embraces every form of social activities and enterprises. But the legislation, if I properly interpret it, is a sort of cauldron into which we are pouring everything, all sorts of chemicals—and the word "chemical" here is quite proper—and all sorts of things may come out of the retort. We do not know the kind of explosions that may result, the kind of a solid or the kind of a fluid that will be evolved, whether it is to be sociological or community experimentation as the chief motive or whether the purpose is largely the production of electricity and fertilizers. The bill gives carte blanche authority to engage in every form of activity and experimentation.

Mr. McKELLAR. Mr. President——

Mr. KING. I yield to the Senator from Tennessee.

Mr. McKELLAR. Is the Senator speaking from experience in connection with his dam out West, commonly known as Boulder Dam, for which I think he voted?

Mr. KING. The Senator knows that it is not in my State. The Senator and I opposed that dam for years, but there was justification, from the point of view of some, for the construction of the Boulder Dam; but there is not the broad field in the Boulder Dam project, unsatisfactory as it is in many respects, that is provided in this bill. There is no horizon here, no limitation. As I said, this bill is for experimental purposes in the cultural, sociological, social, scientific, electric, and fertilizer fields. We are to experiment in electricity, when we have in the United States today the ablest men in the world engaged in electrical activities. They are not asking a contribution from the Treasury of the United States. There are persons engaged in the production of fertilizers, and they have spent money prodigally in developing these products important to agriculture.

Mr. COPELAND. Mr. President, I should like to say another word about the 5-percent contribution of the States.

There is pending before the Senate the St. Lawrence Treaty, a treaty with Great Britain and Canada covering the development of the power and navigation on the St. Lawrence River. We are having a dispute in the Senate over the reference of a joint resolution presented here, seeking to confirm a tentative arrangement made with the State of New York and providing for a contribution from the State of New York of $90,000,000. That is, we are to have this power provided we pay $90,000,000 for it; but here, in this bill, the United States makes all the investment, builds the dam, installs the steam plant, and then the States involved get 5 percent of the gross revenue.



Mr. BLACK. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. BLACK. I understand the Senator's reference to the St. Lawrence, and I do not care to debate that question now; it has been debated a number of times. I may state that I offered this amendment the first year I was in the Senate, and I think the Senator has been kind enough and generous enough to vote for it several times, and I think the Senator was right.

Mr. COPELAND. I voted for it several times, but I am not convinced that I was fully informed as to the exact effect of it then. There has been in my State so much discussion of water power since that time that perhaps my eyes have been opened somewhat.

Mr. BLACK. With reference to the question about which the Senator has just been talking, I think the State of New York would own the power plant, and naturally it would not get a percentage from its own property. That is the difference.

Mr. COPELAND. Mr. President, I have no disposition to follow the discussion at this moment. I simply wanted to call attention to what, to my mind, was a very odd procedure.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Nebraska.

The amendment was agreed to.

Mr. NORRIS. Mr. President, that amendment was on page 22, was it not?

The PRESIDING OFFICER. On page 22, line 16.

Mr. NORRIS. There was a committee amendment on line 18. Has that been agreed to?

The PRESIDING OFFICER. That amendment has been agreed to.

Mr. NORRIS. Then I send to the desk an amendment to be inserted on page 23.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 23, line 17, after the word "corporation", the Senator from Nebraska proposes to insert the following:

likewise for 1 year after the enactment of this act the President is authorized to sell parcels or parts of any vacant real estate now owned by the Government, or hereafter acquired, in said Tennessee River Basin, to persons or corporations desiring to purchase the same for the purpose of erecting thereon factories or manufacturing establishments, and who desire to purchase of said Corporation electric power for the operation of any such factory or manufacturing establishment. No contract shall be made by the President for the sale of any of such real estate if the same is valuable, or may become necessary or valuable, for use on the part of the Government for any of the purposes of this act.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. NORRIS. Mr. President, I send to the desk another amendment.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 23, after line 19, the Senator from Nebraska proposes to add the following:

Provided, That no such contract shall be made that will in any way abridge or take away the preference right given in this act to States, counties, municipalities, or farm organizations.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. NORRIS. Mr. President, that is all the amendments I have to offer for the present, at least.

I am now going to answer the question propounded by the Senator from Maryland and also the question propounded by the Senator from Utah as to the difference between the two bills. I have preferred to wait until the amendments had been passed on, because in some respects the amendments in the fertilizer and power provisions have modified the text of the bill as it was before it was amended.

I think it is fair to say, to be as brief about it as possible, that the two bills differ on the question of fertilizer and on the question of power. I should like to have the attention of the Senator from Utah, because I am satisfied that I will get his vote for the Senate committee bill, as between the two bills.

The bill which passed the House provides that the corporation shall go into the manufacture of fertilizer on a commercial scale, and sell it. There is no such provision in the Senate committee bill. I want to say to the Senate, and particularly to the Senator from Utah and to the Senator from Maryland, that I have never favored the Government going into the fertilizer business as a commercial operation. In the first place, it is unjust to the taxpayers of the balance of the country. I do not believe it is right to take Government money out of the Federal Treasury, set up a fertilizer plant, and go into the commercial business of manufacturing and selling fertilizer. If that were right, and we did that, then we ought to do it in every community in the United States. The taxpayers of Illinois, of California, of Nebraska, have their money in the governmental Treasury, as well as do those of Alabama and Tennessee, and it seems to me there is no justice in taking their money and going into the fertilizer business in Alabama.

There is reason, however, it seems to me, for using public money for the purpose of cheapening fertilizer. I think that the expenditure of money in an effort to reduce the cost of fertilizer is conceded to be the proper use of governmental funds. If I were sure it could be done by this bill, I would think that was the greatest possible accomplishment of the legislation, much greater than anything else in the bill, because the students of the subject will agree with me when I say that the importance of cheap fertilizer to agriculture is increasing every day. It is going to increase, as far as we can see, and as far as scientific men can see, every day from now on. It is going to be much more important 50 years from now than it is now, unless something new and entirely different is discovered or invented. It is important, therefore, and I think one of the highest uses to which we can put public funds is the attempt to cheapen the production of fertilizer.

Mr. President, as to the bill as it now stands before us, and as it has stood for 10 or 12 years, I have continually invited criticism and suggestions tending to show any practical way in which the wording of the bill could be improved in order to insure a better method of experimenting in the effort to reduce the cost of fertilizer. I welcome any such suggestion now.

There are two other reasons why we should not put the Government into the business of manufacturing fertilizer at Muscle Shoals. To begin with—while other people may disagree with me, and one or two Senators may disagree with me, although I do not mean to criticize them in any way—I say that the almost unanimous testimony and evidence of experts, of chemists, and of engineers who have studied the subject has been in agreement with the propositions I am about to lay down.

Mr. President, at Muscle Shoals we get nitrogen out of the atmosphere by what is known as "the cyanamide process." That is at nitrate plant no. 2, built by the Government as a war proposition. In my opinion, as I have said before, and I think I am borne out by the almost unanimous evidence of scientific men all over the world, the cyanamide process for getting nitrogen out of the air is out of date. Cyanamide is a useful chemical, but when we come to get nitrogen out of the atmosphere by that process the cost is practically double when we compare it with the investment necessary if the operation were performed by what is known as "the synthetic process", first called "the Haber process."

When the war came on, nitrogen became a very important thing. The whole earth is surrounded by nitrogen, in the atmosphere. It was known then that nitrogen could be extracted from the atmosphere by the cyanamide process. First, before that process was invented, there was the arc process, the first method by which nitrogen was extracted from the atmosphere, which required a great deal of power. In fact, it is not practical, where power is worth anything, to use the power for that purpose, because we can get the

nitrogen so much cheaper, and expensive power would make production absolutely prohibitive.

Later on came the cyanamide process, which was a very great improvement; and when the war broke out, the cyanamide process was well understood by the scientific men and the chemists of the world. It required much less power than the arc process but still required a great deal of power.

Mr. President, that was the knowledge of the art when the Great War came on. The Haber process, later called "the synthetic process", was unknown to men anywhere in the world; and when it became apparent that we were about to get into the war, we passed a law which provided for the building of this great dam down at Muscle Shoals. We knew then that in order to get nitrogen from the atmosphere a great deal of power would be required, and we knew that if we got into the war there might be a possibility that our supply of nitrogen, which had before that come from Chile, might be cut off. We passed an act providing for the improvement which has since been made at Muscle Shoals and other improvements, which were abandoned when the World War ended.

We contracted for the construction of nitrate plant no. 2, which we still own. At the time it was built it was as modern as any plant of that kind in the world. We were not proceeding in the dark. Our scientific men knew just what could be done, and the contract provided for the building of that plant, which was to be constructed to produce in one year 40,000 tons of nitrogen, which amount can be manufactured by that plant now. That requires a large amount of limestone, so that we had a quarry down there, and a railroad connecting with the quarry, which the Government owned. We built the plant. It has never been operated, except long enough to demonstrate that it would work and comply with the specifications which, in the main, were to produce 40,000 tons of nitrogen in a year. That was all done in good faith. It was located there because of the power facilities.

Mr. President, it became evident, during the war, that Germany, shut off from the importation of Chilean nitrates, must have some way of getting nitrogen. She would have been defeated long before she was had it not been for her scientific men and her chemists. They devised a new method of getting nitrogen from the atmosphere, known as the "Haber process." We knew they were doing that; the whole world knew they were doing it, but we did not know how it was done. Our scientific men thought that perhaps they knew; perhaps they could do it. So when we built nitrate plant no. 2 we also built nitrate plant no. 1, which was a very much smaller plant, because our scientific men were not sure of the result. If they had been, nitrate plant no. 1 would have been bigger than nitrate plant no. 2. In fact, if we had known then what was known in Germany, and what we learned after the war, we never would have constructed nitrate plant no. 2. So we built nitrate plant no. 1, a small plant comparatively, on the theory that we might be able to extract nitrogen from the air as the Germans were doing, but we failed; we failed 100 percent. We have never produced a pound of nitrogen from the air by nitrate plant no. 1. We were completely wrong; we did not know the process.

I do not charge anybody with bad faith; it was an experiment. It failed utterly and completely. Nitrate plant no. 1 has never yet taken and never will take an ounce of nitrogen from the atmosphere. It is in a fine building, which is in good shape today, but its machinery is worth nothing except for junk. I hate to say that; I had rather say that it is a success; I had rather say that it could produce nitrogen cheaply; but I want to state the truth.

I would like to say that nitrate plant no. 2 can produce nitrogen cheaper than can any other plant in the world, but I cannot make that statement and be truthful. I reached not the conclusion which I wished to reach, but which seems to me to be absolutely inevitable if I were going to be fair with my own conscience.

During all the 12 years we have been considering the subject I have listened to propaganda that has gone out over the country, fathered in the main by that great farm organization, the American Farm Bureau Federation, which has been sending out circulars stating that all we had to do to get cheap fertilizer was to put nitrate plant no. 1 into operation. Beautiful illustrated circulars were sent into my State and other States, circulars with maps and pictures of Muscle Shoals, and of the dam, and incidentally almost always of Chester Gray, the representative of the Farm Bureau Federation. The material was prepared ready to be run off the printing press without cost to the editors of country newspapers and of city newspapers and farm magazines, and delivered absolutely free. I have always wondered who furnished the money for it. The only beneficiary of all that fight that I could see was the Power Trust, which itself wanted this power if it could get it; and if it could not get it, it would like to have the Government operate nitrate plant no. 2, make fertilizer, and sell it always at a loss unless it would enter into a combination with the private manufacturers of fertilizer and increase the price by a trust agreement.

Now I come to the proposition of using plant no. 2. If we had war tomorrow we would probably operate it, because it can produce 40,000 tons of nitrogen a year. All the machinery is there, as well as Waco Quarry, a railroad, and everything else which is necessary, and that plant could be started up in 24 hours.

Mr. KING. Mr. President, would it interrupt the Senator from Nebraska if I should ask him a question for information?

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Utah?

Mr. NORRIS. I yield.

Mr. KING. I wonder why, with the machinery to which the Senator has referred, which was constructed with the idea of being operated under the Haber process, fertilizer could not be produced very cheaply there?

The Senator will recall that the late Senator Ladd, a chemist and a very able Senator, and I visited Germany a few years ago and inspected the great plants where they were manufacturing nitrogen from the atmosphere. They had a very poor quality of coal, not so good as the lignite coal in the Dakotas, and yet they were manufacturing enormous quantities of nitrogen from the atmosphere, using it for fertilizer, the basis of which is nitrogen, and shipping it to South America and to China and to various parts of Europe.

Mr. NORRIS. But they were not doing it under the cyanamide process. They were using the synthetic process, which is the most modern process of all.

Mr. KING. If we had a plant at Muscle Shoals which could employ the Haber process——

Mr. NORRIS. But we have not. We might just as well face the truth.

Mr. KING. Is all the machinery there adapted to the cyanamide process?

Mr. NORRIS. That in the cyanamide plant, of course, is; but the machinery in plant no. 1, which it was thought might work under the Haber process, cannot be used. I am told that is so. I have been there; I have gone through it, and I have asked the chemists if we could not save some of it; and I was told that nothing is just right—that the only thing we can possibly use is the building and the steam plant connected with it.

Mr. KING. Mr. President, was it erected for the purpose of using the Haber process or the cyanamid process?

Mr. NORRIS. It was erected for the purpose of using the Haber process.

Mr. KING. Then those who erected it and put in the machinery failed to understand the Haber process?

Mr. NORRIS. They failed, but I am not criticising them. That was during the war and they were doing the best they could. They did not have sufficient knowledge of the process and that is the reason they erected only a small plant, because they were uncertain. They knew the Germans had a better process than we had, but they did not

know what it was. They did the best they could. I have never criticised anybody connected with it.

Now, let me go on. The Senator's question diverts me just a little. As to Muscle Shoals not being a practical place at which to make fertilizer on a commercial basis: First, I think I have shown that the men who located it, the men who built it, and the Congress that passed the law, were all acting in the best of faith. They did not know of the improvements that were going to be made. First, as I said before, we had the arc process, which used almost unlimited power in order to get nitrogen from the atmosphere. Then came the cyanamid process, using much less power but still great quantities of power, and we built nitrate plant no. 2. Then, after the war, when we were able to visit Germany and to find out what she had done, we learned how to build under the Haber or synthetic process, and we have built under it ever since. We did not have at the beginning of the war a single place where nitrogen was produced by any process—arc, synthetic, or cyanamid. Now we have eight such plants in operation. We have, it is true, the cyanamid process at Muscle Shoals, the only one in the United States. We have never built one since.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. TYDINGS. When the Senator refers to nitrogen does he mean a gas or a liquid or a solid?

Mr. NORRIS. I mean all of them; nitrogen in all those forms. If I wanted to take the time I could show that it is in gas form and in liquid form and in solid form. For instance, the great Du Pont Co., in Delaware, the largest manufacturers of explosives, perhaps, in the world, have their plant located in Delaware, but they wanted a lot of nitrogen, and what did they do? They went to West Virginia, 5 or 6 miles outside of Charleston, right in the midst of one of the greatest coal fields in the world, where good coking coal was obtainable right from the mines. They built their nitrogen factory there. They had to ship that nitrogen from Charleston, W.Va., to Delaware, although there is just as much nitrogen in the air in Delaware as there is in West Virginia, but they need coke for power.

Under the new process, the synthetic process, the question of power has become practically insignificant; the only use of power is to operate the machinery, and the great expense is coke; that is expensive raw material which they must have. So if one were to locate a factory now and wanted to build it in accordance with business principles he would go where there was cheap coke, as the Du Pont Co. did, even though that company had to ship nitrogen in tank cars from Charleston, W.Va., to Delaware. That nitrogen is shipped in liquid form.

I am only trying to show that, as a matter of business, if the Senator from Maryland and I embarked on such an enterprise for the purpose of making money, if we had no other object in view, and it was necessary to get nitrogen from the atmosphere, we would not think of building a plant such as the Government built at Muscle Shoals at plant no. 2.

I went down to Charleston to look over the Du Pont plant. While I am neither a chemist nor an engineer, I wanted to get what information I could there from an actual view of the situation. First I ought to say that I tried to go up to Syracuse, N.Y., where there was built the first nitrogen plant under the Haber or synthetic process after it became known here what that process actually was. I wrote to those in charge at Syracuse and told them I wanted to come and look the plant over. They held up their hands in holy horror and said no; they would not let me inside any of their buildings. I do not know whether they were afraid that I was a student of chemistry or an engineer and might steal some of their ideas, or whether they had read about me in some of the newspapers of Alabama about the time we were having the Ford fight and thought I would be dangerous; anyway, they would not let me in.

I wrote to the Du Pont people and told them that I should like to go to Charleston and go through their plant. They did not wait to answer by letter; they called me on the long-distance telephone and said, "Fix the date; we will send our head chemist from here down there; we will show you everything we have." I called on the Secretary of War and asked him to detail to go with me a man who had some scientific knowledge and who knew more than I did, so that if there was anything that might be secretive or wrong he would be able to know it. I told the Du Pont Co. that I wanted to bring a man with me and they replied, "Bring anybody you desire; we have no secret; we have nothing to conceal." So I went down there with the one who was detailed to go with me. We spent our time going over the plant, all through it, and in order to help us the Du Pont Co. sent a German chemist from Delaware to show us through.

I remember we came back together, and on the way back I said to the German chemist—who is the head, or then was, of the Du Pont investigating bureau, and knows as much about the extraction of nitrogen from the atmosphere, I presume, as any man on earth—"Suppose we should offer you nitrate plant no. 2, give it to you free of charge, what would you say about it?" His answer was, "We would decline it." He said, "I am not saying anything about fertilizers; that is not my world; we are getting nitrogen from the atmosphere; that is one of the necessary ingredients of fertilizer. If we had no plant in West Virginia and we had to have a plant, as we did have to have when we built the one near Charleston, and you said we could have nitrate plant no. 2 for nothing, we would have gone to Charleston and built our plant just the same, because we know that nitrogen cannot be extracted from the atmosphere by the process in use at nitrate plant no. 2. It would not pay us to operate it even if we got it for nothing, and we would prefer to pay seven or eight or ten million dollars to build a new plant." I think it cost them somewhere in that neighborhood to build their plant at Charleston, W.Va.

That being true, it appears to be impossible, on a commercial scale, to manufacture fertilizer at Muscle Shoals; and why not tell the truth as one sees it? There are those who do not agree with me; probably some who are listening to me now do not agree with me; but, as I see it, it cannot be done. I have been preaching that for 12 years to the farmers of America; but, counteracting everything I could say and do, came this great propaganda, backed up by the power interests and by the American Farm Bureau Federation, which spread it all over the United States, that that was the finest way on earth to get nitrogen from the atmosphere, and that I was not a real friend of the farmer. I have had that to contend with at home all these years. I think that any unbiased, unprejudiced scientific man who has studied the question of getting nitrogen from the atmosphere will agree with me 100 percent.

I have not formed these ideas because I wanted to do so. God knows I should rather have come to another conclusion. God knows that I should rather have discovered that this is the finest thing in the world, the finest place in the world to make fertilizer. I met the facts with a great deal of reluctance. I knew what would happen; I knew of the terrible propaganda that anybody who believed as I did would be up against if he undertook to say so openly.

Now, although those who believed as I did were in the very small minority with the farmers of America, I think the truth has percolated through and that most of the farmers of America know now that some of their so-called "leaders" have been misleading and deceiving them—some probably in good faith. Many men in good faith have advocated it. That being true, I have always fought against putting anything in the bill that would compel the Board to go into the fertilizer business; first, because it is not fair to take the money of all the people to manufacture fertilizer for the farmers who live within a radius of perhaps 450 or 500 miles of Muscle Shoals.

But that does not have anything to do with my desire to do all we can down there for the purpose of cheapening fertilizer. I know someone can say if we have a cheap plan under a modern method and cannot make it cheaply there, why do we want to experiment there? Why not go somewhere else? If it was a new question, if the Government

had not put in $150,000,000 down there, that is what I would advocate. It will cost a little bit more to manufacture fertilizer there than elsewhere in the quantities in which we will make it for experimental purposes, but we can demonstrate the difference mathematically to a cent, so that when the fertilizer experiment is carried on at Muscle Shoals we can show that it is a benefit to the farmers of America and the cost can be shown to the fraction of a penny even though it costs more there than it costs somewhere else.

That is the chief difference between the two bills on the fertilizer proposition. Another difference is on the power question. I believe the only fair thing to do is to give to the Board the same power that an individual would have, that a private person would have, not to surround them by red tape and a whole lot of difficulties and impossibilities that would not confront a private party. We are justified in doing that, I believe. Of course, I would not agree with some Senators here about it, but I believe that electricity made from our streams ought to be developed by some governmental corporation, whether it is a municipality or a State or the Nation.

But I am not basing the bill on that proposition. We have invested there $150,000,000. We are interested in controlling the flood waters of the Mississippi River, and the first step in the most scientific development of that proposal that has ever been undertaken in the Government of the United States is contained in the Senate bill. It is in the House bill, too, although the method of building the dam is not quite the same.

It would be a sin if the Government permitted any private party to go to Cove Creek and build the Cove Creek dam. That is the mouth of a natural reservoir that will hold, when the dam is completed, 3,500,000 acre-feet of water. It will develop a large amount of power, but to get the most possible out of it as a fair proposition we would have to keep the reservoir filled, and it then would lose its value entirely as a flood-control or navigation project. A private party would want to make all the money he could, and that is all right; there is no objection to that. The Government is the only one in a matter of that kind that can afford to use it for the purpose for which it ought to be used, and that is flood control. The power is only an incident. When we are letting the water out we are using the power to make electricity, but as we lower the depth of the water in the reservoir the power decreases. If we take all the water out we have no power at all. A great deal of this power would be secondary power and not primary power. No one knows how near they will come to emptying the reservoir in a year. In a few years we will know more definitely about that. They will lower it further in order to be ready for the excess flood that comes, so that the Tennessee River will be lower than it is now in high water, and higher than it is now in low water, and every gallon of that water that is kept back will be so much less water to do damage in Louisiana and Mississippi and all the way down from the mouth of the Ohio River to the mouth of the Mississippi River.

The bill on which we have just completed the amendments gives to this Government corporation the right to build transmission lines either from appropriations made by the Congress or from money received from the sale of power or from the bond issue that is provided for in the bill. I think that the building of the transmission line is just as important as the building of the dam itself. It was over the right that the Senate bill gave to this board to build transmission lines in the last session of Congress that the conferees failed to agree for over 3 months. The House bill provided that the board could not build transmission lines. The present bill is better than the old bill in that respect, in that it does provide that they can build transmission lines. But the House bill circumscribes the power with technicalities that will seriously interfere with the Board's being able to build any transmission lines. The Senate bill provides that the board can lease lines already built.

The amendment adopted today provides that if the Government builds lines, if it does not interfere with the operation of the board the board can lease them to a private corporation to carry their lines. In other words, we have set up here a power just such as a private individual or private corporation would have. For instance, I think every man who has ever studied the question will agree with me that when we build Cove Creek Dam we must connect it with Dam No. 2 by a transmission line. It is perfectly foolish, perfectly idiotic, Mr. President, for a private corporation to own a generating system at point A and a generating system at point B and not connect them by transmission lines. Modern electrical development and distribution and use depend to a very large extent for their success on interconnecting lines. When there is something wrong with the generating plant at point A, they can bring the power from point B. When there is something wrong at point B, they can bring the power from the generating plant at point A.

In addition to that we will consume a vast amount of power in building Cove Creek Dam. When we built Dam No. 2 the first thing we did was to build a transmission line from Gorgas, about 90 miles distant, from a coal mine owned by the Alabama Power Co., in order to bring power up to Dam No. 2 so we could use it there. The first thing we will need at Cove Creek after the land is cleared away will be power, power, and more power. We have it going to waste at Dam No. 2, but we cannot carry it in a bushel basket to Cove Creek Dam. We must have a transmission line. In my judgment the board, if they are at all scientific, will build a transmission line from Dam No. 2 to Cove Creek the very first thing they do. They will save hundreds of thousands of dollars; yes, millions of dollars; otherwise they will have to buy the power. If they bring it from Dam No. 2, it will not cost anything save for the construction of the transmission line, which will be a permanent improvement and last longer than any of us will live.

Under the terms of the House bill, in my judgment, if we pass it in the form in which they have passed it, the board would be confronted, before they started on the construction of a transmission line, with injunction after injunction. They would have to wend their weary way through to the Supreme Court of the United States before they could even start construction. In the meantime they would have to pay to the Power Trust the Power Trust's own price for power to be used at Cove Creek Dam. It is foolish, it seems to me, for a corporation like this, representing the Government of the United States, to go to a stream that is tumbling down from the mountainside—a stream that is owned by the people—and build a dam to make what we call electricity for the use of the people who own that stream, but before the people can use that which we have produced from their own property it must pass through the hands of a private party, known as a private corporation, with a transmission line. It is just as important to build the transmission line as it is to build the generating plant.

Mr. BLACK. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. BLACK. As I understand, the difference with reference to power is very simple. In the first place, the Senator's bill provides, as I understand, that the Board is given the discretion—it does not have to do it—to build transmission lines if it wants to do it, and if it believes that it is right that they should be built in order to sell the power.

Mr. NORRIS. Yes, sir.

Mr. BLACK. And under the other bill they must first make an effort to lease private lines.

Mr. NORRIS. And they must make a finding that it is economically feasible, and then they must get the consent of the President. I desire to suggest to the Senator that it depends on the President. In the last 4 years, if that had been the law, we know that there would not have been a mile of transmission line built, because it would have been impossible to get his consent.

Mr. BLACK. In other words, the Senator's bill provides that this corporation shall have the right, or any corporation, if it is deemed advisable, to build lines.

Mr. NORRIS. Or any other corporation.

Mr. BLACK. The other bill, the House bill, imposes a number of restrictions, including the necessity, first, to try to lease power-company lines, to try to make a contract with them, to secure the approval of the President, and several other preliminary things that they must do before they would have a right to build a line.

Mr. NORRIS. The Senator is right.

Mr. BLACK. And that really is the difference in the power feature.

Mr. NORRIS. That is right.

If there are no other questions, Mr. President, I am ready for a vote.

Mr. VANDENBERG. Mr. President, will the Senator permit me to ask him if the 5 percent clause is the same in the House bill as it is in the Senate bill?

Mr. NORRIS. No; there is not any such clause in the House bill.

The PRESIDING OFFICER. The bill is before the Senate and open to amendment.

Mr. VANDENBERG. Mr. President, I desire to offer an amendment to strike out the 5-percent clause, if this is the appropriate time to do it.

Mr. McNARY. Mr. President, earlier in the day I talked to the distinguished Senator from Nebraska, and stated at that time that I did not want a final vote on the bill today. There are 2 or 3 Members of the Senate who desire briefly to discuss the matter; and I should like to have it go over until tomorrow for a final vote.

Mr. NORRIS. Of course I should have been very much delighted if we could have voted on the bill today, but I realize that the bill is open to amendment, and I am not going to interfere with any reasonable request, even if I could.

Mr. McNARY. I was certain that the Senator would not. The bill is an important one and of course has been before the Senate a number of times. It is well understood. However, in this bill there is some enlargement upon the project over former bills.

Mr. NORRIS. Yes.

Mr. McNARY. The Senator from Rhode Island is necessarily absent today. He and the Senator from Ohio both want to discuss the bill briefly. I told them I would request that it might go over, because I knew the request would meet the favor of the Senator from Nebraska.

If the Senator from Michigan desires to present his amendment at this time, I suggest that he do so.

Mr. VANDENBERG. I should very much prefer to have the matter go over until tomorrow. I shall not occupy 10 minutes.

Mr. NORRIS. Mr. President, I recognize that the Senate has been patient.

Mr. VANDENBERG. I had no idea that we would reach this point today.

Mr. NORRIS. While I should be very glad to get through with the bill, I recognize the reasonableness of the request. If the Senate would like to take a recess at this time, I suggest that that be done. I hope, however, it will be a recess and not an adjournment.

Mr. KING. Let me say that the Senator from New York [Mr. COPELAND] is necessarily absent from the Chamber, and I think he has an amendment to offer. On his behalf, I request that the bill go over until tomorrow.

Mr. VANDENBERG. Mr. President, let my amendment be pending. I move to strike out all of section 13, commencing on page 14.

The PRESIDING OFFICER. The amendment offered by the Senator from Michigan will be pending.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair) laid before the Senate several messages from the President of the United States, submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

DEATH OF REPRESENTATIVE BRIGGS

A message from the House of Representatives by Mr. Megill, one of its clerks, communicated to the Senate the intelligence of the death of Hon. CLAY STONE BRIGGS, late a Representative from the State of Texas, and transmitted the resolutions of the House thereon.

The PRESIDING OFFICER. The Chair lays before the Senate resolutions from the House of Representatives, which will be read.

The resolutions (H.Res. 123) were read, as follows:

Resolved, That the House has heard with profound sorrow of the death of Hon. CLAY STONE BRIGGS, a Representative from the State of Texas.

Resolved, That a committee of two Members of the House, with such Members of the Senate as may be joined, be appointed to attend the funeral.

Resolved, That the Sergeant at Arms of the House be authorized and directed to take such steps as may be necessary for carrying out the provisions of these resolutions, and that the necessary expenses in connection therewith be paid out of the contingent fund of the House.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

Resolved, That, as a further mark of respect, this House do now adjourn.

Mr. McKELLAR. Mr. President, the two Senators from Texas are necessarily absent in attendance upon the funeral of the late Representative BRIGGS. On behalf of the senior Senator from that State [Mr. SHEPPARD], I send to the desk a resolution and ask for its adoption.

The resolution (S.Res. 66) was read, considered by unanimous consent, and unanimously agreed to, as follows:

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. CLAY STONE BRIGGS, late a Representative from the State of Texas.

Resolved, That a committee of two Senators be appointed by the Vice President to join the committee appointed on the part of the House of Representatives to attend the funeral of the deceased Representative.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

The PRESIDING OFFICER appointed Mr. SHEPPARD and Mr. CONNALLY as the members upon the part of the Senate of the joint committee provided for under the second resolution.

RECESS

Mr. McKELLAR. Mr. President, as a further mark of respect to the memory of the late Representative BRIGGS, I move that the Senate take a recess until tomorrow at 12 o'clock noon.

The PRESIDING OFFICER. The question is on the motion of the Senator from Tennessee.

The motion was unanimously agreed to; and (at 4 o'clock and 33 minutes p.m.) the Senate took a recess until tomorrow, Tuesday, May 2, 1933, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate May 1, 1933

AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY

Hugh S. Gibson, of California, now Ambassador Extraordinary and Plenipotentiary to Belgium and Envoy Extraordinary and Minister Plenipotentiary to Luxembourg, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Brazil.

COMPTROLLER OF THE CURRENCY

J. F. T. O'Connor, of Los Angeles, Calif., to be Comptroller of the Currency, to fill an existing vacancy.

COMMISSIONER OF INTERNAL REVENUE

Guy T. Helvering, of Kansas, to be Commissioner of Internal Revenue, in place of David Burnet, resigned.

CIVIL SERVICE COMMISSIONERS

The following-named persons to be Civil Service Commissioners:

Harry B. Mitchell, of Montana, vice Thomas M. Campbell, resigned.

Lucille F. McMillin, of Tennessee, vice Jessie Dell, resigned.

HOUSE OF REPRESENTATIVES

MONDAY, MAY 1, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Our Lord and Master, we rejoice at Thy loving fatherhood. When we waver, when we drift, when we stumble, when we are tempted, in all the emergencies of life we have an unfailing source of consolation—our ever blessed Father in Heaven. With this common thought of Thee and of one another may we go through the labors of this day. We pause, we hesitate. Words fail to express our sorrow at such a moment as this. Our brother, a splendid servant of the public, a fine type of Christian manhood, has left the scenes of this Chamber. Father, comfort the afflicted ones who are left, and at last bring them unto Thyself, where they shall no longer look through a glass darkly. Almighty God, be with those who are in any form of adversity. In the home circle, in the business affairs, in any experience which is difficult, O be Thou their comfort and support. May we all realize that the whole of life is a fleeting scene and that the true realm is the invisible one beyond. In the name of our Savior we pray. Amen.

The Journal of the proceedings of Friday, April 28, 1933, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Craven, its principal clerk, announced that the Senate had passed with amendments, in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 3835. An act to relieve the existing national economic emergency by increasing agricultural purchasing power, to raise revenue for extraordinary expenses incurred by reason of such emergency, to provide emergency relief with respect to agricultural indebtedness, to provide for the orderly liquidation of joint-stock land banks, and for other purposes.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 753. An act to confer the degree of bachelor of science upon graduates of the Naval Academy; and

S. 1415. An act to amend sections 5200 and 5202 of the Revised Statutes, as amended, to remove the limitations on national banks in certain cases.

The message also announced that the Senate had agreed to the amendment of the House to a joint resolution of the Senate of the following title:

S.J.Res. 13. Joint resolution authorizing the Attorney General, with the concurrence of the Secretary of the Navy, to release claims of the United States upon certain assets of the Pan American Petroleum Co. and the Richfield Oil Co. of California and others in connection with collections upon a certain judgment in favor of the United States against the Pan American Petroleum Co. heretofore duly entered.

SENATE ENROLLED JOINT RESOLUTION SIGNED

The SPEAKER announced his signature to an enrolled joint resolution of the Senate of the following title:

S.J.Res. 13. Joint resolution authorizing the Attorney General, with the concurrence of the Secretary of the Navy, to release claims of the United States upon certain assets of the Pan American Petroleum Co. and the Richfield Oil Co. of California and others in connection with collections upon a certain judgment in favor of the United States against the Pan American Petroleum Co. heretofore duly entered.

PRAISE OF CONGRESS

Mr. HOWARD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to incorporate therein a remarkable article, remarkable in that it says nice things about this Congress.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. HOWARD. Mr. Speaker, thanks to the gracious action of the House, I was this morning granted permission to extend my remarks and to incorporate therewith something out of the ordinary with reference to our Congress. I find it in the resolution unanimously adopted by the House of Representatives in Nebraska a few days ago, a resolution conveying a message of cheer and encouragement to President Roosevelt and to the Congress anent their courage and fortitude in accomplishing legislation looking to lifting our country out of the ditch of depression into which it was pushed by unholy hands. I am greatly gratified that such a resolution should come from my own home State, a State which for long years has stood very near to Ben Adhem's place in the ranks of States with reference to percentage of literacy, notwithstanding the fact that the people of Nebraska have been officially listed by one of the angels of Mellonism as "The Sons of Wild Jackasses." The resolution to which I refer reads as follows:

Resolution conveying message of good cheer and encouragement from Nebraska House of Representatives to Franklin D. Roosevelt, President of the United States

Preamble

Whereas our beloved President, Franklin D. Roosevelt, since his inauguration on March 4, 1933, with fortitude and courage has "hurled his lances full and fair against the defamers" of our country's welfare; and

Whereas, with the exception of a few scattered snipers for the industrial oligarchy, Republicans and Democrats alike in the Congress have cast aside petty partisan politics for the public good; and

Whereas in these trying days even the stout heart of the President, who is wisely and surely leading this Nation to the high hill from whence we begin to see the dawning of a new day of hope and opportunity for the masses of our people, should know that the citizens of this country in unison voice approval of his policies and program; and

Whereas buying of the entire Nation has been spurred by the inflation prospect and a pronounced quickening has been seen in industry and commerce in commodity prices; and

Whereas the price of agricultural products has increased, due to inflation steps taken by the President at Washington: Now, therefore, be it

Resolved by the House of Representatives of the State of Nebraska in forty-ninth regular session assembled—

1. That this house, expressing the true sentiments of the people of the State of Nebraska, convey through this resolution our confidence in, our trust in, and our support for the policies and principles which our President, as the executive head of the National Government, and through the Congress, seeks speedily to put into force and effect to the end that the deplorable condition of our people may be ameliorated; and may Franklin D. Roosevelt, our President, be sustained and strengthened in the great problems which confront him when we say to him that the people of Nebraska extend good cheer and encouragement for the noble efforts which he is successfully making to stabilize the affairs of this Nation.

2. That this house, without hesitation, endorse the President's plan for the inflation of the currency, as set forth in part 6 of the farm bill, for financing and exercising powers conferred by section 8 of article I of the Constitution, to coin money and regulate the value thereof, which we believe is the greatest step ever taken for the good of humanity.

3. That this house commends the President for the statesmanship displayed by him in the management of the bank holiday, whereby he whipped to justice the hoarders of gold and prevented the flight of American dollars abroad.

4. That this house commends the President for prompt initiation of his defensive measure in temporarily abandoning the gold standards insofar as it relates to foreign competition; and we further urge that, without delay, the President reduce the quantity of gold in the standard dollar from the present 23.22 grains to 11.61 if the creditor class of this country in possession of $200,000,000,000 of the Nation's wealth fail to employ the fabulous sum of money for the uses of the worthy debtor class upon the basis of a fair interest return, payment of the principal to be amortized over a long period of years, to the end that the returns from the land and from the fruits of labor may repay the creditor without placing obstacles in the path of rehabilitating the debtor, thereby, if the creditor class fails to do its duty in this emergency, taking the wealth away from those who did not earn it and transferring its use under reasonable conditions to those deserving people in our country who have lost it.

5. That this house memorializes the President to provide the United States with bimetallic currency of gold and silver, companies as media of exchange since the era of all antiquity; and favors legislation known as the "Wheeler bill" (S. 2487), which contemplates the free coinage of silver to fix the relative value of the precious metals and thereby provide a uniform currency for the world with which to facilitate trade.

6. That this house unqualifiedly endorses the affirmative steps heretofore taken, as well as those now proposed, by the President

to lend the credit of the United States to home owners, land owners, and other worthy groups and enterprises which are capable of being financed on a self-liquidating basis.

7. That the chief clerk of this house be ordered and directed forthwith to forward to Franklin D. Roosevelt, President of the United States, a copy of this resolution, properly certified and suitably engrossed, as evidence of the love and confidence which the State of Nebraska has in him.

JOHN HAVEKOST.

I hereby certify that the above and foregoing is a true and correct copy of said resolution as passed by the house of representatives in forty-ninth session assembled this 27th day of April 1933.

MAX ADAMS,
Chief Clerk of the House.

INTERNATIONAL COOPERATION UNDER OUR CONSTITUTION

Mr. BYRNS. Mr. Speaker, I ask unanimous consent to extend my remarks by inserting in the RECORD an address by my colleague the gentleman from Tennessee [Mr. MCREYNOLDS] before the American Society of International Law at its twentieth annual dinner at the Willard Hotel, April 29, 1933.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. BYRNS. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address by the Honorable SAM D. MCREYNOLDS before the American Society of International Law at its twenty-sixth annual dinner at the Willard Hotel, April 29, 1933:

It is a happy augury that the American Society of International Law should have been meeting in Washington during the course of this week. The work of this society has always been important to the current work of the Government of the United States. Never before, however, have you met here under conditions in which the subject of your interest was so intimately and vitally associated with the problems which are uppermost in the activities of our Government. During the course of the present week our President has been conducting a series of international conversations with the visiting heads of various other governments, and I feel sure that the purpose and direction of those conversations, fraught with such significance for the people of our country, must have been very much in the minds of the members of this society.

One does not need to be an expert on the economic problems of the day to know that these problems cannot be met by any government in the world acting alone. Whether we like it or not, the interests of the American people are today bound up with the interests of peoples in other parts of the world. Our problems and their problems are, to a great extent, common problems, and if it was not already clear to us I think it must now be evident from the very acuteness of our situation that action must be taken by our Government, in cooperation with other governments, to meet these problems. That is the significance of the conversations which have been held here during the past week. The President has been preparing the ground for the success of the International Economic Conference which is to meet in London, and upon the issue of his conversations depends also the result of the Disarmament Conference which is now in session in Geneva.

Whatever be the particular problem of the moment in which one is most interested, little progress can be made until it is realized that we are living in an era when, as never before in history, cooperation must be on a world-wide scale. At one end of the Capitol the problem of currency has engrossed attention during the past few days. No judgment of our currency problem can be formed which does not take account of the reactions in other countries of any policy which we may formulate. At the other end of the Capitol we have been considering problems relating to our trade, and immediately we are faced with the necessity of inquiring into the international effect of measures which we would adopt and of measures which other peoples may also adopt. Whatever may have been our preoccupations with reference to the past policies of the United States, whatever positions we may have taken with reference to problems which arose years ago, today we are compelled to adopt a policy of cooperating with other peoples and of organizing our own Government with a view to making that cooperation effective. This, I take it, was what the President had in mind in his inaugural address last month when he dedicated "this Nation to the policy of the good neighbor." Neighborliness may not always be based on a desire to play the role of the good Samaritan, but I think it must always be based upon a desire to meet common problems with a common policy. Cooperation is the essence of good neighborliness, and the President has already shown that his adoption of this policy is to rest, not merely on words but also on action directed to the common good.

I feel that it is a fortunate thing for the people of the United States that we have a Constitution which does not prevent our playing the role of a good neighbor, as I have explained it, in times such as these through which we are passing. It is true that we have the oldest Constitution existing in the world today. Very soon a century and a half will have passed since that Constitution took its form, and yet, through all the strains of this century and a half, we have been able to find within its framework the possibility of our acting to advance our national interest. The thought I have has been so admirably put by the President that I must again quote from his inaugural address: "Our Constitution", he said, "is so simple and practical that it is possible always to meet extraordinary needs by changes in emphasis and arrangement without loss of essential form." It is the application of this principle, which the President has enunciated, to some of our present problems which I should like to emphasize this evening.

Under our Constitution the cooperation of our Government with other governments of the world may take one of several different forms. First of all, there are the formal treaties concluded by our Government in such large number. I believe this society has often discussed the treaty-making power of our Government, and I shall not deal with it tonight. In the second place, there are the less formal Executive agreements, which have been made by the President throughout our history and which play today an important role in international law. I believe this society has also discussed from time to time the constitutional basis of Executive agreements, and I shall not deal with that subject tonight. In the third place, the cooperation of our Government with other governments may be based upon a statutory authority, without going so far as to result in a formal treaty or in an informal Executive agreement. It is this form of cooperation to which I would address myself, and I do so because of some recent experience which has directed my attention to it in connection with our present-day problems.

For some weeks past the Committee on Foreign Affairs of the House of Representatives has had under consideration a resolution concerning the exportation of arms or munitions of war. It is not my purpose this evening to deal with the merits of that resolution. It had the support of the late administration, and it has the support of the present administration; it received the support of my committee, and it was voted overwhelmingly in the House of Representatives a few days ago. In my judgment, this resolution is an essential piece of legislation if our Government is to play its proper role in international affairs. But I don't want to deal with its merits. I invite your attention to the topic only as an example of the many fields which call for a type of international cooperation

The resolution which was passed by the House of Representatives gave certain powers to the President to be exercised by him after he had secured the cooperation of such other governments as he deemed to be ncessary. Clearly, if any embargo is to be placed upon the shipment of arms to a particular country, the United States must act in unison with other countries or else our action will be wholly ineffective. We could not penalize our own manufacturers to the advantage of their competitors in other lands. It was a great astonishment to me, therefore, when several men, learned in international law and I believe members of this society, questioned the constitutionality of the pending resolution on the ground that it would "enable the President to make international engagements of the most far-reaching kind at his will", and would therefore be a delegation of treatymaking powers. Of course, as that argument was advanced it did not take account of the actual wording of the resolution before the House; the resolution would not authorize the President to enter into international engagements; it would merely authorize him to act in cooperation with other governments. The President might secure such cooperation by persuading other governments to act on a common policy with our own. Now I need not point out to this learned society that if two governments act on a common policy they do not necessarily engage to do so, nor do they engage to continue to do so. What the resolution proposes is not that the President should enter into engagements with other governments, but that he should enter into negotiations with them with a view to the adoption in particular circumstances of a common policy. The resolution does not confer power on the President. He has power to negotiate already. It merely directs him to exercise his power of negotiation for the purpose of seeing that action taken by the United States is at the same time paralleled by action taken by other governments, if necessary.

Aside from the misconstruction of the words used in the resolution, however, it was a matter of some astonishment to me that anyone should at this state of our national history attempt to question the constitutionality of legislation which would call for the President's action in cooperation with other governments. Throughout our national history, legislation has authorized the President to take action only after negotiations with other governments. Our legislation to this effect dates since the early days of the Republic, and it applies to a variety of subjects. Members of this society will be very familiar with the nonintercourse acts of our Government more than a century ago, and I will mention particularly the acts of 1809 and 1810, which conditioned the suspension of trade provided for upon the President's proclamation of the attitude of other governments. Dealing with more recent examples, our tariff legislation has long proceeded on this principle. Under the Tariff Act of 1890, the President was empowered to suspend free entry of certain articles from other countries if he was satisfied that their governments imposed unequal and unreasonable duties on our products. In a celebrated case before the Supreme Court, the case of Field against Clark in 1892, the constitutionality of this provision in the Tariff Act of 1890 was attacked and it was contended that the provision delegated to the President "both legislative and treaty-making powers." In that case the Supreme Court reviewed our legislation at great length, and it found numerous precedents to show "that in the judgment of the legislative branch of the

Government, it is often desirable, if not essential for the protection of the interests of our people, to invest the President with large discretion in matters arising out of the execution of statutes relating to trade and commerce with other nations." The Supreme Court, therefore, held that the tariff act did not transfer legislative and treatymaking power to the President, and more recent legislation, particularly in 1897, has followed the act of 1890.

The members of this society will also be familiar with numerous other legislative provisions directing the President to take certain action as a result of the attitude of other governments. Such legislation deals with our reciprocal copyright relations, with relief from double income tax on shipping profits, with discriminating tonnage duties, and with a host of other topics.

Now, it was this long course of legislative history upon which the resolution before the House of Representatives was framed, and I think members of this society will understand why many of my colleagues were astonished that the views should have been presented by eminent international lawyers that the pending legislation was unconstitutional.

I speak of this matter tonight, not because of my interest in the arms embargo resolution but because of my interest in the efficiency of the Government of the United States in dealing with the national emergency. I must repeat that in my judgment it is most fortunate that the Constitution does not frustrate our Government in an era of international cooperation. Being a lawyer myself and having served for many years on the bench, I hope you will understand my saying that the problems of the present day are not to be solved by a narrow legalistic attitude toward the Constitution. The Constitution of the United States is above all an enabling instrument. It enables the President, with the advice and consent of the Senate, to make treaties; it enables the President, with statutory authority, to enter into Executive agreements; it enables the President, within limitations set by legislation, to conduct the foreign policy of the United States in such a way that we do not occupy an isolated position in the world. I am profoundly grateful to the framers of our Constitution that they should have worked so successfully that today we have a constitutional system which can be adapted to meet the problems with which we are confronted.

It is quite true, as an eminent journalist informed us in yesterday morning's paper, that the Constitution forbids Congress to abdicate; but as I read it the Constitution also forbids the Government of the United States to abdicate in a great emergency and it forbids Congress in a situation such as the present one to stultify the Government of the United States by making it impossible for us to occupy our proper positions in the world. The President has given us the lead in his inaugural address. I hope his efforts will find the warmest sympathy here among the members of the American Society of International Law. I hope that his hands will be held up during these weeks when he is attempting to work out, with other governments, a common policy to meet the depression, and I look forward to the future with confidence, because I feel that we are on the right road toward a cooperative solution of world problems.

"DOINGS" OF CONGRESS—THEIR EFFECT ON THE LUMBER INDUSTRY

Mr. DUFFEY. Mr. Speaker, I ask unanimous consent to insert in the RECORD remarks by myself on the doings of Congress.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. DUFFEY. Mr. Speaker, under leave to extend my remarks in the RECORD I include the following address delivered by myself on the "Doings of Congress" at the forty-first annual meeting of the National American Wholesale Lumber Association, held at the Mayflower Hotel, Washington, D.C., April 26 and 27, 1933.

History is the record of the doings of mankind. History is being made in the doings of the Seventy-third Congress of the United States, which assembled in the extra session in Washington on March 9, 1933. The laws passed and to be passed will be studied by historians and political economists in the future, for the Nation is now beset with serious new economic and political situations. Perhaps we can only look ahead a little way on the "new deal"; but, as we look back, it is instantly apparent that return to prosperity by the old method is impossible.

Our Nation is at peace with the world today. But we are troubled with conditions in many respects comparable to those of war. The President of the United States is, by the Constitution, the Commander in Chief of the Army and the Navy, and today he is the Commander in Chief of the forces united in the common cause of a return to economic prosperity and leadership.

CONGRESS IN SESSION ONLY 48 DAYS

I will not deny myself this opportunity and privilege to express my respect and loyalty, as a Member of the Congress, to the Commander in Chief. Only 48 days have passed since Congress convened. The American people, without regard to Republican or Democratic partisanship, have new hope today, new confidence, new determination. Citizens have a real interest in public affairs, a better understanding of economic and political problems, and a closer interest in the doings of their Chief Executive and the Congress. Events have happened so fast and furiously that one marvels at the fundamental changes brought about in so short a space of time.

NATIONAL EMERGENCY IN BANKING

Hardly had his first message been read in Congress than a new law was passed to provide immediate relief in the existing national emergency in banking. It was a call to arms by the Commander in Chief against the forces of an economic war, taking heavy toll on the resources and assets of our gold supply, and causing widespread consternation. Banking operations had ceased, and the opening of the banks for resumption of business was mandatory. All sound banks are now reopened, and each day more and further institutions are resuming their normal functions.

MAINTENANCE OF NATION'S CREDIT

No nation can survive when withdrawals and expenditures exceed receipts; and the billions of dollars in national deficit were mounting to a point where drastic, war-time action and authority must be exercised to save the Nation. These great deficits had had a disastrous effect upon the credit of our Government; we were nigh the brink of bankruptcy, and passage of a drastic new law for the maintenance of our Nation's credit was most vital and essential. By the Economy Act almost half a billion dollars was cut from governmental expenditures, and confidence was restored in the ability of our Government to meet its obligations and refundings. Loyalty to the leadership of the Chief Executive demanded a measure of courage on the part of the Members of the Congress at the very outset of the session; for back home among the voters were those who were dependent on Government pensions, the needy and worthy veterans, who themselves had once answered the call to arms in their Nation's defense, the widows, the children, and dependent mothers, the Spanish-American War veterans, none at that time cognizant of the emergency situation and believing that all would be adversely affected, when in fact reasonable rules and regulations were to be promulgated by the President; and every officer and employee of the Government was faced with a 15-percent reduction in compensation and salary. This country was in a state of war—not against a foreign enemy, but against economic evils that demanded sacrifice on the part of every citizen, that required drastic, immediate action in order that the institutions of our Government would endure.

THE BEER BILL

When expenditures were reduced by this Economy Act, the President and the Congress did not hesitate to provide new revenues. Congress was faced with the task of finding new sources of taxation or increasing existing levies. The beer bill became law and is a substantial factor in making up necessary revenue, to say nothing of the fulfillment of a campaign promise to our people to provide a palatable, nonintoxicating beverage. Nation-wide approval and an impetus to business and employment followed, and definite steps were again taken toward the balancing of the National Budget.

STATE BANKS AND DEPOSITORS

At this time what was happening in the field of banking in the several States of the Union? A chaotic condition existed; closed banks on every hand, wide-spread discouragement of thousands of depositors, life earnings slipping away, frozen assets requiring years to realize cash; and the only relief in sight resting with the Congress. An emergency law was passed to provide direct loans by Federal Reserve banks, to State banks, and trust companies, even to individuals, partnerships, and private corporations, in connection with the use of the credit of the Federal Reserve System. Authority was created for the issuance of Federal Reserve bank notes (as distinguished from existing Federal Reserve notes) on eligible security without the necessary gold requirement exacted under previous laws and regulations. Hundreds of State banks (at that time and in many instances not yet members of the Federal Reserve System) were given direct Federal aid, and thus was restored in some measure a banking system to serve the legitimate interests of the American people involved in such a tragic situation.

FARM LEGISLATION

Emergency farm legislation is a matter of grave concern, to provide emergency relief with respect to agricultural indebtedness, to refinance farm mortgages at lower rates of interest, to provide orderly liquidation of the joint-stock farm banks. The plight of the farmer is a major economic problem confronting the American people today. Reasonable minds may differ in the method, or plan, of farm relief; but there is dire necessity for immediate relief for deflated farm values, and violent decline in prices. Adequate farm legislation will become law, furnishing definite help and concrete results to the farming industry. New farm-loan bonds will be authorized and the proceeds used to enable the farmer to refinance on better terms, to provide him with working capital, and to redeem or repurchase his farm home where foreclosed within the past year.

UNEMPLOYMENT AND REFORESTATION

Millions of our citizens are unemployed, without visible means of support. Laws passed, and plans for the employment of hundreds of these men are well under way, in the national forests of the far western States, the national parks, and State and private forest lands, under an act of Congress passed for relief of the unemployed through the performance of useful public

works. This great conservation work provides for food, shelter, clothing, medical services, and opportunity for a summer of outdoor life, while a part of the wages to be paid will, by prearrangement, go back home to help parents, and wives and children, who today are dependent on public charity for sustenance.

FEDERAL AID FOR LOCAL RELIEF

Unemployment relief has, also, been extended by cooperation of the Federal Government with the several States and Territories in relieving the hardship, suffering, and destitution of the present-day emergency. Over a period of 3 years, these relief expenditures throughout the Nation increased over 800 percent; and these vast expenditures, now caring for over 4,000,000 families, have caused the municipalities and States to struggle for revenue out of rapidly decreasing tax receipts. Past relief measures became inadequate; and now Federal, with local State resources, are joined together in the common cause to provide the elementary demands of citizens for food, clothing, and shelter. This great humanitarian legislation grants relief to needy citizens, removes anxiety and concern for their welfare and stays their distress.

5 DAYS PER WEEK, 6 HOURS PER DAY

The Senate has passed, and the House now has under consideration, a bill to establish the hours of labor at 6 hours per day, 5 days per week, to prevent interstate commerce in certain commodities and articles produced or manufactured in industrial activities, and to regulate interstate transportation. There is much to be considered in this legislation and its direct effect on interstate industry. Public hearings now being conducted would indicate that amendments will be made, striking out the exact number of hours or days, and placing the power and authority in the Secretary of Labor to regulate with responsible flexibility. Perhaps an "hours of work board" of 3 will be authorized, 1 appointed by the Department of Labor, 1 from among the employees, and 1 from among the employers. At this time I can only refer to this legislation. In some form it will come forth, to be widely discussed and again reconsidered by the Senate, if passed by the House as amended; and, of necessity, if repassed, submitted to the President for final approval or disapproval. This form of social and industrial legislation requires most serious study to fairly decide what is best in the interest of the persons concerned.

MUNICIPAL BONDS IN DEFAULT

The obligations and bonds of our cities and political subdivisions of the various States have, in many instances, depleted so much in value as now to cause real concern to people dependent on dividends and income from insurance companies, annuities, or other forms of income from sources heretofore believed to be immune from default or loss. Bankruptcy in some instances threatens the existence of many communities, and, though it is apparent that relief by moratorium or scaling down is an urgent need, perhaps through the exercise of constitutional powers in bankruptcy legislation, yet no definite or workable plan has been evolved. Pending legislation is perhaps intended to grant some relief to municipalities now in a tangled financial condition; but to destroy our last vestige of confidence in public bonds, to impair the financial position of other American cities, as well as any encroachment by the Federal Government upon the sovereignty of the States and political subdivisions, would cause immediate confusion and complications.

BLUE SKY LAW

This distress in public securities is even more reflected in private stocks and bonds. Here Congress can and will step in for the people's interest by the enactment of a blue sky law. Federal supervision of traffic in investment securities in interstate commerce will protect the people from a continuance of the severe losses through practices heretofore indulged in, neither ethical nor honest. Not any guaranty, not an approval of new issues, but truthful information, so that every important element attending any new issue hereafter, domestic or foreign, will be known to the public.

ON OR OFF THE GOLD STANDARD

We are not all political economists, but we have attained that degree of intelligence to have an adequate understanding of the meaning of "gold standard", and whether we are "on" or "off." We are "on" when the unit of currency is expressed in terms of gold and currency is redeemable in gold on demand, and imports and exports are unrestricted. We are "off" when these conditions and terms are not met. The departure from the gold standard may be involuntary, as in the case of England, or voluntary, as was substantially the case in our country. England was forced off because her gold reserves had practically vanished by a run due to an unbalanced budget and assets frozen in other countries. Action in the United States was not wholly voluntary but was due to a different set of causes and really is voluntary, because our Government had plenty of gold and we could have withstood any run or demand. But serious adverse financial conditions existed from within and from without our border and they had to be met.

EXPANSION, NOT INFLATION

The term "inflation", so commonly used, is really a misnomer We mean by that term an "expansion" of the currency, and currency expansion is positively essential to the entire reconstruction program. Ours will be a controlled expansion, with vested power and authority in the Chief Executive, instead of the old control of national and international bankers. The tendency will be, of course, to increase and stabilize prices at a proper level, force more favorable agreements for stabilization in foreign exchanges, cut the cost of the war-debt payments, with some basis in sight for settlement of this embarrassing question, and grant a measure of protection against foreign raids under their depreciated currencies. Whether you are proponents or opponents to the continuance of the gold standard, it is undeniable that approval is voiced on every side of the recent happening in the matter of currency expansion.

HOME OWNERS' MORTGAGES

Perhaps the most important legislation insofar as home owners are concerned—and you are vitally interested in the welfare of the home owner—is the legislation to provide emergency relief and refinancing with respect to home-mortgage indebtedness, to extend aid to the owners of homes occupied by them and who are unable to amortize their debt elsewhere. This legislation does not provide money for new construction, nor for any new financing. It is applicable only to home mortgages executed and recorded prior to the effective date of the act. It will aid the home owner in preserving his equity; it will encourage him and others to make needed repairs. There will be a newly created corporation, called "Home Owners' Loan Corporation", to be the instrumentality of the Government, under direction of the existing Federal Home Loan Bank Board, and conducted and operated by bylaws, rules, and regulations, as may be prescribed from time to time. Government bonds will be issued in an amount not to exceed $2,000,000,000, maturing in a period not to exceed 18 years, interest at 4 percent, unconditionally guaranteed as to interest only, and exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) imposed by the United States.

The corporation will negotiate with home mortgagors and mortgagees for the exchange of bonds for home mortgages executed and recorded prior to the effective date of the act; and some cash can be advanced to pay delinquent taxes and assessments, or provide necessary maintenance or repairs to make the home habitable. The face value of the bonds, in different denominations, so exchanged, plus accrued interest and advances, shall not exceed in any case 80 percent of the value of the property upon an appraisal not exceeding $15,000, made by the corporation; and when junior encumbrances are recorded or filed against the premises, they, too, may participate, providing the gross indebtedness evidenced by the new mortgages does not exceed the 80 percent of appraisal at a gross face amount of not exceeding $10,000. Any difference in the unpaid obligation of the mortgage shall be amortized by monthly payments sufficient to retire the interest and principal within a 15-year maturity period, or sooner when possible, and the interest charge on the new mortgage on any unpaid balance to be at the rate of 5 percent. The spead of 1 percent between the face of the Government bonds and the amount set forth in the mortgage is very small, because, from experience, it is not enough to cover the necessary administrative expenses and the losses usually attending this form of mortgage security. We expect to lose some part of this money; and who cares, when the home owners of our country are aided in saving their homes?

BUILDING-AND-LOAN ASSOCIATIONS AIDED

We will find a new condition in the field of building-and-loan associations, as we are experiencing in the field of banking. Our building-and-loan associations throughout the land, always the friend of the home owners and the building industry, will benefit greatly if they, too, will bestir themselves to the advantages provided in this new legislation. In order to provide local mutual thrift institutions where savings may be placed with a new confidence and feeling of security, the Federal board is authorized to provide for new associations, to be known as "Federal savings-and-loan associations." These new associations are not intended to, and will not, enter a community which is now sufficiently served. Such newly created associations automatically become members of the Federal home-loan bank, which is authorized to subscribe for preferred stock to assist in organization. Existing building-and-loan associations, where the State statutes permit, may be converted into Federal savings-and-loan associations by compliance with the act in subscribing to the Federal Home Loan Board. To build up and to aid mortgagors and building-and-loan associations is the end and purpose of this welcome and worthy legislation, and at least 8,000,000 homes in the United States can thus be refinanced and saved from the penalties of foreclosure and loss, especially the small, struggling home owner. Some amendments will be made, but substantially the new act will receive approval.

OTHER LEGISLATION

Much could be said about legislation yet to be considered—for the Congress will remain to finish its work before adjournment—as, for instance, the railroad problem, Muscle Shoals, 3-cent postage, appropriations, and so on; but I would give some thought to the effect of this legislation on the lumber industry, or, for that matter, almost every industry.

EFFECT ON BUSINESS AND INDUSTRY

Already we feel better; improvement is noticeable on every side. The "new deal" has taken hold. Some business is stimulated; a spirit of confidence is restored, many fears have been dispelled, and a new optimism has been inspired. Mr. Hoover once said, "Prosperity is just around the corner." But, alas! It was not so! Mr. Roosevelt and the Congress have done more in a short 48 days than Mr. Hoover and the Congress have done in the past 4 years! But I would not be true to the situation, if a note of warning was not sounded. In the very nature of things economic,

and, because we all are human, unfavorable reaction is sure to occur; there will still be a measure of discontent. Experience will give more light, if we be but patient; confidence on the part of the American people will produce results; cooperation in upholding the authority and acts of the President and the Congress will carry us forward; resistance to adverse reactions and unwarranted criticism should be waged against those who would rather tear down, or retard, than help. I reiterate that it is of the utmost importance for social and industrial progress that business men endeavor to give all proposals for social and industrial legislation an unprejudiced consideration.

"NEW DEAL" FOR LUMBER INDUSTRY

Start the wheels in industry, but first put your house in order. Never again will lumber be distributed and sold as was done 5 and 10 years ago. I am informed that lumber production last year was the lowest since the Civil War, less than 10,000,000,000 feet. Consumption was only one third of that of the year of 1929. Depletion of working capital and credit has been severe in your industry, as much hit as any industry. So you have much to recover; but abandon the old practices, giving all or splitting commissions or discounts to your trade; dual representation forcing lumber to compete with itself; entering new markets without adequate knowledge of local conditions; financing weak buyers; secret price concessions; pool car sales to more than 2 or 3 customers. These, and like abuses, should go from your midst; and, in their place, should arise a new determination from well-planned effort to increase the Nation's consumption of lumber, and strike a proper balance between production and consumption.

ORGANIZE AS NEVER BEFORE

Three suggestions I offer, each dependent, one on the other: Self-regulation within the industry; controlled production balanced with the distribution and sale of lumber; and emergency legislation to legally grant and permit your basic, necessary industry to organize and function.

It is patent that the three natural and economic fields in the lumber industry are: (1) The manufacturer, (2) the wholesaler, and (3) the retailer. In years past the lumber industry was overorganized and activities overlapped at great loss of energy, influence, and money. Disregard for the ethical and economic rights of others within the industry itself has brought you to this position of lacking the unity and strength of purpose that should come from intelligent organization. Your industry must start over with a "new deal", and you must "do it now." If you profit in wisdom from the experience and vicissitudes of the past, then look to the present and to the future. Begin this time at the top and work down; begin at the mills and work through to the ultimate consumer. Consolidate into one great tied-in industry for your own good and in the public interest. Lumber is an economic necessity for shelter, as food and clothing are necessary for sustenance.

A strong national lumber manufacturers' association, a strong national American wholesale lumber association, a strong national retail lumber dealers' association, gathering together under these units, the influence and cooperation of every State and regional association of every kind and species; separate, but united; district, but coordinated; contrary interests made to be reconciled; and through strength within, the industry can combat and fight against substitutes and loss of markets, and be united against the common enemy during an economic distress.

CONSERVATORS (?)

I am in favor of protection of States' rights against the encroachments of a centralized government; and I resist the entry of State or Nation in private business. I would be the last to advocate that the lumber industry should be under Government control. But, to repeat, "It is apparent that return to prosperity by the old method is impossible." Nowadays, we hear the word "conservator", a guardian, a protector. Now it is pronounced "conservator", a new word, but known in early English law. It has been recently applied to one appointed to take over the affairs of a bank; and we seem not to understand just what the word means, but, in its application in a practical way, it represents a plan which serves to salvage assets and permits reorganization with less loss to depositors and stockholders alike. Do you need "conservators" in your industry? A "conservator" in any given industry or unit branch should have some Government authority and supervision, with safeguards and reservations retained and controlled by the industry.

SUPPLEMENT THE SHERMAN ANTITRUST LAW

I refer to the effect of the Sherman antitrust law and the antitrust laws of the various States upon competition today. Lumber products are being sold at a loss. If the seller is able to obtain a price for his merchandise which will take care of his production cost and handling expenses, and pay a portion of his overhead, he will make a sale in the belief that it is better to sell and acquire a gross profit to apply on this overhead expense, rather than not to make the sale, and then have nothing to so apply. This net loss is one of the contributing causes to delay in recovery of business. Prosperity and profit are synonymous terms. The larger industries should be in a position to make reasonable profit or at least break even. The average business man, due to his fear of antitrust laws, will not enter into an agreement with his competitor which would enable him to sell his product at a reasonable price. Competent legal advice and counsel is of little avail on this subject, because the lawyer can only relate what the law prohibits, and not what it permits. No particular case can be taken as a criterion or precedent, for the facts are invariably not the same. The conditions in one industry are not applicable to another. The law should protect the business man who in good faith wants to obey the law, avoid any injury to the public interest. Some judicial or semijudicial authority should exist to permit him to know in advance, not when it is too late, what he can do without fear of violation.

APPALACHIAN COAL CO. CASE

There has been considerable discussion in the press and trade journals about the recent decision by the Supreme Court of the United States, in what is known as the *"Appalachian Coal Co. case"* (No. 504, October term, 1932; decided Mar. 13, 1933). In this case, the challenged combination arose because of the creation by agreement of coal producers of an exclusive selling agency; and was held valid. Much has been made of the decision that the formation of this sales agency automatically eliminated competition among members of the agency. It may be another forward step by the courts to liberalize the provisions of a rather harsh statute; but the general discussion of the case, however, has overlooked the fact that the court held that the evidence "makes it impossible to conclude that defendants through the operation of their plan will be able to fix the price of coal in the consuming markets."

And, further, the Court held:

"The proof clearly shows that wherever their selling agency operates it will find itself confronted by effective competition backed by virtually inexhaustible sources of supply and will also be compelled to cope with the organized buying power of large consumers. The plan cannot be said either to contemplate or to involve the fixing of market prices."

The Supreme Court retained jurisdiction of the case, and at the end said:

"With the provision that the court shall retain jurisdiction of the cause and may set aside the decree and take further proceedings if future developments justify that course in the appropriate enforcement of the Antitrust Act."

The present antitrust statutes grew out of the peculiar economic conditions of the Nineties. It was a distinguished Senator from Ohio, Senator Sherman, in 1890, who sponsored the legislation. Conditions have changed, after 43 years; and, as the conditions have changed, the antitrust laws have been modified to meet them, in some cases by legislation, and in other cases by liberalization of their provisions by the courts. Labor and agriculture are exempt. Why not industry? The case reflects the present effect of existing economic conditions upon the Courts' attitude toward a law enacted to cope with altogether different economic problems.

OHIO TOBACCO CASE

In Ohio, a tobacco association organized and made agreements with its members that the membership should sell and deliver to the association all tobacco grown for a period of 5 years. The validity of such agreement came before the supreme court of my own State of Ohio (*List* v. *Burley Tobacco Co., Growers Cooperative Association*, 114 Ohio State, 361); and the court held it to be valid. It said, "This controversy involves a legal problem, but the legal problem cannot be entirely divorced from the economic problem." The real question was one of public policy. The court referred to the situation in the agricultural industry, recognizing the fact that the persons engaged in such industry were widely scattered, many of them were small producers of limited means, and somewhat at the mercy of the purchaser, and without voice whatever in making prices or terms. Hence, such conditions justified their exemption from the State antitrust laws.

UNITED STATES SENATE INVESTIGATION

Many persons believe—and no doubt it is true in too many instances—that monopolies invade our domestic and industrial life. There are monopolies of buyers, however, as well as sellers. Unreasonable prices and monopolistic restraint are against the public interest. I do not advocate either the repeal or the amendment of the present Sherman antitrust law; but I submit that the Sherman law should be supplemented by the enactment of a new section designed to meet the situation in industry. I am not unmindful of the fact that Chief Justice White years ago, in a Standard Oil case, wrote the word "reasonable" into the statute, and this decision has not been reversed.

There is now pending before the Senate Committee on the Judiciary a resolution (73d Cong., 1st sess.; S.Res. 36, by Mr. KING, of Utah) which, if passed, authorizes an investigation for the purpose of determining what, if any, legislation is required to strengthen and extend the provisions of the antitrust laws. The Congress represents the people. Why hold back from making your problem known and openly and publicly asking and advocating what you, in good faith, believe necessary for the salvation of your industry? Prepare to present a definite plan to the Senate Judiciary Committee, or arrange a conference with the author of the resolution, Mr. KING, or a conference with the chairman of the committee, Mr. ASHURST, of Arizona. Labor and agriculture do not hesitate to ask. Why should industry? Approach your Government; do not await its coming to you. If industry asks, it may receive. Advocate the right to organize, in order to establish ways and means for fair and reasonable competition and at a reasonable

profit, and not against public policy, and as may be determined upon findings under rules and regulations by some Federal agency to be created or by the Federal Trade Commission or Department of Commerce.

But I must conclude, my friends. It was Joyce Kilmer, in his "Memoirs and Poems", who wrote:

"TREES

"I think that I shall never see
A poem lovely as a tree.
A tree whose hungry mouth is prest
Against the earth's sweet flowing breast."

And at the end he recites:

"Poems are made by fools like me,
But only God can make a tree."

I, too, would be a poet; my looks may not show it:

"Suggestions, too, are made by me;
But only you can make them see."

There is sentiment and beauty in the harmonious tones of the American walnut; in the dainty, cheerful highlights of bird's-eye maple; in the practical uses of the hard and soft maples; in the stately fir and redwood; in the rugged hickory; and in the many uses of the mighty pines.

You represent a wonderful industry, an economically necessary industry, and you and I have a great Commander in Chief in our President of the United States, Franklin Delano Roosevelt.

NEEDS OF EDUCATION—ADVANCEMENT

Mr. WHITE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the subject of finance and education.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Idaho?

There was no objection.

Mr. WHITE. Mr. Speaker, the advancement that has been made in education in recent years has been a source of pride and satisfaction to the people of this Nation. Within the last decade we have noted the improvement in educational standards and the higher qualifications of the men and women who have been attracted to the field of education by the higher standards of remuneration and advancement offered in the teaching vocation.

When this Government was established and the Constitution adopted it was the express purpose "to secure the blessings of liberty to ourselves and our posterity."

To carry out the ideals on which this Nation was founded the importance of promoting education was early recognized. The great centers of learning—Yale and Harvard—had already been established. With the need of education always in mind, our school system rapidly followed the pioneers that settled in the great West.

The South, the seat of slavery, was slow to adopt the public-school system but relied for education on the employment of private tutors and governesses patterned after the English system of the last century.

One of the most outstanding examples of the accomplishments of our educational system is the progress and development of the natives of the Philippine Islands. Many of us remember when outward-bound ships were taking scores of American teachers to our island possessions to establish there such American school systems, with the result that such strides have been made in the educational advancement of these backward people that the setting up of a new nation among the powers of the earth is being seriously considered by granting independence to the Philippines. Would that Russia could have had the benefit of a decade of our educational system. What misery and bloodshed could have been averted had the training of the Russian youth been intrusted to our sweet-faced school teachers.

The great strides of material and cultural advancement in this country can be traced and credited to the continual progress made in the upbuilding of our educational system. Native intelligence and ingenuity assisted by liberal education has enabled America to outstrip all other countries in raising the living standards of its population. Science applied to government in a brief century has made this Nation preeminent among world powers.

While great progress has been made in most branches of human endeavor, we find we have lagged in applying the science of finance to the needs of our people. Many disinterested leaders in political economy are agreed that our monetary system is obsolete, that it is failing to meet the demand that rapidly expanding business has placed upon it.

It is the expressed opinion of many of our political economists that our monetary system must be revised, broadened, and recast that business and the producing interest of this country may be restored to a measure of prosperity that will insure the support of our schools in the present state of efficiency. We must turn our attention to remedying the cause of this recession in material prosperity rather than to lowering our living standards and undermining our educational system by reducing the compensation paid the teaching body, thereby depriving our schools and the teaching personnel of the benefits of the advancement so slowly attained through the last two decades.

Real progress in this country is based on the advancement of our educational standards and not on a downward readjustment of business to meet the exigencies of a shrinking monetary system.

We must replenish the shrinking volume of our circulating money medium by freeing business of the shackles of an obsolete monetary system. Of everything else we have an abundance to maintain the high standard of prosperity attained in the past decade.

To continue on the path of progress our educational system must improve, not retrogress.

LABOR'S SHARE IN EXPENDITURES FOR WATERWAY IMPROVEMENTS

Mr. MANSFIELD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, and to include therein a brief table prepared by engineers of the War Department showing the proportion of river and harbor work that goes to labor.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. MANSFIELD. Mr. Speaker, in view of the fact that a public-works program is now under consideration for the relief of the unemployed, it will be of general interest to the people of the United States to know the proportion of river-and-harbor and flood-control expenditures that actually goes for labor.

The Corps of Engineers of the War Department have completed a very careful study of the matter, and the result of their investigation shows that of expenditures for lock and dam construction 76.9 percent is for labor, for concrete bank-revetment construction 80.2 percent is for labor, for levee construction 78.5 percent is for labor, and in dredging operations 76.8 percent of expenditures is for labor.

Probably no other type of necessary public-works expenditures will show a greater proportion for labor than that embraced in river-and-harbor and flood-control works. The following letter and memorandum from Colonel Kingman, of the Corps of Engineers, are self-explanatory:

WAR DEPARTMENT,
OFFICE OF THE CHIEF OF ENGINEERS,
Washington, April 28, 1933.

Memorandum for Judge MANSFIELD.

DEAR JUDGE MANSFIELD: At General Brown's direction, I am sending you several copies of a memorandum showing the amount of labor employed on river-and-harbor and flood-control works.

Sincerely,

JOHN J. KINGMAN,
Lieutenant Colonel, Corps of Engineers.

APRIL 27, 1933.

Subject: Amount of labor employed on river-and-harbor and flood-control works.

Memorandum for General Brown.

1. The following analysis, showing proportion of money spent for direct and indirect labor on work done by the Corps of Engineers, United States Army, with Government plant and hired labor, has been compiled from the records and cost accounts of the Engineer Department.

2. The indirect labor charges are based on the proportionate labor costs of commodities delivered from figures secured from a representative of the Tariff Commission.

	Lock and dam construction percentage	Concrete bank-revetment construction percentage	Levee construction percentage	Dredging operations percentage
Direct labor:				
Labor used in construction, including plant operation	30.0	34.0	34.0	25.7
Labor used in repairing plant	4.0	8.0	10.0	16.2
Surveys, superintendence and overhead	7.2	5.4	9.0	9.1
Miscellaneous service			2.5	
Total	41.2	47.4	56.5	51.0
Indirect labor:				
Materials and supplies used in construction	32.9	30.0	14.0	18.1
Materials and supplies used in repairing	2.8	2.8	5.6	7.7
Miscellaneous supplies			2.4	
Total	35.7	32.8	22.0	25.8
Total direct and indirect labor	[1] 76.9	[1] 80.2	[1] 78.5	[1] 76.8
Other costs:				
Basic materials	16.1	14.8	10.5	15.0
Depreciation	7.0	5.0	11.0	8.2
Total	23.1	19.8	21.5	23.2
Total cost	100.0	100.0	100.0	100.0

[1] It is interesting to note that the total percentage for direct and indirect labor varies only slightly regardless of the type of work.

NOTE.—When work is done by contract the contractor's profit, such as it may be, must also be met. Under the provisions of the law, a contract may not be awarded if the bid exceeds by 25 percent the estimated cost of doing the work by Government plant and hired labor. This provision serves to prevent the payment of excessive profits to the contractor. In point of fact, under present conditions, bids received are frequently less than the estimated cost of doing the work by Government plant and hired labor.

JOHN J. KINGMAN,
Lieutenant Colonel, Corps of Engineers.

PERMISSION TO ADDRESS THE HOUSE

Mr. SHALLENBERGER. Mr. Speaker, I ask unanimous consent to address the House for 15 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. SHALLENBERGER. Mr. Speaker and ladies and gentlemen of the House, before 1929 our Nation sold more than $5,000,000,000 worth of goods to the rest of the world. For 1933 the volume of our foreign trade has fallen to less than $2,000,000,000. We have therefore lost more than $3,000,000,000 of our foreign business, and the shrinkage in domestic commerce is even greater.

Our great President is moving with characteristic dispatch to reclaim the foreign markets we have lost. He has called a world-wide economic conference in an effort to recover our world-wide trade. It should be the policy of the Congress to promote wherever possible the development of new industries that will build up our home markets, relieve unemployment, and expand the buying power of the people generally.

With this great problem in mind, Mr. Speaker, I have today introduced a bill for the purpose of promoting the use of blended gasoline and alcohol for internal-combustion-engine fuel.

The bill has the endorsement of and is sponsored by a committee of citizens representing general farm interests throughout the Nation and is actively supported by the leading agricultural organizations and by a wide range of business interests concerned with the problem of increasing the farmer's purchasing power. The members of the Motor Fuel Alcohol Committee are Clifford V. Gregory, editor Prairie Farmer, Chicago, chairman; M. S. Winder, secretary American Farm Bureau Federation; E. A. Eckert, chairman executive committee, National Grange; Charles E. Hearst, president Iowa Farm Bureau Federation; Earl C. Smith, president Illinois Agricultural Association; William H. Settle, president Indiana Farm Bureau Federation; LeRoy Melton, president Farmers' Equity Union of America; and C. E. Huff, president Farmers' National Grain Corporation.

Of all the new uses for farm crops that have been suggested, the manufacture of industrial alcohol from corn and other farm products and its use blended with gasoline for motor fuel seems to promise most in the way of widespread and permanent benefits to the entire agricultural industry. The enormous consumption of motor fuel in America is well known.

If alcohol from farm crops was to supply a part of the Nation's consumption of motor fuel, a new use would be established for hundreds of millions of dollars' worth of surplus farm crops adapted to the production of alcohol for fuel. A 5-percent alcohol blend for all motor fuels consumed would require from 300,000,000 to 350,000,000 bushels of corn annually; a 10-percent blend would require from 600,000,000 to 700,000,000 bushels, if the alcohol is produced from corn alone. The revenue derived from the operation of the law would be a very considerable item toward reducing the Budget deficit, and the tax collected would be covered directly into the Federal Treasury.

In approaching the problem, the interested organizations have sought to develop a plan which will be easy and simple to administer and which will not impose undue burdens upon the petroleum industry and users of motor cars but will actually be to their advantage. The oil and automotive industries would profit from increased farm purchasing power. The enlargement of existing industrial-alcohol distilleries, the construction of new plants, would contribute immediately to increased employment of labor, greater railroad revenues, enlarged coal-mine operations, and other collateral lines.

THE PLAN PROPOSED

It is proposed to amend the Revenue Act of 1932 so as to apply an additional Federal tax of 1 cent per gallon for gasoline, not blended with alcohol, produced from domestic farm crops for the period ending December 31, 1933. For the period ending December 31, 1934, to tax gasoline not so blended 2 cents per gallon; and thereafter to tax unblended gasoline 3 cents per gallon. The tax differential in favor of the blended fuel is 1 cent per gallon for the first 18 months and 2 cents per gallon after December 31, 1934.

It is not contemplated that oil companies would actually blend all of their gasoline with alcohol at the low percentages specified. The proposed amendment provides that the oil producer who during any tax period acquires and blends alcohol to the amount of 1 percent of his gasoline sales shall be entitled to the lowest rate of tax, regardless of the fact that he may have blended 10 or 15 percent of his alcohol with certain grades of gasoline while the remaining fuel may be sold unblended.

To illustrate in another way: An oil company which purchased and blended 1,000 gallons of alcohol would be presumed to have produced 100,000 gallons of blended gasoline during the period for which the specified percentage is 1 percent.

There is an active demand for alcohol-blended fuel at present. It is believed that the merits of the new fuel will soon result in an enlarged market and that users will pay a premium for it, so that regions remote from sources of alcohol would not have their gasoline taxed beyond the present rate.

The alcohol-blended fuel will be popular with motorists, and its use will spread, so that the percentage of alcohol can be increased without difficulty to 5 percent after the first 18 months.

TECHNICAL QUESTIONS AND PRACTICAL USE

Conclusions as to the performance of the blended fuel, and technical points that have been raised, are based on experience in foreign countries and in the United States, where large-scale tests with hundreds of automobiles of all makes have recently been made by the Illinois Agricultural Association, the Keystone Steel & Wire Co., Iowa State College, and others.

Absolute alcohol mixes with gasoline in all proportions, making a blend that is noncorrosive, and is permanent under all conditions of use. There are no technical difficulties either in manufacture or use of anhydrous alcohol for fuel that cannot be readily overcome.

The addition of 10 to 20 percent of alcohol with gasoline noticeably improves the performance of the motor using the fuel. Characteristics from which better performance results are as follows:

Alcohol is an excellent antiknock agent, engines start easier with alcohol-blended fuel, the engine operates more smoothly, acceleration is greater, less carbon is formed, no gum accumulation occurs, and engines operating on alcohol blends show lower cylinder head temperatures and give measurably higher power than straight gasoline.

Before endorsing the legislation proposed the proponents of the bill recognized that it was necessary to know just what the blended fuel would do in the matter of increased mileage in automobiles of all makes and ages under actual road conditions. Tests by industrial companies in which hundreds of automobiles had been used throughout the past 2 years showed increased mileage as well as better general performance, but more definite information was wanted, therefore comprehensive tests were started in Illinois, Iowa, and Nebraska.

The Illinois Agricultural Association is a large distributor of gasoline in Illinois. Under special arrangement with Dr. Doran, of the Industrial Alcohol Commission, this association secured a supply of alcohol which was sold as a blended fuel with gasoline to the general public within a 50-mile radius of the city of Peoria, Ill. Up to April 19 approximately 500,000 gallons of 10-percent alcohol-blended fuel had been distributed. Report blanks went to each purchaser.

An analysis of reports from 712 customers returned by April 19 last, comparing the 10-percent blend with regular gasoline, brings out the following points:

Out of a total of 712 customers, 579 reported easier starting, 675 reported increased acceleration, 670 reported smoother operation, 673 less knock, 678 increased power, and 683 reported general performance of the motor better. Seven hundred and nine reports indicate that the trade will pay a premium of 2 to 3 cents per gallon for 10-percent alcohol blend.

Similar reports were secured from 29 users who heretofore had used ethyl gasoline, and who compared the performance of the 10-percent alcohol blend with that premium fuel. Twenty-five reported better motor performance on the alcohol blend, and 17 reported an average mileage increase of 3.09 miles per gallon.

One individual report which is of especial interest is that of Adolph Woolner, Jr., 439 Moss Avenue, Peoria, Ill. Between March 11 and March 23 he made comparative tests of the alcohol blend, regular and ethyl gasoline in the same car, over the identical road trip, and the results are summarized in the following report:

Ten-percent alcohol gas: Used 40 gallons 10-percent alcohol gas in 500 miles; average, 12.5 miles per gallon. Price at Peoria, 18.6 cents per gallon; cost per mile, 1.48 cents.

Regular gas: Used 40 gallons regular gas in 380 miles; average, 9.5 miles per gallon. Price at Peoria, 14.6 cents per gallon; cost per mile, 1.53 cents.

Ethyl gas: Used 40 gallons ethyl gas in 448 miles; average, 11.2 miles per gallon. Price at Peoria, 18 cents per gallon; cost per mile, 1.60 cents.

All the above tests were made in a Packard car, 1929 model, no. 640, weighing 5,400 pounds. The runs were made over the same route, from 439 Moss Avenue, Peoria, to Bureau Junction by way of Mossville, Rome, Chillicothe, Sparland, Henry, and Putnam. Return trip, the same route until Sparland; then taking the "hill" road to Mount Hawley Road and back to starting point, making a total of 128 miles for round trip.

Tests are being continued, not only by the Illinois Agricultural Association but in numerous localities in Iowa and Nebraska, where results are being checked. Large industrial corporations, among them the Keystone Steel & Wire Co., of Peoria, Ill., and the Earl Coryell Oil Co., of Lincoln, Nebr., have been distributing the blended fuel, with results that agree closely with those reported above.

The proposed amendment is only asked to assist in introducing the new fuel, and to overcome opposition by those who have not conducted large-scale tests of the fuel.

Foreign experience: Use of alcohol blended with gasoline is not new. Legislation encouraging or requiring the use of alcohol blends for motor fuel has been adopted by nine foreign countries—Austria, Brazil, Chile, Czechoslovakia, France, Germany, Hungary, Italy, and Latvia. National legislation is widely advocated, and now pending, in five countries—Argentina, Cuba, Lithuania, Poland, and Uruguay.

CONSIDERATIONS OF ECONOMIC AND NATIONAL POLICY

All thinking classes now recognize that this Nation cannot be prosperous if its farmers, and those dependent on them, are impoverished.

The farm-surplus problem in the United States is critical. Cutting acreage and production is difficult. Wherever new uses for farm products can be developed it is wise to do so as a matter of national policy.

Unquestionably agriculture will be better able to assist in the relief of unemployment if serious national effort is made to develop new industrial uses for raw materials grown on the farm. In the proposed use of alcohol we believe that any added cost would be compensated for by increased efficiency of the fuel.

Agricultural raw materials readily convertible into alcohol include corn and other cereals, rice, potatoes, root crops, fruits, and molasses from the domestic cane and beet-sugar industry.

It should be understood that the helpful influence of this project on agriculture would not be limited to corn, even if it were the only raw material used. It would affect favorably the price of every bushel of grain sold off the farm. The price of cotton and of other crops that compete with corn for acreage would be helped. With the pressure of the corn surplus lifted, southern farmers and dairy producers would benefit, as well as those in the Corn Belt. The general favorable effect on agriculture would pass to American banks, business, and industry.

It is estimated that from 2,000,000,000 to 2,500,000,000 bushels of corn annually are fed or marketed in the United States. A price increase of 10 cents a bushel on that basis would add from $200,000,000 to $250,000,000 to farm incomes, and a 20-cent price increase would add $400,000,000 to $500,000,000 to the income of the American farmer.

This does not take into account the effect on the income of producers of other farm crops, nor does it consider the large amount that would be paid out to American labor in alcohol factories, railroads, and coal mines.

The effect of decreased farm buying power on farm-machinery sales is shown by Department of Commerce reports for 1928, 1929, and 1931. The totals in the following table include farm implements and certain miscellaneous lines like barn equipment:

Total value manufactured

1928	$524,255,416
1929	606,621,812
1931	214,390,792

The Agricultural Year Book for 1933 says: "Sales in 1932 were materially below those of 1931."

The loss of farm buying power is shown in the motor-car trade as well. Sales of new motor cars in the country as a whole fell off 42.6 percent in 1932 as compared with 1931; in the nine Corn Belt States the reduction was 47 percent.

Anyone who travels in farm States can see the extent to which horses are replacing tractors in the fields, and how little farmers' cars are used compared with former years.

GENERAL BENEFITS TO THE NATION'S BUSINESS

The proposed bill creates a new industry in this country. The construction and operation of new industrial-alcohol distilleries would be of incalculable benefit to a number of

other industries including manufacturers of copper, steel, and other equipment, coal-mine operators, railroads, and their employees.

The supply from five new plants, each consuming 25,000 bushels of grain per day, would be required to bring the total production available for motor fuel up to 300,000,000 gallons a year, or 2 percent of the annual fuel consumption. If 5 percent of the motor fuel is alcohol, the supply from 28 new plants, each using 25,000 bushels of grain a day, and producing 20,600,000 gallons of alcohol a year, would be required.

Each new plant, it is estimated, would cost the manufacturer $3,975,000. Labor employed in producing equipment and constructing one plant would amount to 2,720 men for a year. Each plant would consume 8,750,000 bushels of grain and 150,500 tons of coal a year. Operating labor would require 175 men per plant. Each such distillery would create new freight business estimated at $1,656,000 a year.

The magnitude of the new business that would be created by a program that would call for the establishment of 28 such units can be gathered from the following summary.

Twenty-eight new units of 20,000,000 gallons' capacity each would require:

Investment in plant, $111,300,000.
Men employed in building equipment and plant, 78,160.
Bushels of grain a year, 245,000,000.
Tons of coal a year, 4,200,000.
New freight service a year, $46,382,000.
Factory employees a year, 4,860.

CONSIDERATION OF PETROLEUM RESERVES

The nation which leads in developing alcohol sources for motor fuel is merely anticipating a probable future need. Petroleum is a national capital resource. Minerologists agree that exhaustion of the richer and cheaper sources of gasoline may occur relatively soon as compared with other national resources. As that time approaches, gasoline is bound to rise in price.

It is the province and problem of government to think about the future. The Federal Oil Conservation Board, in its fifth report published in October 1932, said in part:

> An analysis of the oil reserves of the United States, based upon the concensus of well-founded opinions, indicates that present known recoverable oil reserves in the United States are of the magnitude of 10 billion barrels.
>
> * * * * * * *
>
> Although in its fourth report this board discussed some of the factors causing revision of estimates of oil supply and pointed out that during the last decade every estimate had required revision upward in the light of increased production factors, nevertheless it is timely to realize the significance which should be attached to well-founded figures showing that at the current rates of production, the equivalent of our present known oil reserves will have been withdrawn from their underground reservoirs in 10 to 12 years.

A sound national policy for a safe and sufficient motor fuel for the future warrants the development of industrial alcohol as an added supply to the great petroleum deposits with which we are blessed. [Applause.]

FARM RELIEF

Mr. JONES. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power, with Senate amendments, disagree to Senate amendments 1 to 84, inclusive, and that it shall be in order to consider in the House Senate amendment no. 85 to said bill, with all points of order against said amendment waived.

Mr. SOMERS of New York. Mr. Speaker, reserving the right to object, may I inquire of the leadership just how much discussion is to be permitted upon this important amendment, and whether or not we are going to be permitted to amend it, or are we expected to pass it through the hands of some conferees, who will bring their report upon the floor and pass it after an hour's discussion?

Mr. JONES. Under this unanimous-consent request the other amendments would be sent to conference and amendment no. 85, which is the expansion amendment, would be up for consideration in the House subject to a motion, with such debate as the House may see fit to allow. A motion to concur will probably be made and the House will take action on that motion.

Mr. SOMERS of New York. Has the gentleman any idea along these lines now? Are we to have an adequate amount of debate?

Mr. JONES. So far as I am concerned, I should like to see an adequate amount of debate on the amendment, but if the House saw fit to vote the previous question, it could do so at any time or the House could have extended debate by unanimous consent. As I understand, someone may be recognized to move to concur in the Senate amendment, which would give 1 hour's debate unless the time is extended by unanimous consent. I would have no objection to the time being further extended if no one objected to the request. But after debate we should have final action.

Mr. SOMERS of New York. Has the gentleman discussed the matter with the minority leader to find out how he feels about it?

Mr. JONES. I understand the Speaker has had the matter up with him and has disclosed the plan with reference to the matter.

Mr. CLARKE of New York. Will the gentleman yield?

Mr. JONES. I yield.

Mr. CLARKE of New York. Do I understand correctly that there is a serious error in this bill and that the bill that is here now is not the bill that was passed by the Senate?

Mr. JONES. No; this is the bill that passed the Senate.

Mr. CLARKE of New York. And there is no error in the bill whatsoever?

Mr. JONES. There is no error in the bill as it came over this morning.

Mr. CLARKE of New York. I heard there was an error in the bill and it would have to be reprinted.

Mr. JONES. There was an error in the first print of the bill, but it was corrected, and the bill came over this morning in corrected form.

Mr. SNELL. Mr. Speaker, reserving the right to object, this is probably the most important piece of legislation that will be before the House at this session or in many years to come. It covers more ground than any piece of legislation I have ever known anything about, and it is so important that I feel I should be compelled to object to the unanimous-consent request of the gentleman from Texas [Mr. JONES].

Mr. JONES. If the gentleman will withhold any objection a moment, would it be satisfactory to the gentleman if we got unanimous consent in advance to extend the time for debate? I agree that it is an important matter. It is also important that it be acted upon. I hope the gentleman will be reasonable.

Mr. SNELL. We feel that amendment no. 85, the currency proposition, is a matter that changes the fundamental law of this land in regard to our currency and is of such vital importance to all the people everywhere that it ought to have careful and considerate attention by this House, and as far as we are able we Republicans want to demand such consideration. I do not want to do anything to delay the passage of this bill, but we insist, as far as we are able, on having ample time to go into it and discuss the proposition and offer such amendments as we think proper. The Senate took a week on it. I would not think it would be necessary to have as much time as that, but we should like a day or two to get ready for the discussion and we should have at least a day of full debate on the inflation proposition alone. [Applause.]

Mr. RANKIN. Will the gentleman yield?

Mr. SNELL. Yes; if I have the floor.

Mr. RANKIN. To object now would only have the effect of postponing it for another day, and if the gentleman from Texas is willing to agree to a reasonable amount of time, why not proceed with the debate now?

Mr. SNELL. I think we ought to have a little time to go into the matter before we start the debate; the final draft of the bill has just come to my desk. I would be willing to

have the debate tomorrow, but I would not want to consent today.

Mr. JONES. Would the gentleman agree to the unanimous-consent request if it is agreed that it is to be considered tomorrow and avoid the necessity of going through the process of securing a rule?

Mr. SNELL. How much time is the gentleman willing to give us in debate, and is he willing to consider it under general rules of the House?

Mr. BYRNS. Of course, the gentleman understands that an objection now will mean it will be necessary to bring in a rule.

Mr. SNELL. I understand that.

Mr. BYRNS. I think the gentleman from New York and the gentleman from Texas can come nearer getting what they both want if they can agree upon time rather than go through the process of getting a rule which may or may not suit them.

Mr. SNELL. Does the gentleman want to read this under the 5-minute rule and consider it as other important legislation is considered? This is an entirely new and radical proposition that has never been considered by the House.

Mr. JONES. I will agree with the gentleman on 3 hours' discussion. It is hoped that the adoption of this amendment will bring about a better commodity-price level. Surely that is a desirable object.

Mr. SNELL. The gentleman cannot come to any further agreement with me that provides for just talk. Of course, the gentleman has the power to bring in a rule and force it down our throats. If you will give us an opportunity to amend it and to consider it in the usual way, we will make an agreement.

Mr. JONES. If the gentleman has made up his mind in advance that he is not going to agree to anything, there is no use discussing the matter. A rule beccmes necessary in that event.

Mr. SNELL. We might just as well understand it now, that I will not make an agreement unless some of our rights are protected.

Mr. JONES. I was trying to get an amicable agreement with the gentleman.

Mr. SNELL. If the gentleman will let us consider the bill in the usual way——

Mr. BYRNS. We are proposing to consider it in the usual way, I will say to the gentleman. I know of no precedent which would impel the House to consider a Senate amendment paragraph by paragraph.

Mr. SNELL. In the gentleman's long experience in the House has he ever seen an amendment similar to this that changes the fundamentals of our currency system?

Mr. BYRNS. No; I never have.

Mr. SNELL. And then have a request made to pass it without any consideration?

Mr. BYRNS. But we are facing new conditions every day, and this is one Senate amendment. It does seem to me it ought to be possible to discuss this one Senate amendment as a whole. Of course, if Members want to pick out some particular paragraph to discuss they can do so, but I see no reason for extended discussion.

Mr. SNELL. There are 3 or 4 distinct propositions involved. There are some of them that some of us want to support, and, I explained, we can come to an agreement with you about it if you will let it be read in the House and considered as a new piece of important legislation ought to be considered.

Mr. JONES. Will the gentleman agree to have debate today and let it run over until tomorrow and have final action then?

Mr. STEAGALL. Mr. Speaker, let me make this suggestion to the gentleman from New York. Every Member on this side appreciates the position of the gentleman from New York and the fact that he has cooperated so far in the legislation. Let me suggest that the practical situation in which he finds himself will be met if ample time is given to fully discuss the amendments to this bill. I submit to the gentleman that, in the situation in which he finds himself, that is all he can expect in the matter.

Mr. SNELL. It may be all that I can expect but not all that I claim we have a right to expect, even under unusual circumstances.

Mr. STEAGALL. I suggest that the gentleman agree to a debate of 1 day, and then if the gentleman desires to let it go over we can do so.

Mr. SNELL. I want to say with all frankness to the gentleman from Tennessee, the majority leaders, that we cannot agree by unanimous consent to just let this matter go through by simply talking about it. We want to have it considered under the rules of the House, with the right to offer amendments, and that is the only agreement I can make.

Mr. BYRNS. We are proposing now to agree to 3 hours' debate on these amendments. If we can take it up today, we can send it to conference and get the bill passed without any particular delay. The gentleman has referred to the delay that has occurred in another body. We all know that if this bill has any merit in it—and some of us think that it has—the quicker we can get it passed so as to bring relief to those we are trying to relieve the better. I can see no reason for having it go over for 2 or 3 days.

Mr. SNELL. Does the gentleman think it is unreasonable, on a measure that changes the whole financial system of the United States, to have 2 days' discussion of it?

Mr. BYRNS. I think if the gentleman has been reading the debates in the Senate we are pretty well advised as to what may be said on both sides.

Mr. SNELL. There is a certain responsibility resting upon all Members of the House, and I am going to assert my right as a responsible Member.

Mr. BYRNS. The gentleman has that privilege.

Mr. RANKIN. Let me say to the gentleman from New York [Mr. SNELL] that the very thing we are trying to avoid is interminable debate on these amendments. I can see no reason for going on and considering this amendment under the 5-minute rule. It was not done when the gentleman's party was in power.

Mr. SNELL. I object to that statement, for we never tried to do anything of this kind before, and every old Member knows it.

Mr. RANKIN. Oh, your party gagged the House efficiently on the tariff bill, and the country has been gagged by it ever since.

Mr. SNELL. I object to the gentleman's statement, because it has nothing to do with the present situation. I know what I am talking about.

Mr. RANKIN. Mr. Speaker, to expedite matters I demand the regular order.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. DIMOND, indefinitely, on account of illness.

To Mr. KVALE, on account of urgent business.

FARM RELIEF

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file a report upon the consideration of the Senate amendments to the farm relief bill.

The SPEAKER. Is there objection?

Mr. BEEDY. Mr. Speaker, I reserve the right to object. I hope seriously that the leaders on the Democratic side will not contemplate limiting this House to 3 hours' debate on an amendment which affects the currency problems of the Nation, which the other body has discussed for 2 weeks. I confess great disappointment at the mere proposal to have only 3 hours of debate.

Mr. BYRNS. Mr. Speaker, so far as I am personally concerned, I have no objection to even 4 hours or 5 hours, but I see no reason why this House should consume 2 or 3 days discussing the amendment, when it has been already so fully discussed. It seems to me that no good can be accomplished by an extended discussion covering 2 or 3 days. We must

remember that this bill was proposed primarily to relieve agriculture, and here we are on the 1st of May, with the planting season already started, and nothing done by this Congress. We ought to pass the bill as quickly as we can, if it is to bring any relief.

Mr. SNELL. We are not to blame because all these things were added to the original bill.

Mr. BYRNS. They were added by the Senate.

Mr. SNELL. But we on this side of the House are not to blame for that.

Mr. BYRNS. Nor are we on this side.

Mr. BEEDY. The responsibility is with the majority party for taking this agricultural bill and extending it over the whole field of currency.

Mr. HOWARD. We will take the responsibility.

Mr. BEEDY. I think there should be no proposal here to force this down with less than 9 hours of debate.

Mr. BYRNS. I hope the Rules Committee will consider the question of time.

Mr. BEEDY. I shall not object.

The SPEAKER. Is there objection?

Mr. McFADDEN. Mr. Speaker, I reserve the right to object. I am one Member of this House who will not agree to the suggestion, in respect to matters which are to determine the very life of the Nation, that we in this body shall accept without debate what has taken place in the Senate. This is the most important bill that has been before this Congress, and there should be time enough given to the Members of the House to discuss it thoroughly. No subject is so little understood in the United States as the problem involved in these amendments in respect to the currency. There are three or four separate proposals in this inflationary amendment which have been attached to the bill. Each and every one of these propositions should be understood and discussed by the membership of this House, unless we are going to surrender absolutely the powers given to the Congress under the Constitution of the United States. Unless I can have assurance that there is going to be time enough to discuss each one of these different propositions in this particular bill, I am going to object even to the granting of time within which to file the report from the Rules Committee.

Mr. BYRNS. Mr. Speaker, it is a matter for the Rules Committee to pass on the time that they will allow. After all, it will be a question with the House as to whether or not it accepts the rule reported by the Rules Committee.

Mr. McFADDEN. The gentleman has control of the majority votes on this matter. Will not the gentleman assure us now that we will have more than 3 hours' debate? There should be at least 2 days.

Mr. BYRNS. I have just said that so far as I am personally concerned I would not object to even 5 hours, but I think that is long enough on this one amendment.

Mr. McFADDEN. Reserving the right further to object, is the gentleman going to afford an opportunity to instruct the conferees, under the rule?

Mr. BYRNS. I cannot give the gentleman any assurance as to what the rule will contain. If I could, I would.

Mr. McFADDEN. Can the gentleman give us assurance that there will be more than 3 hours of debate?

Mr. BYRNS. I have just told the gentleman how I feel about it personally. I cannot answer as to what the Rules Committee will do.

Mr. McFADDEN. What is the gentleman's own view?

Mr. BYRNS. I have just told the gentleman that I would not object to 5 hours, but I think that is ample.

Mr. McFADDEN. Let me ask the gentleman this: Will the different proposals in the inflationary measure be considered separately, so that they can be discussed and acted on separately?

Mr. BYRNS. No. I have just said that I think the amendment should be considered as one amendment. That is the way it passed the Senate. Would the gentleman object, or would any other gentleman on that side object, if the gentleman from Texas [Mr. JONES] were to renew his request for consideration of this bill tomorrow, with the understanding that amendments 1 to 84, inclusive, are to be disagreed to and sent to conference, and that then we are to discuss amendment numbered 85, the inflation amendment, for a period of 5 hours. That would obviate the necessity for a rule.

Mr. McFADDEN. I would not object to that if these matters can be divided and can be discussed and acted upon separately.

Mr. BYRNS. If the gentleman will agree to that, it will obviate the necessity for a rule.

Mr. SNELL. We cannot agree to that.

Mr. BRITTEN. Mr. Speaker, I will not agree to that, as one Member on this side of the House, because I should prefer to see the majority party bring in a rule. Let them enact legislation as they have in the past, as rubber stamps of the present administration. Why make believe that there is an agreement between us. If Congress is going to be a rubber stamp for the President, why pretend that we are in agreement? Many Republican Members are in complete disagreement with this inflation panacea. Let the Democratic majority bring in a rule, and I do not care how strong or arbitrary the gentleman makes it, because it will be passed just the same by the same votes that have heretofore surrendered all our constitutional authority to the President.

Mr. BYRNS. The gentleman has referred to rubber stamps. If we have acted as rubber stamps, we have caught the habit from the gentleman and his party during the last decade. [Applause.]

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

Mr. CARTER of Wyoming. Mr. Speaker, I object.

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that the House stand in recess until called by the Speaker of the House in session, in order that the Committee on Rules may have an opportunity to bring in a rule today, so that this matter will not be thrown over until Wednesday.

Mr. LUCE. Mr. Speaker, reserving the right to object, in such a serious matter as this, for one, I regret that any considerations other than the wisdom of adequate debate have been introduced. I wish to point out that the function of the House is not only to reach decisions but also to acquaint the public in order that there may be intelligent public judgment upon what we do. I trust the gentleman will ignore any but this one consideration. As far back as the time of the Greeks there was a famous saying, "Strike but hear." For the sake of being heard and for the sake of contributing as we may to the final arbiter in these things—the people—I trust the gentleman's committee will give adequate opportunity for consideration of conflicting views.

Mr. JONES. Mr. Speaker, the regular order.

Mr. BEEDY. Mr. Speaker, I object.

Mr. BYRNS. Mr. Speaker, I move that the House stand in recess until the call of the Speaker.

Mr. SNELL. Mr. Speaker, I make a point of order against that motion; but if the gentleman will listen, I think we can straighten it out. [Cries of "Vote!" "Vote!" "Vote!"]

Very well. I will make the point of order against the motion that the motion is not privileged.

Mr. GOSS. I make the point of order that the motion is not privileged, Mr. Speaker.

Mr. MAPES. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. MAPES. I should like to ask if the Speaker put the unanimous-consent request of the gentleman from Tennessee [Mr. BYRNS] asking that the Rules Committee have until 12 o'clock tonight within which to file a report, and if any objection was made to that request after the gentleman from Tennessee indicated that he was willing to allow more than 3 hours' general debate.

The SPEAKER. The Chair will put the request again, without objection.

The gentleman from Tennessee asks unanimous consent that the Committee on Rules have until midnight tonight



within which to file a report on the matter under consideration.

Is there objection?

Mr. SNELL. Reserving the right to object, and I do not intend to object, of course they can simply force us to stay here and come back a little later. They can do that, so let us agree to this request and let them file a report later in the afternoon and take up this matter tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. SEARS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. SEARS. I wish to call attention to the fact that there are other important amendments in this bill to relieve the existing national economic emergency by increasing agricultural purchasing power (H.R. 3835) besides title 3, financing.

As the bill passed the House citrus growers of Florida can only borrow on their groves on a valuation of $100 per acre, owing to the fact that no provision is provided enabling the appraiser to take into consideration the value of the trees on the land or the fruit on the trees. In other words, the appraiser only appraises the land and allows no value for the trees or for the fruit thereon. I understand the same restriction applies to apple and peach orchards. This is grossly unfair and as a matter of fact does not give the growers any relief. I am satisfied my colleagues did not think this provision would be so construed.

I want to call the attention of the conferees to section 41 of the bill, which is an amendment passed by the Senate, as follows:

LOANS TO FRUIT GROWERS

SEC. 41. That in making loans to owners of groves and orchards, including citrus-fruit groves and other fruit groves and orchards, the Federal land banks, the farm land banks, and all Government agencies making loans upon such character of property shall, in appraising the property offered as security, give a reasonable and fair valuation to the fruit trees located and growing upon said property and constituting a substantial part of its value.

If this amendment is concurred in by the conferees and the House, then the citrus growers of Florida may secure at least some relief.

Much has been said during the last few months about giving assistance to farmers, but the definition of a farmer is generally interpreted as only including those who grow wheat, corn, cotton, and other so-called "staples." The growing of oranges and grapefruit is an established industry and one of the backbones of Florida, and I firmly believe that Cangress will not do the citrus industry a gross injustice by refusing to concur in section 41, as added to the bill in the Senate. I therefore urge the conferees in the strongest terms possible to retain this amendment in the bill.

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to address the House for 15 minutes on the question of the expansion of the currency.

Mr. SNELL. Reserving the right to object, is it the understanding that no more business is to come up?

The SPEAKER. The Chair does not know of any further business.

Mr. SNELL. It seems to me if we are going to consider this inflation matter tomorrow, the general discussion should come up then, unless we want to sit here and discuss it all day today.

Mr. PATMAN. I see no reason why we could not discuss it some this afternoon.

Mr. SNELL. With the understanding that we can get some time on this side, that will be satisfactory.

Mr. SUMNERS of Texas. Mr. Speaker, reserving the right to object, I should like to suggest to the Speaker that while there may be no other legislative matters it is my desire presently to submit a resolution. I understood the Chair to state to the gentleman from New York [Mr. SNELL] that there would be no other business. I understood the Chair to mean by that that there would be no other legislative business.

The SPEAKER. Oh, yes; no other legislative matters.

Is there objection to the request of the gentleman from Texas [Mr. PATMAN]?

Mr. BRITTEN. Mr. Speaker, I am sorry to do so, but I must object, because there is another matter to come before the House which is very, very important and very serious. So I object.

Mr. SUMNERS of Texas. Mr. Speaker, it becomes my sad duty to announce to the House that on last Saturday morning the Honorable CLAY STONE BRIGGS, a distinguished Member from Texas, fell at his post of duty, the second member of the Texas delegation within recent months to die as a soldier dies in this great conflict in which the Members of the House and the country are engaged.

No man on either side of the House enjoyed or deserved a more universal respect and confidence than our friend who has just gone from us. He served well in his day and generation.

Mr. Speaker, I send to the desk a resolution.

The Clerk read as follows:

House Resolution 123

Resolved, That the House has heard with profound sorrow of the death of Hon. CLAY STONE BRIGGS, a Representative from the State of Texas.

Resolved, That a committee of two Members of the House, with such Members of the Senate as may be joined, be appointed to attend the funeral.

Resolved, That the Sergeant at Arms of the House be authorized and directed to take such steps as may be necessary for carrying out the provisions of these resolutions and that the necessary expenses in connection therewith be paid out of the contingent fund of the House.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

The resolution was agreed to.

The SPEAKER. The Chair appoints as members of the funeral committee the gentleman from Texas, Mr. LANHAM, and the gentleman from Texas, Mr. BAILEY.

The Clerk will report the further resolution.

The Clerk read as follows:

Resolved, That as a further mark of respect, this House do now adjourn.

The resolution was agreed to.

ADJOURNMENT

Accordingly (at 12 o'clock and 56 minutes p.m.) the House adjourned until tomorrow, Tuesday, May 2, 1933, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

30. A letter from the Secretary of Commerce, transmitting draft of a bill for the relief of Mr. Charles E. Molster, disbursing clerk, Department of Commerce, and Dr. Louis H. Bauer, a former employee; to the Committee on Claims.

31. A letter from the Secretary of War, transmitting a draft of a joint resolution to authorize the attendance of Mr. Posheng Yen, a citizen of China, at the United States Military Academy; to the Committee on Military Affairs.

32. A letter from the secretary of the Reconstruction Finance Corporation, transmitting a report of the activities and expenditures of the Reconstruction Finance Corporation for the month of March 1933, together with a statement of loans authorized during the month, showing the name, amount, and rate of interest in each case (H.Doc.No. 26); to the Committee on Banking and Currency and ordered to be printed.

33. A communication from the President of the United States, transmitting records of judgments rendered against the Government by the United States district courts, as follows: Department of Commerce, $670; Navy Department, $1,561; Treasury Department, $12,160.44; total, $14,391.44; to the Committee on Appropriations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. POU: Committee on Rules. House Resolution 124. Resolution providing for the consideration of H.R. 3835, an act to relieve the existing national economic emergency by increasing agricultural purchasing power, to raise revenue for extraordinary expenses incurred by reason of such emergency, to provide emergency relief with respect to agricultural indebtedness, to provide for the orderly liquidation of joint-stock land banks, and for other purposes, with Senate amendments; without amendment (Rept. No. 59). Referred to the House calendar.

Mr. POU: Committee on Rules. House Resolution 125. Resolution providing for the consideration of House Resolution 124, a resolution providing for the consideration of H.R. 3835, an act to relieve the existing national economic emergency by increasing agricultural purchasing power, to raise revenue for extraordinary expenses incurred by reason of such emergency, to provide emergency relief with respect to agricultural indebtedness, to provide for the orderly liquidation of joint-stock land banks, and for other purposes, with Senate amendments; without amendment (Rept. No. 60). Referred to the House calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. SHALLENBERGER: A bill (H.R. 5362) to amend the provisions of the Revenue Act of 1932 relating to the tax on gasoline; to the Committee on Ways and Means.

By Mr. MANSFIELD: A bill (H.R. 5363) authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes; to the Committee on Rivers and Harbors.

By Mr. SCHULTE: A bill (H.R. 5364) to provide relief for the loss of employment by Government employees; to the Committee on the Civil Service.

By Mr. CLARK of North Carolina: A bill (H.R. 5365) providing for the recognition and enrollment as Cheraw Indians of certain Indians in the State of North Carolina; to the Committee on Indian Affairs.

By Mr. JOHNSON of Minnesota: A bill (H.R. 5366) to reduce the compensation of Senators, Representatives, Delegates, and Resident Commissioners to $7,500 per annum; to the Committee on Expenditures in the Executive Departments.

By Mr. KNUTSON: A bill (H.R. 5367) to authorize owners of resort property to secure from the home-loan banks loans secured by mortgages and to authorize such banks to lend to members on the security of such mortgages; to the Committee on Banking and Currency.

By Mr. MARTIN of Colorado: A bill (H.R. 5368) to extend the provisions of the Forest Exchange Act of March 20, 1922 (42 Stat. 465); to the Committee on the Public Lands.

By Mr. CHAVEZ: A bill (H.R. 5369) providing for the issuance of patents upon certain conditions to lands and accretions thereto determined to be within the State of New Mexico in accordance with the decree of the Supreme Court of the United States entered April 9, 1928; to the Committee on the Public Lands.

Also, a bill (H.R. 5370) granting certain public lands to the State of New Mexico for the use and benefit of the Spanish-American Normal School, and for other purposes; to the Committee on the Public Lands.

By Mr. POU: Resolution (H.Res. 124) providing for the consideration of H.R. 3835, an act to relieve the existing national economic emergency by increasing agricultural purchasing power, to raise revenue for extraordinary expenses incurred by reason of such emergency, to provide emergency relief with respect to agricultural indebtedness, to provide for the orderly liquidation of joint-stock land banks, and for other purposes, with Senate amendments; to the Committee on Rules.

Also, resolution (H.Res. 125) providing for the consideration of House Resolution 124, a resolution providing for the consideration of H.R. 3835, an act to relieve the existing national economic emergency by increasing agricultural purchasing power, to raise revenue for extraordinary expenses incurred by reason of such emergency, to provide emergency relief with respect to agricultural indebtedness, to provide for the orderly liquidation of joint-stock land banks, and for other purposes, with Senate amendments; to the Committee on Rules.

By Mrs. NORTON: Resolution (H.Res. 126) to authorize appropriation for expenses of subcommittee of Committee on the District of Columbia; to the Committee on Accounts.

Also, joint resolution (H.J.Res. 169) proposing an amendment to the Constitution of the United States providing for national representation for the people of the District of Columbia; to the Committee on the Judiciary.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Territory of Alaska, memorializing Congress to give favorable consideration to the Wheeler bill, S. 2487; to the Committee on Banking and Currency.

Also, memorial of the Commonwealth of Massachusetts, memorializing Congress relative to a tariff to protect the fishing industry; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CHAVEZ: A bill (H.R. 5371) to provide for payments to certain property owners in New Mexico for losses caused by the floods in the Rio Grande Valley during 1929; to the Committee on Irrigation and Reclamation.

Also, a bill (H.R. 5372) to authorize amendment of the act of February 25, 1927, for the payment of damages caused by reason of the overflow of the Rio Grande on August 17, 1921; to the Committee on Claims.

Also, a bill (H.R. 5373) for the relief of Juan Apodaca; to the Committee on Military Affairs.

Also, a bill (H.R. 5374) authorizing the reimbursement of Edward B. Wheeler and the State Investment Co. for the loss of certain lands in the Mora Grant, N.Mex.; to the Committee on the Public Lands.

Also, a bill (H.R. 5375) for the relief of Albert Gonzales; to the Committee on Claims.

Also, a bill (H.R. 5376) for the relief of Sigmund Lindauer; to the Committee on Claims.

Also, a bill (H.R. 5377) for the relief of Arthur B. Hastie; to the Committee on Military Affairs.

Also, a bill (H.R. 5378) for the relief of John W. Harvey; to the Committee on Military Affairs.

Also, a bill (H.R. 5379) granting a pension to Andrew M. Hall; to the Committee on Pensions.

Also, a bill (H.R. 5380) granting a pension to Charles Cerny; to the Committee on Pensions.

Also, a bill (H.R. 5381) granting a pension to William D. Kershner; to the Committee on Pensions.

Also, a bill (H.R. 5382) for the relief of Felix Griego; to the Committee on Military Affairs.

Also, a bill (H.R. 5383) for the relief of James D. McCaffrey; to the Committee on Military Affairs.

By Mr. JOHNSON of Oklahoma: A bill (H.R. 5384) for the relief of Sgt. John F. Hartman; to the Committee on Military Affairs.

By Mr. SHANNON: A bill (H.R. 5385) granting a pension to Joseph Ladish; to the Committee on Pensions.

By Mr. SWANK: A bill (H.R. 5386) for the relief of John Hamilton; to the Committee on Military Affairs.

By Mr. SWEENEY: A bill (H.R. 5387) for the relief of Joseph Gebo; to the Committee on Military Affairs.

By Mr. WIGGLESWORTH: A bill (H.R. 5388) for the relief of Napoleon Moran; to the Committee on Naval Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

809. By Mr. ANDREW of Massachusetts: Petition adopted by Massachusetts House of Representatives, urging reasonable tariff protection for the fishing industry; to the Committee on Ways and Means.

810. By Mr. ARENS: Petition of New York Mills National Farm Loans Association that Federal land banks and Federal agencies should defer foreclosures until Government action on farm relief; to the Committee on Ways and Means.

811. Also, petition of Charles Munn, speaker of the House of Representatives of the State of Minnesota, adopted by the house of representatives on the 8th day of April 1933, and signed by Frank Starky, chief clerk of the House of Representatives of the State of Minnesota, that Federal action be taken relative to unemployment insurance, that it is unwise and unfair to Minnesota labor and Minnesota industries to have Minnesota be the first, or one of the few States, to adopt compulsory unemployment insurance laws, and also memorialize Congress to create a special commission or board to study this question; to the Committee on Ways and Means.

812. Also, petition of the Central Cooperative Wholesalers, A. J. Hayes, chairman, requesting the Senators and Congressmen of Wisconsin, Minnesota, and Michigan to use their efforts to secure an amendment of the Revenue Acts of 1926 and 1928, so that the Consumers Cooperative Association would be exempt under the revenue acts; to the Committee on Ways and Means.

813. Also, petition of the Central Labor Political Committees of Duluth and Proctor, R. A. Olson, chairman, and Milton Carlson, secretary, memorializing Congress to issue money and establish the value thereof, and that Congress extend to the several States of the Union the same courtesy which is extended to the Federal Reserve bank in the matter of loaning money, and issue directly to the said States on the security of the natural resources of such States, money to be loaned directly to the people through such agencies; to the Committee on Banking and Currency.

814. By Mr. CRAVENS: Petition of Arkansas-Oklahoma Coal Operators' Association, protesting against the passage of the Black bill, S. 158; to the Committee on Labor.

815. By Mr. EVANS: Petition of John Alferi, favoring the payment of the bonus; to the Committee on Ways and Means.

816. By Mr. GIBSON: Petition of the American Legion, Department of Vermont, opposing the proposed cut in the funds appropriated for national defense; to the Committee on Appropriations.

817. By Mr. HOLMES: Petition of the Worcester Chamber of Commerce, Worcester, Mass.; to the Committee on Labor.

818. By Mr. JOHNSON of Minnesota: Resolution of Watonwan County Legislative Committee, favoring refinancing of farm mortgages and controlling inflation; to the Committee on Agriculture.

819. By Mr. LINDSAY: Petition of Brotherhood of Railroad Trainmen, legislative board, Albany, State of New York, favoring the enactment of the Crosser bill, H.R. 4876; to the Committee on Interstate and Foreign Commerce.

820. Also, petition of Briede & Rogovsky, Inc., wholesale tailors, Chicago, Ill., opposing the 30-hour week bill; to the Committee on Labor.

821. Also, petition of John Drzazga, of Jamaica, N.Y., favoring the 30-year retirement bill; to the Committee on Appropriations.

822. Also, petition of Young Men's Board of Trade, New York City, opposing ratification of the proposed treaty with Canada concerning the St. Lawrence seaway; to the Committee on Foreign Affairs.

823. Also, petition of Klein Bros., silk manufacturers, New York City, opposing House bill 3759; to the Committee on Banking and Currency.

824. Also, petition of American Federation of Government Employees, Lodge No. 36, Brooklyn, N.Y., favoring optional amendment to 30-year retirement bill; to the Committee on Appropriations.

825. Also, petition of the American News Co., Inc., New York City, opposing House bill 3759; to the Committee on the Judiciary.

826. Also, petition of Parke, Davis & Co., New York City, opposing House bill 3759; to the Committee on the Judiciary.

827. Also, petition of the Baker Castor Oil Co., New York City, opposing House bill 3759; to the Committee on the Judiciary.

828. Also, petition of the National Grange, American Farm Bureau Federation, Washington, D.C., favoring the Goldsborough bills, H.R. 5073 and 5160; to the Committee on Banking and Currency.

829. Also, petition of Edward Quittner, New Rochelle, N.Y., urging support of House bill 95, for an investigation of the motion-picture industry; to the Committee on Interstate and Foreign Commerce.

830. By Mr. RUDD: Petition of the Young Men's Board of Trade, New York City, opposing the ratification of the proposed treaty with Canada concerning the St. Lawrence seaway; to the Committee on Foreign Affairs.

831. Also, petition of Brotherhood of Railroad Trainmen Legislative Board, State of New York, favoring the passage of the Crosser bill, H.R. 4876; to the Committee on Interstate and Foreign Commerce.

832. Also, petition of Brooklyn Chapter, No. 28, Disabled American Veterans of World War, protesting against giving the President power to modify or cancel any contract unless it exempts insurance policies from the operations of its provisions; to the Committee on Appropriations.

833. Also, petition of American Federation of Government Employees, Lodge No. 36, Brooklyn, N.Y., opposing the Director of the Budget's recommendations and dictatorship, etc.; to the Committee on Appropriations.

834. Also, petition of Parke, Davis & Co., New York City, protesting against the passage of House bill 3759; to the Committee on Banking and Currency.

835. Also, petition of the Baker Castor Oil Co., New York City, protesting against the passage of House bill 3759; to the Committee on Banking and Currency.

836. Also, petition of Klein Bros., New York City, opposing the passage of House bill 3759, or any similar bill; to the Committee on Banking and Currency.

837. By Mr. HOWARD: Resolution memorializing the Secretary of Agriculture of the United States to institute prosecution against Swift & Co., Armour & Co., and Cudahy Packing Co. for violation of the Sherman Anti-Trust Act, as adopted by the House of Representatives of Nebraska; to the Committee on Agriculture.

838. By Mr. THOMASON of Texas: Petition of disabled veterans, business men, and other citizens of western Texas, transmitting resolutions adopted in regard to legislation affecting veterans, and for other purposes; to the Committee on World War Veterans' Legislation.

839. By Mr. TREADWAY: Memorial of the House of Representatives of the General Court of Massachusetts, urging reasonable tariff protection for the fishing industry of the United States; to the Committee on Ways and Means.

840. By the SPEAKER: Petition of Cecil W. Rote and other citizens of Oklahoma City, Okla., favoring compulsory retirement of all classified civil-service employees after 30 years' service; to the Committee on the Civil Service.

SENATE

TUESDAY, MAY 2, 1933

(Legislative day of Monday, May 1, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Keyes	Robinson, Ark.
Ashurst	Couzens	King	Robinson, Ind.
Austin	Cutting	La Follette	Russell
Bachman	Dale	Logan	Sheppard
Bankhead	Dickinson	Lonergan	Shipstead
Barbour	Dill	Long	Smith
Barkley	Duffy	McAdoo	Steiwer
Black	Erickson	McCarran	Stephens
Bone	Fess	McGill	Thomas, Okla.
Borah	Fletcher	McKellar	Thomas, Utah
Bratton	Frazier	McNary	Townsend
Brown	Glass	Metcalf	Trammell
Bulkley	Goldsborough	Murphy	Tydings
Bulow	Gore	Neely	Vandenberg
Byrd	Hale	Norbeck	Van Nuys
Byrnes	Harrison	Norris	Wagner
Capper	Hastings	Nye	Walcott
Caraway	Hatfield	Overton	Walsh
Carey	Hayden	Patterson	Wheeler
Clark	Hebert	Pittman	White
Connally	Johnson	Pope	
Coolidge	Kean	Reed	
Copeland	Kendrick	Reynolds	

Mr. KENDRICK. I wish to announce that the Senator from Georgia [Mr. GEORGE], the Senator from North Carolina [Mr. BAILEY], the senior Senator from Illinois [Mr. LEWIS], and the junior Senator from Illinois [Mr. DIETERICH] are necessarily detained from the Senate.

The VICE PRESIDENT. Eighty-nine Senators have answered to their names. A quorum is present.

FUNCTIONS OF THE SMITHSONIAN INSTITUTION (S.DOC. NO. 53)

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Smithsonian Institution, submitting, pursuant to Senate Resolution 351, Seventy-second Congress, a report as to the functions of the Smithsonian Institution, the statutory authority therefor, and the total annual expenditures thereon, etc., also a list of employees receiving compensation at the rate of $5,000 or more per annum, which, with the accompanying papers, was ordered to lie on the table and to be printed, with an illustration.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint resolution of the Legislature of the State of Wisconsin, which was referred to the Committee on Finance:

STATE OF WISCONSIN.

Joint resolution relating to an increase in the currency of the United States through calling in all Liberty and Victory bonds

Whereas it is urgently necessary that the general price level be raised, and this can be accomplished most easily through an increase in the currency; and

Whereas this purpose can be accomplished in an effective and practical way through calling in for redemption all outstanding Liberty and Victory bonds, paying the owners with new currency secured by these bonds: Therefore be it

Resolved by the senate (the assembly concurring), That the Legislature of Wisconsin hereby urges the Congress of the United States to enact legislation directing the Secretary of the Treasury to call in and redeem all Liberty and Victory bonds now outstanding, paying for the same with a new currency issue which shall be secured by these bonds. In such legislation provision should be made for continuance of the sinking fund for repayment of these bonds to furnish additional security for the currency issue; be it further

Resolved, That properly attested copies of this resolution be sent to both Houses of the Congress of the United States and to each Wisconsin Member thereof.

C. T. YOUNG,
Speaker of the Assembly.
JOHN J. SLOCUM,
Chief Clerk of the Assembly.
THOMAS J. O'MALLEY,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.

The VICE PRESIDENT also laid before the Senate the following concurrent resolution of the Legislature of Puerto Rico, which was referred to the Committee on Banking and Currency:

SENADO DE PUERTO RICO.

I, Enrique González Mena, secretary of the Senate of Puerto Rico, do hereby certify that the following concurrent resolution was unanimously approved by the Senate of Puerto Rico on March 28, 1933, and by the House of Representatives on April 15, 1933:

"Concurrent resolution to request the Resident Commissioner of Puerto Rico in Washington to take the necessary steps so that the bill introduced by the Honorable HENRIK SHIPSTEAD in the United States Senate, entitled 'Authorizing the Reconstruction Finance Corporation to make loans to certain hospitals', be amended in the sense of making same expressly applicable to Puerto Rico

"Whereas the Honorable HENRIK SHIPSTEAD, Senator from Minnesota, has introduced in the United States Senate a bill authorizing the Reconstruction Finance Corporation to make loans to certain hospitals;

"Whereas in the present economic situation in which the hospitals of Puerto Rico find themselves, it would be highly beneficial to secure the extension to Puerto Rico of the benefits of this bill in case it should be passed: Now, therefore, be it

"*Resolved by the Senate of Puerto Rico (the House of Representatives of Puerto Rico concurring)*, To recommend to the Resident Commissioner of Puerto Rico in Washington that he take the necessary steps so that Senate bill No. 5251, introduced in the United States Senate by the Honorable HENRIK SHIPSTEAD, Senator from Minnesota, entitled 'A bill authorizing the Reconstruction Finance Corporation to make loans to certain hospitals', may be amended in the sense of expressly extending to Puerto Rico the benefits of such proposed legislation.

"SEC. 2. To direct, and it is hereby directed, that a certified copy of this resolution be sent to the Resident Commissioner of Puerto Rico in Washington, Hon. SANTIAGO IGLESIAS; to the chairman of the Committee on Insular Affairs of the House of Representatives of the United States; to the chairman of the Committee on Territories and Insular Possessions of the Senate of the United States; to the Chief of the Bureau of Insular Affairs of the War Department, General Parker; to the President of the Senate; and to the Speaker of the House of Representatives of the United States."

For transmittal to the President of the United States Senate, Hon. John N. Garner, Washington, D.C., as provided in section 2 of said concurrent resolution, I have hereunto set my hand and caused to be affixed the seal of the Senate of Puerto Rico, on this the 17th day of April A.D. 1933.

[SEAL] ENRIQUE GONZÁLEZ MENA,
Secretary of the Senate.

The VICE PRESIDENT laid before the Senate a letter from C. W. King, Esq., attorney, Oklahoma Tax Commission, Oklahoma City, Okla., inclosing copy of Senate Concurrent Resolution No. 3 of the Legislature of Oklahoma, which, with the accompanying papers, was referred to the Committee on Finance, and the resolution of the legislature was ordered to be printed in the RECORD, as follows:

Senate Concurrent Resolution 3 (by Nance)

A resolution memorializing the National Congress to enact a law authorizing and empowering the several States to levy and collect license, franchise, gross revenue, registration or other forms of taxes upon or measured by capital represented by property and business employed in interstate commerce

Whereas interstate commerce has expanded to the extent that it covers every business enterprise in which internal commerce is engaged; and

Whereas such commerce has become so intermingled with the internal commerce of the several States, commonly referred to as intrastate commerce; and

Whereas the Congress of the United States is vested with supreme legislative power over commerce among States; and

Whereas interstate commerce, through a single company or corporation in many instances extends into all of the States of the Union, and the business of such company or corporation is so intermingled with internal or State commerce that the same is practically inseparable; and

Whereas the courts of last resort have ruled that in case of a State tax, other than the ordinary ad valorem tax, which substantially affects interstate commerce, or where interstate commerce is so connected and intermingled with internal commerce as to be practically inseparable, the State has no power to levy any form of special tax upon the property or business engaged in either inter- or intra-state commerce; and

Whereas the revenues of the several States are reduced and the exercise of power of taxation of property within the several States is thereby seriously impaired; and

Whereas, pursuant to the program of modern State taxation, it is the purpose to reduce ad valorem property taxation to a minimum by the application of other forms of taxation: Now, therefore, be it

Resolved by the Senate of the State of Oklahoma (the House of Representatives of the State of Oklahoma concurring therein), That the Congress of the United States be, and it is hereby requested to enact a law at the next session thereof, authorizing and empowering the several States to levy and collect license, franchise, gross revenue, registration or other forms of taxes upon or measured by capital represented by property and business employed in interstate commerce, in the same manner that such taxes may be imposed upon like property and business under the constitution and laws of the taxing State: *Provided, however*, That the total rates of such taxes shall not exceed the rate of taxes

levied by any State upon property and business employed in internal commerce: *And provided further*, That such property and business be apportioned so as to include only that part of the property located and business conducted within the taxing State, and that no two States shall tax the same capital so employed, thereby avoiding double taxation; be it further

Resolved, That a copy of this resolution be mailed to each Member of Congress, to the President of the United States, to the Vice President, to the Chairman of the Committee on Finance of the Senate, and to the Chairman of the Committee on Ways and Means of the House of Representatives.

Passed the senate the 9th day of January 1933.

Passed the house of representatives the 8th day of March 1933.

JOHN A. MACDONALD,
Acting President of the Senate.
TOM ANGLIN,
Speaker of the House of Representatives.

Correctly enrolled.

CLAUDE LIGGETT,
Chairman Committee on Engrossing and Enrolling.

The VICE PRESIDENT also laid before the Senate a resolution adopted at a meeting of the Cragin State Bank Depositors Justice Committee, Chicago, Ill., appealing to Congress for the passage of legislation to relieve depositors in closed banks, which was referred to the Committee on Banking and Currency.

He also laid before the Senate a letter from Dr. William H. Block, of New Orleans, La., relative to alleged acts and conduct of Hon. HUEY P. LONG, a Senator from the State of Louisiana, which was referred to the Committee on the Judiciary.

He also laid before the Senate a memorial and a letter and a telegram in the nature of memorials from sundry citizens of the State of Louisiana endorsing Hon. HUEY P. LONG, a Senator from the State of Louisiana, condemning attacks made upon him, and remonstrating against a senatorial investigation of his alleged acts and conduct, which were referred to the Committee on the Judiciary.

He also laid before the Senate a resolution adopted by the Central Trades and Labor Council of Greater New York and Vicinity, New York City, protesting against the existing 15-percent reduction in the pay of Federal employees as tending to undermine the living standards of all workers, both in private and Government employ, which was ordered to lie on the table.

TARIFF DUTY ON OIL

Mr. THOMAS of Oklahoma. Mr. President, I present a concurrent resolution adopted by the legislature of my State, and ask that its title may be read and that the resolution then be referred to the appropriate committee.

There being no objection, the resolution was referred to the Committee on Finance and the title thereof was read, as follows:

A concurrent resolution memorializing Congress to provide relief for the oil industry, the farmers, the unemployed, business, and the people generally by providing an adequate tariff or tax on oil that will place the domestic oil industry on a competitive basis with imported oil as shown by the reports of the Tariff Commission.

(See concurrent resolution printed in full when laid before the Senate by the Vice President on yesterday, p. 2596, CONGRESSIONAL RECORD.)

WACO, BEAUMONT, TRINITY & SABINE RAILWAY CO.

Mr. SHEPPARD. Mr. President, I ask that there may be printed in the RECORD and appropriately referred a concurrent resolution adopted by the Legislature of Texas with reference to the Waco, Beaumont, Trinity & Sabine Railway Co.'s application for a loan from the Reconstruction Finance Corporation.

There being no objection, the concurrent resolution was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

Senate Concurrent Resolution 29

Whereas Waco, Beaumont, Trinity & Sabine Railway Co. owns and operates two lines of railroads in east Texas, one extending from Weldon in Houston County via Trinity in Trinity County to Livingston, the county seat of Polk County, and the second, a branch line from Trinity via Groveton, the county seat of Trinity County, to Colmesneil in Tyler County, with 115 miles of main track, serving five counties in east Texas, together with numerous towns and cities; and

Whereas the operation of said railway company is essential to the economic life and prosperity of the region which it serves, with a population of about 50,000 people, and development of industrial life, which is in transition from mainly the manufacture of lumber to the greater and more important underlying resources; and

Whereas extensions of said railroads are required, namely, from Livingston to the Sabine ports of Beaumont and Port Arthur and from Weldon via Normangee to Waco, Tex., to create a new short, direct route from the Sabine ports to the interior of Texas, connecting with the various trunk-line systems heretofore constructed across the State of Texas, equalizing the position of the Sabine ports with other ports as to rates and distances and rendering the Sabine ports serviceable for the general public, which project has been approved twice heretofore by the Legislature of the State of Texas; and

Whereas as of July 12, 1927, the Interstate Commerce Commission, on the grounds stated, granted the said railway company certificates of convenience and necessity authorizing the railway company to construct said extensions, work on which was begun but now is suspended on account of the present general depression; and

Whereas in January 1932 the railway company submitted to the Congress of the United States, then having under consideration the Reconstruction Finance Corporation Act, its situation, and the Congress, being advised in the premises, added an amendment to the act making railroads in process of construction eligible for loans for completion of their projects; and

Whereas the Waco company has applied to the Reconstruction Finance Corporation for a loan of $5,150,000 to enable it at this time to carry out and complete its plans; and

Whereas consummation of said plans is of intense interest to the entire region between Waco and the Sabine ports; the work is calculated to give employment to several thousand people, afford a market for a large amount of material produced in the local territory, and relieve an acute situation of economic distress and difficulty; and

Whereas the plans of the railway company are sound and meritorious and if consummated under current conditions will not only enable the construction of the railroad with great economy but will contribute to the relief of current conditions and the restoration of prosperity in the section intersected and elsewhere: Now, therefore, be it

Resolved by the House of Representatives and Senate of the State of Texas, That the Legislature of the State of Texas hereby endorses and approves the application made by the railway company to the Reconstruction Finance Corporation and hereby requests the Reconstruction Finance Corporation to grant and the Interstate Commerce Commission to approve the loan applied for; *Resolved further*, That certified copies of this resolution be transmitted at once to the Chairman of the Board of the Reconstruction Finance Corporation and to the Chairman of the Interstate Commerce Commission at Washington, D.C.

EDGAR E. WITT,
President of the Senate.

I hereby certify that Senate Concurrent Resolution No. 29 was read and adopted by the senate March 16, 1933.

BOB BARKER,
Secretary of the Senate.
COKE S. STEVENSON,
Speaker of the House of Representatives.

I hereby certify that Senate Concurrent Resolution No. 29 was read and adopted by the house of representatives March 17, 1933.

LOUISE SNOW PHINNEY,
Chief Clerk of the House of Representatives.

PERSECUTION OF THE JEWS IN GERMANY

Mr. COPELAND. Mr. President, I ask unanimous consent to have printed in the RECORD at this point and appropriately referred resolutions, with an accompanying statement, adopted at a meeting of the Federal Bar Association of New York, Connecticut, and New Jersey, relative to persecution of the Jews in Germany.

There being no objection, the resolutions, with an accompanying statement, were referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

Resolution introduced at the meeting of the Federal Bar Association of New York, Connecticut, and New Jersey, at the Hotel Commodore, on the evening of April 17, by Mr. Hugh Gordon Miller, seconded by John Eubank, Benjamin Hartstein, and others, and passed by a unanimous rising vote

Whereas it has come to our attention that many of our brother lawyers in Germany are being grievously persecuted and driven, without pretense of any process of law and with ruthless and unconscionable violence, insults, and humiliation, not only from the bench to which they were constitutionally elevated but from employment and the practice of their profession, without trial or any judicial procedure whatever. That at the same time their money is impounded and they are penalized for not keeping up their law establishments and continuing to employ their clerks and assistants, and are prevented from leaving the country and kept imprisoned in the confines of Germany, facing distress, slow

starvation, and their children driven from the schools and universities, without which to many of them life is worth nothing, and in other ways treated with a cruelty and in a manner which for ruthlessness was unequaled even in medieval times and paralleled only among barbarians, on account of their race and faith; and

Whereas that race and faith (the Jewish race) has furnished many of the greatest lawyers, lawgivers, and judges of the human race, since Moses on Mount Sinai became the first great lawgiver until this day, when in our own country, among many other great offices, two of them now adorn the Supreme Court of the United States, and many of whom grace the Supreme Court in New York and New Jersey, and one of them now upholds the law as chief magistrate, the Governor of the State of New York, with great distinction, and recently others have been chief justices of England; and

Whereas it cannot, in the light of all recorded history, be claimed even as an excuse that they are dealing with a backward race: Be it

Resolved, That on account of those to a large extent officially admitted or otherwise established persecutions the Federal Bar Association of New York, Connecticut, and New Jersey, regardless of any physical atrocities (and even assuming none such has been perpetuated) extends in the name of law, culture, and science, which knows no national boundaries, to our fellow lawyers so persecuted in Germany our deepest fraternal sympathy.

Tyranny and oppression of the soul and spirit, deprivation of "liberty and the pursuit of happiness", to our profession anywhere in the world is atrocious, and has always been as important to the American lawyer as the deprivation of life. Any government or party flaunting that principle, in the judgment of American lawyers, offends the conscience of mankind and must meet with speedy and outspoken condemnation from the bar.

That our association desires to go on record as not only viewing such uncivilized and boasted conduct toward these members of our profession, whether physical or mental, with the deepest horror and condemnation but hereby express our public sympathy to them; and further that we hereby call upon all believers in human justice throughout the world to publicly condemn the indefensible course that has so far been taken toward those members of our profession, and other professions, by the present administration of the Government of Germany.

We assert that our position is the same as expressed by the British Foreign Secretary in the House of Commons on April 13 (the birthday of Thomas Jefferson, the author of the statute for Virginia for religious liberty, on which those clauses in our Federal and State Constitutions are modeled) that:

"This is not a Jewish outlook, or the outlook of a section or party. It is an Anglo-Saxon outlook.

"It would be a profound mistake for anyone to imagine the feeling in this country is limited to members of the Jewish community.

"It is a spontaneous expression of the principle of racial toleration."

Resolved, That we tender our assurance to Sir John Simon, the British Foreign Secretary, a leader of the English bar, that in those sentiments Anglo-Saxon lawyers, at any rate, stand on common ground.

We aver that this protest and appeal to what we believe to be a real German culture in the name of humanity and elementary justice, as practiced in all ages by civilized peoples, will be heeded when inflamed passions subside. That we are not concerned with the form of the German Government, and hereby affirm that our concern in this connection is merely that ordered justice may again be established by this great nation.

Knowing, nevertheless, that the present party of Hitler came into power on a platform declaring an intention to carry out such a persecution, we will not, and cannot in the name of humanity remain silent, while it is being thus put into effect, regardless of any camouflage for foreign consumption.

Resolved further, That there can be no true and actual feelings of fraternity or fraternal intercourse between the members of the Federal bar of New York, Connecticut, and New Jersey, and the bar of any nation so long as they permit or encourage the persecution of our brothers because of race or religion. That to be silent in the face of such continued, calculated, and premeditated horrors against our brothers as have shocked the world would be a betrayal of our position as upholders and ministers of justice, and make us unworthy of the heritage of our fathers; that any fraternal invitations from the bar of the United States to the bar of Germany in connection with the coming Chicago Exposition, or any other invitation to the bar of Germany which calls for fraternal intercourse, be at once recalled unless the German Government at once orders a stop to these persecutions; and be it further

Resolved, That a copy of this resolution be transmitted to the President and Secretary of State of the United States, that it be called to the attention of both Houses of Congress, and that a copy of this resolution be transmitted to that great brother lawyer the British Foreign Secretary and the House of Commons with our compliments. We ask all professional and scientific bodies in America to follow suit.

A further resolution was adopted making Mr. Miller a committee to carry out the resolution.

In presenting the resolution Mr. Miller said:

"Gentlemen, no Jew suggested or had anything whatever to do with this resolution. It is a Gentile expression of outraged justice to our brothers of the Jewish race in Germany and our token of fraternal regard. Mere words mean little and the contemplation of such a thing in the twentieth century should sicken the conscience and revolt the soul of any human being not gone mad. Blind justice in this matter covering her face in horror cries out in an appeal to the court of last resort, a court which in the last analysis is final, the collective judgment of mankind which is molded to a large extent by the bar. Let this resolution be the answer, so far as this association is concerned.

"Jewish brains do not enrage their Anglo-Saxon brothers certainly in America, and apparently not in Great Britain. Thank God, Anglo-Saxon lawyers have inherited a sporting sense along with the traditions of liberty and justice."

ENROLLED JOINT RESOLUTION PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on today, May 2, 1933, that committee presented to the President of the United States the enrolled joint resolution (S.J.Res. 13) authorizing the Attorney General, with the concurrence of the Secretary of the Navy, to release claims of the United States upon certain assets of the Pan American Petroleum Co, and the Richfield Oil Co. of California and others in connection with collections upon a certain judgment in favor of the United States against the Pan American Petroleum Co. heretofore duly entered.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. GOLDSBOROUGH:

A bill (S. 1556) granting a pension to Milton Carroll Merryman; to the Committee on Pensions.

By Mr. BYRNES:

A bill (S. 1557) for the relief of Harry Lee Shaw; to the Committee on Military Affairs.

By Mr. ROBINSON of Indiana:

A bill (S. 1558) for the relief of the Security Trust Co., of Indianapolis, Ind.; to the Committee on Finance.

A bill (S. 1559) granting a pension to Nellie C. Manning; to the Committee on Pensions.

By Mr. COPELAND:

A bill (S. 1560) granting insurance payments to Hugh H. Newell (with an accompanying paper); to the Committee on Finance.

RELIEF OF HOME OWNERS—AMENDMENT

Mr. SHEPPARD (by request) submitted an amendment intended to be proposed by him to the bill (H.R. 5240) to provide emergency relief with respect to home-mortgage indebtedness, to refinance home mortgages, to extend relief to the owners of homes occupied by them and who are unable to amortize their debt elsewhere, to amend the Federal Home Loan Bank Act, to increase the market for obligations of the United States, and for other purposes, which was referred to the Committee on Banking and Currency and ordered to be printed.

ALCOHOL MANUFACTURED FROM CORN, ETC.

Mr. SHIPSTEAD. I ask unanimous consent for the present consideration of Senate Resolution 65, submitted by me on yesterday and now on the table.

The VICE PRESIDENT. Is there objection?

There being no objection, the Senate proceeded to consider the resolution, which was read, as follows:

Resolved, That the Secretary of Agriculture is hereby requested to investigate, through the agencies of the Bureaus of Agricultural Economics, Chemistry and Soils, and Agricultural Engineering of the Department of Agriculture, the practicability and advantages to agriculture of using alcohol manufactured from corn and other farm products, in motor fuel, and to report thereon to the Senate as soon as possible.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator from Minnesota what will be the cost of the investigation?

Mr. SHIPSTEAD. I can inform the Senator that the Department have the data already gathered, but it is desired to get them up here and have them referred to the committee.

Mr. ROBINSON of Arkansas. Very well, I have no objection.

The VICE PRESIDENT. The question is on agreeing to the resolution.

The resolution was agreed to.

FEDERAL RESERVE SYSTEM—ARTICLE BY GEORGE W. EDWARDS

Mr. WAGNER. Mr. President, I ask unanimous consent to have printed in the RECORD an article on the proposed revision of the Federal Reserve System, by Prof. George W. Edwards, of the College of the City of New York.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

INTRODUCTION

The purposes of the legislation herein proposed are as follows:

1. The positive purpose is to bring about the expansion of investment credit in order to revive business activity.

2. The negative purpose is to control both the quantity and quality of such credit in order to avoid the financial evils of the period ending in 1929.

In other words the purposes are to control both deflation and inflation.

The means for attaining these purposes are as follows:

1. Extension of the powers of the Federal Reserve Board and the Federal Reserve banks to control investment credit.

2. Extension of membership and facilities of the Federal Reserve System to investment institutions such as savings banks, investment banks, mortgage banks, and insurance companies.

I. Extension of powers of Federal Reserve Board and Federal Reserve banks

(1) THE FEDERAL RESERVE BOARD SHOULD HAVE POWER TO CONTROL THE QUANTITY OF INVESTMENT CREDIT

Reason: As the plan herein proposed provides for an expansion of investment credit, it is essential at the same time to provide for a check or control over overexpansion in the future. The Federal Reserve has not possessed sufficient power to control investment-credit inflation in the past, particularly in the period ending with the collapse in October 1929. Over these years the amount of investment in the form of new issues of stocks and bonds or new financing rose enormously and was far in excess of the amount of savings or capital accumulation. This excess of demand for capital over the supply caused the maladjustment in the capital market which finally collapsed in the fall of 1929.

The Federal Reserve through its power to raise and lower the rate of rediscount and through its open-market operations has been able to a large extent to stabilize the rates on commercial credit in the form of notes and bills. However, throughout the entire history of the Federal Reserve it has for the most part not been able to control the rates on investment credit which have fluctuated widely.

Operation: Under the above power the Federal Reserve Board would budget the capital market by closely watching the volume of new financing in relation to the amount of savings. If the volume of new issues continued to exceed the amount of savings over a long period of time, the Federal Reserve Board would then prevent further new issues until equilibrium between the demand and supply of capital had again been restored.

Precedent: This power to control the volume of investment credit was granted to the Bank of England during the war under the Defence of the Realm Act, and has since then been exercised informally. During the war the United States granted similar power to the Capital Issues Board.

(2) THE FEDERAL RESERVE BOARD SHOULD HAVE THE POWER TO CONTROL THE QUALITY OF INVESTMENT CREDIT

The quality of investment credit in the form of both foreign and domestic bonds became poorer and poorer in the years immediately preceding the crash of 1929. The fall in bond prices adversely affected not only individual holders of bonds but brought heavy losses to all classes of institutions holding bonds, such as commercial banks, savings banks, insurance companies, and even investment dealers themselves. In fact, the fall in bond prices was among the most important causes of the failure of most commercial banks in recent years, and for the wide-spread lack of confidence in banks by the general public. The collapse of the bond market also has made it difficult to undertake new financing. As a result of losses on bonds there is today wide-spread lack of confidence in bonds and in the entire investment system, and a discouragement of thrift. Because of his losses on securities, the investor is in revolt. As a result he has withdrawn his funds from banks, and refuses to buy any bond except United States Government obligations, and then only short-dated bonds. The result is a deflation in investment credit and a financial starving of industry.

Operation: The Board would determine the quality of investment credit by establishing minimum standards and by defining the purpose of new bond issues in the form of evidences of debt maturing over a year and sold to the public. This proposal would carry out the recommendations of William Green, president of the American Federation of Labor, for a "Government service for investors."

The proposed securities bill seeks to prevent the issue of fraudulent securities, but does not check the issue of securities of unsound credit. It is therefore proposed that the Board establish minimum standards of credit which must be met by any bond before it can be sold in interstate commerce.

Under the new securities bill the specific purpose of an issue must be stated. In addition, the Board should have the power to grant approval to a new issue only if it has a productive purpose.

The prospectus of every bond would contain a statement that the issue had met the minimum standards as established by the Board. Undoubtedly some issuing houses might seek to avoid this regulation by selling their bonds only within State borders. However, if the prospectus of such a local bond failed to show the certification of the Federal Reserve Board that minimum standards had been met, such a bond would meet with strong sales resistance.

Objection may be raised to this plan on the ground that it would seem to give the guarantee of the United States Government to such a bond. In answer it can be pointed out that the above plan gives no more guarantee to a bond than the application of the Pure Food and Drug Act does to any other commodity. The above plan merely certifies that at the time of issue a bond met certain minimum requirements. The plan in no way determines the price, which is a matter of bargaining between the investment house and the bond buyer.

The above plan may seem drastic and novel in character, but as a matter of fact a proposal embodying the same principle of approval of bonds by a regulatory body was suggested by so conservative and sound a banker as Paul M. Warburg in an address before the Bond Club of New York as far back as 1919 when he recommended the appointment of a voluntary committee in each Federal Reserve district, "which would be prepared to examine a prospectus before the securities are offered and would certify that certain papers necessary to authenticate the facts have been filed * * * that it is published over the signature and under the responsibility of the corporation or government issuing the securities or of the investment house offering the same * * * and that important facts have not been omitted. * * * If a committee of this character were organized, the public could soon be warned that no security should be considered unless the prospectus or offering showed the certification number of the securities committee of the district.

"Unless something of this sort be done, it is only a question of time for some grave disappointments or scandals to occur, discrediting future issues and interfering with the free and healthy development of our security markets."

A productive purpose is the best assurance that a bond will be repaid at maturity. A productive purpose for investment credit is parallel to liquidity for commercial credit. In other words, as the Board now has the power to define the eligibility of commercial paper which may be rediscounted, so it should also have the power to determine the desirability of an investment offered to the public.

At the present time the Federal Reserve Bulletin and the annual reports of the Board together with the publications of the local Federal Reserve banks disseminate valuable financial information. However, it is confined almost entirely to commercial credit, and to meet the present needs it should be widened in scope to cover investment credit. The Division of Research and Analysis of the Federal Reserve Board should undertake careful investment research and should publish the results for the benefit not only of the investor but also the banker and the officer responsible for the financial policy of his corporation. There is ample precedent for this power, since for many years the United States Department of Commerce has given out commercial credit information.

Thus in summary the Federal Reserve Board would have the control over the quantity or volume of both bonds and stocks and the determination of the quality of bonds only. Stocks, both common and preferred, should be issued without regulation as to quality except as specified in the new securities act, for it is necessary to permit freely the financing of new enterprises which involve an element of risk and which require financing by stocks of various grades.

To facilitate the Federal Reserve Board in carrying out these additional functions of controlling the quantity and the quality of investment credit, two additional organizations should be added to the Federal Reserve System. There should first be constituted a Federal advisory council for investments, similar to the present advisory council which confers with the Federal Reserve Board on the matter of commercial credit policy. This Federal advisory council on investments should be appointed in the same manner as the present advisory council for commercial credit, by the nomination of one member by each of the board of directors of the 12 Federal Reserve banks.

There should also be created a new issues committee similar to the present open-market committee of the Federal Reserve System. This new issues committee would be made up of 1 representative from each of the 12 Federal Reserve banks. This committee would take the initiative in controlling the volume of investment credit, but its decisions would require the approval of the Federal Reserve Board.

Precedent: Precedent for control of the quality of new financing is found in the Transportation Act of 1920 which confers similar powers on the Interstate Commerce Commission in the regulation of railway financing. Moreover the proposed securities act itself may provide for such control of the volume and quality of new issues. This act in its administration may be interpreted nar-

rowly as simply a Federal blue-sky act, but it may be administered broadly to give the Federal Reserve Board power to regulate both the volume and quality of new financing.

(3) THE INVESTMENT DIVISION OF THE FEDERAL RESERVE BANKS SHOULD GRANT ADVANCES TO MEMBER BANKS ON THEIR NOTES SECURED BY THE DEPOSIT OF MINIMUM-STANDARD BONDS

Reason: Federal Reserve credit should be made available to facilitate financing not only through commercial but also through investment credit. Investment credit has become increasingly important in American corporate finance. As a result commercial banks have had less eligible paper to offer to the Federal Reserve for rediscount, while they have been increasing the amount of their bonds. The above proposal seeks to enable the member banks to obtain credit on their bonds from the Federal Reserve. A further reason for the policy of granting advances on bonds has been the increase in the listing of bonds on the New York Stock Exchange in recent years.

Operation: A member bank of the investment division of the Federal Reserve would offer its note collateraled by bonds possessing at least minimum standards and the Federal Reserve bank would grant an advance or loan for 15 days up to a certain percent of the value of the bonds. This percent would vary with the quality and marketability of the bonds. The rate on such an advance would be a penalty rate, or higher than in the case of a rediscount, and so to make such borrowing by a bank only in case of emergency.

Each Federal Reserve bank would be divided into two separate divisions, one for granting commercial credit in the form of rediscounts and the other for investment credit in the form of advances. Each division would have its own capital and the assets and reserves of each would be entirely distinct. However, both divisions of each Reserve bank would be under the same administration, and the Federal Reserve Board as the unifying force should have supervision over both activities of the revised system.

Precedent: Such advances can be granted under the Federal Reserve Act on United States Government bonds, but today they are being granted on almost any kind of asset. Most of the central banks of the world, including the Bank of England, grant such advances.

II. Extension of membership in the Federal Reserve System

(4) COMMERCIAL BANKS, MEMBERS OF THE RESERVE SYSTEM, SHOULD BE DIVIDED INTO THREE SEPARATE DEPARTMENTS, NAMELY, COMMERCIAL, INVESTMENT, AND SAVINGS

Reason: The trend toward banking integration or so-called "department-store banking" has long been in progress in this country. It has lead to numerous banking evils, but at the same time in certain localities it has given communities a complete and efficient banking service. In order to retain these advantages the general principle of bank integration may be continued, but the evils of the past overcome by requiring a tight-water compartment system of separate departments or really separate banks in addition to the safeguards established by the Glass Act.

Operation: Such separation of three departments would be accomplished by separate capitalization and separate assets. Not only should the capitalization be separate, but in each case it should be adequate.

The commercial banks should be required to maintain an amount of net capital funds in proportion to their bond holdings. Under the present provisions of the Federal Reserve Act, commercial banks are required to meet definite reserve requirements in order to maintain their liquidity. However, one of the most important lessons of this depression is the fact that a bank must possess not only liquidity but also safety, or the ability of meeting losses on security holdings. The Glass bill is a move in the right direction in increasing the present minimum capital requirements for member banks. It graduates the amount of such capital by requiring a higher amount according to the size of the city in which the bank is located. A better plan would be to require that investments must not exceed a certain percent of the net capital funds (capital, surplus, and undivided profits minus amount invested in furniture, fixtures, bank building, and other real estate).

The law should prohibit the payment of dividends or the buying of any assets by a commercial bank, such as investments (and even require the immediate sale of investment holdings), until the minimum percent of net capital funds was restored.

Not only should there be a separation of capital but also a separation of assets for each department. This is particularly important for the savings department. At the present time commercial banks are permitted to receive not only commercial but also savings deposits. The law should require a segregation of these savings or thrift deposits. This recommendation was made by Mr. Joseph Broderick, banking superintendent of New York State, in his report of 1931.

The original Glass bill contained an excellent definition of thrift accounts which are defined as follows: "All deposits subject to not less than 60 days' notice before payment which are not subject to transfer by check and the total monthly balance of which in any individual case does not exceed $5,000." This definition should be reintroduced into the bill.

The funds deposited in these savings accounts should be invested only in safe and liquid assets and in bonds which meet the minimum standards as described above. Against these savings accounts the commercial banks would carry a reserve with the investment division of the Federal Reserve banks.

(5) SAVINGS BANKS SHOULD BECOME MEMBERS OF THE INVESTMENT DIVISION OF THE FEDERAL RESERVE SYSTEM

Reason: This recommendation, as well as the following, seeks to develop a unified and complete banking system which does not at the present time exist.

Operation: This recommendation would apply to both the mutual institutions in the Northeastern States and the stock savings banks in the rest of the country. These banks would also be required to purchase, in proportion to their capitalization, an amount of Federal Reserve bank stock. Savings banks would also be required to carry a certain reserve against their deposits with the investment department of the local Federal Reserve bank. The percent of this reserve would be the same as in the case of the thrift accounts of the commercial banks.

In recent years the savings banks throughout the country have been facing a more and more pressing problem of liquidity. In realization of this problem Mr. Broderick, superintendent of banking in New York State, has very properly recommended the creation of a bank of rediscount for savings institutions within New York State. Similar facilities could be extended to all savings banks if they were included in the membership of the Federal Reserve. If the Federal Reserve banks were permitted to grant advances on the notes of member banks collateraled by bonds meeting minimum standards, such credit could be obtained by the savings banks in case of need.

(6) INVESTMENT BANKS SHOULD BECOME MEMBERS OF THE INVESTMENT DIVISION OF THE RESERVE SYSTEM

Reason: The Glass bill makes no provision for the regulation of investment banking. In fact, if the affiliates are divorced, the entire machinery of investment credit will be unsupervised. There is just as much need to supervise investment banking as commercial banking.

In the past, investment banking has been subject only to the same legal regulation as would apply to any other form of business, except for State blue-sky laws.

An investment bank would be defined as a financial institution engaged in the business of trading in securities in such manner that any of such securities are sold or offered for sale to the public. All investment banks should be required to incorporate and to possess a certain minimum paid-up unimpaired capitalization before they could sell securities in interstate commerce. These banks would then be required to purchase, in proportion to their capitalization, a certain amount of stock of the local Federal Reserve bank.

Such investment banks should be required to make reports of their inventory of these securities to the Federal Reserve bank of which they become members. This information would be kept confidential by the local Federal Reserve bank, but would be published weekly in composite form in such manner as the present reports on commercial banks. The publication of these figures would be a guide to investment bankers in determining their investment policy, and thus by self-control by the bankers themselves there would be need of regulating the quantity of investment credit by the Board only in case of threatened financial emergency. Not less than three detailed reports should be made annually on call of the Federal Reserve bank on dates to be fixed by the Federal Reserve Board. As a condition of membership such investment banks should likewise be subject to examinations made by direction of the Federal Reserve Board or of the Federal Reserve bank by examiners selected or approved by the Federal Reserve Board.

Such investment banks would be able to obtain advances on their notes collateraled by bonds which met the minimum standards.

(7) INSURANCE COMPANIES AND MORTGAGE BANKS SHOULD BECOME MEMBERS OF THE INVESTMENT DIVISION OF THE FEDERAL RESERVE SYSTEM

Reason: At the present time these institutions are unable to obtain immediate cash without sacrificing their bonds on the market. The power to obtain advances would enable them to meet sudden demands for cash by their creditors. These advances are being granted by the Reconstruction Finance Committee today, but this function should be taken over by the Federal Reserve System.

CONCLUSION

This memorandum has so far explained in detail each specific recommendation. It is essential in an examination of these technical details of banking operation that sight is not lost of the essential purpose underlying these various recommendations. Taken separately these recommendations aim to extend the power of the Federal Reserve Board and the Federal Reserve banks to control both the quantity and quality of investment credit, and to extend membership in the Federal Reserve System not only to commercial but to investment institutions as well. The above proposals also seek to protect the investor against unsound securities in the future. All these aims in themselves are important, but they in turn are only the means to the underlying object of enabling the financial system to perform its function of increasing once more the national income for all classes of society. This aim can be obtained not only by bringing about an immediate expansion of investment credit in order to revive business actively but at the same time by giving assurance that the quantity and quality of such investment credit could be controlled.

A Federal Reserve System as revised above should possess such powers of check and balance that the two ends could be attained as follows:

1. The first result should be a restoration of confidence on the part of the investor in investment bankers and new investment securities, due to the fact that the investment banker would be under Federal Government supervision and bonds would be required to meet minimum standards.

(2) This restoration of confidence should then bring out of hoarding the billions of idle dollars which have been accumulating and which have been awaiting investment ever since the fall of 1929. First the soundest and best-known utility, railroad, industrial, and municipal corporations should again be able to market their bonds. After such high-grade issues have been successfully floated, other companies less well known should in turn be able to dispose of their securities provided at all times they met the minimum standards.

(3) Such new financing should be promptly followed by definite beneficial results. In addition to the public works financed by Government credit, there would now be a vast amount of private works which would be financed by the companies able to obtain the funds in the security market. The amount of such financing which has been held back all these years is enormous. In many fields there is need of prompt and urgent renovation of the industrial plant and equipment. For in these years many technical changes have rendered the old plants obsolete and others have depreciated badly because there has been no money for maintenance. Immediately all over the country thousands of workers would be back on the job.

A further result from such new financing should be the improvement of the banks. At the present time many of these institutions are water-logged, for ever since the beginning of 1930 they have been carrying many corporations through short-time loans. These would now be funded and converted into long-term bonds sold to the public and the proceeds applied to the repayment of the loans granted to the corporations by the banks. They in turn would then be free to grant commercial credit to the merchant and business man for the financing of small-scale manufacture and retail operations.

The above plan thus proposes the financing of business revival through the expansion of private investment credit. In order to facilitate this natural expansion of private investment credit through the sale of bonds to investors, the above plan also provides for the application of reserve investment or credit to speed up such credit expansion. As explained above, the Federal Reserve banks would be given the power to grant advances to commercial banks, savings banks, investment banks, insurance companies, and mortgage companies. If in the operation of the above general plan there is need of accelerating it, the Federal Reserve banks would follow a liberal policy in granting credit. The advances could be renewed, the interest rate on such advances could be held low, and the margin between the amount of the advance and the value of the underlying collateral bonds could be reduced. In this way the volume of investment credit granted by the Reserve banks could be increased.

At the same time, the above plan provides for definite checks to such credit expansion. Conversely the rate could be raised, renewals could be reduced, and margins could be raised. But more important, the Federal Reserve Board would be able definitely to prohibit any further new financing and could apply the brakes on such expansion. In other words, the above system enables the Federal Reserve to control both inflation and deflation, which is the essential problem today.

JOHN P. ST. JOHN, OF KANSAS—TRIBUTE BY GEORGE H. HODGES

Mr. CAPPER. Mr. President, Saturday, February 25, 1933, was the one hundredth anniversary of the birth of John P. St. John, former Governor of Kansas and subsequently nominee of the Prohibition Party for President of the United States. A memorial booklet on his life was published recently by the journalism class of Olathe High School.

A tribute was paid by ex-Governor George H. Hodges to his old friend on behalf of the Woman's Christian Temperance Union.

I ask unanimous consent that the tribute may be printed in the RECORD.

There being no objection, the tribute was ordered to be printed in the RECORD, as follows:

The Woman's Christian Temperance Union bespeaks the privilege of but a word of appreciation of their champion of the rights of man. This symbol (a bouquet of lillies of the valley) mutely attests their affection for the love of this man of men. Dedicating his life to the championship of woman and the enfranchisement of men from the bondage of drink, he has accomplished more for humanity than the combined efforts of any dozen men who live today.

If those mute lips could but speak, they would testify, as they have declared in the past, that his belief that a proper application of the Golden Rule would be that all women are born free and equal, as are men in every and all natural rights, and that they, like men, have every right to life, liberty, and happiness. He knew that the woman voter would purify the ballot, as she sanctifies the home, and with the dawn of Nation-wide equal suffrage the death knell would be sounded to every saloon in America.

There can be added to the efforts of the two saints, John of long ago, the vitality of the present, John P. St. John, the great apostle of prohibition. How unnecessary it would be for me to recount any special virtue—his entire being was but the vehicle of virtue. The recesses of his soul were illuminated to the world in an answer he made to an Olathe hotel man, "Why, Governor, I am obeying your order and feeding all the tramps that come along, but only about 1 out of 10 is worthy." The answer here befitted the man: "I'd rather feed 50 unworthy men than to have 1 turned away hungry."

The entreaties of men did not dissuade him, and with characteristic resolve he turned from the dominant party, spurned a seat among the councils of the Nation, and gave his life to his ideals. He knew he would be misunderstood, for the sluggish depth of the human soul is only stirred up and tossed as if by storm when a great reformer comes along and a new faith springs up and grows with supernatural energy. They scourged Christ before Pilate.

Our friend suffered the wickedness, the mockery, the lash of public bigotry and intolerance with the toleration and gentleness of the lowly Nazarene. Great men sow that others may reap. They work and plant for those who neither know the name of the doer or care in what unregarded grave his ashes shall repose. The thoughts of the past govern the laws of the present and the future.

What we may say or do, though it last not beyond the limits of a single life, is unimportant. That which shall live after we are dead as a part of the great mass of laws enacted by the dead is the only thought worth thinking, the only act worth doing.

Man is seldom accorded the privilege of seeing his life's work fruition, but our friend has gone beyond proudly conscious that that to which he had dedicated his life was finished, was completed. He took up his journey without fear and with a fortitude that will grace none more royally. Through their suffering, if suffering there may be, may our friends, as he has done, look calmly into the future with a heroism born of supreme faith in the lowly Nazarene (faith so necessary when we approach the end), trilling with our latest breath a sweet note of exultation as one who knocks on the gates of eternal morn. To have the sweeter consciousness of eternal life will mark the passing of the greatest characters we have ever known—our friends.

Each returning springtime, when the snowballs and lilacs hold high carnival, we pause and breathe a prayer above the sod and leave them free from care with God; clothed in robes immaculate, asleep 'neath a wilderness of spring flowers that fain would kiss their eyelids into waking, with ear attuned to the music of the infinite, our friend catches the celestial strain so beautifully sung by Tennyson—

Sunset and evening star,
And one clear call for me!
And may there be no moaning of the bar,
When I put out to sea.

Monuments are erected to the achievements of man, but this will be the greatest monument, the noblest heritage the world can give—the love and respect of his fellow man.

EDITORIAL FROM THE PHILADELPHIA RECORD

Mr. LONG. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial from the Philadelphia Record of April 13, 1933, not only for the purpose of showing what is contained in it but also because of the advice for the future which it gives and to show the course of events which took place following the time of the publication of the editorial.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

2+2=4

If people have no money, they cannot buy.

If people do not buy, stores cannot sell.

If stores do not sell, they cannot buy from factories.

If stores do not buy, factories cannot employ men to produce more goods.

If factories do not employ, the people have no money to buy.

The vicious circle of depression. We hope our readers do not think we are insulting their intelligence by a succession of Mother Goose truisms. But the obvious is often ignored by wise men.

All are agreed that something is wrong. In a land of plenty, honest, decent people should not suffer from want.

We have had a thousand and one remedies offered by national leaders—but all seem to ignore the obvious:

Without money, the people cannot buy.

The Record is much impressed by the speech of Senator LONG, of Louisiana, in the Senate Tuesday, because it states the obvious in direct, homely language that any man can understand.

The much-maligned Louisiana "Kingfish" may prove the Mother Goose that Washington needs to lead it out of involved thinking to the simple truths which will solve the present terrible situation.

In the 5 weeks of its existence, the Roosevelt administration has proven its energy and sincerity by a prodigious production of new measures to cure everything but the obvious.

When will President Roosevelt awaken to the obvious fact that without money the people cannot buy; that while he has been cleaning up weak banks he has tied up the spending money of 5,000,000 families; that he may raise the price of farm produce by his agricultural bill, but he hasn't put money into the hands of city folks to buy higher-priced foodstuffs; that by refinancing farm mortgages he strengthens insurance companies and savings banks but puts no immediate cash into the hands of families who need it; that he has done everything but attack the vicious circle of depression, which is as simple and obvious as a Mother Goose rhyme?

Meanwhile time runs against him. Unemployment increases. Purchasing power decreases. Danger of complete collapse grows more imminent. The only way out is the obvious way—to give to the people credit or currency with which to buy.

This can be done fairly, constructively, in many ways. The Government must immediately return to depositors in closed banks a major portion of their credits. It must finance the replacing of city slums with model tenements, the tunneling of the Delaware and other great rivers, billions of major construction to give work to every man who wants to work.

We still have confidence that once President Roosevelt discovers the obvious he will attack it and fight the depression as we fought the war.

But to discover the obvious he will have to turn to either HUEY LONG or Mother Goose in preference to some of his present advisers.

PROBLEMS OF OCEAN SHIPPING—ADDRESS BY ADMIRAL CONE

Mr. COPELAND. Mr. President, I ask to have printed in the Appendix of the RECORD an interesting and admirable address by Admiral Hutch I. Cone, Chairman of the Shipping Board, delivered at the Twentieth National Foreign Trade Convention, Pittsburgh, Pa., April 28, 1933.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

In its work of establishing and maintaining an adequate merchant fleet under the American flag, the Shipping Board has enjoyed the support of several large and influential organizations, all vitally interested in achieving the same objective. The American Steamship Owners' Association, the National Council of American Shipbuilders, the United States Chamber of Commerce, the National Manufacturers' Association, the Middle West Foreign Trade Committee, the Mississippi Valley Association, and the Propeller Club of the United States may be cited as examples of the type of organization to which I refer.

Prominent among these bodies is the National Foreign Trade Council, whose slogan, "Greater prosperity through greater foreign trade," clearly indicates where the council stands on the subject of American shipping. Composed of traffic and foreign-trade specialists, the council realizes—as everyone realizes who has given the matter serious thought—that our foreign commerce can be developed and handled in the most satisfactory manner only if the country possesses an efficient merchant marine. No other country has the same incentive to make a good job of it.

It has been suggested that I speak today on the subject, Problems of Ocean Shipping. In the present depressed state of international trade this is a pretty large order, for the problems are many and difficult. My only hope of covering the subject in the brief time allotted is to paint a broad picture of the situation without filling in the details.

You gentlemen are aware that the renaissance of the American merchant marine dates from the Great War, when, as part of our contribution to the cause of the Allies, we undertook the enormous task of building ships in sufficient number not only to transport and maintain an army of millions of men overseas but to replace the mounting marine losses of Great Britain, France, and Italy. You are also aware that the United States Shipping Board, in the post-war period, used the more serviceable units of this great fleet to reestablish the American flag on the world's trade routes, and that after varying vicissitudes most of the services so established were disposed of to private American purchasers. Today, with 85 percent of the vessels composing the American merchant marine in private hands, it might be thought that we have solved about all the major problems that faced the Nation in 1916 when it resolved to acquire a strong commercial fleet of its own.

But it is one thing for the Government to establish a great industry and quite another to perpetuate and safeguard it after it has been transferred to private ownership. Particularly is this true of that part of the merchant marine which operates in foreign trade—the field in which you gentlemen are especially interested. Here the American shipowner encounters a most ruthless and devastating form of competition. It is a field in which successful operation depends not so much on enterprise and skill—for all seafarers are enterprising and skillful—as on the comparative cost of equipment, labor, and supplies. Just as the Japanese artisan is able to produce electric-light bulbs at a figure with which American labor cannot compete, so the foreign shipyard produces ships at a cost that would ruin the American shipbuilder.

The foreigner's cheaper ships and lower operating costs impose on the American shipowner who engages in foreign trade a competitive handicap that would absolutely prohibit our citizens from risking their capital in ventures of this sort were it not for the fact that Congress has wisely provided certain aids designed to lower the building and operating differentials and thus make American competition possible. Without these aids our ships would either be driven from the seas or returned to the Government for operation at a cost to the taxpayer far in excess of the present subsidies.

Since our possession of a merchant marine in the foreign trade depends on the aids granted by Congress, the principal problem facing American ocean shipping today is to secure the continuance of those aids. No other problem is half so vital.

It might be supposed that in the case of an industry so necessary to the Nation's economic stability, no question would be raised as to the wisdom of continuing the aids from the Federal Treasury. But the fact remains that ever since the subventions were determined upon as essential to the carrying out of our merchant-marine policy, they have been subjected to continuous attacks both at home and abroad. Let us briefly examine the arguments of those who would abolish the subsidies to American shipping and thus in effect abolish the merchant marine itself.

Foreign opposition to our present policy of Government aids—aids granted in the form of construction loans and contracts for the carriage of ocean mails—is easy to understand if we compare the situation as it exists today with the situation that existed before the war. In the pre-war days foreigners held a stranglehold on our ocean-carrying trade, dictated freight and passenger rates, and for transporting American exports and imports enjoyed a revenue of hundreds of millions of dollars annually.

During the post-war period we have succeeded in developing our merchant marine to a point where its participation in the ocean carriage of American freight and passengers has made serious inroads in the near monopoly previously enjoyed by the foreign maritime nations. Alarmed at the trend of events, which has been rendered more acute by the slump in international trade, foreign shipowners demand that something be done about it. They profess to believe that we do not know how to operate ships; that we cannot train a sea personnel competent to hold its own with experienced foreign seamen; that our subsidies, far from being designed to make American competition possible, were deliberately intended to stifle competition; that, with world shipping already overtonnaged, we have recklessly gone ahead with an ambitious construction program; that, in short, since we lack the seamanship of our forefathers of the clipper-ship era, and can only operate our ships with Government assistance, we would do well to scrap our merchant fleet and abandon without further ado the whimsical notion of becoming a first-class maritime power.

Arguments such as these carry no weight with persons who have even a superficial knowledge of the facts. Without dignifying them by a detailed refutation, I will merely state, without fear of successful contradiction, that the present ills of shipping are not even remotely due to marine developments in the United States. They have been brought about partly by the unprecedented decline in international trade, partly by the construction of unneeded tonnage by our competitors, and partly by the failure of other maritime nations to emulate the example set by the United States in scrapping obsolescent ships. Any argument is good enough to bolster up a desperate cause, and when this country is accused by foreign propagandists of launching superfluous tonnage it becomes high time to consult the official records. What do they disclose?

The records show that during the past 10 years Great Britain France, Italy, Japan, Germany, and the United States have built 2,100 ocean-going ships, each of 2,000 gross tons or over, totaling 14,000,000 gross tons. To this formidable number our own modest contribution has been less than 100 ships, of about 850,000 gross tons. Great Britain heads the list, with nearly 1,400 ships of 8,500,000 tons, outranking us in number of ships by 14 to 1 and in tonnage by 10 to 1.

In the same period the United States has led the world in breaking up cargo ships of semiobsolete types, while the total American-flag tonnage removed from registry during the past 6 months alone surpasses the scrapping acvtivities of all other nations combined.

The real shipping surplus exists in those countries which have built up their commercial fleets to a point in excess of their own requirements. In order that this superfluous tonnage may be profitably employed, it is sent into trades properly belonging to other nations. And when—as in the case of the United States—the nation whose trade is thus invaded comes to the aid of its shipping to the extent of lowering competitive handicaps, every conceivable argument, regardless of logic or cogency, is, as I have shown, brought to bear in an endeavor to becloud the issue.

The fact that our foreign competitors view the renaissance of the American merchant marine with so much solicitude is at once a tribute and a warning. It is a tribute to the giant strides we have made since the war. It is a warning that we must be alert to defend the strategic position we have already attained on the trade routes of the world. Our competitors will enter the forthcoming world economic conference determined to launch a vigorous offensive against the American merchant marine. For months the Shipping Board has been preparing the case for American shipping.

Nearer home we encounter a more disquieting form of opposition to our present merchant marine policy. Some of our lawmakers—and a few persons not in public life—argue that the Federal expenditures so essential to the support of American shipping constitute an unnecessary drain on the Public Treasury. The efforts of the administration to balance the Federal Budget—and I take it for granted that every patriotic citizen supports that laudable endeavor—are used as an argument in justification of

proposals to reexamine and revamp the national shipping policy as laid down in the Merchant Marine Acts of 1920 and 1928.

In proposals of this sort there is grave danger of becoming "pennywise and pound foolish." One is tempted to believe that Americans who seek to do away with the present subventions fail to realize the magnitude of the work already accomplished, the great financial stake involved, and the obvious fact that the Nation's future welfare depends in great measure on its commercial strength at sea.

They should be reminded that the United States, with a shore line of 15,000 miles, boasts more than 150 seaports which engage in foreign trade; that Federal, State, and municipal authorities have expended for seacoast, harbor, and channel improvements upwards of $600,000,000; that a survey recently completed for the Shipping Board by the Army engineers shows that the value of American seaport water terminals, utilized wholly for foreign trade, is nearly $1,000,000,000; that our shipyards alone represent an investment in excess of $100,000,000 and could not be replaced today at anything like that figure; and that the book value of our overseas merchant fleet has recently been estimated at $628,000,000.

Are we to abandon these superb facilities, developed at so great an expenditure of time, thought, and money, and turn the entire industry over to the foreigner? Are we to forego the $300,000,000 which in every normal year accrues to us in freight and passenger revenues through the operation of American ships? Are we to throw out of marine employment thousands of men, afloat and ashore? Are we to saddle American agriculture and industry with the handicap of increased ocean rates and occasionally disrupted service? Are we to intrust the development of our foreign markets to aliens? And finally, are we to leave the American Navy without an adequate number of effective auxiliaries for use in time of national peril?

While I yield to no man in a sincere desire to see every reasonable economy effected in governmental expenditures, I say to you gentlemen that unless we can honestly give affirmative answers to the questions I have just propounded we should dismiss as an unworthy pleasantry any suggestion that we abolish or curtail the aids granted by Congress in behalf of the American merchant marine.

Among the truths which must be faced in this time of economic dislocation is that the old days when foreign ships monopolized our ocean-carrying trade are gone, never to return. Overseas shipping may some day be rationalized on an international scale. Zones of influence may be agreed upon; trades may be apportioned among the nations; rates and charges may be standardized. In these and other ways world shipping may eventually achieve a gratifying measure of stability.

We can bring that day nearer by holding fast to what we have, with a view to further development of the fleet when prosperous times again return. Meanwhile, the amount spent annually in subsidies—approximately $19,000,000 for the fiscal year 1932—should be looked upon as an insurance premium paid to protect the vast investments which the American people have already made in American shipping, and for the promotion of foreign trade.

In conclusion, let me say that on March 20 the President of the United States appointed a new Shipping Board. As Chairman of that body, it is my pleasure to convey to you the Board's best wishes. We have a feeling that the American merchant marine needs your moral and material support, and that you in turn are not unmindful of the great help that American shipping can be to you in your efforts to blow the breath of life once more into international trade. Permit me to bespeak a closer bond of friendship between the two organizations, and to thank you for your kind attention.

LIMITATION OF HOURS OF LABOR

Mr. BLACK. Mr. President, I send to the desk and ask unanimous consent to have read for the information of the Senate an amendment which I propose to offer to House bill 4589, the District of Columbia appropriation bill, relating to the hours of labor in industry.

While this is not the exact bill which I introduced some time ago and which was passed by the Senate, it is in line with it. I expect to offer this amendment to the District bill; and if, later, the House does not have an opportunity to pass upon the bill which the Senate passed, it is my intention to offer that bill as an amendment to an appropriate bill.

I ask that the amendment be read.

The PRESIDING OFFICER (Mr. BACHMAN in the chair). Without objection, the amendment will be read for the information of the Senate.

The LEGISLATIVE CLERK. The following amendment is to be proposed to House bill 4589:

Insert in the proper place:

"No article or commodity shall be purchased by the United States, or any department or organization thereof, which article or commodity was produced or manufactured in any mine, factory, workshop, mill, quarry, or manufactory establishment, situated in the United States, in which any operator or worker was employed, after the enactment of this law, more than 5 days in any week or more than 6 hours in any day.

"Each contract made with a contractor for any public works shall contain a provision that the contractor will buy no article or commodity to use on or in any public work which was produced in any mine, factory, workshop, mill, quarry, or manufactory establishment in which any operator or worker was employed more than 5 days in any week or more than 6 hours in any day."

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

MUSCLE SHOALS

The Senate resumed consideration of the bill (S. 1272) to improve the navigability and to provide for the flood control of the Tennessee River, to provide for reforestation and the proper use of marginal lands in the Tennessee Valley; to provide for the agricultural and industrial development of said valley; to provide for the national defense by the creation of a corporation for the operation of Government properties at and near Muscle Shoals in the State of Alabama; and for other purposes.

Mr. VANDENBERG. Mr. President, the pending motion is my amendment to strike out section 13 of the pending bill, found at page 14. I understand that the Senator from Nebraska [Mr. NORRIS], in charge of the bill, proposes to perfect the section. I should be very happy to yield to him for the purpose of enabling him to perfect the section before going ahead with the motion to strike out the entire section.

Mr. NORRIS. Mr. President, I have an amendment which may be considered now, or I will let it be pending, and the Senator can proceed with his remarks if he desires.

The VICE PRESIDENT. The Senator from Nebraska offers an amendment, which will be stated.

The LEGISLATIVE CLERK. On page 16, at the end of line 2, it is proposed to insert the following proviso:

Provided, That the percentages to be paid to the States of Alabama and Tennessee, as provided in this section, shall be subject to revision and change by the board, and any new rates established by the board, when approved by the President, shall remain in effect until and unless again changed by the board with the approval of the President. No change of said rates shall be made more often than once in 5 years, and no change shall be made without giving to the States of Alabama and Tennessee an opportunity to be heard.

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. VANDENBERG. Mr. President, I should like to ask the Senator from Nebraska 2 or 3 questions respecting interpretations related to this bill. He was good enough to submit himself to questions last evening prior to the taking of the recess, but the recess came before I could make several inquiries on which I think some light is advisable.

Mr. President, I find no estimates in the report respecting the immediate expenditures that are contemplated by this bill. I wonder if the Senator could tell me, in a sentence or two, what immediate expenditures are contemplated by the bill?

Mr. NORRIS. I do not know that I can make a definite reply to the Senator. My own idea is that when the bill shall be passed the Bureau of the Budget will examine it and will submit an estimate to the Congress that will probably be incorporated in a deficiency bill this year.

The amount could vary greatly. For instance, in my opinion, one of the necessities for immediate work would be Cove Creek Dam—I am thinking now of the employment of labor—and the transmission line to it. If the bill remains as the Senate bill now stands, the probabilities are that the first thing that would be done would be the building of a transmission line. That work would be going on at the same time they would be clearing away and proceeding at the site of Cove Creek Dam. The transmission line ought to be constructed from Dam No. 2, so that in the construction of Cove Creek Dam they could have the benefit of the Government power which is now going to waste. If they do not build that transmission line at once they will have to buy power where they can get it.

Mr. VANDENBERG. Is there an estimate of the cost of the transmission line?

Mr. NORRIS. Yes. An estimate was made several years ago, when prices were much higher than they are now, which was $6,000,000.

Mr. VANDENBERG. What is the estimate on the Cove Creek Dam?

Mr. NORRIS. The estimate on the Cove Creek Dam made at the same time was between $33,000,000 and $34,000,000.

Mr. VANDENBERG. So that the two immediate projects which the Senator identifies would involve roughly $40,000,000?

Mr. NORRIS. Yes. But I will say to the Senator that while the entire amount estimated for the transmission ought to be appropriated, I think, yet there will be no necessity for appropriating the entire cost of the Cove Creek Dam because it is going to be 3 or 4 or perhaps 5 years before it can be built.

Mr. McKELLAR. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Tennessee?

Mr. VANDENBERG. Certainly.

Mr. McKELLAR. I will say that I have made some inquiry about costs and I have been informed that the costs at the present time are from 20 to 22 percent less than the estimates made several years ago, so that both items will probably cost not much over $30,000,000 at the present time.

Mr. VANDENBERG. Could the new Tennessee Valley authority, under the terms of the bill, proceed without further legislation to build the transmission line and build the Cove Creek Dam?

Mr. NORRIS. They would have to have an appropriation.

Mr. VANDENBERG. They would have to have an appropriation first?

Mr. NORRIS. Yes.

Mr. VANDENBERG. I want to ask the Senator if there is any possibility of confusion on that point in the language in section 15, on page 16, which refers to the privilege of issuing bonds? That privilege seems to attach, reading at line 19, "to the construction of any future dam or other facility." I want to know whether in the Senator's judgment that would not permit the bonding privilege to be used by the Tennessee River authority not only in connection with Cove Creek or the transmission line but any other of the facilities involved in this great project, without coming back to the Congress for any appropriation, provided it could be financed by bonds?

Mr. NORRIS. Probably; but let me tell the Senator something with reference to the bonds which are provided for. Incidentally, the bonding provision went into the bill on the suggestion of President Roosevelt. I never had incorporated such a provision in a Muscle Shoals bill before. I have some doubt, and expressed it to the President at the time, about the bonds being salable. He was thinking of the Port Authority in New York, where it worked very successfully, but there the property reconstructed all brought an income.

There is another place in the bill where it is provided that the board shall allocate the costs not only of the properties now there but of any new dam, and decide how much of it can properly be charged to navigation, flood control, power, national defense, fertilizer, and so forth. The bonds provided for in the Senate bill have to be based entirely upon the revenue feature of any improvement, which is the power feature. It would be an impossibility to do such a thing as to undertake to build Cove Creek Dam out of the proceeds of the sale of bonds. While the items of cost have not been allocated, anyone who has given any study to the question will necessarily reach the conclusion that Cove Creek Dam is in the main a flood-control navigation proposition, and I should say that the very much larger part of the expenditure will be allocated to those two items. The power feature is only an incident to it. There could be no bond issue excepting for the power part of it.

Let me say to the Senator further that I do not believe any engineer could tell definitely, until we had tried out the project, how much power will be developed at Cove Creek. The fact will be that they will have to take water enough out of that reservoir every year to leave room for the flood waters that form in the flood season of the year. I have an idea they will have to operate it several years before they will know within any definite degree how much water they can safely take out or, rather, leave in the reservoir.

As a practical proposition, considering the construction of Cove Creek Dam, I do not see how it is possible for it to be done through the issuing of bonds. If we had a dam that we were constructing there that was known to be mainly for power benefit, it would be an entirely different thing; but I would be unable myself to give the Senator a definite idea, and do not believe anybody else can give a definite idea as to just how much power we are going to develop or will be able to develop at Cove Creek. We do know that a large portion of the power that will be developed there will be secondary power, and the benefit to Cove Creek comes through navigation. The Government gets another benefit from it because when we are letting the water out in low season, decreasing the power at Cove Creek, we increase the power at Dam No. 2.

Mr. VANDENBERG. Then it would be true, abstractly at least, that, insofar as the Board could find a market for bonds, it is unlimited in its right to proceed with any phase of this project?

Mr. NORRIS. I think that is a fair construction.

Mr. VANDENBERG. But there is a practical limitation to which the Senator has adverted?

Mr. NORRIS. Yes; and I think that really controls it. It seems to me from what I know about it that if I were going to build the Cove Creek Dam I would not think of any such thing at the present time as the issuing of any bonds, because in the first place I would have to confine the amount of the bonds to the power part of the structure which is going to bring a return in money. The bonds would be based on that. I do not believe the bonds would sell with the uncertainty that necessarily would surround that particular transaction.

Mr. VANDENBERG. If bonds are issued, the latter portion of the section then dedicates all the net proceeds from the sale of power to the payment of the bonds and the interest?

Mr. NORRIS. Yes.

Mr. VANDENBERG. There is no provision, is there, for reimbursement to the Federal Government in the power section of the $125,000,000 investment at Wilson Dam or reimbursement to the Federal Government for any of the power investments that might subsequently be made by direct appropriation?

Mr. NORRIS. No. The only provision in regard to that is the section of the bill which provides that after the expenses are paid the surplus in the hands of the board, less a sufficient amount to carry on the business, shall be paid to the Treasury of the United States.

Mr. VANDENBERG. The only reference to rates that I find in the bill is the reference that they shall be "reasonable, just, and fair." I apprehend that contemplates the status of the consumer primarily?

Mr. NORRIS. I think so.

Mr. VANDENBERG. Would the Senator say that the rates are reasonable, just, and fair except as they comprehend also a legitimate reimbursement for the Federal investment allocatable to power in connection with the enterprise?

Mr. NORRIS. It would not be my idea that the Government ought to make a rate there that would be a gift of the power. It seems to me there are so many elements involved, with the exception of power and the possible exception that Congress might enact a law in the future levying a toll on the tonnage passing through the river, that I do not see how we could reach a conclusion that would enable us in advance to say just how much should be charged, at least until we have allocated and divided up all the costs.

If the board undertook to charge off all the expenditures for power, of course, they could not sell the power, because

they would have to put it at such a price that would make it unsalable. On the other hand, in my own humble judgment, if the part allocated to power is properly apportioned and then rates were made based on that allocation, they could make a reasonable rate and make a great deal of profit. I anticipate, let me say to the Senator, that in the end, although it will be a good many years from now, we will get enough out of the power to pay the whole thing, but it will take a long time. At the present time, and for several years to come, there will be but little income from power because of the larger governmental provisions in the bill.

Mr. VANDENBERG. The Senator is familiar with the fact that the House bill contains a sinking-fund clause with respect of each of the power dams. I am wondering why it is not advisable to establish the sinking-fund principle in regard to the Government's contribution, inasmuch as we undertake partially to establish it in respect to the bondholders' contribution. It seems to me the Federal Government, as an investor in this enterprise, is entitled to at least as much consideration as the bondholder, and probably a prior consideration. That section of the House bill, therefore, appeals to me very much. It seems to me it is supported by logic.

Mr. NORRIS. My own idea is that it is absolutely unworkable and that it would not mean anything if we put it in the bill. In the broader sense, when we comprehend the whole work to be done by the Government in the Tennessee River Basin, power is only an incident. It is an important incident, it is true, and one that in the years to come is going to bring returns; but the great bulk of the funds which are going to be expended there will not be for power and not with the idea of producing power. Power only comes in as an incident. It would be a sin, for instance, in my judgment, to build Cove Creek Dam and not provide for the development of power there, although if the Senator and I were building Cove Creek Dam and putting our own money into it and had nothing in mind except to make money, a perfectly legitimate project, we would not think of navigation and we would not care anything about flood control. We would keep the reservoir full of water all the time and there would be no benefit to navigation. There would be the same floods then that there are now, because there would be no reservoir to hold the flood waters. But the Government, having in view the benefit of navigation, having in view the prevention of destruction by flood control not only in the Tennessee River but in the Mississippi River as well, would spend public money for the purpose of making a flood-control dam there at the mouth of that great reservoir.

That is the real object that the Government has, I take it, in building that dam. The power comes in only as an incident. I could not tell the Senator now—I do not know; if I were going to reach a conclusion, it would be only a guess—as to how much of that ought to be allocated to power. After the dam has been in use 2 or 3 years it can be told with very reasonable accuracy. If I were guessing about it, I should say that of the Cove Creek Dam expenditure not more than 25 percent ought to be allocated to power. Perhaps that is too great. It may not be great enough, it is true.

Mr. VANDENBERG. I thank the Senator for his answers to my inquiries. The emphasis that he puts upon the collateral, social, industrial, and agricultural advantages to this great section of the country as a result of this legislation only illuminates completely the reason why I have submitted the motion to strike out section 13, starting on page 14 of the bill—a section which undertakes, in addition to all of these stupendous advantages, to pay in perpetuity an annual cash fee to the States of Alabama and Tennessee, a fee charged against the Treasury of the United States—in net effect, as I shall clearly show, charged against the Treasury—literally an admission fee to the States of Alabama and Tennessee before the Federal Government shall be permitted to enter these constituencies and bring these great beneficences to this area.

I think there is no morals and no logic in it. I think there is no precedent for it. So far as the general proposition is concerned, I have always proceeded in respect to these enterprises on the theory that we have no right to spend Federal funds for industrial activities or related commerce except on at least an approximate warrant of self-liquidation.

I voted for Boulder Dam upon that basis, Mr. President, and Boulder Dam self-liquidates $140,000,000 of its $165,000,000 construction cost before the States of Nevada or Arizona get a penny out of the surplus power proceeds. It was on the basis of that assurance—an assurance which is guaranteed by contracts made by the Secretary of the Interior—that I supported the Boulder Dam legislation, and it was on that basis that the legislation went through the Congress. But under this pending bill, Alabama and Tennessee do not wait for the reimbursement of the Federal Treasury before taking toll. They take toll whether Uncle Sam is repaid or not—and there is no provision in the bill that Uncle Sam shall be repaid at all.

There is a power proposition pending in connection with the St. Lawrence River to which the able senior Senator from New York [Mr. COPELAND] referred yesterday afternoon. Regardless of the merits or the demerits of the proposition itself, the fact remains that the Federal Government does not put down one stone in the power system to be developed in respect to the St. Lawrence until the Commonwealth of New York has guaranteed to pay the entire power cost and to reimburse the Government for the complete power investment. That is an utterly different contemplation from the pending draft upon the funds of the United States Treasury.

Mr. BLACK. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield to the Senator from Alabama.

Mr. BLACK. After that has been done, who owns the power company?

Mr. VANDENBERG. The State of New York.

Mr. BLACK. Who gets the total income from it?

Mr. VANDENBERG. The State of New York. And in kindred analogy, I should love to sell Muscle Shoals to the States of Alabama and Tennessee and let them have anything they can get out of it, if they will put $125,000,000 back into the Treasury, or that portion of $125,000,000 which is reasonably allocatable to power at Muscle Shoals.

Mr. BLACK. Mr. President, will the Senator yield further?

Mr. VANDENBERG. I yield.

Mr. BLACK. The Senator has not introduced any bill to that effect since he has been here, has he?

Mr. VANDENBERG. That is entirely correct. I should be very happy to support one.

Mr. President, if unfortunately we are going to depart from the self-liquidation theory in these power enterprises, most certainly there is no reason, to my way of thinking, for a philosophy such as is contained in section 13, because under that philosophy we not only depart from the self-liquidation theory, but in addition we permit ourselves to be assessed an annual fee in return for having yielded up the self-liquidation theory.

What does section 13 do?

It proposes to pay the State of Alabama a 5-percent gross dividend—and I emphasize the word "gross"—each year from the power developed from Dam No. 2, or any present or future steam plant. It does not make any difference whether the operation shows a profit or not. It does not make any difference whether the Government breaks even on the operation. Always the first 5 percent goes to the State of Alabama; and since the Government must meet the deficit if the operation is not a fiscal success, inevitably that means that the 5 percent comes out of the Treasury of the United States under those circumstances and is a charge squarely to the taxpayers of the United States.

Alabama gets not only 5 percent of the gross in an annual dividend, regardless of whether anybody else gets a dividend, but it gets 2½-percent gross dividend on the excess

power at Dam No. 2, which may come in as the result of the Cove Creek construction, and it gets 2½-percent gross on the power sales proceeds from any other dam that may be constructed under this great, wide authority. Meanwhile, the State of Tennessee in a similar bonanza gets 5 percent gross from the power proceds at Cove Creek, for which we are about to spend thirty or forty million dollars of public money, and 5-percent gross on the power proceeds from any other dam or any other steam plant within the boundaries of the State; and then it gets 2½-percent gross from the proceeds of any excess power at Dam No. 2 as the result of the construction at Cove Creek, and 2½-percent gross from the proceeds of any other power developed at other dams within the State.

I should say, in order to make the record perfectly plain, that the sale of power to public units such as municipalities, and so forth, is excluded from the purview of the section, which is to say that those sales proceed without this tax.

The section certainly is improved by the amendment that has been submitted this afternoon by the Senator from Nebraska [Mr. NORRIS] which permits an occasional review of these percentages and a change in them; but the basic vice and challenge stand there just the same, and I submit to the Senate that there is neither rime nor reason in any such innovation in respect to our dealings with enterprises of this nature.

Mr. FESS. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. FESS. What was the determining factor in writing "gross" instead of "net" into the section? The Senator has made it perfectly clear that if it is gross it is a fixed charge, just the same as payment of interest or anything else that does not change, and if there be no profit the charge goes on; but if it were net, then there would be some security.

Mr. VANDENBERG. Mr. President, I understand that the theory upon which it is done is that this is in lieu of taxation; and on that theory it is assumed that since a tax is a fixed charge, regardless of profit or loss, this payment in lieu of taxation should be regardless of profit or loss. I think that is a fair statement of the matter. I am coming to that phase of the problem in just a moment.

Now, I want to reiterate that this perpetual franchise fee goes to the States of Alabama and Tennessee regardless of whether the Federal Treasury gets its money back, regardless of whether power is made and sold at a profit, regardless even of whether there is an operating deficit which would result in making these subsidies a direct drain upon the Treasury of the United States to be met by the taxpayers in all of the States of the Union.

I want to call your attention to the fact that this 5-percent proposal was not in the original Muscle Shoals bill, and there was considerable controversy as a result. In 1930 it made its appearance in the bill; and on April 4, 1930, I moved to strike it from the bill. My motion was defeated by a vote of 34 to 32. The closeness of that vote, it seems to me, justifies a resubmission of the issue to the Senate.

I realize that since 1930 the control of the Senate has passed across the aisle; but I am, nevertheless, heartened to renew this motion from the fact that among those who agreed with me in 1930, and who voted to strike this section from the bill, were such eminent gentlemen across the aisle as the Senator from Kentucky, Mr. Barkley; the Senator from Washington, Mr. Dill; the Senator from Georgia, Mr. George; the late Senator from Georgia, Mr. Harris; the Senator from Mississippi, Mr. Harrison; his colleague from Mississippi, Mr. Stephens; the Senator from Maryland, Mr. Tydings; and the Senator from Massachusetts, Mr. Walsh.

I want to remind you also that this clause is not in the House bill, which passed the House a short time ago by an overwhelming vote; and every Member of Congress from Alabama and Tennessee in the House of Representatives voted for the bill without the 5-percent clause in it, indicating that it is no very great reproach or crime if the Senate similarly should think of the Treasury of the United States first in passing upon this particular section of the bill.

I repeat that this 5-percent clause is a perpetual franchise fee to the States of Alabama and Tennessee. It comes ahead of interest or sinking fund on the bonds, if issued, that are to be sold to investors to carry on some of these great enterprises. Regardless of whether the bonds are liquidated, regardless of whether they earn and draw their interest, this immutable and everlasting franchise fee takes precedence, and moves into the earnings, and takes out its 5 percent. It is ahead of any reimbursements to the Treasury of the United States. It makes no difference what this adventure may cost the Treasury. We all hope, as does the Senator from Nebraska, that it will not represent an operating deficit at any time. Nevertheless, there have been operating deficits before in enterprises of this nature, and they probably will occur again. Any deficit is charged to the Public Treasury; and long before the Treasury is reimbursed—if ever—the States of Alabama and Tennessee take their 5-percent admission fee from Uncle Sam in return for his journey into that great section of this land for the purpose of taking it the greatest single benediction that it ever received!

Mr. BLACK. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. BLACK. I assume from the Senator's attitude that he has made vigorous speeches against those laws heretofore passed since he has been here that provided money for the States of the Union where the Federal Government owns lands, and provided them money in lieu of taxation.

Mr. VANDENBERG. Mr. President, the analogy is not accurate, because in none of those instances was the Government entering into these domains with additional public expenditures for the purpose of development.

Mr. BLACK. The Senator is very badly mistaken. The Government has entered into those States, and has spent large sums of money for the building of roads, for the improvement of its public land, and frequently it has taken away the sole taxes from a county. Since the Senator has been here, he has voted for the appropriation of money in lieu of taxes for those States which have thus lost their taxes.

Mr. VANDENBERG. Yes, Mr. President; but since the Senator has been here he has never voted for the expenditure of Federal funds in industrial activities on any such basis as the Senator from Alabama indicates, and he will not, so long as he knows what he is doing.

Mr. BLACK. Mr. President, will the Senator yield further?

Mr. VANDENBERG. I yield.

Mr. BLACK. The Senator draws a distinction between money spent for industrial activities and money spent to develop the land which the Government owns in the way of building highways and other improvements upon the property of the State?

Mr. VANDENBERG. Certainly, because the Government is extending highway aid almost uniformly throughout the Nation.

Mr. BLACK. Yes; but the Government extends highway aid to the public lands in a way in which it does not extend highway aid where there are no public lands. The Government extends a limited amount of highway aid to the States proportioned upon their matching it, but it by no means builds all the roads through the States.

Mr. VANDENBERG. Mr. President, I repeat that I am unable to see the slightest analogy in the example which my able friend from Alabama submits. In this instance the payment of this admission fee might actually force a deficit in the operation of these power plants, because if the revenue from the sale of power just balances the operating outgo, up to the point where this 5-percent admission fee is to be paid to the States of Alabama and Tennessee, obviously the payment of the admission fee forces the balance sheet into a deficit, and the deficit is charged to the Treasury of the United States.

Mr. BLACK. Mr. President, will the Senator yield again?

Mr. VANDENBERG. I yield.

Mr. BLACK. The payment of money in lieu of taxes in States where there are public lands creates a deficit, which is, as the Senator says, a bonus to the States, and I might call the Senator's attention to the fact that if he will investigate he will find that this 5 percent will not begin to make up for the taxes lost by the States of Alabama and Tennessee, while in other instances the payment does.

Mr. VANDENBERG. Mr. President, I am coming to that, and I shall have to repeat again that there is no relationship between public lands and the entry of the Government into the power business. So long as it goes in on a self-liquidating basis, and as an adjunct to other useful and necessary and legitimate public enterprises, like flood control, navigation, and so forth, I have no hesitation in going along, but I repeat that I decline to go along when the proposition is not self-liquidating; and I certainly reject any theory that we should be charged a commission upon our own largesse, and I want to amplify that thought in just a moment or two.

The Senator from Alabama has been discussing the need and the equity in some extra compensation to the States when the Federal Government enters Alabama and Tennessee for this great adventure in the development of vast areas in those Commonwealths. Let us see whether we do owe Alabama and Tennessee this perennial subsidy. We are proposing to do a very great deal for them at the expense of the balance of the country, and I am not quarreling with these collateral objectives. But I resent being charged for the privilege of thus playing Santa Claus.

The bill says in its preamble that we are undertaking this great enterprise—

> For the purpose of maintaining and operating the properties now owned by the United States in the vicinity of Muscle Shoals, Ala., in the interest of the national defense and for agricultural and industrial development—

I repeat that phrase—

> for agricultural and industrial development, and to improve navigation in the Tennessee River—

That is another thing we are proposing to do—

> and to control the destructive flood waters in the Tennessee River and Mississippi River Basins.

That is another thing we are proposing to do. Those are the objectives embraced within the preamble. Then when we move over into the body of the bill, to page 22, we discover that the objectives are so broad to which this great adventure is dedicated that it contemplates provision "for the general welfare of the citizens of said areas", and that general welfare a little further down on the same page contemplates the "physical, economic, and social development of said areas." We are proposing to proceed into Tennessee and Alabama for the benefit of the "physical, economic, and social development of said areas."

That is not all. The Senate committee report says, at page 2, as the Senator from Nebraska himself has so emphatically stated, that the generation of electric power, in the final analysis, is ultimately secondary to all these other great beneficences which are to be sent under Federal impulse into this section of the country, which now says that we should not enter with these beneficences unless we will pay an admission fee each year. Here are some of the things, according to the report, which we are going to do:

We are going to serve the maximum amount of flood control.

We are going to serve the maximum development of the Tennessee River for navigation.

We are going to serve the proper use of marginal lands.

We are going to serve the proper method of reforestation of such lands in said drainage basin suitable for reforestation.

We are going to serve the most practical method of improving agricultural conditions in the valleys of said drainage basin.

We are going to do all those thing for this one fortunate section of the Nation. We shall do it at Federal expense. We are glad and happy to do it, but I submit we ought not to be charged an admission fee for the privilege of doing it.

Mr. President, let us turn for a moment to the House hearings on the Muscle Shoals bill, at page 61, and we will get this vision in a sentence. Representative BROWNING, of Tennessee, is testifying. Representative COCHRAN asked, referring to the power which is about to be developed:

> Is there any use for all this power?

Representative BROWNING, of Tennessee, replied:

> No; not at this time. There is no demand for that amount of power now, but if we develop the industrial empire down there that we hope for, there will be a use for that power.

In other words, this is a prospectus for an industrial empire, and they propose to charge us an admission fee for using Federal resources to create an industrial empire in this section of the Nation. An industrial empire!

I submit that we still have a primary responsibility to the Federal Treasury and to taxpayers everywhere. I submit that the Budget will not stay balanced, if it is balanced at all, without a continuity of vigilance, and this is one point at which we had better continue to walk sentry post.

Mr. BONE. Mr. President——

The PRESIDING OFFICER (Mr. LOGAN in the chair). Does the Senator from Michigan yield to the Senator from Washington?

Mr. VANDENBERG. I yield.

Mr. BONE. I wonder if I understood the Senator correctly to say that he was opposed to subsidies?

Mr. VANDENBERG. The Senator is opposed to subsidies which are not either self-liquidating upon the one hand, or which are not productive of an equivalent direct advantage to the Government itself.

Mr. BONE. Last year this Government out of its Treasury gave steamship companies $28,000,000. Capitalized at 5 percent, that represents $560,000,000. That $560,000,000 goes out of the Treasury without any return; it is not self-liquidating. I assume that is correct.

Mr. VANDENBERG. That is a matter of argument.

Mr. BONE. I realize that, but if we object to subsidies, I am wondering how long we are to continue that sort of subsidy to private business enterprise; and that is a constant drain.

Mr. VANDENBERG. Mr. President, I think it was perhaps a necessary adventure when it was undertaken if we were to rejuvenate the American merchant marine, but I think we have come to a point where very shortly it will be necessary to look upon mail contracts, air mail contracts, and ocean mail contracts in a totally different light from that in which we have looked upon them before, if they do not very soon justify themselves as a matter of dollars and cents. But if the Senator from Washington outdoes me in his opposition to subsidies, of course, there is no question about his whole-hearted opposition to section 13 of the pending bill.

Mr. BONE. Mr. President, will the Senator yield further?

Mr. VANDENBERG. I yield.

Mr. BONE. I do not want to interfere with the Senator's argument——

Mr. VANDENBERG. The Senator is not interfering; he is very welcome.

Mr. BONE. The Senator will realize, I am sure, that one of the very common objections to public ownership of power lies in the fact that the properties are generally, under constitutional provisions, free from taxation.

Mr. VANDENBERG. I am coming to that, and I would prefer not to anticipate it. I shall be happy to listen to the Senator in just a moment after I have reached that phase of the problem.

Mr. President, I just want to point out this one further thought, that when Muscle Shoals was established in Alabama——

Mr. BLACK. Mr. President, will the Senator yield for just a moment with reference to the subsidy feature?

Mr. VANDENBERG. I yield to the Senator.

Mr. BLACK. Last year we had under consideration, in connection with the Reconstruction Finance Corporation bill, what I consider to be the greatest subsidy the Government has ever offered or ever given. That measure provided

for subsidies of billions of dollars to private business. It carried subsidies which would permit and has permitted the payment of salaries of over $100,000 a year out of money borrowed from the Government. I offered an amendment to prevent at least that part of the subsidy and asked that the salaries of those drawing Government money be limited to $12,500, then that they be limited to $50,000, then that they be limited to $100,000, thinking that in some way we might save a part of the subsidy which the Government was giving out. Does the Senator recall how he voted on those amendments?

Mr. VANDENBERG. Is the Senator through?

Mr. BLACK. Yes.

Mr. VANDENBERG. Mr. President, I voted for the Reconstruction Finance Corporation measure, which provides specifically within it that every dollar loaned shall be upon sound collateral, which shall return itself fullfold in the event of the failure of the loan, and if that sort of a warrant can be written into the power section of the pending bill, I shall be very happy to vote for it.

Mr. BLACK. How did the Senator vote on the subsidy to those who were borrowing Government money to run railroads, a great deal of which money most of us knew would never be repaid? The amendment offered would have prevented that which has occurred, the presidents and other officers drawing salaries in some cases of over $100,000 a year out of Government money.

Mr. VANDENBERG. Mr. President, I am not going to discuss the salaries of railroad presidents at a moment when I am trying to save Uncle Sam from annual assessments payable to the States of Tennessee and Alabama, which, so far as I am concerned, is utterly more incontinent than any salary I know of that was ever drawn by any railroad president. Whether railroad presidents are overpaid or not, the States of Alabama and Tennessee will be most emphatically overpaid if this particular section stays in the bill.

Now I want to renew the thought to which I was adverting when last interrupted. I want to say again that when the State of Alabama asked to have Muscle Shoals established within its confines there was not any talk then about charging the Government for the privilege of bringing this benediction into that great area of the Nation. There was no talk about an admission fee then. On the contrary, the CONGRESSIONAL RECORD of those other days indicates that when this dam was built in Alabama every single State officer, every member of the Alabama Legislature, every Member of Congress from Alabama, including both Senators from that State, petitioned Congress to proceed into Alabama with this development. Not only that, but the Legislature of Alabama in September 1915 authorized a joint commission, which included not only official spokesmen but many distinguished private citizens of Alabama, to come to Washington to importune the administration to proceed into Alabama with this great development. The situation is just the same now as it was then. It is just as great an advantage to a Commonwealth today as it was then to have the Federal Government enter it with its boundless resources and commit itself to great construction enterprises therein.

In fact, at this very moment there is hardly a State in the Union that is not begging for Federal funds to be used in construction projects as an offset to unemployment. I do not know of any of these situations in which the rest of us have asked for a commission for ourselves upon the very expenditure which we beg and pray to have made in behalf of our constituencies.

Tennessee is a stupendous beneficiary from this act, and I doubt very much whether anyone from Tennessee would deny it. It is a beneficiary in respect to flood control; it is a beneficiary in respect to navigation; it is a beneficiary in respect to agriculture; it is a beneficiary in respect to industrialization, because one of its own representatives testified that there is contemplated an industrial empire—that was his phrase, "an industrial empire"— as a result of this Federal benefaction. I submit that this Federal prospectus involves no justification for a perpetual cash bonus in addition, as if we were moving into Alabama and Tennessee upon some predatory or destructive mission.

Now, just briefly, as to the two excuses which are offered for the existence of this section of the bill. The first one is that it will compensate for the loss of State taxes on these properties which the States would obtain if developed under private auspices. In the first place, it is repeatedly stated in the testimony that there could and would be no such development under private auspices. In the second place, I again submit that there is compensation a hundredfold in the collateral advantages to which I have referred.

It is the theory of the bill—and if the bill shall be a success, the theory will be a success—that it is to provide cheaper power for the benefit of these great sections of the country; and if it does provide cheaper power, there is their quid pro quo, without charging a brokerage commission on the expenditure of their own Federal Government to produce these benefits for them.

The other excuse, as I understand, that is given for this section—a section, I again say, which is not in the House bill that was supported by every Member of the House of Representatives from Tennessee and Alabama—the second excuse is that it provides a tax item to offset a similar item in private utility operations.

The able Senator from Nebraska [Mr. NORRIS] has demonstrated that a 5-percent figure is a very conservative and justified figure for the purpose of that calculation. I have no quarrel with that proposition. Furthermore I agree, as a matter of bookkeeping, that this tax item or its equivalent ought to enter the balance sheet of a public-utility operation in order to make the comparison fair; but, Mr. President, there is no requirement in this bill that the 5-percent fee shall be earned. Therefore the bookkeeping is academic, and we have no right to penalize the Public Treasury merely to create a meaningless balance sheet.

So, without further invasion on the Senate's good nature, Mr. President, I submit that the amendment to strike this offending section, which stayed in the last bill only by two votes, certainly ought to succeed at this time, in view of the benefits which, in addition to all the other benefits heretofore contained in Muscle Shoals bills for Alabama and Tennessee, are included in the pending measure.

Mr. AUSTIN. Mr. President, there are at least six reasons why I am opposed to the passage of the Muscle Shoals bill. Let me observe, at the outset and before naming them, that there is no sectionalism in those reasons. Indeed, I would not have the Federal Government invade the State of Vermont with the powers which this bill proposes to give over affairs that are strictly intrastate, and have ever been known to belong to the sovereignty of the State, for the price in money that is provided to be paid to the States of Tennessee and Alabama by the clause which is moved to be stricken from this bill by the Senator from Michigan.

The six reasons, briefly stated, are as follows: First, as an experiment the bill is untimely; second, as an investment of the people's money it comes at a time when they have no money to invest; third, any estimate of the income from the project as set up by this proposed legislation will show a loss; fourth, it put the Government into direct competition with private enterprise; fifth, additional generating equipment in this country is wholly unnecessary at the present time; and sixth, it threatens the welfare of depositors in banks and policyholders with loss through depreciation of public-utility bonds which constitute a large part of the assets of such institutions.

I propose, Mr. President, briefly to support these six reasons with evidence. As to the first reason why I am opposed to this bill, namely, that as an experiment it is untimely, let me say that there is no opportunity for debate over the question whether this is an experiment or not. It is so reported by the committee. It is stated in the report of the committee:

(4) For the operation of experimental plants on a larger scale than has ever before been undertaken in the history of the world, for the purpose of discovering new methods of production of fer-



tilizers, with the object of cheapening the cost of fertilizers, not only to the farmers in the Tennessee Valley but everywhere in the Nation.

And the Senator from Nebraska yesterday in his explanation of the bill and argument in support of it stated:

> We are trying to give the board the proper authority to carry on the greatest experiment that has ever been undertaken in the history of the world. That is what we are doing in the bill. It is for the cheapening of fertilizer.

So we are on common ground when we say that the bill is an experiment, the "greatest experiment in the history of the world"; and the claim which we make is that, with industry prostrate, with all the people of the Nation suffering from a great depression, with the burden of taxation unendurable at the present time, with a great amount of taxes wholly unpaid in this country and wholly uncollectible, it is an extremely inopportune time for the Congress of the United States to enter upon "the greatest experiment in the history of the world", which involves a very large sum of money, and, further, that it is inexpedient to do this thing at a time when the development of the art of producing fertilizer has reached the stage that it has reached today.

I call attention to a report of the Chamber of Commerce of the United States of America, dated January 10, 1931, in which the following statement appears:

> The idea persists also that the Muscle Shoals nitrogen plants are valuable as an experimental laboratory. Our committee found that "the great progress that has been made in recent years in nitrogen fixation has resulted from a widespread research in this field, both by governmental and private agencies." The consensus of opinion that it gathered was that "this progress will continue without any particular inducement or effort on the part of the Federal Government of the nature contemplated by Muscle Shoals."
>
> Since our committee's special report on Muscle Shoals was written, the chief chemical engineer of the Bureau of Chemistry and Soils of the Department of Agriculture said at the hearings above mentioned, "I do not see the necessity of doing any research at Muscle Shoals. * * * I do not see that the equipment there is particularly useful in the program." Moreover, the head of the fertilizer and fixed-nitrogen investigations of the Bureau of Chemistry and Soils of the Department of Agriculture, who has been closely identified with nitrogen-fixation experimentation since the beginning of the war, said: "It seems to me it (Muscle Shoals) might just as well be disposed of on the best terms possible. * * * It seems to me the purposes for which it was originally built have been served."

Mr. President, there are figures and data contained in this statement which I have marked and which I should like to have printed in the RECORD at this point in my remarks, if there is no objection.

The PRESIDING OFFICER (Mr. ROBINSON of Indiana in the chair). Without objection, it is so ordered.

The matter referred to is as follows:

> The same facts which lead to the conclusion that Muscle Shoals should be disposed of by the Government, since it has no further value for national defense, apply with equal force to nitrogen as a fertilizer ingredient. Nitrogen is but 3 percent by weight of the average commercial fertilizer. Ninety-seven pounds of material in the supply of which Muscle Shoals has no special advantage must be added to these 3 pounds of nitrogen. The chemical engineer of the Department of Agriculture, quoted above, said: "My opinion is that the shortest road to cheap fertilizer is to help the manufacturer. * * * It has only been a few years since liquid ammonia cost from 30 to 35 cents a pound in cylinders. * * * Competition came along between various manufacturers, * * * and now it is reported as being sold for about 5½ cents a pound in tank cars." Asked whether sodium nitrate was manufactured for agricultural purposes at one of the large privately owned plants, he replied, "Yes, sir; they do; a trainload every day."
>
> Ordnance experts testified that when Government operation of Muscle Shoals was planned in 1919, "ammonium sulphate was selling at $65 per ton. We estimated the Government could produce it at Muscle Shoals for $48.20 per ton. Ammonium sulphate is selling in the market today for $38 a ton."

Mr. AUSTIN. Mr. President, there are some facts bearing on the proposition that at the present time it is inexpedient to enter upon this enormous experiment found in a statement by the National Fertilizer Association of April 5, 1932, a more recent statement of facts. These facts show that there are now 205 phosphoric-acid plants in the United States connected with the fertilizer industry; that 6 of these plants are concentrated or triple superphosphate plants, producing 45 to 48 percent of the available phosphoric acid, and that for lack of demand they are practically shut down at this time.

Other statements occur in the list which I wish to have interposed at this point in my remarks, including the following:

> Power waste involved: Assuming the manufacture of nitrogen by plant no. 2 as it stands and the production of phosphoric acid by an electric-furnace process plant to be built, the ultimate proposal of the bill is as follows: 40,000 tons of nitrogen, using 16,000 kilowatt-hours per ton fixed, 640,000,000 kilowatt-hours; 40,000 tons of phosphoric acid, estimating 11,500 kilowatt-hours per ton, 450,000,000 kilowatt-hours; total, 1,090,000,000 kilowatt-hours.
>
> This represents twice the primary power now available at Wilson Dam, estimated at 438,000,000 kilowatt-hours, and slightly more than the total primary power of 1,037,000,000 that will be developed if and when Cove Creek Dam is built. The value of this power, taking the average price at present realized in Alabama of 1.2 cents per kilowatt-hour, is $13,080,000.
>
> Would not this represent a criminal waste to bring about the production of 40,000 tons of nitrogen in a Nation that has a present capacity to produce over 600,000 tons, or 40,000 tons of phosphoric acid in the face of an existing capacity to produce over 1,000,000 tons?

For these reasons—and they are purely economic—they are nonpolitical; they are not sectional, and there is no emotion in them; they are facts, facts of economy—is it not obvious that of all times in our history, of all times during this long consideration of the Muscle Shoals legislation, no one could conceive of a poorer time to make this greatest experiment in the world's history than the immediate present time?

I ask that other portions of the statement of the National Fertilizer Association may be printed in the RECORD at this point.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

> 1. That there are now 205 phosphoric-acid plants in the United States connected with the fertilizer industry.
>
> 2. That 6 of these plants are concentrated or triple superphosphate plants, producing 45 to 48 percent available phosphoric acid (P_2O_5), and that for lack of demand they are practically shut down at this time.
>
> 3. That 9 phosphoric-acid plants are located in Tennessee, and 21 in Alabama; that 40 are located in the adjacent State of Georgia, and 7 in Mississippi; a total of 77 phosphoric-acid plants in the Muscle Shoals region.
>
> 4. That the available phosphate-rock deposits are located 75 miles northeast of Muscle Shoals, Ala., in Tennessee. Hence, production at Muscle Shoals would necessitate shipping 3 tons of phosphate rock from the Tennessee mines for each ton of phosphoric acid made, when it would be more economical to build a plant at the mines and transport only the power.
>
> 5. That 3 of the 6 concentrated phosphoric-acid plants mentioned in paragraph 2 are located in Tennessee, 1 at Nashville and 2 near Columbia, from whence would be shipped the phosphate rock with which Muscle Shoals would build itself into a great phosphoric-acid manufacturing center.
>
> 6. That superphosphate is the form in which farmers the world over prefer their phosphoric acid, and that the United States is now and for decades has been the largest producer of superphosphate in the world, having actually produced, as long ago as 1919, over 5,800,000 tons containing over 933,000 tons of available phosphoric acid.
>
> 7. That our present total productive capacity of phosphoric acid is about 1,120,000 tons, whereas our demand in 1931 was 520,000 tons, and this year promises to be about 400,000 tons.
>
> In the face of such facts as these—and many others of great importance can readily be supplied—what excuse is there for the insistent proposal that direct Government or Government-subsidized private manufacture of phosphoric acid shall be undertaken at Muscle Shoals?

Mr. AUSTIN. Mr. President, as to the investment of the people's money, the proposal comes at a time when they have no money to invest. That is a premise which amounts to an axiom. It needs no proof. The only other premise necessary to point out in this syllogism is the premise of what are we stepping into for cost? How much will probably be hazarded in this adventure?

I have the pleasure and the honor tc refer to an authority on this subject which is probably as sound as any authority to which we could refer, and that is the veto message of President Hoover on March 3, 1931, the message by which he vetoed a former edition of the Muscle Shoals bill. I

refer to it on the point of the financial hazard of the people's money. Understand, we are dealing with other people's money and we ought to visualize this problem as if we were to go to every taxpayer in the Nation and determine whether it would be better for his welfare and the welfare of the country that the money should remain in his pocket, if he had it, to be employed in other uses than taxation, or whether it would be for the higher welfare of himself and his Nation that it should be paid out in taxation to support this enterprise. I read from page 2 of that message the summary of statistics regarding the properties and proposed extensions embraced in the projects, as follows:

> The total valuation of the old property to be taken over for the power portion of the project is therefore $42,000,000 after the above deductions from original cost. The new expenditures from the Treasury applicable to the power business are estimated at $90,000,000, less $5,000,000 which might be attributable to flood control, or a total of $127,000,000 of capital in the electrical project. This sum would be further increased by accumulated interest charge during construction. As shown later on, several millions further would be required for modernizing the nitrate plants. The total requirement of new money from the Federal Treasury for the project is probably $100,000,000, even if no further extensions were undertaken.

I understand how difficult it is for a Senator in charge of a bill to answer didactically the questions which were asked of the Senator from Nebraska [Mr. NORRIS] as to the amount of money hazard there is in the bill. I employ these figures, used by the President of the United States, in the faith that they represent probably the best information that the President could obtain at that time.

The pending bill provides for an equitable distribution, so far as possible, of the power in all the area surrounding the power project. That means not merely the establishment of transmission lines that link up the different dams and turbines on the streams, but it means the great transmission lines which reach out into the market. The cost of such lines is an important part of the consideration of whether this is a wise bill to pass at a time when the people have no money to invest. On that cost we find the following statement in the message to which I have referred:

> It further provides that the policy of the Government must be to distribute the surplus power equitably amongst States, counties, and municipalities within transmission distance of Muscle Shoals and provides for the construction of transmission lines to effect this purpose. Such a transmission system for wholesale purposes only is estimated to cost $40,000,000. If it is proposed to sell power at retail to householders, then there would need be a great increase in the estimates of capital outlay and operation costs for such distribution.

Mr. President, we recognize that in this bill there is a provision for retail distribution by the corporation itself, the installation of the necessary transformers to step down the high voltage of the transmitted current, and deliver the current on its way to farms, to small enterprises, and to villages and towns, wherever they may be, all over that part of the country.

The third reason for opposition to the measure is that any estimate of the income from the project as set up by this legislation shows a loss. Referring again to President Hoover's message, we find the following on page 4:

> Assuming that the whole 1,000,000,000 kilowatt-hours should be sold to municipalities or other power distributors, it would, on the basis of the realizations of the private companies of 7.2 mills, yield a gross annual income to this project of about $7,200,000, or a loss upon this basis of nearly $2,000,000 annually. This territory is now supplied with power, and to obtain such an income it would be necessary to take the customers of the present power companies. To secure these customers it would be necessary to undercut the rates now made by them. It is difficult to estimate the extent to which it would be necessary to go in such rate cutting in order to secure the business. In any event it would, of course, diminish estimated income and increase the losses.
>
> It is obvious that any estimate of income contains a large element of conjecture, as the proportions of industrial and municipal load cannot be foretold. But any estimate of the income of the project as set up by this legislation will show a loss.

Mr. President, on studying the hearings held on a similar bill before the Committee on Military Affairs of the House, a bill which contained practically the same provisions relating to manufacture and sale of power, it is discovered that there was obviously an objective by those who favored the bill to break down the rates charged to the ultimate consumer in the very territory where the plant is to be set up. It was pointed out even by those who were friendly to the measure that, even possessed as the Federal Government will be of exemption from regulation, exemption from taxation, the ability and absolute dictatorial power to fix rates and fix retail and resale rates—notwithstanding all these things, the Government would be at a disadvantage, because it would have to compete with private enterprise, which would fight for its life and reduce its rates to such a point that there would fall back upon the taxpayer the burden of sustaining that battle, and this measure would then be disclosed to be what it really is.

At a time like this when the taxes of the people are unbearable it seems to me that we should consider that an investment in the public-utility game, an adventure by the National Government in the business of producing power at the expense of the folks at home, is something that we should pause long before voting for.

I have mentioned the fact that there are private companies in that neighborhood that are already engaged in the manufacture and sale of power and in the service of that community. Against these companies the Federal Government steps forward by this bill, not as a benign government aiming to regulate and control within reasonable limitations the activities of a public utility, but the Government now steps out in an entirely new aspect and says to its citizens, "We are about to enter upon an entirely new phase. We will abandon the old constitutional position that Congress has occupied in the past and we will create a machine that we can send out into the markets, a sort of robot operated by the President of the United States, and back of him by the Congress of the United States"—a governmental agency, as this corporation is called in the bill itself. "We will send this machine out to destroy, to break down these private enterprises"—for what reason?—"because here and there over this country there are companies that have charged too much for their current; because there have been abuses in the capitalization of these companies; because these companies must earn more return than they ought to by reason of the watering of stock."

All of us have heard these reasons stated many different times and in different places. I am not undertaking to dispute the reasons, but what I do undertake to dispute is the proposition that the Federal Government should now enter into competition with private enterprise under any guise whatever, through a corporation created as this bill creates it or directly by legislation of Congress or directly by the acts of the President of the United States. Because this bill does put the Federal Government into direct competition with private enterprise, and because the promise of the bill is destructive competition, and because that competition is the most unfair thing imaginable in business I think we ought not to pass this bill.

I have made the assertion that it is unfair and that it is destructive. The reason why I have asserted that is that the United States of America and its instrumentality, this corporation—its agency, this corporation—is not subject to regulation by the States of Alabama and Tennessee and Kentucky and other States in the Union in which it does business. It is an absolute dictator; it may be a tyrant; and, because the bill contains that possibility, we ought not to pass it.

Another reason why I say it is unfair and destructive is that this corporation, this governmental agency, has a tremendous advantage over the private enterprise in respect to taxation.

Mr. President, if the bill now being considered by the Committee on Finance to levy a tax of 3 cents per kilowatt upon all electrical energy at the source were to pass——

Mr. CONNALLY. Mr. President——

The PRESIDING OFFICER (Mr. MCCARRAN in the chair). Does the Senator from Vermont yield to the Senator from Texas?

Mr. AUSTIN. I do.

Mr. CONNALLY. Did the Senator say 3 cents per kilowatt?

Mr. AUSTIN. That is what the Senator said. Will the Senator from Texas kindly state what it is?

Mr. CONNALLY. It is 3 percent on the gross revenue.

Mr. AUSTIN. I thank the Senator. He came in just in time.

If that bill were to be enacted and that tax levied against these private corporations that are in competition with the national organization or national agency which this bill undertakes to create, it is perfectly obvious that that tax alone would be enough to drag down those companies and to hinder them in their competition with the Government. It is obvious that if the Government is to undertake to protect its citizens in this venture, and save them from loss, it must have business; it must have customers; and it must take those customers away from the private enterprises that must pay this tax, whereas the Government does not pay the tax.

I have said that it was unfair, that it was destructive to put this agency of Government into competition with these private enterprises for another reason, and that is this:

We have forbidden any combination in restraint of trade by private enterprise. We have forbidden combinations which eliminate competition and tend to create a monopoly. We have forbidden private institutions to enter into contracts fixing the resale price of any commodity in interstate commerce. Is this a clog upon industry and business? There probably is not a Senator within the sound of my voice who does not know that it is, and has been throughout the existence of these measures. Yet the company to be created by this bill, this agency of Government, suffers under no such disability. Congress expressly invests it with full authority not only to fix its rates wholesale but to fix the price that shall be charged by any private enterprise that buys its goods at wholesale and undertakes to retail them. If that is not unfair, destructive competition, please tell me what is.

Of course, there is in this bill, there is in this project, flood control, a beneficent purpose; but the flood-control feature of this bill is the most insignificant part of it. The cost of the flood-control feature of this bill, if it were administered solely for flood control, would be but a small fraction of the burden that is being laid upon the taxpayers of the United States for another purpose; and what is it really? As we envisage the corporation created by this bill, we see a huge public-service corporation manufacturing electricity to go into the market in competition with the product of private enterprise with all these unfair advantages to enable it to destroy private competition.

For this reason I am opposed to this bill. One does not have to make the general statement that he is opposed to public ownership of public utilities to be opposed to this particular bill. One has only to visualize the possible effect of this measure and realize how much destruction is contained in its potentialities, to have a very good reason for not voting for the bill.

Mr. President, I desire to insert in my remarks at this point certain tables which show the projected effect of such a tax as that to which I have referred.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

Effect of 3-percent tax on domestic and commercial electricity based upon 1932 revenues of all operating enterprises

Total sales of domestic and commercial service	$1,198,000,000
Deduct 10 percent for exemptions to customers included in above, but which the rulings of the Bureau of Internal Revenue considered "industrial", etc	120,000,000
Total revenues to which tax will apply	1,078,000,000
Tax of 3 percent on this	32,340,000
Less credit of 13.75 percent on Federal income tax, say	4,000,000
Total tax to Federal Government	28,340,000
Less credit on State corporation taxes, say	540,000
Total tax burden on enterprises	27,800,000

Same data if municipal systems are not included

[Private companies only]

Total sales of domestic and commercial service	$1,108,000,000
Deduct 10 percent as above	111,000,000
Total private-company revenues to which tax applies	997,000,000
Tax of 3 percent on this	29,900,000
Less credit of 13.75 percent on Federal income tax, say	4,000,000
Total tax to Federal Government	25,900,000
Less credit on State corporation taxes, say	540,000
Total tax burden, companies only	25,360,000

Effect of a 3-percent tax on gross revenues from all sales of electricity upon representative holding companies, based on 1933 operations

Holding company	Net income after preferred dividends (last available)	3-percent tax; not applicable to holding company	Tax is percent net	Effect on common-stock earnings per share	
				As is	After tax
			Percent		
American Gas & Electric	$9,184,856	$675,000	7.3	$2.17	$2.01
American W. W. & Electric	2,491,621	225,000	9.0	1.42	1.29
Cities Service	11,311,555	325,000	2.9	.30	.29
Columbia Gas & Electric	11,120,026	300,000	2.8	.96	.93
Commonwealth & Southern	3,390,437	1,165,000	34.3	.10	.6
Electric Bond & Share	5,132,736	335,000	6.5	.99	.92
American Power & Light	[1] 206,847	(2)	(2)	(2)	
Electric Power & Light	[1] 532,600	(2)	(2)	(2)	
National Power & Light	7,151,093	440,000	6.2	1.31	1.23
Engineers Public Service	1,692,242	245,000	14.5	.89	.76
Niagara-Hudson Power Co	12,196,611	635,000	5.2	1.40	1.33
North American Co	14,595,717	1,580,000	10.8	1.94	1.73
Standard Gas & Electric	3,296,504	685,000	20.8	1.52	1.20
United Corporation	6,358,398	635,000	10.0	.44	.40
United Gas Improvement	32,099,546	1,200,000	3.7	1.38	1.33
United Light & Power	1,500,000	550,000	36.6	.44	.28

[1] Deficiency. [2] Preferred-stock holders bear tax.

Effect of 3-percent tax on domestic and commercial service upon group of 138 representative operating companies which are subsidiaries of large holding companies, 1932 operations

Total revenues from domestic and commercial service		$695,000,000
Deduct 10 percent for exemptions to customers included in above, but which the rulings of the Bureau of Internal Revenue considered "industrial", etc		69,500,000
Total revenues to which tax will apply		625,500,000
Tax 3 percent upon these revenues		18,765,000
Less credits against Federal income tax	$2,580,000	
Credits against State income taxes, say	320,000	
Total deductions		2,900,000
Net amount paid by 138 operating companies		15,865,000
Of this amount:		
In 2 companies bondholders pay		30,000
In 24 companies preferred-stock holders pay		1,840,000
In 112 companies common-stock holders pay		13,995,000
Of these payments by common-stock holders:		
The general public owning common stock of these operating companies pays		4,520,000
Holding companies owning common stock of these operating companies pay		9,475,000

NOTE.—This tabulation regards Consolidated Gas Co. of New York as an operating company.

Mr. FESS. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield to the Senator from Ohio.

Mr. FESS. I think the Senator has made a very strong statement, with special reference to the effect in competition with private enterprise that a project of this kind will have. What I am concerned about is that on the one hand the bill is lessening the ability of business to pay taxes, so that the Government can pay its expenses, and on the other hand it is definitely determined to draw from the Treasury in time more money.

I cannot get away from the idea that at this crisis, when the one thing that is necessary is the revival of business, without which there is going to be no reemployment of the unemployed, we are constantly embarrassing business, on

the one hand, and thus denying to the Treasury the needed taxes, on the other, and cutting at both ends—reducing the ability of business to pay taxes, and increasing the demands for taxes by the increased expenditures. We are attacking the problem at the wrong end, and we will definitely see the results of it if there is not a change.

Mr. AUSTIN. Mr. President, I thank the Senator from Ohio for his statement. Let me say that the remarks of the Senator from Ohio fit into an impression which I have had in the Senate regarding the trend of our legislation. That is, that there are two great opposing forces here, there are two great opposing interests here, and that we are trying to serve them both at the same time, which is something that it is humanly impossible to do. One of those is economy and the other is charity.

A claim made for this bill, and probably with some justice, is that it would immediately give employment to some who are now unemployed. One can grant that; one can give to the bill all the benefit and support that such an admission makes, and yet he ought not to vote for the bill, because the chief thing is the thing recognized and stated so well by the Senator from Ohio. That is, that in order to start business in this country, in order to encourage capital to come out and engage itself in the battle against depression, in order to put men at work in this country, we must place the credit of the Federal Government on a sound footing. We cannot come in here one day and pass an economy measure that tends to balance the Budget and save and restore the credit of the Nation and on the next day squander billions of money thus ripping the Budget open again, and by such a course do any constructive work in restoring confidence in this country and starting up the wheels of prosperity.

For that reason, admitting that this bill would put some men to work and some women to work, the extravagant cost of it is such at this particular time of depression that still we should not vote for it.

The fifth reason is that additional generating equipment is not necessary. I will not detain the Senate to read the material I have collected upon this subject. I ask unanimous consent to have it inserted in the RECORD at this point.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

THE NORTH AMERICAN CO.,
New York, March 20, 1933.

Mr. H. P. WILSON,
Investment Building, Washington, D.C.

DEAR MR. WILSON: I am attaching four tables containing summary and supporting data resulting from my computations and setting forth my estimate as to the increased load in kilowatts which can be carried by the electric light and power companies of the country. The summary table (marked in pencil "no. 1") shows that the estimated maximum demand of the power plants of the country in 1932 was 16,728,500 kilowatts and that the installed capacity of these plants aggregated 33,592,500 kilowatts. Making due allowance for stand-by capacity necessary to insure continuity of service and reserve capacity necessary in case hydroelectric plants are affected by unfavorable water conditions, this installed capacity could carry a maximum demand of at least 21,491,000 kilowatts, representing an increase over the 1932 demand of 4,762,500 kilowatts, or 28.5 percent. The figures just quoted are for the total United States, and the summary table referred to contains similar figures for nine geographical divisions, the make-up of which by States is shown on a separate sheet.

Because of somewhat incomplete data for recent years, the computations underlying my estimate are rather involved. The year 1928 happens to be the only year for which there are available maximum demand figures which have been summarized by geographical divisions. These figures have been collected for 1928, 1929, and 1930, but for the last 2 years were summarized only for the entire country. The table marked in pencil as "no. 2" shows complete data by geographic divisions for the year 1928—that is, kilowatt-hours generated, kilowatt maximum demand, and kilowatt capacity, with the derived ratios of load factor (ratio between maximum load and average load), maximum demand in percent of capacity, and capacity factor (ratio of actual output to the output which would have been secured if the installed capacity had been operated 24 hours a day every day in the year). The total maximum demand shown in parentheses is the sum of the nine geographical division figures, whereas the total not in parentheses is an estimate of the simultaneous maximum demand for the entire country, referred to eastern standard time. You will note that for the country as a whole for 1928 the average load factor was 55.7 percent, and that the 1928 maximum demand was equivalent to 60.5 percent of the installed capacity, the 1928 capacity factor being 33.7 percent. The year of maximum output of the industry was 1929. The figures shown for that year in table marked in pencil "no. 3" indicate a capacity factor of 34.8 percent, or, in other words, a slightly better utilization of installed capacity than was true in 1928. The same table shows that the 1932 output as compared with the installed capacity available at the end of that year indicated an average capacity factor of only 26 percent.

Assuming that the actual load factors achieved in 1928 could be achieved now on existing capacity provided the increased load was presented to the industry—and I think that is an entirely reasonable assumption as undoubtedly the 1929 load factors were somewhat higher—the maximum demand represented by the 1932 actual output was estimated to be 16,728,500 kilowatts as shown in table 1. The next column in table 1 shows the actual capacity December 31, 1932, to which have been applied the 1928 ratios of demand to capacity, and this computation indicates that this capacity could carry at least 21,491,000 kilowatts of load. The difference between the figures in this column and the actual demand for 1932 estimated as described is shown in the seventh column of table 1 and aggregates 4,762,500 kilowatts, which figure represents the increase in load which can be carried. This increase averages 28.5 percent for the country as a whole and varies from 19.4 percent for the west northcentral geographic division to 85 percent for the mountain geographic division. The exceptionally large percentage increase in this latter division is due to the fact that the companies located in those States have suffered a more severe decline in load from their 1928 and 1929 peaks than has been suffered by companies in some of the other geographic divisions.

The attached table marked "no. 4" in pencil is in the nature of a check on the above computations, as it represents merely the 1929 generation in percent of 1932 generation and the 1932 capacity in percent of 1929 capacity. For the country as a whole the generation was 18.4 percent greater in 1929 than in 1932, indicating that such capacity as existed in 1929 had actually carried 18.4 percent more load than it carried in 1932. In the meantime, installed capacity itself in 1932 shows an increase of 13.6 percent over 1929. Adding these two percentages together results in a figure of 32 percent, which is in substantial agreement with the increase of 28.5 percent shown in the last column of table 1.

If you have any questions with respect to any of these figures or if my explanation as to their derivation is not entirely clear I shall be glad to have you get in touch with me. I am sending a carbon of this letter and these tables to Mr. Doolittle in Washington, and inasmuch as I have discussed with him my methods of computation, he is also in position to throw additional light on the derivation of these figures in case any is needed.

Very truly yours,

R. GILMAN SMITH,
Assistant Vice President.

GEOGRAPHIC DIVISIONS

New England: Maine, New Hampshire, Vermont, Massachusetts, Connecticut, and Rhode Island.

Middle Atlantic: New York, New Jersey, and Pennsylvania.

East North Central: Ohio, Indiana, Illinois, Michigan, and Wisconsin.

West North Central: Minnesota, Iowa, Missouri, North Dakota, South Dakota, Nebraska, and Kansas.

South Atlantic: Delaware, Maryland, District of Columbia, Virginia, West Virginia, North Carolina, South Carolina, Georgia, and Florida.

East South Central: Kentucky, Tennessee, Alabama, and Mississippi.

West South Central: Arkansas, Louisiana, Oklahoma, and Texas.

Mountain: Montana, Idaho, Wyoming, Colorado, New Mexico, Arizona, Utah, and Nevada.

Pacific: Washington, Oregon, and California.

Electric light and power industry in the United States

Geographical division	1932 generation	1928 load factor	Estimated 1932 maximum demand	Capacity Dec. 31, 1932	1928 ratio demand to capacity	Indicated possible maximum demand, 1932	Increased load which can be carried	Increase over 1932
	Kilowatt-hours	*Percent*	*Kilowatts*		*Percent*		*Kilowatts*	*Percent*
New England	5,241,465,000	44.2	1,353,000	2,638,600	62.6	1,664,000	311,000	23.0
Middle Atlantic	19,703,281,000	50.5	4,450,000	8,100,400	69.4	5,540,000	1,090,000	24.5
East North Central	17,819,998,000	52.0	3,910,000	8,101,400	67.4	5,460,000	1,550,000	39.6
West North Central	5,307,065,000	55.5	1,090,000	2,543,900	51.4	1,302,000	212,000	19.4
South Atlantic	8,774,596,000	47.3	2,120,000	3,999,700	64.6	2,580,000	460,000	21.7
East South Central	2,883,458,000	53.4	616,000	1,449,200	51.1	741,000	125,000	20.3

Electric light and power industry in the United States—Continued

Geographical division	1932 generation	1928 load factor	Estimated 1932 maximum demand	Capacity Dec. 31, 1932	1928 ratio demand to capacity	Indicated possible maximum demand, 1932	Increased load which can be carried	Increase over 1932
	Kilowatt-hours	*Percent*	*Kilowatts*		*Percent*		*Kilowatts*	*Percent*
West South Central	4, 012, 084, 000	60. 1	762, 000	1, 693, 700	59. 1	1, 000, 000	238, 000	31. 2
Mountain	2, 335, 671, 000	79. 0	337, 500	1, 098, 600	56. 8	624, 000	286, 500	85. 0
Pacific	10, 523, 514, 000	57. 5	2, 090, 000	3, 947, 000	65. 4	2, 580, 000	490, 000	23. 4
Total, United States	76, 691, 132, 000	52. 4	16, 728, 500	33, 592, 500	64. 0	21, 491, 000	4, 762, 500	28. 5

Electric light and power industry in the United States, year 1928

Geographic division	Kilowatt-hours generated	Kilowatt maximum demand	Kilowatt capacity	Load factor	Maximum demand in percent of capacity	Capacity factor
				Percent		*Percent*
New England	5, 340, 450, 000	1, 380, 000	2, 201, 970	44. 2	62. 6	27. 4
Middle Atlantic	19, 458, 680, 000	4, 392, 000	6, 327, 783	50. 5	69. 4	34. 8
East North Central	20, 340, 963, 000	4, 465, 000	6, 626, 305	52. 0	67. 4	35. 1
West North Central	4, 817, 706, 000	990, 000	1, 923, 358	55. 5	51. 4	28. 6
South Atlantic	9, 193, 725, 000	2, 220, 000	3, 440, 189	47. 3	64. 6	30. 5
East South Central	3, 055, 822, 000	653, 000	1, 278, 982	53. 4	51. 1	27. 3
West South Central	4, 030, 127, 000	765, 000	1, 293, 193	60. 1	59. 1	35. 6
Mountain	3, 722, 889, 000	537, 000	945, 735	79. 0	56. 8	45. 0
Pacific	10, 493, 131, 000	2, 082, 000 (16, 484, 000)	3, 183, 148	57. 5 (55. 7)	65. 4 (60. 5)	37. 6
Total, United States	80, 453, 498, 000	16, 255, 000	27, 220, 663	56. 4	59. 7	33. 7

Electric light and power industry in the United States

Geographic division	1929			1932		
	Total capacity	Kilowatt-hours generated	Capacity factor	Total capacity	Kilowatt-hours generated	Capacity factor
	Kilowatts		*Percent*	*Kilowatts*		*Percent*
New England	2, 311, 871	6, 016, 471, 000	29. 7	2, 658, 600	5, 241, 465, 000	22. 4
Middle Atlantic	6, 907, 763	21, 587, 025, 000	35. 7	8, 100, 400	19, 793, 281, 000	27. 8
East North Central	7, 438, 333	22, 846, 684, 000	35. 1	8, 101, 400	17, 819, 998, 000	25. 0
West North Central	2, 076, 246	5, 387, 220, 000	29. 6	2, 543, 900	5, 307, 065, 000	23. 7
South Atlantic	3, 520, 237	10, 378, 505, 000	33. 6	3, 999, 700	8, 774, 596, 000	25. 0
East South Central	1, 350, 246	3, 397, 435, 000	28. 7	1, 449, 200	2, 883, 458, 000	22. 7
West South Central	1, 421, 938	4, 887, 615, 030	39. 2	1, 693, 700	4, 012, 084, 000	27. 0
Mountain	1, 042, 733	3, 785, 516, 000	41. 4	1, 098, 600	2, 335, 671, 000	24. 2
Pacific	3, 489, 270	11, 797, 957, 000	38. 6	3, 947, 000	10, 523, 514, 000	30. 4
Total, United States	29, 558, 637	90, 084, 428, 000	34. 8	33, 592, 500	76, 691, 132, 000	26. 0

Electric light and power industry in the United States

Geographical division	1929 kilowatt-hour generation	1929 generation in percent of 1932 generation	Capacity Dec. 31, 1929	1932 capacity in percent of 1929 capacity
		Percent		*Percent*
New England	6, 016, 471, 000	114. 8	2, 311, 871	115. 0
Middle Atlantic	21, 587, 025, 000	109. 0	6, 907, 763	117. 2
East North Central	22, 846, 684, 000	128. 2	7, 438, 333	108. 9
West North Central	5, 387, 220, 000	101. 6	2, 076, 246	122. 6
South Atlantic	10, 378, 505, 000	118. 3	3, 520, 237	113. 6
East South Central	3, 397, 435, 000	117. 7	1, 350, 246	107. 3
West South Central	4, 887, 615, 000	121. 8	1, 421, 938	119. 1
Mountain	3, 785, 516, 000	162. 0	1, 042, 733	105. 3
Pacific	11, 797, 957, 000	112. 0	3, 489, 270	112. 7
Total, United States	90, 084, 428, 000	118. 4	29, 558, 637	113. 6

Mr. AUSTIN. This material shows that the present equipment of the United States generally, throughout, is sufficient to produce much more current than the demands of this country call for at the present time, and that there is no need of any such increase or addition to the present equipment to produce electricity.

I also have some material here which shows that at the present time, right in the territory of the Muscle Shoals project, there is already generating equipment of private power plants which is in excess of the demands for power. I ask to have these things inserted in the RECORD.

The **PRESIDING OFFICER.** Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

ALABAMA POWER CO.,
Birmingham, Ala., August 20, 1931.

Hon. W. R. AUSTIN,
Burlington, Vt.

DEAR SIR: In view of statements from time to time in the public press and on the floor of Congress concerning the attitude of Alabama Power Co. toward the Muscle Shoals project, your attention as a Member of Congress is respectfully invited to the enclosed pamphlet reciting the history of past relations of the company with the Federal Government with regard to the purchase of power.

Since the completion of the Muscle Shoals hydropower plant in 1925 the company has purchased varying amounts of surplus power under a day-to-day contract in replacement of power it otherwise would have generated in its steam plants; the right to purchase power being revocable by the Government at any time. The company at all times has been willing to contract for a much greater volume of power and pay an increased price therefor if assured of reasonable notice of the cancelation of such contract. As shown in the enclosed pamphlet, dated February 10, 1931, under an offer terminable on 18 months' notice, submitted September 4, 1928, at the request of the Secretary of War, the receipts to the Government for the year 1931 would be not less than $2,200,000 instead of $595,000, the estimated amount under the present day-to-day contract.

In a recent report (S.Doc. 222, 71st Cong., 3d sess.) the Secretary of War said:

"Considering the present equipment of the properties at Muscle Shoals and the fact that all contracts must be revocable without notice in order to leave this property free for whatever action Congress may desire to take, the contracts with the Alabama Power Co. give the Government by far the highest obtainable financial return."

At present the generating equipment of the private power plants in the Muscle Shoals territory is in excess of the demands for power. The company is, however, willing to lease the power-generating plants at Muscle Shoals or buy at a fair price and on reasonable terms all power generated, or buy such surplus power as may not from time to time be used in the manufacture of fertilizer or other products, and will thus cooperate in making a success of any well-considered program for operating the nitrate

plants for the benefit of agriculture and the industrial development of the Tennessee Valley.

In the event the Government continues to operate the power plants, the company feels that the Government should not also engage in the distribution of electric energy in competition with thousands of citizens who are stockholders of the company and in other privately owned power companies operating in Alabama, Mississippi, Tennessee, and Georgia. Such action on the part of the Government would be not only unfair to these investors but also would be contrary to sound governmental policy and to the regulatory and taxation policies of the surrounding States.

Very truly yours,

ALABAMA POWER CO.,
By THOS. W. MARTIN,
President.

Mr. AUSTIN. Mr. President, I now come to the last reason—and I am going to make it brief—which I have stated that I have for not supporting this measure, namely, that it threatens the welfare of depositors in banks, and policyholders with loss, through depreciation of public-utility bonds, which constitute a large part of the assets of such institutions.

Too many times has it become necessary here to point out that appeals of prejudice against corporations, and attempts to defeat or promote a certain objective by shouting invectives at banks, and railroads, and insurance companies, are misguided, are not well considered. In the first place, that type of appeal ought not to be made upon consideration of legislation. In the second place, when we are talking about banks and insurance companies, we are talking about institutions which are the representatives of the people of this country. Insurance companies have promised in writing to pay to the estate of a poor man on his death, or before death to him, according to the contract, sums of money which are the product of his thrift through life. So it is with banks; they promise to pay, and they owe the duty of paying, to the frugal people of the United States, those small sums which have been collected in the banks, deposited there, and if their power to do that is destroyed, immediately the welfare of the people of the United States is destroyed.

Mr. President, is this a serious threat that is contained in this bill or is it merely a trivial ground for argument? I asked the Department of Commerce for information regarding the holdings of the bonds of public utilities, and I received this reply, a letter dated April 12, 1933, signed by O. P. Hopkins, Acting Director:

DEPARTMENT OF COMMERCE,
BUREAU OF FOREIGN AND DOMESTIC COMMERCE,
Washington, April 12, 1933.

Hon. WARREN R. AUSTIN,
Senate Office Building, Room 311,
Washington, D.C.

MY DEAR SENATOR: In accordance with your request, we are giving below the statistics on the investments of banks and life insurance companies in public-utility securities. These confirm the figures which were given your office over the telephone today by the Economic Research Division.

Statistics compiled by the Comptroller of the Currency indicate that the total investments of the banks in railroad and other public-service corporations as of June 1932 amounted to $4,276,059,000. The Comptroller's reports do not segregate the holdings of railroad securities. These figures are compiled annually, the latest figures being those quoted above.

The figures on investments of the life insurance companies are furnished to us by the Association of Life Insurance Presidents and cover companies having 82 percent of the admitted assets of life insurance companies. As of January 1933 these companies had investments in railroad securities of $2,638,000,000, and in other public-utility companies of $1,671,000,000, or a total investment in public utilities of $4,309,000,000.

The valuation of these securities represents the "book value" in each case, and not the market value.

* * * * * * *

O. P. HOPKINS, *Acting Director.*

Mr. President, I should like to insert in the RECORD at this point a table of estimates of bonds of public utilities other than railroads held by financial institutions in the United States at recent dates. This collection of statistics seems to be necessary on account of the failure of the department's records to show any classification at all.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

Estimates of bonds of public utilities other than railroads held by financial institutions in the United States at recent dates

Type of institution	Date	Amount
Life insurance companies	Dec. 31, 1932	$1,802,705,000
National banks	Sept. 30, 1932	668,403,000
Banks other than national	June 30, 1932	444,528,000
Savings banks	do	646,614,000
Total owned by banks	1932	1,759,545,000
Held for trust accounts by national banks	June 30, 1932	277,268,000
Total controlled by banks	1932	[1] 2,036,813,000
Total banks and life insurance companies	1932	[1] 3,839,518,000

[1] Excluding holdings for trust accounts held by banks other than national.

Mr. AUSTIN. Mr. President, that is general. I want to call attention to a specific case, because this tends to illustrate how much of a threat this bill is to the policyholder.

I hold in my hand a statement of the New York Life Insurance Co. made public on February 10, 1933, as its annual statement of December 31, 1932, in which appears the heading, "The following table shows the assets of the company under various headings and the percentage of each to the total."

I am going to call attention to only two items:

State, county, and municipal bonds	$129,486,343.11
Percent total assets	5.56

The second item is:

Public-utility bonds	$147,550,734.61
Percent to total assets	7.47

Mr. President, I represent that that company probably is typical of all large insurance companies, and that it is apparent that the depreciation of 7.47 percent of its total assets, which logically would follow the enforcement of this bill if enacted into law, by the destruction of private enterprise, or by such a competition as would reduce it to a nonpaying basis, would have to be reflected through the policies to the policyholders. As to banks, this statement which I file tends to show that banks would be similarly damaged by such injury.

Mr. President, without stating other reasons for objecting to this bill which I have, some of which are, I believe, important, I may say that for the six reasons which I have undertaken to support by evidence, I must vote against the Muscle Shoals bill.

EFFECT OF THE ECONOMY LAW

Mr. ROBINSON of Indiana. Mr. President, I shall not attempt to discuss the Muscle Shoals bill at this time. Rather I beg leave to invite the attention of the Senate to the manner in which the so-called "economy law" is working out, and to bring before this body some specific cases.

Permit me to quote from the Blaine County Press of April 20 the following:

CLAREMONT, ILL.—Using a sharp butcher knife to cut his throat, Arthur C. Freeman, 59, committed suicide this morning at his home in Claremont Township. His son, Arthur, found his body about 11 o'clock this morning in his bedroom. The knife was found at his side. He had severed his jugular vein, but had not cut into his windpipe. Freeman had been despondent for several days. A Spanish-American War veteran, he was worried over the approaching loss of his pension from the new Federal regulations cutting veterans' expenditures, and feared he might lose his farm home, which he had recently purchased.

That is similar to an item appearing in the Detroit papers a little while ago, excepting that in the latter case the wife of a Spanish-American War veteran, not able to go on further after suffering the loss of the little pension they had received, took her own life.

Mr. President, my attention has just been called to a letter written by Maj. Richard F. Sortomme, United States Army, retired, from Tucson, Ariz., to Hon. James A. Freer. Permit me to quote from this communication:

Within 24 hours of the issuance of the President's Executive order three patients died at the veterans' hospital here. During the next 24 hours four more died. In addition, nine were transferred from double rooms to terminal rooms, indicating they were nearing the end. Fourteen more have suddenly taken a turn for the worse and are expected to die. One patient, when informed by his wife of the order, was reported to have said, "There appears to be no hope left, so I might as well give up fighting."

He was stated to have turned over and died within 5 minutes. Another was stated to have died within 15 minutes after being informed by his wife of the new order.

A former war nurse, reported to be suffering with TB, and living with a family out on the desert, is now said to be sinking rapidly because of worry resulting from this act. Having served overseas, it seems it was only a few years ago that she finally broke down too late to come in under even the presumptive act.

Mr. LONG. Mr. President, will the Senator yield?

Mr. ROBINSON of Indiana. I am glad to yield to my friend the Senator from Louisiana.

Mr. LONG. I should have been paying attention, but my attention was distracted. Is the Senator speaking on the economy bill?

Mr. ROBINSON of Indiana. Precisely; and mentioning some specific cases of those whom the economy bill has killed. I am glad, of course, as is the Senator from Louisiana, being conscience-free in this matter, that their blood is not on our hands.

Mr. LONG. From what is the Senator from Indiana reading?

Mr. ROBINSON of Indiana. I am reading from various authorities and from various sources.

Mr. President, what I shall now read comes from the Danville Times, of Danville, Ill., of April 28:

A sorry sight in Danville is the discharged veterans from the local home here actually "panhandling" in the streets to get something to eat and a place to sleep. How will Danville take care of the approximate 1,500 who will be discharged from the local home without transportation or means of support?

Of course, the blow will fall next July 1, Mr. President, when the order goes into effect in all its cruelty and inhumanity.

Here is a letter from Harold Werber, Post 227 of the American Legion, which was sent to the Boston Post of April 10, 1933, and forwarded to me by Jeremiah Sullivan, of Dorchester, Mass. This legionnaire writes the editor of the Boston Post:

Recently in Roxbury a crowd of young men ridiculed and jeered a passing veteran in a Legion uniform. Resenting the insults, he was beaten so badly that he had to be removed to a hospital. There is was found that he was a tubercular case, resulting from gas, and had had his left arm shattered at St. Mihiel, so that self-defense was impossible.

These young men who yelled "Tin soldier!" and "Bonus hound!" at him were not entirely to blame. They, like most other citizens, have been worked into a state of mind bordering on hysteria by the truly horrible propaganda directed against the veteran. Cartoons have pictured him as an armed thug about to raid the Federal building; radiobroadcasts have been insidiously unfair, and certain organizations have so misled the public that today the average veteran is bitter and disillusioned. He has been given no voice, no day in court.

Here is a newspaper clipping, Mr. President, from the Dayton Herald of April 23, which has just come to my hands. The principal headline of the story is:

County turns down plea to transport veterans to homes. Cost becoming too much of a burden, commissioners tell association.

I will read from that in just a moment, but permit me to say, Mr. President, at this point that our national security is threatened by the folly of false economy—a false economy for which the President is responsible and which is administered by a young and untried Director of the Budget who has had a grand total of 2 months' experience in handling the financial affairs of the Nation. How amazing that our destinies should be entrusted by the President to such youthful and inexperienced hands. It would be humorous were it not for the fact that he is actually imperiling public safety.

Already hundreds of millions have been taken from the disabled veterans by a cruel law demanded by the Chief Executive, and by him made even more cruel. The Budget Bureau Director is his chief executioner. The vested rights of those who served in the Spanish-American War have been ruthlessly violated. The policy of short-sighted Budget cutting is actually jeopardizing our national existence. Our safety as a Nation depends upon our national insurance, and our national insurance is our national defense. This is being destroyed by the inexperienced Mr. Douglas.

A nation which disregards her security and safety to such an extent that she allows her Regular Army to be cut down in numbers to a figure less than that allowed Germany under the Treaty of Versailles and permits a young Budget Director to weaken the Navy and Marine Corps to a point of futility is certainly on the road to ruin.

Thanks to the supereconomists, we have a third-rate Navy, with hardly facilities for an adequate showing should an emergency demand it. This may come in the twinkling of an eye. Congress has abdicated most of its power to the President and to his Director of the Budget Bureau, but it must be remembered that, under the Constitution, it cannot abdicate its responsibility to the people. This responsibility is terrifically increased today by reason of unrest throughout the world.

I have before me a clipping from the Dayton, Ohio, Herald of April 23. I just mentioned it, and I will read more from it in a moment, but the import of this story, Mr. President, is that the veterans are being thrown out of the Government hospital in Dayton in the most cruel fashion as a direct result of the so-called "Economy Act" as administered by the youthful Mr. Douglas; and were it not for the patriotic citizens of Dayton these disabled men and women, cruelly abandoned by an ungrateful Government, would be left to starve and die. They had even been denied transportation to their homes. For this inhuman treatment the President, of course, is to blame, but, since Mr. Douglas is his willing agent, it is interesting to recall what the latter said when he was running for office last year. Then he wrote as follows from Phoenix, Ariz., under date of September 8, 1932:

Hon. R. C. STANFORD,
Ellis Building, Phoenix, Ariz.

DEAR JUDGE STANFORD: I am writing this letter to advise you fully concerning my stand on legislation in regard to the Spanish-American War veterans.

It is not now, never has been, and never will be my intention to require of the Spanish-American War veteran proof of service-connected disability. I realize that, after the lapse of all these years since the Spanish-American War, it would be impracticable if not utterly impossible for the vast majority of these veterans to prove such service connection, although it actually exists.

I have not now, nor did I ever have, any idea of disturbing any legislation concerning the Spanish-American War veterans, except those economically independent.

Trusting that this satisfactorily explains my stand in regard to the matter of special interest to you and the hundreds of other Spanish-American War veterans throughout Arizona, I am,

Very sincerely yours,

L. W. DOUGLAS.

Of course, Mr. President, he has completely repudiated his campaign pledge, and today, with President Roosevelt's sanction, requires proof of service connection for Spanish-American disabilities of 35 years ago, when everybody knows that in that day service records were practically unknown and, of course, were not kept. The average age of these veterans is nearly 60 years, and many are much older. Their treatment by the Government under the President's direction and that of Mr. Douglas is utterly cruel and inhuman. Our young Budget Director is making a travesty of the Budget, and it is being done at the direction of the Chief Executive of the Nation. The tragic part of it is that in the end the American people must suffer for the youthful indiscretions, inexperience, and experimentation of the Budget Director.

Mr. President, of course there is no occasion to magnify Mr. Douglas. I recognize he is just a tool of the President; he does what the President tells him to do; but the President cannot escape the responsibility. Rumors are going around that he goes back to the President with a $380,000,000 cut, and Mr. Roosevelt says, "That is not enough; it must be $400,000,000; go back and cut and cut and cut until you have wiped out $400,000,000", regardless of all elements of justice and mercy or of decency. Mr. Douglas goes back and cruelly cuts and cuts and cuts.

Let us see about Dayton and what is going on there. This is one thing for which the President will be remembered in history. I hope his administration succeeds in assisting the country to prosperity, and whenever I think it is right, with

a whole conscience, I shall vote to help in any laudable ambition the President may have in that direction; but whether he shall succeed or not, Mr. President, he will be remembered throughout all time for this injustice, cruelty, and inhumanity to the defenders of the Nation. That is one thing, Mr. President, that we may depend upon.

As to the story from Dayton, they have disabled veterans in the hospital there. I understand that the Chief Executive has ordered, through Mr. Douglas, that the disabled veterans be thrown out. They are also going to eliminate all the branch offices, the regional offices of the Veterans' Bureau; that has been ordered; all wiped out; 54 regional bureaus in 47 States, in all but the State of Delaware, which has none. They are concentrating all those cases here in Washington, so that in the very nature of things it will be 2, 3, 4, or 5 years before the Government here in this central place can attempt to adjudicate these 2,000,000 cases. What a difficult time Members of the Congress in both Houses will have to secure justice for their constituents when that day comes—and it is just around the corner; the order has been issued. So at Dayton this is what is taking place:

Russell Schlafman is the treasurer of the Montgomery County Veterans' Association out there, it seems. One of the commissioners is John Brumbaugh. John Brumbaugh told Schlafman:

"The Government should take care of them"—

That is, the disabled veterans who are being thrown out of the hospital—

"The Government should take care of them, but it is not; and we now have 40 disabled dependent veterans in our home on East Second Street that have been turned out of the home", Schlafman retorted.

In another place in the news item it is stated:

Since April 1 the commissioners have been providing for an average of 35 veterans a day at the temporary home established at 123 East Second Street.

Further on appears this statement:

Schlafman said that many of the disabled veterans discharged from the home have service disabilities as shown by their discharge papers, but in some cases such disabilities have been disregarded entirely.

Still further along in the article:

Schlafman said that he was informed Thursday that 8 war nurses between the ages of 35 and 50, all unable to provide for themselves and 4 of whom receive medical attention, are to be discharged from the home shortly and permitted to shift for themselves.

"Three of these women who were heroines during the war, contracted tuberculosis and another has a tropical fever contracted while in the service in Panama," he said.

Mr. President, I ask that the entire article may be inserted in the RECORD at this point.

The PRESIDING OFFICER (Mr. BACHMAN in the chair). Without objection, it is so ordered.

The article is as follows:

[From the Dayton (Ohio) Herald, Apr. 23, 1933]

COUNTY TURNS DOWN PLEA TO TRANSPORT VETERANS TO HOMES—COST BECOMING TOO MUCH OF A BURDEN, COMMISSIONERS TELL ASSOCIATION

Request of Russell Schlafman, treasurer of the Montgomery County Veterans' Association, for transportation for 6 veterans, discharged from the soldiers' home, back to their homes, was refused Thursday by the board of county commissioners, who advised him that the county can no longer stand the growing cost of caring for veterans.

"It seems to me that there should be some way found to get the Government to take care of these veterans and provide transportation back to their homes when they are discharged," Commissioner John Brumbaugh told Schlafman.

MAKE SUGGESTION

"The Government should take care of them, but it is not, and we now have 40 disabled and dependent veterans in our home on East Second Street that have been turned out of the home," Schlafman retorted.

"You might get in touch with Congressman BYRON HARLAN and see if he won't do something about it," he added.

Since April 1 the Commissioners have been providing for an average of 35 veterans a day at the temporary home established at 123 East Second Street. Twenty-five veterans have been given transportation back to their homes by the county, and the veterans' organization has succeeded in locating friends and relatives of that many more who have provided transportation.

The organization has also been successful in getting authorities at the home to readmit a number of disabled veterans after they were discharged, by showing officials that the veterans are in need of medical attention and have no means of getting it except from the Government.

POPULATION CUT

Schlafman said that many of the disabled veterans discharged from the home have service disabilities, as shown by their discharge papers, but in some cases such disabilities have been disregarded entirely.

Since April 1, the population of the home has been reduced from approximately 5,400 to approximately 3,700, which means that 1,700 veterans have been discharged in that short period of time, in spite of the fact that the provisions of the National Economy Act do not take effect until July 1.

Officials of the home have stated that the majority of those leaving the home are on furlough and that the others are discharged because of being cured. These statements are refuted by the veterans organization which has declared that the men on furlough are on "enforced furlough", which means that they cannot return to the home until the officials permit them to reenter, and that many of those discharged as being cured are actually in need of daily medical attention.

HAVEN FURNISHED

The haven on East Second Street is now completely furnished with cots, bedding, a cooking stove, and cooking utensils. The latest addition was received Thursday, it being a brand new electric refrigerator provided by Powell Crosley, of Cincinnati, who is a war veteran.

Schlafman said that he was informed Thursday that 8 war nurses between the ages of 35 and 50, all unable to provide for themselves, and 4 of whom receive medical attention, are to be discharged from the home shortly and permitted to shift for themselves.

"Three of these women who were heroines during the war, contracted tuberculosis, and another has a tropical fever contracted while in the service in Panama", he said.

Schlafman said that his organization intended to continue its fight against "any program that deprives disabled veterans of their just rights."

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Louisiana?

Mr. ROBINSON of Indiana. I yield.

Mr. LONG. I wonder why the Senator does not take this matter up with the National Economy League. I think he is wasting time here.

Mr. ROBINSON of Indiana. Does the Senator agree with me that the National Economy League are largely responsible for the legislation?

Mr. LONG. I think they have had it in charge. I think the Senator is wasting time to present the matter to the United States Senate. The National Economy League, financed by 15 distinguished multimillionaires, seem to have the matter in charge. I think the Senator from Indiana, instead of trying to get relief through Congress, should not waste his time here, but should go to those 15 multimillionaires who have been running the matter and see if he can achieve results there. He will not get any results here. The matter has been here. The bill was prepared here and passed here. It is strictly a matter of those multimillionaires who decided to take the soldiers off the pay roll. When the Senator knows who has the matter in charge, why mess around here with it, where it will not do any good?

Mr. ROBINSON of Indiana. Mr. President, I fear there is a great deal of truth in what the Senator has said. But permit me to say to the Senator that I hope to offer an amendment to the tax bill when it comes before the Senate which will deal directly with the gentlemen of the Economy League. I hope the Senator from Louisiana will assist me in having it adopted by the Senate and by the Congress and enacted into the law of the land. Then this group of individuals in the Economy League will have an opportunity to make their proper contribution to the cost of running the Government of the United States.

Mr. President, I invite the attention of the Senate now to the fact that this youthful Director of the Budget is asking—and of course he would not ask unless he had the approval of his chief, the President of the United States—for authority practically to destroy the armed services of the country, the Army, the Navy, and the Marine Corps.

In that connection I should like to read from an editorial appearing in yesterday's Washington Times, written apparently by James T. Williams, Jr.:

Owing to misdirected economy in recent years our Navy has sunk to third place among the navies of the world.

"Whether from short-sightedness, from selfish indifference, or from sentimentality," recent Congresses have whittled down our Regular Army until its combat forces now available for the defense of our homeland are actually smaller than Great Britain maintains, smaller than even Germany is permitted under the Treaty of Versailles.

Yet this is the disappearing Army and the third-rate Navy which a new and untried Director of the Budget, after less than 2 months' experience in that office, is asking from Congress dictatorial powers to demoralize and wellnigh destroy.

Before the Congress abdicates its constitutional authority and responsibility "to raise and support armies" and "to provide and maintain a Navy" and surrenders these powers to an ambitious Budget Director or to any other executive agent, surely those Senators and Representatives who take their oath of office seriously will wish "to read, mark, learn, and inwardly digest" the warning words of the great American who was quoted in that letter which the President of the United States, the Commander in Chief of the Army and Navy, received at the White House the other day.

Mr. President, I ask that the entire article be printed in the RECORD at this point.

The PRESIDING OFFICER. Without objection it is so ordered.

The article is as follows:

[From the Washington Times, May 1, 1933]

FALSE ECONOMY SAPS OUR COUNTRY'S DEFENSE

By James T. Williams, Jr.

In his mail the other morning, President Roosevelt found a letter that must have made a strong appeal to his sympathy because it contained these timely words of counsel from the writings of his illustrious kinsman and predecessor in the White House—Theodore Roosevelt:

"Neither a nation nor an individual can surrender conscience to another's keeping. Neither can a nation, which is an entity and which does not die as individuals die, refrain from taking thought for the interest of the generations that are to come, no less than for the generation of today; and no public men have a right, whether from short-sightedness, from selfish indifference, or from sentimentality, to sacrifice national interests which are vital in character.

"The United States Navy is the surest guarantor of peace which this country possesses. It is earnestly to be wished that we would profit by the teachings of history in this matter. * * * To stop building ships for 1 year means that for that year the Navy goes back instead of forward. The Navy can only attain efficiency if enough officers and men are provided.

"Again and again in the past our little Regular Army has rendered service literally vital to the country, and it may at any time have to do so in the future. Its standard of efficiency and instruction is higher now than ever in the past. But it is too small. There are not enough officers; and it is impossible to secure enough enlisted men. We should maintain in peace a fairly complete skeleton of a large Army. In particular, it is essential that we should possess a number of extra officers trained in peace to perform efficiently the duties urgently required upon the breaking out of war."

When the Great War ended, our Senators and Representatives in Congress were deeply mindful of the fact that we had entered that conflict in a deplorable state of unpreparedness. We were in the war for a whole year before we could train and equip one division of 25,000 men to engage in battle.

FORGET LESSONS OF WORLD WAR

And not until we had been in the war for a year and a half was it possible for the United States to organize and put into battle an all-American Army. Even then practically all our machine guns, artillery guns, and ammunition, airplanes, and other important equipment had to be supplied to us by French and British factories.

Throughout all that time the armed forces of France and Great Britain stood between us and the armed forces of Germany and Austria, with which we were at war.

After months of study and review of opinions of our most experienced civil and military leaders, Congress profited by the lessons of the Great War. In 1920 the National Defense Act was passed. This authorized the maintenance at all times of a Regular Army of sufficient strength to insure the timely mobilization of the citizen army and an adequate reserve of essential war munitions to tide over the time necessary to mobilize industry.

This meant the maintenance of a Regular Army of approximately 300,000 officers and men, with a war reserve of arms, equipment, ammunitions, and other supplies for a minimum combat force of a million men.

These elements were intended to supply the foundation upon which the citizen army, consisting of the National Guard and the Organized Reserves, could be mobilized in a major emergency.

Then, as we got farther away from the Great War, and began to forget its major lessons, Congress started whittling down the strength of the Regular Army by failing year after year to appropriate adequately for its maintenance.

No change was made in the National Defense Act, but by reducing annual budgets our Army was cut first to 175,000, then to 150,000, to 125,000, until today it is only about 118,000. And instead of 14,000 officers we have only 12,000.

At the end of the Great War, Congress decided that our national security required that we maintain at all times a Navy "equal to the strongest in every class of combatant ship."

We would have such a Navy today had Congress kept faith with the country and carried out its obligations under the Washington treaty, by which we sacrificed superiority on the seas for equality with the British Navy.

But Congress is again forgetting the lessons that the American people learned from the Great War. Congress is ignoring the warning words of Theodore Roosevelt. Congress is refusing, as it did before the War of 1812, before the Civil War, before the War with Spain, and before the Great War, to "profit by the teachings of history" in this vital matter of national defense.

National defense is national insurance. No prudent citizen begins his economies in a time of depression by cutting down his insurance or by letting it lapse.

NAVY HAS SUNK TO THIRD PLACE

If it be the duty of the head of a family to economize in every other direction before letting his insurance lapse, it would seem to be the imperative duty of the head servants in the Federal city of the great American family that is the household of the Nation to eliminate unnecessary expenditures in other executive departments before reducing our national insurance by cutting the combat strength of our Army and Navy.

Owing to misdirected economy in recent years, our Navy has sunk to third place among the navies of the world.

"Whether from shortsightedness, from selfish indifference, or from sentimentality", recent Congresses have whittled down our Regular Army until its combat forces now available for the defense of our homeland are actually smaller than Great Britain maintains, smaller than even Germany is permitted under the Treaty of Versailles.

Yet this is the disappearing Army and the third-rate Navy which a new and untried Director of the Budget, after less than 2 months' experience in that office, is asking from Congress dictatorial powers to demoralize and well-nigh destroy.

Before the Congress abdicates its constitutional authority and responsibility "to raise and support armies" and "to provide and maintain a Navy" and surrenders these powers to an ambitious Budget Director or to any other executive agent, surely those Senators and Representatives who take their oath of office seriously will wish "to read, mark, learn, and inwardly digest" the warning words of the great American who was quoted in that letter which the President of the United States, the Commander in Chief of the Army and Navy, received at the White House the other day.

Mr. ROBINSON of Indiana. But why continue? From all over the United States we are hearing of injustices wrought by the so-called "Economy Act", this infamous, utterly indefensible legislation enacted by the Senate and the body at the other end of the Capitol at the direction, aye, on the demand of the man who now is President of the United States, he himself Commander in Chief of the Army, the Navy, and the Marine Corps, and responsible for this unfair, unmerciful, unjust, cruel, and inhuman treatment of those who offered their lives for the honor, the majesty, and the flag of this great Nation, which has been admired and envied by every other power on the face of the globe.

Mr. President, while there are many other specific instances of cruelty that I might bring to the attention of the Senate, I shall not detain Members any longer, but I hope sincerely that we may at an early date undo this great wrong we have done to those who wore the uniform. This Nation never can be on the upgrade again until that legislation is wiped off the statute books, repealed, and until the Government again shows the world that the American Republic is grateful to those who have defended it in time of peril.

MUSCLE SHOALS

The Senate resumed consideration of the bill (S. 1272) to improve the navigability and to provide for the flood control of the Tennessee River, to provide for reforestation and the proper use of marginal lands in the Tennessee Valley; to provide for the agricultural and industrial development of said valley; to provide for the national defense by the creation of a corporation for the operation of Government properties at and near Muscle Shoals in the State of Alabama; and for other purposes.

Mr. METCALF obtained the floor.

Mr. McNARY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Keyes	Robinson, Ark.
Ashurst	Couzens	King	Robinson, Ind.
Austin	Cutting	La Follette	Russell
Bachman	Dale	Logan	Sheppard
Bankhead	Dickinson	Lonergan	Shipstead
Barbour	Dill	Long	Smith
Barkley	Duffy	McAdoo	Steiwer
Black	Erickson	McCarran	Stephens
Bone	Fess	McGill	Thomas, Okla.
Borah	Fletcher	McKellar	Thomas, Utah
Bratton	Frazier	McNary	Townsend
Brown	Glass	Metcalf	Trammell
Bulkley	Goldsborough	Murphy	Tydings
Bulow	Gore	Neely	Vandenberg
Byrd	Hale	Norbeck	Van Nuys
Byrnes	Harrison	Norris	Wagner
Capper	Hastings	Nye	Walcott
Caraway	Hatfield	Overton	Walsh
Carey	Hayden	Patterson	Wheeler
Clark	Hebert	Pittman	White
Connally	Johnson	Pope	
Coolidge	Kean	Reed	
Copeland	Kendrick	Reynolds	

Mr. KENDRICK. I desire to announce that the Senator from North Carolina [Mr. BAILEY], the Senator from Georgia [Mr. GEORGE], and the Senators from Illinois [Mr. LEWIS and Mr. DIETERICH] are necessarily detained from the Senate.

The PRESIDING OFFICER. Eighty-nine Senators have answered to their names. A quorum is present.

Mr. METCALF. Mr. President, for the past 15 years there has been before Congress the proposition of creating a permanently operated Government power and fertilizer plant at Muscle Shoals. This measure has been of great importance because it establishes the principle of government in business. In the past, the arguments in favor of Muscle Shoals have been confined largely to the theory that governmental competition with private power interests would eliminate many of the abuses on the part of these interests, the value of the project for flood control, and the possibility of increased agricultural production through cheap and efficient fertilizers.

It is now claimed that the Muscle Shoals project is an emergency measure, and that it will give employment to some 250,000 men; that it will create a miniature Utopia in the lowlands of Tennessee and Alabama. It is a fact that there is in this country some sentiment in favor of governmental operation of most forms of business which have the aspect of interstate commerce, or which are created directly out of the natural resources of the country.

In the past we have attempted governmental operation of the railroads as an emergency measure, and closed that experiment with a shameful record. The same lesson should have been learned in our experience with the United States Shipping Board, and in a measure with the more recent efforts to enter into the business of buying and selling farm products. But these were temporary expedients, if indeed we are charitable enough to call them expedients. The Muscle Shoals project is proposed for the purpose of putting the Government permanently into the business of producing and selling power and manufacturing and selling fertilizer.

It is no simple matter in ordinary times for the Congress to confine the Government to legitimate functions. It is exceptionally difficult in times like these to keep our feet on solid ground, so we may enact helpful emergency measures without causing a change in our whole national policy. We are inclined to take unusual liberties with the Constitution under the theory that that document was written to steer the Nation under normal economic and social conditions.

The Muscle Shoals project is deliberately intended to destroy business by pouring millions of dollars, torn from the people in excessive taxation, into competition with that business. We are taxing electricity in order that we may have funds to compete with those who produce electricity and we are taxing fertilizer in order to have funds to drive the fertilizer industry out of business.

One of the debated differences between the House and Senate bills is whether or not the Government will manufacture and sell fertilizer. I understand that the anticipated capacity for fertilizer production of the Muscle Shoals project is some three times all the fertilizer used in the United States in 1932. Accordingly, the Tennessee Valley Authority will be forced to increase the consumption of fertilizer by 200 percent in order that the plants may be operated at capacity. How may this be done? Only by a systematic campaign to educate the farmers in the use of this Government-produced fertilizer and by selling it at new low prices.

The first campaign will have for its intended result an increased production of basic farm commodities, particularly cotton; for it is in the cotton land that a vast percentage of fertilizer is used. But the sole purpose of the farm bill recently enacted was exactly the opposite. We have bestowed upon the Secretary of Agriculture unprecedented power to tax the people in order to reduce production of basic agricultural commodities. We have levied additional millions in taxes in order to decrease this production. We went even farther than that: We offered to reward the farmer with cash mulcted from the taxpayers for not using fertilizer. I quote the language of the bill:

> Without increase in commercial fertilization per acre.

How on earth can we explain away such flagrant inconsistencies in our efforts to bring this country out of its present emergency?

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Rhode Island yield to the Senator from Nebraska?

Mr. METCALF. I do not like to yield at present. It destroys the continuity of my remarks.

Mr. NORRIS. I am sure the Senator does not want to make a misstatement. He is talking about the Senate bill.

Mr. METCALF. I spoke about both of the bills, as the Senator would have noticed if he had listened carefully.

Mr. NORRIS. I have listened carefully. The Senator has not quoted from the Senate bill. There is no such language in it.

Mr. METCALF. I spoke about the House bill, and this is what I said:

> One of the debated differences between the House and Senate bills is whether or not the Government will manufacture and sell fertilizer.

I am careful not to make mistakes. I do not intend to do so.

On the one hand we are taxing the people to produce more fertilizer and to encourage its use, and on the other hand we are taxing them to pay the farmer not to use it. In one bill we wage a colossal campaign to boost production, and in the other a campaign to decrease it. We are at one and the same time spending money to lessen farm products and to increase them.

It is said that this measure will give employment to thousands of men. What will become of the 25,000 workers in the fertilizer plants now operating in 36 States, and of the 100,000 who depend upon them for food and clothing? What will happen to the 12,000 citizens of Maryland, the 11,000 citizens of Georgia, the 8,000 citizens of North Carolina, and the thousands from other parts of the country who depend for a living on work in these plants? Are we going to move the 12,000 of Maryland's population to the unpopulated regions of Alabama, or are we going to rely upon the charitable inclinations of the people of that State to feed and clothe them? What about Virginia, Florida, South Carolina, and New Jersey? What about the stockholders and bondholders of the $350,000,000 fertilizer business already operating in three fourths of the States of the Union? I suppose they do not count. We are going to say to them: "Pay these new taxes to Uncle Sam so that he may make your bonds worthless, that he may close down your factories, that he may throw your workers out of jobs. Be patriotic, and help your new competitor, who

is unhampered by law, untaxed on his property, who may condemn land, and whose losses are only the taxpayers' money."

One of the best-known principles of that school of thought which is supporting this measure is that there should exist free and open economic competition between the people and between the corporations of this country. We have numerous laws intended to enforce and protect this principle and to inflict penalties upon those who may violate it. But the adherents to this school are today, in proposing to inflict competition on the power and fertilizer industries, more unfair than the most flagrant case ever cited in the history of our country. If we want free and open competition, then why do we not grant to our competitors the same rights and privileges and immunities we are to use to compete with them?

This bill gives to the Tennessee Valley Authority the power of eminent domain. It will have the power to condemn land for transmission lines and power plants. It may tear down houses and excavate city streets. Why do we not grant that power to our proposed competitors?

The corporation may sell or give away products for experiment, or for sales talk. Can our competitors tax the people for this purpose? No; they must pay, and pay, and pay for this industrial promotion; and it is such promotion which has made the United States the tremendous economic power which it is today.

The Government may borrow money for 3 to 4 percent in interest and still maintain its bonds at par regardless of any losses at Muscle Shoals. Show me, if you can, a power company or a fertilizer factory with 3-percent bonds outstanding to its creditors.

The property of the Muscle Shoals corporation, being a part of the public domain, will be exempt from taxation. Are the fertilizer properties of Maryland and Georgia exempt from these levies?

Long before private industry may even anticipate a dividend a large share of the earnings must be set aside for the payment of income and corporation taxes. Will Muscle Shoals' immunity be upholding the principle of open and free competition? No! It will pay 5 percent of its gross income to Tennessee and Alabama instead.

The Tennessee Valley authority will have available for its use every branch of the Government—research experts, engineering advice, executives, and hundreds of services for which private industry must necessarily pay. Muscle Shoals will exempt itself from the jurisdiction of legally constituted public-utilities commissions in the States where it is selling power. It need consider no dividends for its stockholders or interest on its investment, for its stockholders are all the people of the United States, who, in a case like this, may expect little consideration from the taxing power.

If there ever existed an example of unfair competition, this bill is it. It reeks to high heaven with the odium of the usurpation of a Government's constitutional powers for the purpose of industrial competition with the people who furnish these powers. Every power industry or fertilizer industry, regardless of its size or the character of its charter, is really composed of the bondholders and stockholders who are its basic creditors. When we enter competition with any private industry we are entering into competition with the humblest citizen, who, by virtue of years of thrift, has managed to invest the money for which he has sacrificed in the obligations of industry in order that in his declining years he might have some assurance of the necessities of life. To destroy these bonds or to destroy this stock is to my mind one of the most cruel and unprincipled acts which a government might take. Not only does it scent of Communism, but it is characterized by the cruel and destructive stroke always prevalent when a government makes a violent change in its fundamental nature.

I venture that if we should give to any private industry, regardless of its size or nature, one half the rights and privileges and immunities and exemptions which we are paternally bestowing upon Muscle Shoals, that no Government-operated industry would last 6 weeks in competition with it. We are exempting the Tennessee Valley authority from a great portion of the basic costs which necessarily must characterize any private enterprise.

That is not all. We are assenting to a method of accountancy that would be an insult to Insull. The Tennessee Valley authority may charge off all sorts of losses to flood control, navigation, and research. Much of its expenditure may be for the traditional bugaboo of "relief to agriculture." I think no mathematician in this country would care to wrangle with the formulas of accountancy which may be used to show a profit on this project. And there can be no collapse such as followed the high accountancy of Krueger, for the taxpayers will continue to pay and the corporation will continue to waste. But, disregarding the odious principle of Government in business, we surely should have been convinced by now that this proposition is uneconomical and unsound.

Consider the report of Col. M. C. Tyler, which resulted from the most complete study of a river project in the history of hydroelectric power. Colonel Tyler shows that the Cove Creek Dam and power station would cost in excess of $34,000,000. That is exclusive of navigation works. This plant would be equivalent to a steam plant, with an estimated cost of $70 per kilowatt, or approximately $10,000,000. Assuming fixed charges of 10.5 percent for the steam plant and 8.5 percent for the water power, he shows that the Cove Creek project would cost almost exactly twice as much as the value of its power would warrant. Even this unfavorable comparison depends upon the assumption that there would be a sale for over 400,000,000 kilowatt-hours.

Furthermore, the estimated cost of construction does not include transmission lines to the markets for electrical energy. That is, indeed, if there will be a market. The Government, of course, may be able to sell this power much cheaper than the power plants now operating in that section because of the numerous reasons I have already mentioned. But even if the Government cut the rate 20 percent below the private public utilities, Colonel Tyler estimates that over a period of 15 years the customers of the Government would be saved less than $18,000,000, while, at the same time, the Government would suffer a deficiency in excess of $39,000,000.

How will this tremendous loss be justified? How on earth can we justify taking a decent living from the soldiers who suffered on the battlefields of France and pour it into the mudholes of Tennessee? The only way in which the Tennessee Valley authority will be able to make this Frankenstein assume the appearance of economic decency is by juggling the various ledgers of navigation, flood control, farm relief, and power until the abstract and immeasurable values have assumed much of the burden of cost. As a consequence, an already overtaxed people will go down into their pockets and pay a tremendous sum to establish a principle of Government ownership in this country, and the only concrete result will be the destruction of the investments of some private industry and another proof of the futility of a communistic experiment on the part of a democratic Government.

> O Shade of Jefferson, where were you that day
> When Muscle Shoals was built to stay?

It might be good judgment for this Government to endow a project of this kind under opposite circumstances. If the Congress could hear a crying need for additional farm produce, and there existed no reasonable means of securing fertilizer; or if such fertilizer had to be imported; if the people of Tennessee and Alabama were without electricity, or if their homes were in constant danger of floods; if there were no means of economical transportation other than the Tennessee River, then we might be justified in giving consideration to a bill of this kind. But the reverse is true. We are suffering from a surplus of farm products and are planning to pay our farmers to use less fertilizer. The region to be served is already honeycombed with electric transmission lines. Seven major power companies operate within 200 miles of Muscle Shoals. The annual power production has been increased from 2,000,000,000 kilowatt-hours in 1920 to nearly 5,000,000,000 in 1932. The residents of these

States and of other States own a total of $371,000,000 in bonds and preferred stock of the five major companies. The generating stations and transmission lines have a good record for dependability of service at each important load center. The cost of this service will make a fair and reasonable comparison with the city-owned plants of the United States.

This region already is being served adequately with electric power, and there being no necessity for fertilizer production, the only other direct use of the Muscle Shoals project will be the improvement to navigation. A glance at a railroad map of this region should demonstrate to the satisfaction of any reasonable person that rail facilities are excellent. If the Tennessee Valley authority should be successful in diverting much of the tonnage from the rails to the Tennessee River, the only possible result will be an enormous loss to the railroads now serving that section. The authority would simply push the railroads over the brink of bankruptcy and complete the deflation of rail bonds and stocks. What sort of transportation service could the communities of the whole region expect if we should remove the principal mainstay for their railroads? Even at best, the tonnage using the Tennessee River would be comparatively light, as the only city of any size situated so as to profitably use the river for transportation purposes is the city of Chattanooga, already adequately served by railroads which are fighting for their very existence.

It is ridiculous for us to attach importance to the Tennessee River for the purpose of transportation. It is enlightening to know that hardly any of the commodities produced in the region, other than for construction projects along the river, are moved on the river at all. In 1931 the total tonnage on the river from Knoxville to Paducah, the entire distance, was only 2,244,665 tons, and this included even the shortest hauls between locks. The principal commodity transported was sand and gravel in the amount of 1,112,520 tons, largely hauls of only a few miles. The second largest tonnage was railroad ties, 48,214 tons, and coal, 8,177 tons. Much of the actual tonnage on the river was used by the Federal Government. These figures included even rafting of logs and ties. It occurs to me that the bare interest on the money which the proposed navigation improvements would cost would more than pay the cost of transporting the tonnage now using the river, let alone the cost of maintenance and operation of dams and locks.

There were no time clocks or limits of working hours for the sturdy pioneers who plunged into the forests of this country to create the United States. Determined and idealistic men, side by side with strong and loyal women, braved the wilderness of these shores to establish economic as well as religious freedom. Year after year they labored from dawn to dark, and the wilderness gave way to broad, smooth highways, and now are we to embark upon a new road, using the power which these people and these States have lent to the Federal Government, to destroy the spirit of the pioneer and to kill the urge for new development? Do we intend now to establish a policy in distinct contradiction to the very spirit which created this country? What of the future—what of this generation, and the next? Are we to go on as a nation and continue our improvements over the natural endowments of nature, or are we to set at rest forever the instincts of men to improve upon nature and to compete with one another for the rewards of individual enterprise?

I realize there are men who believe that when corporations become arrogant and abusive the only means of correction is for the Government to enter into competition with them. They propose as a corrective and a punitive measure the setting up of a bureaucracy to operate business as a penalty for private industrial abuse. I do not defend the abuses of corporations. There is little doubt but some are arrogant and unfair. But to my mind even an arrogant corporation is better than an arrogant and top-heavy bureaucracy, for we can correct abuses of a public corporation, but none save the sovereign power may limit or guide a bureaucracy.

There is no need to send our Government in a new direction in this hour of crisis. As legislators we should deliberately attempt to avoid a confession of failure of our democracy by adhering strictly to the basic fundamentals which have carried us safely over 160 years.

Muscle Shoals will become the turning point of this Government. It is unquestionably an opening wedge for socialism, and it should, for the very safety of the Government itself, be defeated.

The following lists the 15 States leading in the production of commercial fertilizer, together with the value of the fertilizer produced in 1931, and the number of wage earners directly employed in fertilizer factories in those States. Fertilizer is today produced in 36 States of the Union.

State	Value	Wage earners
1. Georgia	$29,252,000	2,809
2. Maryland	25,500,000	2,855
3. North Carolina	22,900,000	2,140
4. Virginia	20,661,000	2,047
5. Florida	15,760,000	1,084
6. South Carolina	14,000,000	1,606
7. Ohio	14,000,000	969
8. Alabama	13,000,000	1,403
9. Louisiana	8,300,000	858
10. Illinois	8,100,000	454
11. New Jersey	7,000,000	612
12. Tennessee	7,000,000	638
13. California	5,000,000	302
14. Indiana	5,000,000	259
15. Massachusetts	3,800,000	387

Mr. President, this table shows that a total of $199,273,000 worth of fertilizer is produced in those States alone, and that in the production of that fertilizer some 18,423 people find employment. I submit that in view of these facts Senators should be careful how they vote on the pending bill.

Mr. COPELAND. Mr. President, there are two or three questions in my mind which I should like to present to the Senator from Nebraska in order that he may wipe away any fears I have regarding the pending bill.

The Hill bill in the House provides for the mass production of fertilizer, as I understand it, which provision is not included in the pending bill.

Mr. NORRIS. The Senator is correct.

Mr. COPELAND. I have been impressed, not alone this year but in previous years, by what the Senator from Nebraska has said in opposition to the expenditure of money for that particular enterprise, because of the fact that fertilizer could not be economically produced at Muscle Shoals.

Mr. NORRIS. Mr. President, will the Senator permit an interruption there?

Mr. COPELAND. Certainly.

Mr. NORRIS. I understand that the junior Senator from Alabama [Mr. BANKHEAD] is to offer an amendment to the bill which will be practically a complete copy of the House bill. I wonder whether the Senator would not let us vote on the pending amendment, and take up the question to which he is about to address himself when the Senator from Alabama offers his amendment and after he speaks on his amendment. Would that be agreeable?

Mr. COPELAND. I think so. I will turn aside from that for the moment to ask the Senator 2 or 3 other questions.

The PRESIDING OFFICER. The question then is on the amendment of the Senator from Michigan [Mr. VANDENBERG].

Mr. NORRIS. The Senator from New York [Mr. COPELAND] has the floor, and I do not want to interrupt him; but before we take a vote on the amendment I wish to have just a few minutes to state the other side of the case. It has not yet been stated.

Mr. COPELAND. Since I have the floor I will go on and get into the RECORD the thoughts I had in mind, and I shall be very brief.

The sections of the pending bill which have disturbed me are sections 10, 11, 12, and 13, which are pending, and section 18. Am I right in differentiating between the two bills as regards these sections, that the Senator from Nebraska is largely disregarding the transmission lines which are in existence?

Mr. NORRIS. No; the Senator is not correct in that assumption, at least, not as I see it. On page 12, section 12, the pending bill provides:

SEC. 12. In order to place the board upon a fair basis for making such contracts and for receiving bids for the sale of such power it is hereby expressly authorized, either from appropriations made by Congress or from funds secured from the sale of such power or from funds secured by the sale of bonds hereafter provided for, to construct, lease, or authorize the construction of transmission lines within transmission distance from the place where generated.

After we shall have disposed of this amendment I propose to offer an amendment to include in the language the word "purchase", so that the board will be authorized to construct, to lease, to purchase, or to authorize the construction of transmission lines; and an amendment has already been agreed to which provides that when the Government owns the transmission lines constructed by the board it shall likewise have authority to lease such lines to private parties so as to put them absolutely on the same basis.

The objection to the House bill, as I see it, on that point is that before the board can build a foot of transmission line they must open negotiations with private parties; they must make a finding that it is economically feasible; they must secure the consent of the President of the United States. One of the first things, if this bill shall become a law, that they will be called upon to do, I think, will be to build a transmission line from Muscle Shoals to Cove Creek Dam to include the two governmental generating plants, and in order to use the power which is now going to waste and from which nobody is getting anything, in connection with the construction of Cove Creek Dam. If they have first to negotiate and take up with the various corporations that own different transmission lines—and there would probably be a dozen of them with which they would have to deal before they could do a thing; they would have to negotiate with all of them—Senators know what would happen. Every one of them would delay the negotiations; they would offer all kinds of technical objections, knowing that the board had its hands tied and could not do a thing. Then, when the board went ahead, I anticipate there would immediately follow an injunction issued by a Federal judge restricting them from building a transmission line, on the ground that there had not been sufficient negotiations, or that, as a matter of fact, the line they proposed to construct was not economically feasible; and, whether the private companies believed it or not, they could make a case on paper, and the board would probably not be able to build any transmission line until a case, and probably a dozen cases, after 2 or 3 years had been decided by the Supreme Court of the United States. In the meantime a transmission line to distribute power that had cost nothing would not be available, and they would have to buy power from somebody else. That is the difference. The board is placed upon the same footing as a private party. That section of the bill in the beginning provides:

In order to place the board upon a fair basis for making such contracts—

They could never be put on a fair, equal basis with the private corporation until they had been given the same power that a private corporation has.

Mr. COPELAND. Mr. President, the Senator from Nebraska has made his position very clear, and yet, as I read section 16 of the House bill I find this proviso:

Provided, That such transmission line may be constructed only if the board is unable to make contracts satisfactory to the authority with owners of privately owned lines for the transmission of power, or for the use or the purchase of transmission lines, and if, after investigation, the authority shall find that such transmission line is economically justifiable and necessary to carry out the purposes of this act.

It seems to me that the whole question of procedure and the decision will be left to the board, to the authority, under the House bill.

Mr. NORRIS. But suppose the board did not do that and that would be the claim in the lawsuit? Suppose they went part way and made some negotiation, and the private corporation said, "You did not negotiate enough"; it could allege that proper negotiations had not been made; make a showing on paper and secure an injunction. I want to say to the Senator, if he wants to do the fair thing by this corporation, why are we going to tie its hands and let those they have to deal with have their hands untied? I do not understand why anybody can object to putting this corporation upon an equal basis with every other corporation.

Nobody wants to construct a transmission line if there is one already there and arrangements can be made for procuring it. The board to be created is not going to be made up of insane men; they are going to try to make a good showing; they are going to try to save money. If, on the other hand, the board has a transmission line and a private party wants to lease it, the board will be anxious to lease it to them, because it will bring some income. If we do not tie the hands of the board, there will probably be no difficulty in making a contract with private individuals, because they will get some income from the transaction themselves, and they would rather have it than not have the Government pay a part of the cost of their transmission line. If we should tie the hands of the board, we would give the people they have to deal with an advantage that would be detrimental, in my judgment, and would mean no transmission lines for the next 10 years.

Mr. COPELAND. It would seem to me that that is wholly in the hands of the board.

Mr. NORRIS. Yes.

Mr. COPELAND. If they desire to build transmission lines, to provide new facilities for carrying electricity, they have ample power under either bill to do that very thing; but, as a matter of fairness to investors, I think there should be some safeguard. I am surprised to find how many investors in these particular properties live in my State, and they are much concerned over the language used. I do not see how they could be concerned if the language in the House bill were adopted, but the Senator from Nebraska says that the power authority then would not have a sufficient club to use over the privately owned lines if the language of the House bill should be written into the law.

Mr. NORRIS. I will say to the Senator that he, of course, like all other Senators, has no doubt received many communications showing the stock owned in these private corporations by widows and orphans, colleges and schools. The power trust is thinking now of the widows and orphans, but I have the evidence here in my desk—and if the debate proceeds that far, I will produce it—to show that the same men who are behind this propaganda have themselves robbed the same widows and orphans of millions, yes, billions of dollars by the way they have juggled the stocks and bonds of their corporations. Insull as an illustration. I have the records here of these particular corporations down in Alabama, Tennessee, and Georgia showing how they have poured water, to the amount of millions of dollars, into their capitalization. They were not thinking of the widows and orphans when they were destroying the very foundation of the corporations owned by these widows and orphans and which had been intrusted to their care and keeping.

Mr. COPELAND. I hold no brief, certainly, for the men in high places who have robbed the widows and orphans, but I know that every time a bank fails and every time its deposits are tied up the persons who suffer most are the widows and orphans and others who have money on deposit. I assume, too, that—

> While the lamp holds out to burn,
> The vilest sinner may return.

Just now it is to the interest of those who in the past have been exploiters of the public to show to their stockholders what is going to happen to them, and I am not so sure that evils will not come to innocent stockholders.

Mr. NORRIS. Mr. President, will the Senator permit me to interrupt him?

Mr. COPELAND. Of course.

Mr. NORRIS. I realize that "the vilest sinner may return," but the sinner who steals a horse when he does return

will have to restore the stolen horse; and until these fellows do return their stolen horses I have some doubt about the sincerity of the new religion which they have embraced.

Mr. COPELAND. That may be true; but if the transmission lines are wiped out and their business entirely destroyed, they will not have the wherewithal to make their return; the horse will be dead by that time.

Mr. NORRIS. It may be that it will be so; it may be that they have poured so much water into corporations owning the transmission lines that they never can supply the people with electricity at a reasonable rate; but the Senator's theory would mean that the widows and orphans in their homes and other people who have to buy electricity or otherwise do their work by candlelight, the washerwoman who uses the electric washing machine, from now on must pay exorbitant prices for electricity because in the past these fellows have poured water into their capitalization. If now we are going to let conditions remain just as they are, we rob all the consuming public in order to save others and permit them to operate on a fraudulent capitalization of water and wind which they have poured into their institutions.

Mr. COPELAND. If the House bill were to pass, the calamity suggested by the Senator could not occur, because provision is made in the House bill for the transmission of electricity, and provision is also made for the building of transmission lines; but that bill provides that before the Government shall build competing lines it shall first attempt to buy or control those lines which are already in existence.

Mr. NORRIS. I do not care to go over it again, but there is not any doubt but that this board will lease, or buy transmission lines if they can. If they are sane men—and I take it they will be—they will do that; but if we are going to tie their hands and ask them to do that, then we might just as well make it compulsory and say, "You can generate electricity, but you must not carry it across the road to a consumer's house or across the Tennessee River to Florence, a city within sight of the dam, unless the Alabama Power Co. or the Tennessee Power Co. get in as middlemen and convey that electricity."

Mr. COPELAND. Mr. President, it is very apparent from the wording of the Senate bill that the thought is that the Government will build the transmission lines and distribute the electricity. I call attention to section 11 of the pending bill, which reads in part:

> It is hereby declared to be the policy of the Government so far as practicable to distribute the surplus power.

Exactly the same language is used in the House bill except the words in that bill are "distribute or sell." I ask the Senator from Nebraska if he is not going to permit the power authority to sell power if it shall be deemed wise to do so?

Mr. NORRIS. Yes; there is a provision in the bill that they can sell it to the Power Trust itself, but they must first give an opportunity to States, counties, municipalities, and farm organizations to buy it. They have the preference right.

Mr. COPELAND. Once more I refer to the provision on page 14, section 13. Once more I want to enter my protest against 5 percent of the gross proceeds being given to the States of Alabama and Tennessee. I would be perfectly willing to have 5 percent of the net proceeds go to those States; but to give them 5 percent of the gross proceeds brings to my mind, every time I think about it, the expenditure of $90,000,000 by my own State which was demanded in order that we may have the right to distribute the electricity from the power developed on the St. Lawrence.

Frankly, as I compare the bills, it seems to me that, so far as the items are concerned which relate to the transmission of electricity, the provisions of the House bill are preferable. I am in full harmony with the Senator from Nebraska so far as making fertilizer is concerned. I think he is 100 percent right in that matter. But a careful reading of the whole bill indicates that the construction of transmission lines within transmission distance shall be restricted, and they had even specified not to exceed 400 miles——

Mr. NORRIS. Oh, no, Mr. President! The Senator is probably reading from the text of the House bill. There is no such language in the Senate bill.

Mr. COPELAND. I am glad the Senator corrects me, because the Senator would permit it to be transmitted any distance, I believe.

Mr. NORRIS. Yes. If there should be a new invention by means of which electricity could be transmitted a thousand miles, I see no objection to transmitting it that far. I see no objection to taking it to the Senator's home so he could get the benefit of it himself.

Mr. COPELAND. The Senator from Nebraska proposes to do that regardless of the institutions which are already in existence. There is one in my county which is owned by the people of the county. It is almost a mutual company in that it is owned by the people there. They have invested their savings in the concern. Each family has tried to invest enough in it so that the income from the investment may compensate for the cost of the electricity used in the home. But here, without any limitation whatever, without any consideration for the local concerns, the transmission lines are to be extended for miles and hundreds of miles. We do not know what is to be the limit.

Mr. NORRIS. Would the Senator like to have a provision in the bill that transmission lines could not be built anywhere unless the company owning the transmission line in existence was agreeable and consented to it?

Mr. COPELAND. No; I would not, but I would have in the Senate bill exactly what is in the House bill, a provision that before the power authority could build a transmission line it should negotiate with the local concern to see if its lines could be had at a reasonable price.

Mr. NORRIS. Oh, yes; of course. As I look at it, that would mean that the power authority would not be able to build any transmission lines until they took every case on every point to the Supreme Court of the United States.

Mr. COPELAND. Cannot language be found specific enough to prevent that?

Mr. NORRIS. No; I do not know of any way to so word the bill as to prevent a man from going into court. If that were done, that in itself would be held by the court to be unconstitutional.

If the Senator will permit me further, the Senate bill anticipates and is written on the theory that the board will do just what the Senator and I would do if we were operating the board. I am assuming, and others, I believe, must assume, that the board will be composed of honest men, of competent men. If we wanted to take electricity from Washington to Baltimore and there was a transmission line already in existence that would carry it, we would lease it if we could. Perhaps we would buy it if we could. But if our corporation said to us, "We tie your hands, and before you can do anything when you meet in conference with these other people who own transmission lines, you must go through this formula and that formula", we never would get through them, never in the world, without somewhere along the line meeting the claim that we had not properly negotiated, and the next thing we would meet would be an injunction from the Federal court.

Would it be fair to do that if we are going to organize this corporation at all? I can understand how a man might believe that we ought not to do anything, that we ought to let the Power Trust own the country—and men may honestly believe it; they may be right in their belief—but if we are going into this fight and are going to set up a corporation such as is proposed here, we would be idiotic, it seems to me, if we tied the hands of our corporation and sent it out to deal with another corporation that does not have its hands tied.

Mr. COPELAND. I think that is true if that were actually going to be the case, but I do not admit that for a moment.

Mr. NORRIS. No, of course not. The Senator evidently goes on the same theory as the representatives of the Power Trust and the various corporations about which we have

heard so much for the last 4 years, that have tried to get into our schools, that have gone secretly into our churches and our lodge rooms, that have contaminated our children in the public schools, that have employed lecturers under the guise of professors from colleges to talk to women's organizations when they were in the pay of the Power Trust. The Senator evidently goes on the theory that such a corporation could not do any wrong, that it would be fair to us and would not take any advantage of us, and hence our negotiators could confront them with their hands tied behind their backs and get justice because of the virtuous nature of those people who are so kind and who want to take care of the public so well.

Mr. COPELAND. Mr. President, I resent the imputation that that has been my course. I have not made as many speeches as the Senator from Nebraska, and certainly could not make such eloquent speeches as he does, but I have everywhere and always contended, as I do now, that the natural resources of our country should be utilized for the benefit of the people. I am willing to have the Government go to any length to harness streams, to build dams, to erect power plants for the generation of electricity. I have not been willing that all the private concerns should be absolutely wiped out. I have thought always, and I think now, that with the hand of the Government on the switchboard there might be such control of the prices charged, when that power is sold to private parties, that the people would be preserved and protected. If the Government is going into business, if it is seeking to drive out of business entirely those private concerns, that is all right. It is the privilege of those who take that view to hold such a view if they desire.

I resent the suggestion that I am interested in propaganda which has gone on in this country where college professors have been hired and textbooks written for the protection of these great utilities. That has not been my position and is not now. But we could write a bill here, as I think the House has done, which would give ample authority to the power board to negotiate first for the transmission lines and then, if the power authority feels that the price asked is too great or the conditions imposed are improper, it is right of course that the authority should have the power and the funds to go ahead with the construction of transmission lines. But here, as I read it, the whole purpose of the bill is to serve as a club over the heads of these private institutions and to drive them, whether they will or not, into terms which will permit the Government to carry on its operations.

Mr. President, I shall take no further time. I merely wanted to have the RECORD show how I feel about the matter.

The PRESIDING OFFICER. The question is on the motion of the Senator from Michigan [Mr. VANDENBERG] to strike out section 15, as amended.

Mr. BLACK. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Kendrick	Reed
Austin	Couzens	Keyes	Reynolds
Bachman	Cutting	King	Robinson, Ark.
Bankhead	Dale	La Follette	Robinson, Ind.
Barbour	Dickinson	Logan	Russell
Barkley	Dill	Lonergan	Sheppard
Black	Duffy	Long	Shipstead
Bone	Erickson	McAdoo	Smith
Borah	Fess	McCarran	Steiwer
Bratton	Fletcher	McGill	Stephens
Brown	Frazier	McKellar	Thomas, Okla.
Bulkley	Glass	McNary	Thomas, Utah
Bulow	Goldsborough	Metcalf	Townsend
Byrd	Gore	Murphy	Trammell
Byrnes	Hale	Neely	Tydings
Capper	Harrison	Norbeck	Vandenberg
Caraway	Hastings	Norris	Van Nuys
Carey	Hatfield	Nye	Wagner
Clark	Hayden	Overton	Walcott
Connally	Hebert	Patterson	Walsh
Coolidge	Johnson	Pittman	Wheeler
Copeland	Kean	Pope	White

The PRESIDING OFFICER. Eighty-eight Senators having answered to their names, a quorum is present. The question is on the amendment offered by the Senator from Michigan [Mr. VANDENBERG].

Mr. NORRIS. Mr. President, the pending question is the motion to strike out section 13. This section has not yet been defended. It has been assailed by several Senators; and before we vote on it I feel that something ought to be said as to the reasons why it is here.

I take upon myself the full responsibility for the section. It was in the last two bills, I think, that passed the Senate. I concede very frankly that it is a question with two sides to it. As I look at it, the question seems to me to be very plain. It seems to me to be only fair to have this section in the bill. Before we vote on it, however, I want to take the time to give the Senate the reasons that actuated those who put it in the bill. Then, as far as I am concerned, I am ready to vote and accept the result.

Section 13 does not pertain to a fundamental principle involved in the bill; but it does pertain, as I look at it, to a fundamental principle of common justice. That is the only reason why I ever put it in the bill, and the only excuse that I know of for its being here.

The Senator from Michigan [Mr. VANDENBERG] this morning made a very powerful and eloquent argument in favor of his motion to strike out the section. Perhaps I can illustrate the matter best by taking the actual facts.

Cove Creek Dam, located in Tennessee, is proposed to be constructed by the Government principally, almost entirely as a measure of navigation and flood control. I think it would be justified in constructing it for those reasons if there were no others. It is to be a high dam, that will generate a great deal of electricity. Some of it will be primary electricity. I cannot tell, nor have I a fair estimate in my own mind, as to how much of it will be secondary power; but a large percentage of it will be secondary power, because the Government will take the water out of it when the river is low for two purposes: One, to raise the water in the stream in order to make it navigable; the other, to make a place for the next flood to be stored behind that dam in this great reservoir.

If that dam were built by a private party—and it is an inviting proposition for power alone—it would be taxable in the State of Tennessee. The State of Tennessee would get considerable revenue out of it as a matter of taxation. If the Government constructs it and owns it, the State of Tennessee gets no revenue.

I concede to begin with that there ought to be no revenue paid in lieu of taxation if the dam were used entirely and exclusively for a governmental purpose. Bear that in mind all the way through what I shall say. In carrying out the governmental purpose, however, incidentally power is produced that is sold, upon which the Government probably will make a profit. The Government ordinarily pays no taxes. It seems to me that in this case it is only fair to the State of Tennessee that the Government should pay something in lieu of taxes from the revenue-producing part of the dam.

This section does not apply to any electricity sold to the Government or sold to anybody in the operation of the fertilizer provisions of the bill. It does not apply to any power used in the operation of the locks.

Mr. COUZENS. Mr. President, will the Senator yield there?

Mr. NORRIS. Yes.

Mr. COUZENS. May I point out that the Detroit Street Railway pays the city $1,200,000 a year, $100,000 a month, in taxes, so as to put it on a comparable basis with private industry.

Mr. NORRIS. Absolutely. That is what I want to do here. So that on the power that is used for governmental purposes, now, the Government pays no tax. It pays nothing of the revenue. This section applies only to the power sold for consumption in the ordinary course of business.

It seems to me that is fair. Perhaps it is not. I look upon it as fair. I think that is a justification for it.

Let us see, now, what has happened in this particular debate today.

The Senator from Michigan [Mr. VANDENBERG], in a very plausible argument—I think as good an argument as can be made for that side of the question—pointed out what he thought was wrong about this section. He contended that the Government ought not to pay any taxes; that it ought not to pay anything instead of taxes. Before the day passed, however, the Senator from Rhode Island [Mr. METCALF] delivered an address in which one of the leading arguments he made against this very bill was that when the Government constructs these plants it pays no taxes. That is the first argument made against municipal ownership everywhere by every trust magnate who ever tried to defeat municipal ownership: "You pay no taxes"; and that is true. We do not pay taxes. So that many people who believe in municipal ownership concede that there ought to be something paid in lieu of taxes.

The State of Washington—and if I am wrong about it I want my friend the junior Senator from Washington [Mr. BONE] to interrupt me and say so—has some of the finest municipal power-plant activities in the world. The city of Tacoma, one of the beautiful cities of America, owns and has a monopoly of the generation and distribution of electricity in that city. It sells electricity at a fabulously low price to farmer organizations all through that vicinity. The plant is owned by the city, but it pays to the city in lieu of taxes 7½ percent of its gross revenues, an amount 2½ percent greater than is put in this bill.

The Senator from Michigan says, and he says truly—perhaps it may occur—that there may be a loss. When a private party builds a generating plant if he loses money he has to pay taxes just the same. The farmer out in Michigan may lose money on his farm operations, but he pays taxes on his farm just the same. That tax may not be just. Perhaps we can devise a better scheme of taxation. It seems to me we could; but it is sufficient answer, it seems to me, to say that that is our plan; and it is in order to compensate the State of Tennessee, and in the other case the State of Alabama, for what they would otherwise lose in taxes that this section is put into the bill.

Mr. HEBERT. Mr. President, will the Senator yield there?

Mr. NORRIS. Just a moment further, and I will yield to the Senator. I have this idea, and for fear I will forget it I want to finish it. I think I have forgotten it. [Laughter.] I yield to the Senator. Perhaps the thought will return to me by the time he gets through.

Mr. HEBERT. Mr. President, I have listened with more than ordinary interest to the Senator's argument that these States ought to get some taxes from this land which they are to cede to the Government; but I have in mind now the very valuable parcels of land which the Government owns in some of the large cities in the country that are used for governmental purposes, that yield very large revenues to the Government.

Mr. NORRIS. I do not know of that.

Mr. HEBERT. Take the city of New York, for instance: The post office in New York is a very profitable enterprise so far as New York proper is concerned, and yet New York City gets no revenue from the ownership of that property; and that is true over all this country. I should be glad if the Senator would differentiate, if there is any differentiation.

Mr. NORRIS. All right; I think I can. The Senator's question is a perfectly proper one. Taking Cove Creek Dam again as an illustration, his question is comparable with that part of the dam that is used for governmental purposes, where no tax is paid. We speak of it as a tax; of course, that is not strictly correct; but nothing is paid on anything that is used for governmental purposes—not a penny. That is carefully provided in this section. The Government pays no percentage of income for any electric power used for governmental purposes, no matter what kind it may be. So it seems to me that the illustration of a post-office building or a courthouse building does not apply. If, however, in the case of a post-office building the Government leased it to someone engaged in private business—that might happen incidentally, and nobody would care about it—if it leased it to a man who ran a department store in it, if the Government was leasing property to people who transacted that kind of business, then it ought to pay something in lieu of taxes, I think.

Now, here is an incident. First, the dam is built for a strictly governmental purpose. No one will dispute that it is a proper expenditure of money to make our streams navigable. We have spent hundreds of millions of dollars for that purpose. No one will dispute that we have a perfectly legitimate right to spend public money for flood control. For 100 years we have been drawing on the Treasury of the United States to do that. Incidentally, however, in connection with the scheme involved in this bill for flood control and for the improvement of navigation there comes a revenue from the sale of power. On that part of the business it seems to me the Government ought to pay something in lieu of taxation.

We have provided for similar payments in other laws. We paid to States containing forest reserves which take large areas of land out from under taxation. When we sell timber, I have forgotten the exact figures, but I think we have paid them 30 percent, based entirely on the principle underlying this measure, as I understand it.

Mr. President, that is all there is in this provision. If Senators think it is wrong to do what is proposed, of course they will vote to strike the provision out. To my mind, it is just common justice.

I do not want anyone ever to quote me as saying that I thought the Government ought to pay any taxes, or anything in lieu of taxes, for any property used exclusively for governmental purposes. But the property in this case we cannot divide. We can only estimate, in the case of the Cove Creek Dam, how much of the cost is properly chargeable to power, how much is properly chargeable to navigation, how much is properly chargeable to flood control. If it were over in my section of the country, there would be another estimate, as to how much was properly chargeable to irrigation. The only way we can reach those items is by an estimate honestly and carefully made. We will never reach absolute accuracy.

Mr. President, in this case the Government is to pay 5 percent. It is conceded that the completing of the Cove Creek Dam will increase the revenue of the Government at Dam No. 2 down in Alabama. It will increase it at any other intervening dam that is built. That comes entirely from the construction of the Cove Creek Dam up in Tennessee, and it is provided that 2½ percent shall be paid to the State of Tennessee for the increased power which is actually sold, not to the Government, not to any governmental department, or for any governmental function.

Mr. President, I concede the right of any man to take the other side, and to contend that we should deprive the States of the collection of those taxes. It is argued by the Senator from Michigan that while there is going to be a great improvement there, navigation is going to be increased, transportation is going to increase, cities will be built up there, manufacturing establishments will grow up all along through the Tennessee Valley, and farms will improve, the same things would happen if the Cove Creek Dam were operated in the same way by a private corporation. But we would not realize the money from taxation on that account, and it does not seem to me that that is a sound argument.

Every time we have ever proposed to do anything in the way of generating electricity by any governmental instrumentality—the Federal Government, State government, county government, municipality—we have had hurled in our teeth, to begin with, "That is not fair. You do not pay taxes." That has been the argument against a bill similar to this for 12 years. "It is the Government going into business. You do not pay taxes. It is not right to come in



competition with private parties", who have robbed their stockholders as well as the consumers. "You must not interfere with these men because you do not pay taxes."

When we say, "We will pay what is equivalent to taxes", then the same kind of people come back, as they have today, and take just the other side, and kick because we are going to pay taxes. So it is a case of being damned if we do and damned if we don't.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. VANDENBERG. The Senator is talking about precedents for contributions by the Federal Government. In respect to power, is not the outstanding precedent at Boulder Dam, and is it not a fact that payments to the States of Arizona and Nevada are not to start in the Boulder Dam case until the Government shall be reimbursed for its entire investment?

Mr. NORRIS. Yes.

Mr. VANDENBERG. That is the only contention I am making.

Mr. NORRIS. I think the Senator is right about it, but I think the principle is present just the same. Eventually we are to pay the States. In the case of the forestry reserves we pay them now. Whenever timber is sold out of forestry reserves, as I understand it, we pay them 30 percent—perhaps 35. I never objected to that. I always favored it. I think it is right, because if the Government had not taken those lands they would have produced some taxes.

Now I want to speak on just one other thing and then I will be through, and I want to leave the matter to the Senate. I am willing to accept the verdict of Senators on this amendment as that of fair, honest-minded men.

Mr. President, I have offered an amendment, which is now in the bill and which will be stricken out if the pending motion prevails. The amendment provides that the rates fixed in the bill will be subject to change by the board and that when they are changed, and the change is approved by the President, the rates which are established shall then remain in force for 5 years before they can be changed again, and that when it is proposed that a change be made the States of Alabama and Tennessee shall have a right to be heard.

It seems to me that is fair. I can see how, in the years to come, conditions may change very greatly, may change so that the present rates would not be enough, or changed so that the rates would be too high. The matter will be in the hands of the board to be set up. Every 5 years, if it wants to, the board can change the rate, and, I take it, it will be fair about it, if it is not right. I am sure I could not say accurately, if I were asked, whether the rate is right or not. I fixed the percentages myself. I did the best I could, and I want to tell the Senate what I did. Long before it was necessary to prepare the first bill in which this provision occurred I started an investigation in order to find what percentage of the gross revenue of the power companies was paid in the way of taxes. That was an exceedingly interesting study. Some of the companies paid, as I remember it—and I am speaking only from memory—less than 1 percent of their gross revenue. Some paid as high as 10, 11, and 12 percent of their gross revenue. I struck what I thought was a sort of mean. There was no definite, well-established rule about it. They paid just as little in the way of taxes always as they could, and it depended upon the kind of board they had to deal with how much the tax would be.

Mr. HEBERT. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. HEBERT. In the Senator's investigation did he find any precedent for this form of taxation? As I understand it, private power concerns have to pay some sort of taxes on their receipts, gross or net, or whatever the basis may be; but, in addition to that, they have local taxation, at the prevailing rate, in the locality where the plant is located.

Mr. NORRIS. That is the tax we are trying to recompense them for. It is the property tax.

Mr. HEBERT. I refer to the property tax. Of course, no property tax is based upon any such formula as is contained in this bill.

Mr. NORRIS. No; that is true.

Mr. HEBERT. In the case of all private power concerns, if they have a tax to pay upon the production of power, that ordinarily is payable to the States, and, in addition to that, there is a tax payable to the municipality where the plant is located.

Mr. NORRIS. Yes.

Mr. HEBERT. But in this case it is to be payable to the State, as I understand it.

Mr. NORRIS. That is correct.

Mr. HEBERT. And the municipality in which the plant is located will derive no benefit.

Mr. NORRIS. That does not follow, by any means.

Mr. HEBERT. I would assume that to be so, from the wording of the bill. At any rate, the bill makes no provision for compensating the municipality.

Mr. NORRIS. No.

Mr. HEBERT. So we have a right to assume that there will be no State tax as such and no municipal tax as such.

Mr. NORRIS. I do not agree with the Senator in that assumption. Perhaps other people could, but I confess I would feel it a very difficult task if I were called upon to draw a statute like this, and divide up the percentages as to the different particular parts of the State which should receive the tax, like the State, and the county, and the municipality, and the school district, and so forth. I did not try to do that. I think there is no doubt that it is perfectly legal, that the State of Tennessee can do what they please with the tax which is paid to the State of Tennessee, if one is paid. They can carry it on down, as they do other taxes, and let it all go to the municipality, if they desire, or to the school district, the road district, or to the county. In other words, we are not undertaking to say to the State how they shall divide it up. I think that is up to the State.

Mr. HEBERT. My thought in asking the Senator the question, if the Senator will pardon me a moment, was to ascertain whether or not in his investigation the Senator had found any precedent for the imposition of a tax of this nature.

Mr. NORRIS. Mr. President, I think I have called attention to that. There are a great many municipalities which own their electric-light establishments which pay taxes. There are some of them which pay all the taxes of the municipality. I called attention to the city of Tacoma, in the State so ably represented in part by the junior Senator from Washington [Mr. BONE], who sits here at my left. They pay 7½ percent of their gross receipts, and still make millions.

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. McCARRAN. I wish to say at the outset that the question I am about to propound to the Senator will be based in part on my knowledge of Boulder Dam and in part on my lack of knowledge of the pending proposal. Referring to the Senator's last remark, is it not true that the electric-light establishment in Tacoma, to which he refers, is a private corporation which pays its taxes to the community in which the Senator from Washington is a resident?

Mr. NORRIS. I do not understand it that way. It is the municipality itself.

Mr. McCARRAN. I know; but is it a Federal corporation?

Mr. NORRIS. No; it is organized under the laws of the State of Washington.

Mr. McCARRAN. Following that up, comparing these two great plants—the Boulder Dam, in which I am interested, and the one in Alabama—before any benefits would be derived by either the State of Arizona or the State of Nevada it is necessary, under the law, that $140,000,000 shall be repaid to the Government, and after that the States divide—18⅔ percent to Nevada and 18⅔ percent to Arizona. I should like to get an explanation as to why the initial cost of the plant in this case should not be paid back to the Gov-

ernment, as in the case of the Boulder Dam, before either Tennessee or Alabama shall have anything.

Mr. NORRIS. The Senator has asked a perfectly proper question, and I am going to be just as frank as I can be in answering it. If it were possible to carry out in this case what the Senator suggests, I would be very glad to do it. We are confronted here, however, with the Government undertaking in the Tennessee Valley a great project, what we might call "a reclamation project." We are going to try to control the flow of the streams, particularly of the Tennessee River. We are going to try to control the floods. We are going to try to make that great stream navigable. We are going to reforest some of the land. We are going to put to better use some of the so-called "marginal lands." We are going to develop power. The development of power is only one of a large list of things we are going to try to do. They are all interlocked. In many of these improvements every one of these things will enter as a component part.

As to Dam No. 2, which we own down there now, nobody that I know of has ever said how much of that dam should be allocated to navigation and how much to power. Most people think of it as a power dam only. They do not realize that if that dam had not been built some similar improvement would have had to be constructed in order to make the Tennessee River navigable. A great lake has been constructed there over a portion of the river which at times in the year is just a rippling stream running over the rocks. Canals could have been built around there. Other dams—smaller dams, without any power—could have been built. Dam No. 3, some 12 or 14 miles above, a well-known dam provided for in the original plan, was never constructed. It strikes me, from my investigation and from the testimony before the Committee on Agriculture and Forestry for the last 12 years, that no business man would construct Dam No. 3 as a power proposition. It would not pay; it would not be a good investment; but as a navigation proposition it is absolutely essential that we shall make the river navigable during portions of the year at least. It could be done in a different way; canals could be built around; little dams could be constructed here and there; but no power would be obtained. Instead, however, of all those little dams, there is just one lock, if it shall be constructed according to the original plans, and it will make the river navigable for between 65 and 75 miles.

Some of that can be allocated to navigation—I think most of it; some of it can probably be allocated to power; but no business man would build it. I would not have advised the Government to build it as a power proposition alone, but I can see that that dam, or its equivalent, must be built. We cannot avoid it if we are going to make the Tennessee River navigable. It is of practically no value as a flood-control proposition; neither is Dam No. 2. I do not think there ought to be anything in the way of flood control allocated to either one of those dams, because they will always be kept full.

The difficulty arises because all this business is so interlocked and so interwoven that it is difficult to tell where one begins and the other ends, but when we put them together as a whole we know what we are going to get. We are going to get a navigable stream; we are going to get flood control; we are going to get power as an incident; but while the object of this bill is to get the maximum amount of flood control, it does not say the maximum amount of power, as will be noted by anyone who will read the bill. It provides for securing the maximum amount of flood control, the maximum amount of navigation—flood control and navigation—and the maximum amount of power "not inconsistent with navigation and flood control." That, I think, is the language of the bill. The power is really a secondary proposition. It comes about because it would be sinful to build all these dams and not develop some power. When it shall be developed, what is going to be done with it? The Government has it on its hands, and why should not the people of that great basin have the benefit of it?

That may not be a complete answer to the Senator's question, but it is the best answer I can give.

Mr. WALCOTT. Mr. President——

Mr. NORRIS. I yield to the Senator from Connecticut.

Mr. WALCOTT. I should like to know if there are any estimates as to the depth of channel that will be available when Dam No. 3 shall be built or as to what tonnage of boats or barges the river will carry?

Mr. NORRIS. Dam No. 3 will make a lake that will be deep enough for an ocean-going vessel, but, of course, there will be no such vessel, because near the head of the lake the depth decreases. And to make the river navigable to Chattanooga there will have to be another dam built known as "Guntersville Dam." With Dam No. 2, Dam No. 3, and a dam at Guntersville, as I understand, the river would be made navigable all the way from Muscle Shoals clear to Chattanooga.

Mr. WALCOTT. Does the Senator know what height those dams will be, approximately?

Mr. NORRIS. I know about Dam No. 3; there has never been an estimate made, so far as I know, as to the others.

Mr. WALCOTT. About how high will Dam No. 3 be?

Mr. NORRIS. About 40 feet.

Mr. WALCOTT. That will be a lock dam?

Mr. NORRIS. Yes.

Mr. WALCOTT. Then how would you get around the Moccasin Bend?

Mr. NORRIS. Where is that?

Mr. WALCOTT. That is some miles below Chattanooga.

Mr. NORRIS. The Guntersville Dam, as I understand, takes care of that. I do not mean to say that Dam No. 3 would make the river navigable to Chattanooga; it would make it navigable for about 65 or 70 miles, as I remember.

Mr. WALCOTT. So there would be three dams equipped with locks?

Mr. NORRIS. There would be three dams between Chattanooga and Muscle Shoals, and every one of them would generate power and every one of them would be a necessity as a matter of navigation; but none of them would have any perceptible influence on flood control.

Mr. WALCOTT. Is the Senator convinced that the navigable portion of the river, as the result of these developments, would be valuable and would be available for considerable tonnage?

Mr. NORRIS. I think so. One of the difficulties, I understand, in the Tennessee River is that it has only been navigable in spots. Of course, the Senator knows that that means very little navigation. The idea of the Government has been—and that is a part of its plan, laid out without reference to this bill at all—to make the Tennessee River navigable from its mouth to Knoxville. That would mean that a boat could start at Knoxville and go down to New Orleans and come back or go out on the ocean if it was such a boat as could navigate on the ocean.

Mr. TYDINGS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Maryland?

Mr. NORRIS. I yield.

Mr. TYDINGS. Yesterday, in explaining the difference between the House and the Senate bills, the Senator from Nebraska pointed out that it would be necessary to build transmission lines from the Cove Creek Dam to the Muscle Shoals Dam proper. With that observation I find myself in accord, but I was wondering whether or not the Senator would be inclined to limit the building of transmission lines between the two dams by the Government?

Mr. NORRIS. No, Mr. President; I would not favor putting any limitation in the bill. It provides in another place—and the particular provision I am referring to now went in at the request of President Roosevelt—that the board shall have authority to build from its main lines transmission lines into localities of farmers and small villages where the people do not have electricity at reasonable rates, as a kind of experiment to some extent, to sell it even at retail. There is a provision in the bill for doing that very thing. It is to that extent an experiment, as it is in the case of fertilizer, and in other respects.

Mr. TYDINGS. Mr. President, will the Senator yield further?

Mr. NORRIS. I yield.

Mr. TYDINGS. I appreciate the Senator's position; he has reiterated it many times, and I concede that there are very good arguments to support the stand he takes; but speaking for myself, I am reluctant to have the Government build transmission lines which would duplicate those already built by private concerns.

Mr. NORRIS. That is not going to be necessary if this bill shall pass, unless the power companies shall be stubborn about it. This bill—when an amendment shall be agreed to, and to which I think the Senate will readily agree, inserting the word "purchase"; an amendment which I am going to offer as soon as the pending amendment shall have been disposed of—will then provide that the board or the Government corporation may lease, construct, purchase, or authorize the construction of transmission lines; and it states, in so many words, that that authority is given to the board for the purpose of putting them on the same business basis as are private corporations which compete with them.

Mr. TYDINGS. With that explanation, I believe I would be inclined to support the Senator's bill in preference to the one which came over from the House, because I think as between the two bills the bill he has prepared is more comprehensive and, in my judgment, is a sounder bill. My chief reluctance to it at this time is that, as for myself, I do not believe it is fair for the Government to coerce, so to speak, private transmission lines or private lighting or power companies into a situation which might not leave them any alternative, so that they would either have to take what the Government offered or go out of business.

Mr. NORRIS. Oh, no; I do not think that, although, of course, that may be the Senator's idea and he may be correct. I do not want to put anybody out of business who conducts his business properly.

Mr. TYDINGS. I understand it is the Senator's interpretation of the power feature that the Government will not parallel any existing transmission lines except where the existing company refuses to abide by what we will call the equities of the situation.

Mr. NORRIS. Yes. That is my understanding. I want to give the board the power without tying their hands in any way. I assume the members of the board are going to be men of national reputations, high-class men, well informed on this particular business, and that they are not going out with the idea of slaying people or injuring business. For their own advantage, they will want to make as good a showing as possible; they will want to lease a transmission line rather than to build it. It will be to their own interest to do it; it will be to the interest of the private company that the same thing shall be done. One of the amendments I offered yesterday gives to the board the power to enter into contracts in cases of breakdown or accident. In such instances contracts can be entered into such as all corporations generally interested in electricity ought to enter into in order to help each other out. The Government board will help the independents out, and, to the same extent, the independents ought to be willing to help out the Government corporation.

Now, Mr. President, I should like to have a vote, if we may. I only took the floor to speak on the amendment briefly.

Mr. McCARRAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Nevada?

Mr. NORRIS. I yield.

Mr. McCARRAN. I should like to ask one or two questions of the Senator.

Mr. NORRIS. Very well.

Mr. McCARRAN. The questions, in all propriety, should be preceded by the statement that they are asked by reason of my lack of knowledge of the immediate problem presented, and by reason of my knowledge of another problem which I consider to be somewhat analogous, which is the Boulder Dam project. I should like to ask the Senator if he were the attorney for a private concern would be advise the private concern to construct this plant from the standpoint of profit?

Mr. NORRIS. Which plant?

Mr. McCARRAN. The plant we are talking about now—Muscle Shoals.

Mr. NORRIS. The Cove Creek Dam?

Mr. McCARRAN. Yes.

Mr. NORRIS. I said that I thought it was an inviting proposition, but I do not want the Senator to be misled. I have said a great many times on the floor of the Senate it would be a sin—that it would be a terrible thing—if we permitted any private company to build Cove Creek Dam, because, naturally, they would use it for all the money they could get out of it, and that would mean the sale of power.

The Government is building it as a flood-control proposition and a navigation proposition. It will be letting a good share of this water out every year so as to improve navigation and holding it back in flood times in order to prevent flood damage. That means that it will interfere very seriously with the project as a power, or income, producing proposition. So this dam, located at the head of one of the largest natural reservoirs east of the Mississippi River, will hold back 3,500,000 acre-feet of water, and the Government will utilize it by letting out a good share of it every year when the water is low, and thus increase the flow and improve navigation, and to that extent improve the power possibilities of all dams, whether private or public, below it, but that will seriously affect the power produced at Cove Creek Dam proper. I want the Senator to get clearly in his mind that Cove Creek Dam ought to be constructed by the Government, no matter what we do about anything else, because only the Government can afford to construct that great dam and use it as a flood-control work.

Mr. McCARRAN. Following that inquiry, with the Senator's permission——

The PRESIDING OFFICER. Does the Senator from Nebraska yield further to the Senator from Nevada?

Mr. NORRIS. I yield.

Mr. McCARRAN. My next question may be preceded by the statement that when the Congress was considering legislation to construct the Boulder Dam, on which the Government is to expend some $160,000,000, it was required that $140,000,000 should be returned before any benefits could go to the States; and, as will be recalled, the same arguments were presented as the Senator from Nebraska is now presenting.

In other words, it was a flood-control project to preserve the Imperial Valley; it was a flood-control project for other reasons; it would also furnish irrigation, which is something that is not necessary in the Tennessee Valley; and it would produce power. Various other reasons were given why the development should be undertaken; for instance, that it would make navigable a certain part of an unnavigable stream. In other words, we are going to produce a lake above Boulder Dam with a contour line of a thousand miles, approximately. The whole proposition was that we would produce taxable property.

Is it not true that the construction of this project will produce in the area affected taxable property that is now perhaps not in existence and will not reflect itself to the benefit of the community affected?

Mr. NORRIS. I think it will. I say that frankly to the Senator. But if the same improvement were made by a private corporation, the same thing would happen and the corporation would have to pay taxes.

Mr. McCARRAN. That is true. The Senator will pardon me if I continue with my idea. I want to say to the Senator from Nebraska that I have followed this question with some degree of interest and I am very partial to the whole project proposed by the Senator. But there is an element that arises by reason of the amendment offered by the Senator from Michigan that does affect me very much, and that is, why should this project pay to the States that are affected a bonus, so to speak, for developing something that apparently no private concern would develop at all?

Mr. NORRIS. I could not follow the Senator in that idea. Sooner or later every one of these projects will be built, unless it will be a dam like Dam No. 3, which the Government itself is going to build anyway, if it ever makes the Tennessee River navigable. Cove Creek Dam, I have no doubt, would be utilized by private people, and it would be an evil day for the Tennessee Valley and for the Mississippi River if that ever should occur, because flood control would be at an end so far as that greatest of all reservoirs east of the Mississippi River is concerned. They would keep that great reservoir filled all the time. I would not blame them for doing it. That is what I would do. It would be perfectly proper and perfectly legal to do it. That is the reason why the Government ought to do it. The greatest thing connected with it is the question of flood control. It would not make the Tennessee River of the same depth all the year round. It will hold back 3,500,000 acre-feet of water.

There are other reservoirs, none of them nearly as large as this, but 10 or 12 pretty well surveyed, which combined could hold back more flood water than Cove Creek Dam. I am about to speak from memory now and I may be wrong about it, but I have seen a statement that in the entire Tennessee River Basin there are flood-control propositions which combined would hold back 15,000,000 acre-feet of water. I want to say that that would have a lot to do with destructive floods on the Mississippi River. It would make the Tennessee River navigable the year around. Cove Creek Dam will raise the water at Chattanooga in low seasons about 1 foot. That represents the difference between non-navigability and navigability. But that is not the end. That is only the biggest one.

Mr. President, the motion of the Senator from Michigan [Mr. VANDENBERG] was very eloquently and forcefully presented by him, advocating the striking out of the section on the ground that we will be paying taxes or something in lieu of taxes and have no right to do it. He was followed by the Senator from Rhode Island [Mr. METCALF], who condemned the bill in severest terms on the grounds that we will not pay taxes. I ask Senators to remember those statements.

The PRESIDING OFFICER. The question is on the motion of the Senator from Michigan to strike out section 15, as amended.

Mr. VANDENBERG. Let us have the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. McNARY (when his name was called). On this vote I have a pair with the senior Senator from North Carolina [Mr. BAILEY]. Not knowing how he woud vote, I withhold my vote.

The roll call was concluded.

Mr. AUSTIN (after having voted in the affirmative). Has the senior Senator from Virginia [Mr. GLASS] voted?

The PRESIDING OFFICER. That Senator has not voted.

Mr. AUSTIN. I have a pair with that Senator, and in his absence withdraw my vote.

Mr. HEBERT (after having voted in the affirmative). I have a pair on this vote with the senior Senator from Illinois [Mr. LEWIS]. I transfer that pair to the senior Senator from Delaware [Mr. HASTINGS], and allow my vote to stand.

Mr. BORAH. On this vote I have a pair with the senior Senator from Nevada [Mr. PITTMAN], who, if present, would vote "nay." If I were at liberty to vote, I would vote "yea."

Mr. LOGAN. I have a general pair with the junior Senator from Pennsylvania [Mr. DAVIS], who is absent. I transfer that pair to the senior Senator from Mississippi [Mr. HARRISON] and vote "yea."

Mr. KENDRICK. I wish to announce that the senior Senator from Mississippi [Mr. HARRISON] is absent on official business.

Mr. HEBERT. I wish to announce the following general pairs:

The Senator from North Dakota [Mr. FRAZIER] with the Senator from Georgia [Mr. GEORGE];

The Senator from Minnesota [Mr. SCHALL] with the Senator from Illinois [Mr. DIETERICH]; and

The Senator from Vermont [Mr. DALE] with the Senator from California [Mr. McADOO].

Mr. KENDRICK. I desire to announce that on this question the Senator from Massachusetts [Mr. WALSH] has a special pair with the Senator from Arkansas [Mrs. CARAWAY]. If present, the Senator from Massachusetts [Mr. WALSH] would vote "yea", and the Senator from Arkansas [Mrs. CARAWAY] would vote "nay."

I also wish to announce that the Senator from Arizona [Mr. HAYDEN] and the Senator from Virginia [Mr. BYRD] are necessarily detained from the Senate on official business.

The result was announced—yeas 31, nays 43, as follows:

YEAS—31

Barbour	Fess	Keyes	Townsend
Barkley	Goldsborough	Logan	Tydings
Brown	Gore	Lonergan	Vandenberg
Carey	Hale	Metcalf	Van Nuys
Coolidge	Hatfield	Patterson	Wagner
Copeland	Hebert	Reed	Walcott
Dickinson	Johnson	Robinson, Ind.	White
Duffy	Kean	Steiwer	

NAYS—43

Adams	Clark	McCarran	Robinson, Ark.
Ashurst	Connally	McGill	Russell
Bachman	Costigan	McKellar	Sheppard
Bankhead	Couzens	Murphy	Shipstead
Black	Cutting	Neely	Smith
Bone	Dill	Norbeck	Stephens
Bratton	Erickson	Norris	Thomas, Okla.
Bulkley	Fletcher	Nye	Thomas, Utah
Bulow	Kendrick	Overton	Trammell
Byrnes	King	Pope	Wheeler
Capper	La Follette	Reynolds	

NOT VOTING—21

Austin	Davis	Hastings	Pittman
Bailey	Dieterich	Hayden	Schall
Borah	Frazier	Lewis	Walsh
Byrd	George	Long	
Caraway	Glass	McAdoo	
Dale	Harrison	McNary	

So Mr. VANDENBERG's amendment was rejected.

Mr. NORRIS. Mr. President, I desire to offer an amendment which I referred to in the argument. In fact, I have two or three amendments which I wish to offer.

On page 12, line 25, after the comma following the word "lease", I move to insert "purchase", so that it will read:

In order to place the board upon a fair basis for making such contracts and for receiving bids for the sale of such power it is hereby expressly authorized, either from appropriations made by Congress or from funds secured from the sale of such power or from funds secured by the sale of bonds hereafter provided for, to construct, lease, purchase, or authorize the construction of transmission lines within transmission distance from the place where generated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 12, line 25, after the comma following the word "lease", it is proposed to insert the word "purchase", so that it will read:

by the sale of bonds hereafter provided for, to construct, lease, purchase, or—

And so forth.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Nebraska.

The amendment was agreed to.

Mr. NORRIS. I have another amendment, on page 10, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. It is proposed to strike out lines 21 to 25, inclusive, on page 10, and on page 11 to strike out all down to and including line 13, and to insert in lieu thereof the following:

(b) The Comptroller General of the United States shall audit the transactions of the corporation at such times as he shall determine, but not less frequently than once each fiscal year, with personnel of his selection. In such connection he and his representatives shall have free and open access to all papers, books, records, files, accounts, plants, warehouses, offices, and all other things, property, and places belonging to or under the control of or used or employed by the corporation, and shall be afforded

full facilities for counting all cash and verifying transactions with and balances in depositaries. He shall make report of each such audit in quadruplicate, one copy for the President, one for the chief officer of the corporation, one for public inspection, and the other to be retained by him for the uses of the Congress. The expenses of each such audit may be paid from moneys advanced therefor by the corporation, or from any appropriation or appropriations for the General Accounting Office, and appropriations so used shall be reimbursed promptly by the corporation as billed by the Comptroller General. All such audit expenses shall be charged to operating expenses of the corporation. The Comptroller General shall make special report to the Congress of any transaction or condition found by him to be in conflict with the authority or duties entrusted to the corporation by law.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Nebraska.

Mr. NORRIS. Mr. President, I desire to say just a word in explanation of the amendment.

Some criticism has been made of the language of subsection (b), commencing on line 21, page 10. It seemed to me that the criticism was justified, at least to some extent, and I think the language that I have offered as an amendment is a great improvement over it.

One of the difficulties that it overcomes, that I think existed under the original text of the bill, was that if we had an unfriendly board, and they wanted to cover up what they had done, they would be able to succeed to some extent in doing it because two of them would not make a request of the President for an independent audit.

I had a conference on the subject with the Comptroller General, and this amendment is the result of that conference. I think it provides for a very complete audit, and it is under the control of the General Accounting Office. It is made compulsory under the amendment for the Comptroller General to make the audit at least once a year. The board has nothing to do with it. The amendment requires him also to report to Congress whether he finds anything wrong anywhere, in their system of bookkeeping or anything else. He also makes a report to the President of the United States. I think the amendment provides a very complete method of auditing the operations of this corporation.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Nebraska.

The amendment was agreed to.

Mr. NORRIS. Mr. President, I have another amendment which I desire to explain to the Senate. I desire to tell the Senate the reasons for it, and let them use their judgment on it. I have made up my mind on it, but, at the same time, I realize that I may be wrong.

The Senate bill provides on page 4, referring to the members of the board of directors of this governmental corporation, among other things, that each member of the board—

shall give his entire time to the business of said corporation.

The bill provides also that he shall not be engaged in any other business, and so forth.

Dr. Morgan, the head of Antioch College in Ohio, to whom was given a copy of this bill to make comments and recommendations on it, made a recommendation there. I did not think so much of it when I first read it, but the more I thought about it the more I have reached the conclusion that probably he is right. He thinks it is a mistake to require specifically that the members of the board shall give their entire time to their duties as such. He says that means that if anyone wanted to be technical, wanted to make trouble for them, he could even complain if they took a vacation in the summertime. He believes that we ought to require the members of the board not to engage in any other business, but he suggests striking out the word "entire", and inserting the word "substantial" so that it will read:

Shall give his substantial time to the business of said corporation.

He gives as a reason, and it made an impression on me—I do not know how it will affect other Senators—that men who are competent to hold these places, who are big enough and broad enough and able enough to fill these positions, will hesitate to accept them if they know that they are going to be criticized or fault is going to be found with them if they are not engaged every single day in the business of the corporation; and he says such a thing is not necessary. He thinks that the word "substantial" would carry out the idea much better than to require them to give their entire time, and that it might be embarrassing for anybody to accept one of the positions with that kind of a limitation on his time.

Mr. LOGAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Kentucky?

Mr. NORRIS. I yield to the Senator from Kentucky.

Mr. LOGAN. When I read this bill rather carefully I thought the salary provided was so inadequate that it would be difficult, if not impossible, to get men to carry out this enterprise for the salary mentioned in the bill. I desire to ask the Senator if he believes it will be possible to secure the services of men of sufficient caliber to build this great "industrial empire", as it has been designated, for the sum of $10,000 a year, which I believe is the salary provided in the bill.

Mr. KENDRICK. Only for the chairman.

Mr. LOGAN. Yes; the salary of the chairman only is fixed at $10,000. The other members are to serve for less than that. A man who can do the things that are required to be done by the provisions of this bill is capable of making more than $10,000 a year in almost any line of activity or any kind of business; and I was wondering if the Senator did not think there ought to be some more latitude about the payment of salaries. The amendment he has suggested will help to some extent, and yet it keeps the members of the Board from engaging in any other kind of business. It says that a man must give up all other positions, surrender all other business of every kind, and undertake this great work for the sum of $10,000 a year for the chairman, and $9,000 for the other members.

I should like to have the Senator's view as to the ability of the President to secure men who can do this job for that inadequate salary.

Mr. NORRIS. Mr. President, I realize that there is very much disagreement as to whether we could get a man for $9,000 or $10,000 who could fill this place. I am of the opinion that we could. I do not believe there would be any difficulty. If the member of the board desires to live at Muscle Shoals—and I think it is a beautiful place to live—he would have his house rent free, in addition to his salary.

Mr. LOGAN. Mr. President, I can understand that, but will not private business take away from this corporation the talent which the corporation requires? We read about salaries of $25,000 and $50,000 and $100,000, and even more, paid by certain institutions, which appear to be too much, but, at the same time, if they are paying such salaries, then will not the Government be forced to take men of lesser ability, unless we can find someone who is sufficiently devoted to the interests of the Government, like the Senator from Nebraska, to be willing to give his time and his talent to work for the public good?

Mr. NORRIS. I think we could find a great many very high-class men to take the position. The truth is that I happen to personally know and have come in contact with some men in the Government service working for salaries of less than $10,000 who are greater in ability than many of these fellows who are getting $100,000 and $150,000 a year.

The case of Dr. Cottrell, whom I mentioned the other day, is an instance. He invented a process for which he got nothing, and which he probably could have sold for millions. He is still working for the Government at a very much smaller salary than $10,000 a year.

I will say, in reply to the Senator, that we are never going to be able to compete with big corporations in the payment of salaries. I do not think that is possible. Instances have been cited here of railway presidents drawing $150,000 a year, most of whose duties are performed, many times, by clerks getting less than $2,000 a year. We cannot compete with a corporation which is paying $150,000, or $50,000, or even $25,000.

Mr. LOGAN. Does the Senator imagine that that may be one of the troubles with the Government, that we cannot or do not employ the caliber of talent which private business employs?

Mr. NORRIS. No; I do not think that is the trouble with the Government. I do not believe that because we might pay salaries of $100,000 in the Government service, if we could, we would necessarily get men who would do any more faithful service than those who get nominal salaries only.

Mr. LOGAN. I suggest to the Senator that I have a very good friend, a retired Army officer, who has given much valuable service to the public, and my State attempted to secure his services as chairman of the State highway commission. The State could offer him a salary of only $5,000 a year. He said he could not accept that salary, but that he would do the work for nothing if they would pay his expenses. He said he felt it would be out of place for him to accept an insignificant salary like that; that he would rather do the work for nothing than to take such a salary. It seems to me that if we could get someone for $9,000, we could probably get him for the glory of the service if we paid his expenses.

Mr. FESS. Mr. President, will the Senator yield?

Mr. NORRIS. I will yield the floor, unless the Senator wants to ask me a question.

Mr. FESS. I want to ask the Senator a question regarding the matter the Senator has been discussing.

Mr. NORRIS. Very well.

Mr. FESS. The Senator will recall that at the head of the Bureau of Standards we had a man for about 20 years at a very nominal salary, I think $6,000.

Mr. NORRIS. I think that is a fact.

Mr. FESS. Finally, after years of sacrifice, he accepted a position at $25,000, but during many years he had remained here, and was satisfied to go on with the work because he thought he was doing a great work for the Government. We have a man over in the Library who has been there for 30 years, at a very nominal salary, who remains there because he likes the work. I think the Senator is correct when he says that the Government cannot go out into the field and compete with private industries in the matter of salaries.

Mr. NORRIS. No; it cannot compete with them.

Mr. WALCOTT. Mr. President, I desire to speak for just a few moments on the bill, and then to submit an amendment.

There have been endless arguments over the Muscle Shoals project, which has been before the Congress for at least a dozen years. The beginning of the project was something like this. I am informed that the Alabama Power Co. owned substantially all of the flowage rights in the Tennessee River as they are now owned and used by the Government, for which they paid approximately $500,000, acquiring them over a period of several years, being all the rights pertaining to the development of this project, and when "the defense-of-the-realm act" was passed in 1916 that company turned over to the Government for $1 all of its rights in that territory along the Tennessee River.

The development was made as a war emergency project, primarily for the production of nitrates. The erection of the dam brought about the development originally of approximately 20,000 primary horsepower, and that was doubled, as machinery was installed therefor.

In addition to that, nitrate plants were built—well built and intelligently built—and built according to the most modern methods of fixing nitrogen from the air for the purpose at that time of producing explosives. The same plant would have served for the production of fertilizers as well. But an extraordinary invention of the Germans during the war made these processes obsolete. The discovery was known as "the development of Haber ammonia by a platinum catalyzer", which takes very much less power and cuts the cost of the old process by more than half. In the course of time—a matter of only a few years—the nitrogen plant which was developed there became obsolete, so that nothing is available today that is worth saving except the buildings.

I shall not get into any controversial subject; it is not worth while. The whole point of the project, to my mind, is this: First, shall this Government project enter into the retail business or shall it sell its products at the busbar? That has been discussed backward and forward. While I favor the sale of the power at the busbar, instead of going into the private business of distributing electricity, I am going to pass over that point, as it has been discussed for many years.

Secondly, is there a market for this power? That, of course, is vital. Let us approach it in this way. The original plans which were furnished President Wilson covered a survey of this entire southeastern part of the United States. Some of the plants were then examined which have since gone into the Du Pont properties, this Muscle Shoals project among them, and these were classified as A, B, C, and D projects. As I recall, this project many years ago was called a C project; that is, a third-class project. By that was meant that if it was going to be developed at all the first development would be very expensive because it had to take the entire flow of the river.

The river was not steep enough, did not drop suddenly enough, to allow a diversion dam, and consequently a sudden drop in a short distance for a flume power. Therefore damming the entire river requires a long dam and a high dam. The Tennessee River has seasonal periods of very low water and at times very high water, which is just as serious as the low water. The cost of development is high, the primary or continuous power is low, consequently the cost per horsepower is well-nigh prohibitive for private capital. It is probable that private capital would not have developed this project up to this time. The Government, as I have just said, went into this business because of the necessity of producing nitrates as a war emergency.

Having gone into it, the Government was saddled with this plant, which, from the point of view of the private investor, was an uneconomic plant for the development of electric energy. Furthermore, the market was pretty well occupied, even at that time. Private industry had covered with its transmission lines and generating plants all the available market at that time.

Subsequent to that time, however—and this is most important—the cheap development of steam power went on apace, the cost of steam horsepower was so rapidly reduced by various improvements in steam engines as to virtually scrap a great many water powers. Then came the development of the Diesel engine, and that scrapped other water powers. So that today water powers are not nearly as valuable as they were 20 years ago or even 10 years ago.

I dare make this assertion, and I think it cannot be refuted, that the Government or private capital could set up a steam plant of the equivalent output of Muscle Shoals, on the banks of the Tennessee River at Muscle Shoals, with its coal only a short haul away, and develop electrical energy a great deal cheaper than the cost of horsepower developed at Muscle Shoals today by the water-power plant. I will not say how much cheaper, although I am told by engineers that it would be not more than half. In addition to a water-power plant, one must always have a steam stand-by in order to insure continuous service of primary power.

With these facts in mind, I want to insert 2 or 3 other facts in the RECORD. The average rate per kilowatt-hour today in the State of Alabama total sales is 1.35 cents. The average rate per kilowatt-hour for the entire United States is 2.87 cents. That is power rates.

The average domestic rate per kilowatt-hour in the State of Alabama is 4.79 cents, and the average national domestic rate per kilowatt-hour is 5.58 cents.

This means that the State of Alabama is benefiting today from the development of electricity for light and for power by having to pay considerably below the average price paid throughout the country.

As to the output, the Muscle Shoals hydroelectric plant as installed develops approximately 180,000 kilowatts maximum. The Sheffield steam station, which is intended as a stand-by station to insure continuance of service and pri-

mary power, has installed machinery capable of generating approximately 60,000 kilowatts, making a total of 240,000 kilowatts.

This does not mean that this total installed capacity can be availed of all the time. As a matter of fact, it can be availed of approximately 50 to 60 percent of the time. It means, further, that, figuring high water and low water, the two Muscle Shoals plants combined can produce, year in and year out, approximately 1,000,000,000 kilowatt-hours per annum.

The private companies, however, in the Muscle Shoals area have a capacity of upwards of 4,000,000,000 kilowatt-hours per annum. The 1932 demand absorbed only 3,000,000,000 kilowatt-hours, and this included current purchased from Muscle Shoals—that is, purchased from the Federal Government at Muscle Shoals. Therefore, with 4,000,000,000 kilowatt-hours capacity in private plants and 1,000,000,000 kilowatt-hours capacity at Muscle Shoals—a total of 5,000,000,000 kilowatt-hours—and with a send-out, or demand, in 1932 of 3,000,000,000 kilowatt-hours, there is now a surplus of 2,000,000,000 kilowatt-hours per annum for which a market must be found or developed.

Army engineers have estimated that if five major navigation and power dams were built on the Tennessee River above Muscle Shoals, including Muscle Shoals Dam No. 3 and Cove Creek Dam—and these are the dams of which the Senator from Nebraska has been speaking—at a cost, not including transmission lines which would cost many millions more, of approximately $125,000,000, they would produce for marketing approximately 4,000,000,000 additional kilowatt-hours.

The Army engineers have also said that if all the possible hydro developments were made in the so-called "Tennessee Valley section" they would produce approximately 20,000,000,000 kilowatt-hours more. How is this power to be absorbed?

If possible—and I shall leave the question here—I should like to see some plan evolved and become operative along the line suggested by the New York Power Authority, which, by the way, was inaugurated and instituted by the present President of the United States, whereby the power companies would purchase the power at the Muscle Shoals switchboard and pass on to the ultimate consumer such benefits as might result from governmental ownership and operation of the generating facilities; but, inasmuch as this bill does not contain such a provision and perhaps will not be amended to that effect, I am going to offer an amendment to the bill which, in my opinion, will insure standardized accounting and statistics—standardized methods of accounting. That feature of the bill has been immensely helped by the amendment just offered by the Senator from Nebraska. I send the amendment to the desk and hope that it may be adopted. I should like to have it read.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 10, line 17, after the word "shall", it is proposed to insert the following:

be made in accordance with the uniform system of accounts for electric corporations prescribed by the Interstate Commerce Commission for the District of Columbia, and, in addition to the data so provided, the report shall.

Mr. WALCOTT. Mr. President, I should like to add just a word and then I will be ready for a vote.

The amendment provides the recognized system of standardized accounting for electric utility companies. It is a Government standard, recognized by the Federal Government and by the District of Columbia. It perhaps includes the best-known methods of accounting for public utilities.

Mr. NORRIS. Mr. President, may I interrupt the Senator?

Mr. WALCOTT. Certainly.

Mr. NORRIS. I think there is an amendment pending. My recollection is that the amendment I offered, to come in on page 4, has not as yet been acted on.

The PRESIDING OFFICER. That amendment has not as yet been acted on.

Mr. NORRIS. Then, I trust the Senator from Connecticut will withdraw his amendment until the one presented by me may be disposed of.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Nebraska.

The CHIEF CLERK. On page 4, line 2, after the word "give", it is proposed to insert the word "substantially", so as to read:

Shall give substantially his entire time.

Mr. NORRIS. No; the amendment is to strike out the word "entire" and insert the word "substantial", so that it will read:

Shall give his substantial time.

The CHIEF CLERK. It is proposed to strike out the word "entire", after the word "his", and insert the word "substantial", so as to read:

Shall give his substantial time.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Nebraska.

Mr. BARKLEY. Mr. President, I suggest to the Senator from Nebraska that sounds like a very awkward expression.

Mr. NORRIS. It does sound that way to me, but I do not know how to better it, and as it is claimed the language comes from the president of a college, I thought I ought to suppress my feeling that it was a little awkward and accept it 100 percent.

Mr. BARKLEY. The Senator feels that, in spite of its awkwardness, he ought to accept it?

Mr. TRAMMELL. Mr. President——

The PRESIDING OFFICER. The Senator from Connecticut has the floor. Does he yield to the Senator from Florida?

Mr. WALCOTT. I yield.

Mr. TRAMMELL. Mr. President, I merely wish to say that, while I am not as familiar with the construction of language as is a college professor, it seems to me that if we say "substantial time" a person might give an average of 2 or 3 hours a day to a given employment. Would not that be substantial time? Has a person not given substantial time to a particular employment when he spends 4 hours a day at it? I do not think the language of the bill in its original form is subject to the criticism of the college professor. The clause now reads "he shall give his entire time." If we would construe that language in its ordinary acceptation it would not mean that a person would not be allowed to have a vacation. If we say that one shall give his entire time to a certain employment or undertaking, we would not consider that a day or two off now and then would interfere with that requirement.

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Arkansas?

Mr. WALCOTT. I yield.

Mr. ROBINSON of Arkansas. It implies that he would not engage in other business.

Mr. TRAMMELL. That is what I think.

Mr. NORRIS. That is what the bill now means, that he shall not engage in any other business.

Mr. TRAMMELL. Personally I should prefer to have the clause read as it is now in the bill instead of accepting the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Nebraska.

The amendment was agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the amendment offered by the Senator from Connecticut.

Mr. WALCOTT. Mr. President, if my amendment shall be agreed to the accounting for this new project will be so thoroughly standardized as to synchronize completely with the accounting insisted upon by most of the public-utility commissions throughout the various States of the country; we shall have eventually a Government record which can be compared with the records of private corporations; and

we should get some facts as to relative unit costs. I should like to have the following items go in the RECORD as essential to tell the complete story of operations:

Plant output in kilowatt-hours by months.

Sales in kilowatt-hours by months.

The maximum demand in each month.

The plant output in kilowatt-hours on the days of maximum and of minimum output and the maximum demand in the year.

The maximum or peak load during the year.

The amount sold to, and the price received from, each customer by name, taking more than 5 percent of the total annual output of the plant.

The amount of reserves set up for depreciation or retirement.

The amount of power purchased, if any, and from whom purchased, to enable the corporation to fulfill its contracts, and the price paid therefor.

In this connection I should like to ask the Senator from Nebraska if the bill provides for give-and-take contracts for the exchange of electricity with existing companies in the Muscle Shoals region? I think it does.

Mr. NORRIS. I do not know to what section of the bill the Senator has referred, but I offered such an amendment yesterday. For instance, the board may enter into contracts with other generating and transmitting companies in the event of break-downs, and such instances as that. They are called ordinarily, I think, "give-and-take contracts", and the board is authorized to make such contracts.

Mr. WALCOTT. Mr. President, with this standardized accounting all the essential items will be taken care of; information as to the exact costs may be obtained, and we should be able to know exactly what we are doing, whether this project is a success as an economic enterprise or whether we must regard it as an experimental enterprise, perhaps for laboratory experiments on a large scale for nitrates, perhaps for the wholesaling of power, or what not. I hope the amendment will be adopted.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Connecticut.

Mr. BONE. Mr. President, may I ask the Senator a question?

Mr. WALCOTT. Certainly.

Mr. BONE. I did not get the title or the name of the type or classification of accounting the Senator suggests.

Mr. WALCOTT. I will read the whole amendment with the context. These two words are in the present bill—

This report—

And then follows the amendment—

shall be made in accordance with the uniform system of accounts for electric corporations prescribed by the Interstate Commerce Commission for the District of Columbia, and, in addition to the date so provided, the report shall—

Then the language of the bill goes on—

include the total number of employees—

And so forth.

The amendment simply ties the words proposed to be inserted with the rest of the language, including reports of the total number of employees, and so forth.

Mr. BONE. Mr. President, before the amendment is voted on, I think it might be well to call the attention of the Senate to the fact that under the system of accounting set up by private power companies there is an element of depreciation which does not tie in with public developments. I think those who are familiar with the building of publicly owned power systems are quite aware of the fact that, as a substitute for the elements of depreciation and obsolescence, which are carried in private power company accounting, a public power system retires its capital structure by retiring its bonded debt. In lieu of the creation of an obsolescence and depreciation fund, which is inherently a part of the financial set-up of the private power company, the public system retires its capital structure. To impose on a public plant the burden which is imposed on a private plant in that particular is merely to saddle it with another obligation which it cannot possibly meet. If the public plant be compelled to carry this double burden of depreciation and obsolescence on top of the burden of retiring its capital debt, with which every lawyer who has ever had anything to do with such plants knows is the outstanding factor of their financial set-up, there is imposed on the public plant an unbearable burden.

I think the Senate should understand that before it votes in the affirmative on this amendment. I myself have no doubt in my own mind that some of the things the Senator has mentioned with respect to tabulating the reports, showing the output in kilowatt-hours and other items, are certainly highly desirable; but to say that a public plant which amortizes and writes out its capital structure should be compelled to operate under the same system of accounting that is imposed on a private corporation, which never retires its capital structure, is to attempt the impossible. It may not be an impossibility as a bookkeeping matter, but certainly legally and from a financial standpoint it is impossible.

Mr. WALCOTT. Mr. President, I should like to answer the Senator's suggestion. His contention is, I think, an academic one, because while these items may be required by a system of standardized accounting, they may not be insisted upon in this case because it is the Government itself. The amendment simply provides that reports shall be made as to these various items for the sake of comparison. If the plant is to be maintained as a going concern, naturally obsolescence, repairs, and depreciation must be taken care of; I think the Senator must agree with me as to that. There can be no further handicap or charge placed on the plant than what the Government itself is willing to place on it, but the items will all appear in the accounting in such a way that we can make comparisons. To deny standardized accounting indicates a fear that a Government-operated plant cannot compete successfully with a privately owned plant.

Mr. NORRIS. Mr. President, under ordinary conditions I would have no objection to the amendment although I see no necessity for it in this particular case. We are going to have a board, I take it, that will be as much interested in doing the right thing as is the Senate of the United States. I do not believe that we ought to try by law to provide the details of how the board shall keep its books.

In the first place the amendment, as I heard it read, would have but little application to the work of the Board. The Board is not developing and selling electricity alone; that will not be its principal business. It is one of the incidents to its general work. It seems to me that we ought to have faith enough in the board which will be selected by the President not to undertake to arrange the details of its system of bookkeeping. Its accounts are going to be audited by the General Accounting Office. The General Accounting Office, in my opinion, is one of the most nearly perfect services in our Government. Senators will remember that when that office has been called upon to make an analysis, the report has always been full and complete. I recall not a single report that has ever been questioned as to its correctness. Under the amendment already agreed to, it is the General Accounting Office that will have charge of and in reality control the bookkeeping methods of the board.

Evidently, from the amendment offered by the Senator from Connecticut, the Interstate Commerce Commission has laid down and established a method of bookkeeping for the Public Utilities Commission of the District of Columbia, probably a very fine thing for that commission; but that will not apply, as I see it, to the bookkeeping of the corporation set up under the provisions of the bill now before us. I have no objection whatever to the particular things that are called for in the amendment. I have no doubt on earth that every one of them will be fully reported on by the board. We provide that the board must make report. We provide that their books and business and everything else under their control shall be subject to the inspection of the General Accounting Office. That office can call upon the

board without any notice, like a bank examiner appears to examine the bank.

I do not question the motive of the Senator from Connecticut in offering the amendment, but it seems to me we are going too far in trying to make applicable to this board a set of books provided for the Public Utilities Commission of the District of Columbia. It may be all right, but I should dislike very much to see the board bound down by statutory provisions in that way and that system made applicable to this board. It seems to me we should have more faith in the board than to surround it with detailed requirements of that kind.

Mr. WALCOTT. Mr. President, I should like to take just a moment to answer the Senator from Nebraska. I know that the Senator means absolutely what he says, that he wants this to be a fair and square trial of public ownership, but he is not going to be here forever, and none of us will be here very long. I want to make sure that there is a record that will prevent any haggling. In the last 20 years there has been much haggling over municipally owned plants in the country because they did not keep the same kind of accounts that the public-service commissions in the various States were insisting on being kept by privately owned plants. The system to which the amendment refers is the last word of the Government in the standardization of accounts. If they improve it, we accept the improvements, of course; but let us start right.

The Senator from Nebraska feels that the plant will be a great success and a legitimate competitor of private business and will meet private business. I do not believe that. I believe the plant will show a very high cost per kilowatt-hour as compared with private enterprise. The accounts are all available and all practically on the same basis, and this basis applies only to such portion of the new plant as will be devoted to the development of hydroelectric energy for the market. The board can take the rest of it, 10 percent or 80 percent, if it pleases, or any proportion of the output for experimental purposes. That is an entirely different matter. I am only talking about the public-utility portion of the plant or such part as is used for public-utility purposes. I feel very strongly that the board should employ the system of accounting that has been devised and is known as the Interstate Commerce Commission system.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Connecticut. [Putting the question.] The noes seem to have it. The noes have it, and the amendment is not agreed to.

Mr. WALCOTT. I call for the yeas and nays.

Mr. COUZENS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. COUZENS. Has not the decision been announced?

The PRESIDING OFFICER. It has been announced. The call for the yeas and nays came too late.

Mr. TRAMMELL. Mr. President, I desire to offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. The Senator from Florida proposes, on page 7, line 22, after the word "successfully", to insert "and as far as practicable shall utilize the services of such officers, agents, and employees", so as to read:

(h) The board shall have power to request the assistance and advice of any officer, agent, or employee of any executive department or of any independent office of the United States, to enable the Corporation the better to carry out its powers successfully, and as far as practicable shall utilize the services of such officers, agents, and employees—

And so forth.

Mr. TRAMMELL. Mr. President, under the provisions of paragraph 8 on page 7 the board is authorized to utilize the services of officers and agents of governmental departments and independent offices of the Government. The President is authorized to designate that they may be used in this connection. It is purely a matter of authorization as to the utilization of the services of the agencies of other departments and offices. It seems to me that it is advisable for them to use those agencies as far as practicable. I have merely offered an amendment to that effect.

Mr. NORRIS. I have no objection to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Florida.

The amendment was agreed to.

NOTICE TO SUSPEND RULE XL

Mr. BLACK submitted the following notice:

Pursuant to the provisions of rule XL of the Standing Rules of the Senate, I hereby give notice that I shall hereafter move to suspend paragraph 4 of rule XVI for the purpose of proposing to House bill 4589, the District of Columbia appropriation bill, the following amendment, viz: At the proper place in the bill to insert the following:

"No article or commodity shall be purchased by the United States, or any Department or organization thereof, which article or commodity was produced or manufactured in any mine, factory, workshop, mill, quarry, or manufactory establishment, situated in the United States, in which any operator or worker was employed after the enactment of this law more than 5 days in any week or more than 6 hours in any day.

"Each contract made with a contractor for any public works shall contain a provision that the contractor will buy no article or commodity to use on or in any public work which was produced in any mine, factory, workshop, mill, quarry, or manufactory establishment in which any operator or worker was employed more than 5 days in any week or more than 6 hours in any day."

FUNCTIONS OF THE STATE DEPARTMENT (S.DOC. NO. 52)

The PRESIDING OFFICER (Mr. BACHMAN in the chair) laid before the Senate a message from the President of the United States, which was read, and, with accompanying papers, ordered to lie on the table and to be printed, as follows:

To the Senate of the United States:

There are transmitted herewith, in accordance with Senate Resolution 351, statements showing the functions of the Department of State and all of its related activities, the statutory authority for the performance of each function, and the annual cost thereof insofar as it is practicable to determine the cost on that basis. There is also enclosed a list of employees receiving compensation at the rate of $5,000 or more per annum.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *May 1, 1933.*

(Enclosure: Report as indicated.)

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

REPORTS OF COMMITTEES

The PRESIDING OFFICER. Reports of committees are in order.

Mr. McCARRAN, from the Committee on the Judiciary, reported favorably the nomination of James Crawford Biggs, of North Carolina, to be Solicitor General, to succeed Thomas D. Thacher.

COMPTROLLER OF THE CURRENCY

Mr. HARRISON. From the Committee on Finance I report favorably the nomination of J. F. T. O'Connor, of Los Angeles, Calif., to be Comptroller of the Currency, to fill an existing vacancy.

Mr. President, I desire to say that the nomination was erroneously referred to the Committee on Finance. It is my understanding that it should have gone to the Committee on Banking and Currency. However, it was referred to our committee, which took action this morning and unanimously recommended confirmation of the nomination. I say that in order that the Chairman of the Committee on Banking

and Currency [Mr. FLETCHER] will not think we are trying to usurp any authority.

Mr. FLETCHER. Mr. President, may I say that I think the nomination was inadvertently referred to the Finance Committee. It undoubtedly should have been referred to the Banking and Currency Committee. I do not want this to be taken as a precedent. There is only one other nomination of the kind that was ever referred to the Finance Committee. The Senator from Virginia [Mr. GLASS] then had it rereferred, and it was sent to the Committee on Banking and Currency. I merely mention that in passing. I am not opposing the action of the Committee on Finance, but I think it ought to be a matter of record that hereafter such nominations should be referred to the Committee on Banking and Currency.

Mr. HARRISON. That is the reason why I made the statement, so that it will not be taken as a precedent. In view of the fact that the nomination was unanimously reported, I ask unanimous consent that it be confirmed.

Mr. FESS. I hope the Senator will not ask for that.

Mr. HARRISON. I withdraw the request.

THE CALENDAR

The PRESIDING OFFICER. The nomination will go to the calendar.

If there are no further reports of committees, the calendar is in order.

TREATIES

The Legislative Clerk proceeded to read Executive C (72d Cong., 2d sess.), a treaty between the United States and the Dominion of Canada, for the completion of the Great Lakes-St. Lawrence deep waterway, signed on July 18, 1932.

Mr. PATTERSON and Mr. KING. Let that go over.

The PRESIDING OFFICER. The treaty will be passed over.

COAST AND GEODETIC SURVEY

The legislative clerk read the nomination of Raymond S. Patton, of Ohio, to be Director of the Coast and Geodetic Survey.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

DEPARTMENT OF LABOR

The legislative clerk read the nomination of Charles Wyzanski, Jr., of Massachusetts, to be Solicitor of Labor, vice Theodore G. Risley.

Mr. McCARRAN. I ask that that nomination go over.

The PRESIDING OFFICER. The nomination will be passed over. That completes the calendar.

RECESS

Mr. ROBINSON of Arkansas. Mr. President, if the pending bill may be finished tomorrow, it is expected that the Senate will then be ready to proceed with the consideration of the District of Columbia appropriation bill. If that bill is disposed of on Thursday, I hope to be in a position to ask the Senate to take a recess over the week-end, so as to afford Senators the opportunity of giving attention to matters in their offices which they have been compelled to defer because of pressure of business in the Senate.

I now move that the Senate take a recess until 12 o'clock noon tomorrow.

The PRESIDING OFFICER. The question is on the motion of the Senator from Arkansas.

The motion was agreed to; and (at 5 o'clock and 30 minutes p.m.) the Senate took a recess until tomorrow, Wednesday, May 3, 1933, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate May 2 (legislative day of May 1), 1933

ASSISTANT SECRETARY OF THE INTERIOR

Oscar L. Chapman, of Colorado, to be Assistant Secretary of the Interior, vice John H. Edwards.

MEMBER OF THE BOARD OF TAX APPEALS

Jed C. Adams, of Texas, to be a member of the Board of Tax Appeals for the unexpired portion of a term of 12 years from June 2, 1932.

UNITED STATES ATTORNEY

Henry H. McPike, of California, to be United States attorney, northern district of California, to succeed I. M. Peckham, appointed by the court.

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

TO ADJUTANT GENERAL'S DEPARTMENT

Capt. John Alexander Klein, Infantry (detailed in Adjutant General's Department), with rank from July 1, 1920.

TO FIELD ARTILLERY

Second Lt. Daniel Fulbright Walker, Infantry, with rank from June 13, 1929, effective May 28, 1933.

PROMOTION IN THE REGULAR ARMY

TO BE COLONEL

Lt. Col. William Arden Alfonte, Infantry, from April 26, 1933.

TO BE LIEUTENANT COLONEL

Maj. John Mather, Ordnance Department, from April 26, 1933.

TO BE MAJOR

Capt. Gerald Howe Totten, Quartermaster Corps, from April 26, 1933.

VETERINARY CORPS

TO BE FIRST LIEUTENANT

Second Lt. Ralph William Mohri, Veterinary Corps, from April 23, 1933.

CONFIRMATION

Executive nomination confirmed by the Senate May 2 (legislative day of May 1), 1933

DIRECTOR OF THE COAST AND GEODETIC SURVEY

Raymond S. Patton, to be Director Coast and Geodetic Survey.

HOUSE OF REPRESENTATIVES

TUESDAY, MAY 2, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Almighty God, grant unto us the fruit of the Spirit. Whatever is just, whatever is honorable, whatever is courageous, whatever is clad in self-forgetfulness, whatever is full of peace and cheer, whatever makes character radiant and resplendent—this is the fruit of the Spirit. Do Thou enable us, our Father, to come to this attainment. In the performance of duty, help us to act in the spirit, temper, and mind of the adorable Teacher of Galilee and our Elder Brother. In His holy name. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Horne, its enrolling clerk, announced that the Senate had passed the following resolution:

Senate Resolution 66

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. CLAY STONE BRIGGS, late a Representative from the State of Texas.

Resolved, That a committee of two Senators be appointed by the Vice President to join the committee appointed on the part of the House of Representatives to attend the funeral of the deceased Representative.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect to the memory of the deceased Representative the Senate do now take a recess until 12 o'clock meridian tomorrow.

The message also announced that in compliance with the foregoing resolution the Vice President had appointed Mr. SHEPPARD and Mr. CONNALLY a committee on the part of the Senate to attend the funeral of the deceased.

The message also announced that the Senate had passed with amendments, in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 4606. An act to provide for cooperation by the Federal Government with the several States and Territories and the District of Columbia in relieving the hardship and suffering caused by unemployment, and for other purposes.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 7. An act providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska;

S. 157. An act to amend an act approved March 4, 1929 (45 Stat. 1548), entitled "An act to supplement the last three paragraphs of section 5 of the act of March 4, 1915 (38 Stat. 1161), as amended by the act of March 21, 1918 (40 Stat. 458)";

S. 166. An act for the relief of Robert J. Foster;

S. 248. An act for the relief of Rolando B. Moffett;

S. 313. An act to amend section 5 of the act approved July 10, 1890 (28 Stat. 664), relating to the admission into the Union of the State of Wyoming;

S. 381. An act for the relief of Samson Davis;

S. 422. An act for the relief of Albert A. Marquardt;

S. 423. An act for the relief of Michael J. Moran;

S. 531. An act for the relief of Dan Davis;

S. 558. An act for the relief of Beryl M. McHam;

S. 593. An act to amend the act entitled "An act to give war-time rank to retired officers and former officers of the Army, Navy, Marine Corps, and/or Coast Guard of the United States", approved June 21, 1930, so as to give class B officers of the Army benefits of such act;

S. 604. An act amending section 1 of the act entitled "An act to provide for stock-raising homesteads, and for other purposes", approved December 29, 1916 (ch. 9, par. 1, 39 Stat. 862), and as amended February 28, 1931 (ch. 328, 46 Stat. 1454);

S. 707. An act for the relief of James J. Jordan;

S. 743. An act to amend the act approved June 30, 1932, entitled "An act providing for the transfer of the duties authorized and authority conferred by law upon the Board of Road Commissioners in the Territory of Alaska to the Department of the Interior, and for other purposes";

S. 772. An act for the relief of Robert J. Smith;

S. 792. An act for the relief of Curtis Jett;

S. 804. An act to authorize the Secretary of War to grant a right of way to The Dalles Bridge Co.;

S. 1131. An act to amend the probation law;

S. 1204. An act for the relief of William Burke;

S. 1278. An act to amend an act (Public, No. 431, 72d Cong.) to identify The Dalles Bridge Co.;

S. 1287. An act for the relief of Leonard Theodore Boice; and

S. 1288. An act for the relief of Otto Christian.

SWEARING IN OF MEMBER

The SPEAKER laid before the House the following communication from the Clerk of the House of Representatives:

MAY 2, 1933.

HON. HENRY T. RAINEY,
Speaker of the House of Representatives,
House of Representatives, Washington, D.C.

DEAR SIR: From the secretary of state of the State of Texas there has been received the certificate of election of Hon. MILTON H. WEST as a Representative-elect to the Seventy-third Congress to fill the vacancy in the Fifteenth Congressional District of that State.

Yours very truly,

SOUTH TRIMBLE,
Clerk of the House of Representatives.

Mr. KLEBERG. Mr. Speaker, it is my privilege and pleasure this morning to introduce my good friend, MILTON H. WEST, Representative of the Fifteenth Congressional District of Texas. Mr. Speaker, I present Mr. WEST, who now desires to take the oath of office.

Mr. MILTON H. WEST, of the Fifteenth Congressional District of the State of Texas, appeared in the well of the House and took the oath of office prescribed by law.

GEORGE CARTER LAFFERTY

Mr. LUCE. Mr. Speaker, I ask unanimous consent to speak out of order for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. LUCE. Mr. Speaker, this morning there were held funeral services for George Carter Lafferty, who had been long in the service of this House as one of its Official Reporters.

Mr. Lafferty was appointed to the committee staff by Speaker Carlisle. He had served on the floor of the House itself for 30 years. It is fitting that when one passes after serving us so faithfully and intelligently there should be spoken at least a word for record of appreciation of the help he has given to the House and therefore to the country.

FARM RELIEF

Mr. POU. Mr. Speaker, I have a unanimous-consent request to submit.

I ask unanimous consent that in the consideration of House Resolution 124 there shall be 6 hours of debate, one half to be controlled by myself and one half by the gentleman from Pennsylvania [Mr. RANSLEY], and at the conclusion of said time the previous question shall be considered as ordered on the resolution.

Mr. SNELL. Mr. Speaker, reserving the right to object—I very much dislike to object to any unanimous-consent request from my friend from North Carolina, but there is one provision in House Resolution 124 that we on this side of the aisle are very much opposed to. This is the provision that Senate amendment no. 85 " be and the same is hereby concurred in."

We feel that this amendment is such an important proposition that it ought to be considered by itself under the general rules of the House. As I look at it, this is probably the most important piece of legislation that will come to this House at this session or at any other session during the term of our services, and I honestly feel that it is of such importance that it should be taken up in the normal way, and I could not give unanimous consent to proceed as the gentleman from North Carolina requests.

I may say that when it comes to the adoption of this resolution I intend to ask for a division of the question. As far as the resolution down to line 6, with respect to Senate amendments 1 to 84, inclusive, is concerned, we are perfectly willing to send the Senate amendments to conference in the usual way, because that is the normal and natural procedure; but the other part of the proposition we could not agree to, and I would have to object to the request.

Mr. POU. Mr. Speaker, I call up House Resolution 125.

The Clerk read as follows:

House Resolution 125

Resolved, That immediately upon the adoption of this resolution the House shall proceed to the consideration of House Resolution 124, and all points of order against said resolution shall be waived. That after general debate, which shall be confined to the resolution and shall continue not to exceed 5 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Rules, the previous question shall be considered as ordered on the resolution to its adoption or rejection.

Mr. POU. Mr. Speaker, I yield to the gentleman from Pennsylvania [Mr. RANSLEY] one half of the hour to be in turn yielded by him as he sees fit.

Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, the resolution now being considered by the House provides for the consideration of House Resolution 124. If the ordinary procedure had been followed the Senate amendments would have been disagreed to and the measure would have been sent to conference after not longer than 1 hour of debate. Resolution 125 provides for 5 hours of debate upon Resolution 124.

I mention this as an answer in advance to those gentlemen who probably will charge that this is another gag rule, that there is no opportunity for debate, that there will be no opportunity for an expression of opinion.

Mr. Speaker, the most important of the Senate amendments, it is agreed by common consent, is Senate amendment 85, the so-called "inflation amendment."

If the ordinary procedure had been followed Senate amendment 85 would have gone to conference with very little debate. As it is, the Committee on Rules has provided 5 hours' debate.

Mr. SNELL. Will the gentleman yield for a question?

Mr. POU. I yield.

Mr. SNELL. Would the gentleman also explain in his remarks that it would have gone to conference under the rules of the House and that it would come back to the House and we could have full and free discussion of it and a separate vote on that particular amendment. This is the fact, is it not?

Mr. POU. That might or might not be the case.

Mr. SNELL. Is there any other procedure except cutting us off entirely?

Mr. POU. I would not undertake to accept 100 percent the gentleman's formula as it has been laid down.

Mr. SNELL. If the gentleman will explain any other way it can be done, I will accept it.

Mr. POU. The procedure that the Rules Committee has provided allows the most ample time for discussion of a Senate amendment I have ever seen permitted during 32 years' service in this House. [Applause.]

Mr. SNELL. Will the gentleman yield?

Mr. POU. Yes; I yield.

Mr. SNELL. Has the gentleman in the 32 years' experience ever known of any political party taking such drastic action as you are now taking to put over this rule?

Mr. POU. I have known it many times while the Republican Party was in power. I prefer, however, not to inject political considerations into this debate.

Mr. SNELL. I also prefer not to, but I challenge the statement of the gentleman. Can the gentleman mention a case where there was such drastic action ever being taken during the 14 years that he has been on the Rules Committee?

Mr. POU. I have seen time and time again while the Republican Party was in power the will of the House thwarted by the action of one man, the Speaker of the House, when we had only three members of the Rules Committee.

Mr. SNELL. Yes; and the gentleman said it never was going to happen again.

Mr. RANKIN. Will the gentleman yield?

Mr. POU. I yield.

Mr. RANKIN. Has the gentleman ever seen such a condition as confronts the country today?

Mr. POU. Never; and I pray Almighty God that we may never see such conditions again. As I read history, no nation was ever confronted with such conditions.

Mr. RANKIN. The gentleman from North Carolina remembers very distinctly in 1922 the Republican Chairman of the Rules Committee stuck a rule in his pocket and never did let the House consider it. [Laughter.]

Mr. POU. Sure.

Mr. SOMERS of New York. Will the gentleman yield?

Mr. POU. I yield to the gentleman.

Mr. SOMERS of New York. I do not mean to stir up any political questions, but I do wish to say this: There are some things about this amendment that some of us feel should be altered. We do not feel that it is perfect. Does not the gentleman think it would be fair to give us an opportunity to express our opinion and make some amendment to it?

Mr. POU. I do not; I think it is a matter that should be voted up or voted down as a whole. We stand on that platform. [Applause.] I do believe, in a measure as difficult as this and as far-reaching as this, that amendments would complicate rather than help. I am profoundly convinced that the so-called "inflation amendment" should be voted up or down as a whole.

Now, Mr. Speaker, the Nation is in the condition of a patient sadly requiring the operation of blood transfusion. This Nation, for almost 3 years, has been in the condition of a patient who is almost dead from the loss of blood. I say if this amendment of the Senate is agreed to, we have put in the hands of a great surgeon, the President of the United States, control of the blood-transfusion operation. In a blood transfusion there may be danger that there may be too little, and there is danger that there may be too much new blood injected in the veins of the patient; but, putting the operation in the hands of the President of the United States, surrounded as he is by the very best advisers, I believe he can be trusted with perfect safety to stop the transfusion at exactly the right point.

Now, Mr. Speaker, that is the position we have taken with respect to Senate amendment 85.

In the past history of the world great crises have developed great leaders. The War of the Revolution developed the immortal George Washington. The War between the States developed that immortal martyr, Abraham Lincoln. This crisis will develop a leader who will pilot this Nation safely out of the slough of despondency into which we have been foundering for the last 3 years. Conditions, I firmly believe, have developed that leader. [Applause.] I believe he is now in the White House, and that he has consecrated every faculty of heart, mind, and soul to the great task of leading this Nation into the light of prosperity, and for one I think the safest thing we can do in such an hour is to trust and follow the President. [Applause.]

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts [Mr. MARTIN].

Mr. MARTIN of Massachusetts. Mr. Speaker, I realize full well the futility of entering a protest against the method to be used in considering this legislation today. Yet I feel I would be recreant in my duty if I failed to do so. I want this House to pause for a moment and examine the two rules reported, which involves the consideration of the most important legislation which will ever come before an American Congress. This legislation, coming to the House for the first time, should be more carefully considered than we are being permitted. As Members of the House we have the right to express our opinion and to make a decision. Every one realizes the necessity for a rise in commodity prices; nearly everybody desires some form of inflation, but I say to the membership of this House we should be allowed to express our opinion as to what shall be that inflation.

When the Democratic leadership brings in these gag rules, I know it is their custom to rise and say they learned the lesson from past Republican administrators. "This is what you did to us", you say, but I say this is not a real excuse for functioning in this arbitrary way. This is your responsibility now. You are in control here, and you gentlemen must go back to the country next year and explain your method of procedure here. If I am any judge of the American electorate, when you do go back and say you sat here supinely and abdicated constitutional power that belonged to Congress, that you did it without permitting any single Member of the House to offer an amendment, you will find it no easy task to explain.

This is momentous legislation we are considering. The destinies of 120,000,000 people are at stake through the passage of this bill. Their happiness, their prosperity, their well-being are all dependent on what the American Congress does here today. I ask you gentlemen, as thinking Members of Congress, to seriously consider whether you should not vote down the rule and leave the question open to the House for amendment, because all of the brains, all of the knowledge of the Nation is not confined to those few men who are popularly termed the "brain trust." We here in the House should know what the American people want, and we ought to have the right to express their wishes. Permit this procedure and the minority will be glad, if their wisdom does

not prevail, to submit to the majority with the fullest hope the country goes on to the prosperity we all want.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Massachusetts. Yes.

Mr. RANKIN. Has not the gentleman's party had since 1929 to consider legislation of this kind?

Mr. MARTIN of Massachusetts. The gentleman knows well that we have been thinking of it; and he knows that in the last 2 years, when the Democratic Party was in control of the House, he was not able to get this legislation before Congress.

Mr. RANKIN. If I had had the support of the gentleman's party for the last 3 years, we would have had an expanded currency years ago.

Mr. MARTIN of Massachusetts. Why did not the gentleman get the support of his own party?

Mr. WEIDEMAN. The gentleman says that he has been thinking of it. The Republican Party has been fiddling while Rome has been burning.

Mr. MARTIN of Massachusetts. Oh, it is easy to get up and make statements like that, but any drastic change in legislation should come only after careful thought. While the American people want to go forward, naturally, to better days, I do not believe that they are willing to go into an experiment blindly, without careful thought. And I do not believe the Democratic Party wants to be placed in a position where they will admit they are going to do all of these things contemplated without serious deliberation.

My appeal to you gentlemen is to exercise your privileges, to exercise the duties you owe to your constituency, and vote down this rule and give us a liberal, orderly method of transacting business. It is said this gag rule is necessary because you cannot trust the American Congress. I said the other day, and I repeat, I know of nothing Congress has done in this session which would give the people the idea they should not be trusted. You gentlemen who sit on the Democratic side of the aisle know you could not get a comma or a semicolon inserted into any bill here if somebody whispered that the gentleman at the other end of the Avenue did not agree to the semicolon or the comma. When that is the situation, I say there need be no real fear of Congress running away. We can be trusted to take up all this important legislation and proceed in an orderly way to its consideration. We can be depended upon, if given a chance, to give the American people the relief they demand.

Mr. O'CONNOR. Mr. Speaker, I yield 7 minutes to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Speaker, I agree with the gentleman from Massachusetts [Mr. MARTIN] that Congress can be trusted, and that Congress will do its duty and stand by the President in whom the Nation has the utmost confidence. I know that ever since his election he has been giving all of his time to studying this problem. I recognize there are a great many gentlemen in the House who have given special study to this question. They are sincere; they mean well; and they are honest. But it is absolutely impossible to include in this far-reaching legislation the views of every man. I am of the opinion that amendment 85, which the President has been considering for many weeks and which has been debated for days and days in the other Chamber, is an amendment in the right direction. As the gentleman from Mississippi [Mr. RANKIN] stated a short while ago, if we, who realized the seriousness of conditions in 1929 and 1930, had had our way at that time, and had passed similar legislation then, the country would not be in so critical and serious a condition as it is in today. The only fault I can find is that we have delayed too long; that for 3 years we, who have had the interest of the people at heart, realized the situation, but, unfortunately, due to the powers that be in the White House and to the leadership then on the other side, it was impossible for us to legislate in the interest of the country and in the interest of the people. [Applause.]

Mr. MARTIN of Massachusetts. Will the gentleman yield?

Mr. SABATH. The big financiers had the ear and confidence of President Hoover, and we realized then that it was useless, that it was a waste of time trying to force any such legislation, because we had been informed, we had been warned, that no legislation that would even be thought to be inflation would receive any consideration from President Hoover, who was then in control.

I now yield to the gentleman from Massachusetts.

Mr. MARTIN of Massachusetts. Can the gentleman explain why that releases him of all responsibility for bringing it up in the Democratic-controlled House? Why did the gentleman not do it? Why did he not set an example?

Mr. SABATH. Because the gentleman realizes that passing such a bill in the House would not mean it would be passed by the Senate and be signed if the Senate had passed it. We knew that it would be vetoed, as other measures in the interest of the people were vetoed by President Hoover.

Mr. MARTIN of Massachusetts. Will the gentleman yield further?

Mr. SABATH. I cannot yield further.

I say to the gentlemen who are interested in securing relief for the country that this bill will provide relief. It does provide for inflation, if you choose to call it that. It takes care of the silver proposition, and you gentlemen who come from the western section of the country should, I feel, recognize that this is a start in the right direction; that there is a provision here for issuing at least $200,000,000 in silver certificates. This will not be fiat money. The currency provided for in this bill will be valid currency.

Mr. HOEPPEL. Will the gentleman yield for a question?

Mr. SABATH. Yes; I yield.

Mr. HOEPPEL. Will the gentleman also admit that this bill is for relief to the foreign debtors of the United States?

Mr. SABATH. No; I do not, because as far as the gentleman knows this administration will not do anything that will deprive the United States of its rights. Up to this time we have not been able to collect anything, and I would rather collect as much as we can than nothing at all, as was proposed by the Republican administration?

Mr. RANKIN. Will the gentleman yield?

Mr. SABATH. I yield.

Mr. RANKIN. If this currency expansion and the raising of price levels throughout the world is accomplished, it will aid the suffering debtors in every land.

Mr. SABATH. No doubt it will, and that is the underlying reason for this legislation.

Now, there are some people who are under the impression, and it has been heralded by the big-moneyed interests and their publicists, that we have $6,000,000,000 in currency in circulation. That is not correct. Up to a short time ago we did have $6,000,000,000 of currency outstanding, but not in circulation. We have today not even half that amount in circulation, for, if you deduct the $700,000,000 of our currency that is held in foreign countries, the $600,000,000 that has been lost, destroyed, or unredeemed, the amount that is in safety deposit boxes, the balance, as you can readily see, that should be in circulation, but is not, because it is held by the bankers who refuse to provide credit for legitimate business of the country, is not even $3,000,000,000. This bill will provide credit for legitimate business and not for the gambling and speculating fraternity which group our great financial manipulators always aimed to aid. [Applause.]

This rule makes in order resolution 124 that concurs with Senate amendment 85, which provides for additional power to coin money and regulate the value thereof, and should be, the same as the amendment itself, adopted, as it gives power to the President to provide for a three-billion-dollar currency expansion, which currency will be used to pay our obligations and to purchase, as far as possible, outstanding bonds.

I am satisfied that it will be of aid and benefit not only to our domestic trade, but to our foreign trade and commerce as well. No doubt it will increase the prices of commodities, create employment, ease credit, and, above all, put needed currency into circulation.

Every Member, whether he is a Democrat or a Republican, who has the interest of the country at heart, should demonstrate his loyalty by casting his vote for this resolution so that we can proceed to enact this needed and beneficial bill as speedily as possible.

I wish to impress upon you gentlemen on the other side that not only we but people throughout the country at large have confidence in President Roosevelt, for he has clearly demonstrated his great statesmanship and desire to relieve the country from the unprecedented crisis. [Applause.]

The SPEAKER. The time of the gentleman from Illinois [Mr. SABATH] has expired.

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. MAPES].

Mr. MAPES. Mr. Speaker, my Democratic opponent in the last election criticized what he was pleased to call my belief in legislation by committees. I wonder what he would think and do if he had been elected and were a Member of the Democratic majority in the House of Representatives at the present time, and had to act upon this rule which proposes to do away with the consideration by committees even of such important legislation as is contained in these Senate amendments. We do not have the benefit of the recommendation of any committee of the House in the consideration of this legislation. It comes to us fully prepared from sources, the Members know not where, without any consideration by a standing committee of the House, without any consideration by a conference or any other committee. We are obliged to vote it either up or down without any chance to read it under the 5-minute rule or to offer amendments to or to debate the different sections. I wonder what he would think of this procedure in view of his criticism of the consideration of bills by committees, because such consideration was not enough in the open. It is, of course, a waste of energy for anyone to get unduly excited over things he cannot prevent, and there are not enough Republican Members of the House to prevent the passage of gag rules in this Congress, no matter how much they cut off debate or consideration of important legislation. But it is well to keep the record straight, so that no one can charge us in the future with having consented to such procedure. We can at least protest against it.

What is proposed here today? By the procedure outlined today it is proposed, among other things, to pass a piece of legislation which the father of it declared in the Senate was the most important piece of legislation ever introduced in any parliamentary body within the last 6,000 years without its ever having been considered by any committee of the House, or without being sent to conference, and, as a matter of fact, without any real consideration by the House itself. The House has had no part in drafting it. It must vote it up or down without the crossing of a "t" or the dotting of an "i." The rule provides that the bill shall be taken from the Speaker's table, amendments 1 to 84, inclusive, shall be disagreed to and amendment no. 85 shall be concurred in. All three propositions are incorporated in the resolution and must be voted upon together. Senate amendment no. 85, or this most important piece of legislation to come before any parliamentary body in 6,000 years, is to be voted upon without even being read in the House. It is taken from the Speaker's table and passed at the same time or in the same motion that sends the rest of the bill to conference. Let no one underestimate the importance of the action we are about to take. The author of this Senate amendment no. 85, in addition to saying that it was the most important legislative proposal to come before any parliamentary body in 6,000 years, declared in substance that one of its purposes was to transfer $200,000,000,000 from those who now have them to the debtor class, to transfer $200,000,000,000 from the creditor to the debtor class.

Does the Membership of this House want to pass such important legislation without reading it even? Does it want to abdicate its functions as a legislative body to any such extent as this? We have gone a long way in this direction during this session of Congress, but I submit we have never before gone quite as far as it is proposed to go here this afternoon. This important legislation is to be voted upon and passed; we are to rubber stamp it, rather, without giving it any real consideration at all.

The unfairness of the situation is apparent. The bill contains several distinct and far-reaching legislative proposals, only one of which was in the bill as it originally passed the House of Representatives. The original bill, as it went to the Senate, only contained the allotment plan for farm relief. The Senate added to that, by way of amendment, the important cost-of-production feature, and the bill, which was passed separately in the House of Representatives, providing for the refinancing of farm mortgages. These amendments were added to the bill in the Senate, in addition to the so-called "inflation amendment", which, in itself, contains four distinct proposals, namely, first, the provision relating to the acceptance by our Government from foreign governments of silver to apply on their indebtedness to us; second, the provision relating to the issuance of paper money; third, the provision relating to open-market operations by the Federal Reserve banks; and fourth, the provision relating to the revaluation of the gold dollar.

Members may be in favor of one or more of these provisions and opposed to others. Under this rule they will have no opportunity to express themselves by their vote for or against any one of them separately. They must vote for or against all of them together. It is unfair to put Members in that position. Such procedure is not the way to legislate. [Applause.]

Mr. O'CONNOR. Mr. Speaker, I yield 7 minutes to the gentleman from Indiana [Mr. GREENWOOD].

Mr. GREENWOOD. Mr. Speaker, I think this is a fair rule for the consideration of this legislation under the circumstances and the emergency that exists today.

My good friend the gentleman from Michigan [Mr. MAPES] rather took the attitude that the rule was unfair, that we were taking this legislation from the committees of the House. So far as the agricultural features of this bill are concerned, they have been adequately considered by the House committee and we are, by our decision, if we vote this resolution through, giving the conferees from this House the right to stand upon the integrity of the House bill, confer with the Senate upon the amendments with reference to the agricultural features of the bill.

So far as amendment no. 85 is concerned covering the expansion of the currency, I think this question has been considered by every Congress, has been debated for the last 50 years. From the days of 1873 when silver was demonetized down through the campaigns of Mr. Bryan and down through the last campaign we have discussed this very question of the quantitative theory of money, or that commodity prices can be raised by increasing the quantities of the circulating medium.

Mr. MAPES. Mr. Speaker, will the gentleman yield?

Mr. GREENWOOD. I yield.

Mr. MAPES. Since the gentleman has been in Congress has there ever been before the House of Representatives in concrete form a provision to revalue the gold dollar such as is embraced in Senate amendment no. 85?

Mr. GREENWOOD. I think the gentleman is right; there never has been; but there never has been an emergency created through the manipulation of the banking laws of the country and the draining of the money from the small country banks to the big city banks for gambling purposes, a manipulation that drains the money from the people, from business, and hoards it in the financial institutions of the country. Never has such an emergency existed. We propose to confer upon the President half a dozen formulas, any one of which he may use with all the force, power, and understanding he has to meet this emergency; and I for one am ready to vote on the proposition as it stands.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. GREENWOOD. I yield.

Mr. RANKIN. This question has been before the committees of the House, and one of the leading Members on

the other side of the aisle, the gentleman from Kansas [Mr. McGUGIN] has spoken in favor of it time and time again.

Mr. GREENWOOD. This is a fair rule, because it allows 6 hours of debate; and the rule is well adjusted to the proposal before the House, because the debate is confined to the Senate amendment expanding the currency.

After we have had 6 hours of debate, which will be practically all consumed on this very proposition, then we have the right to vote the proposition up or down.

If this House is not in favor of this amendment, which has been attached to this bill by the Senate, it can vote down this resolution and then go ahead and formulate any measure it wants to; but if the majority of the Members of the House are for this legislation in this day of emergency, they ought to have the right to say so, and under this rule they have it. I think a majority of the House, almost a three-quarters majority, will be in favor of this measure as it now stands.

The expansion of the currency is the best method to raise commodity and land prices, and if there is one thing that is more menacing to our civilization and to the future perpetuity of our country it is falling prices of commodities and farm lands.

We believe this is a short cut to bring up these commodity prices so these men upon the farms, wage earners, and the business men of America may pay back the debts of America with the same kind of a dollar they borrowed. [Applause.]

Talk about a sound dollar! There never was a time in the history of America when the dollar of the United States was as unsound as it is today when it is measured in commodity prices.

A cheap dollar is not necessarily an unsound dollar. If there is anything America needs now, it is a cheaper dollar with which to buy commodities. We are bearing down upon farmers with foreclosures and bankruptcies; and even the failures of our banks are caused by the value of the dollar being out of all proportion to the value of commodities.

The Democratic Party is pledged to a sound currency. There is nothing in this measure that will destroy the soundness of our currency. The Federal Reserve banks now have the authority to obtain currency from the Treasury upon certain kinds of commercial paper, but they are not seizing this opportunity. The banks of America are not putting out the moneys and the credits available under this system. So we are conferring upon the President of the United States in this emergency several different methods or formulas for him to use to produce a situation where commodity prices will be better and where the debtor class in America can take advantage of it to help pay their debts.

As I said, the banks are not using all the powers they have to put out this money. We propose under this measure to allow the United States Treasury to purchase Government bonds on the market, thus exchanging currency for a frozen credit of the Government.

INDEPENDENT OFFICES APPROPRIATION BILL—FISCAL YEAR 1934

Mr. WOODRUM, from the Committee on Appropriations, reported the bill (H.R. 5389) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes (Rept. No. 61), which was read a first and second time, and, with the accompanying papers, referred to the Committee of the Whole House on the state of the Union and ordered printed.

Mr. TABER reserved all points of order on the bill.

Mr. TABER. Mr. Speaker, I desire to present minority views on this bill, H.R. 5389, signed by 14 members of the committee, which I ask to have printed along with the majority report.

The SPEAKER. Without objection, the minority views will be printed with the majority report.

There was no objection.

FARM RELIEF

Mr. RANSLEY. Mr. Speaker, I yield 13 minutes to the gentleman from New York [Mr. REED].

Mr. REED of New York. Mr. Speaker, ceaseless agitation in Congress for inflation of the currency as a cure for our economic ills has won many adherents. Carefully prepared and subtle propaganda has intensified public interest in the subject. Unemployment, bank failures, low prices, foreclosures, and general distress create an attitude of mind which is ready to accept any suggestion that promises relief, even though the plan proposed whenever and wherever it has been previously tried has ultimately aggravated the suffering, disaster, and distress it sought to relieve.

The preliminary steps for inflation have been taken. Thus far the procedure as a condition precedent to uncontrolled inflation is not unlike that pursued in Germany in 1914. At that time the estimated gold in Germany amounted to about $1,000,000,000, of which $687,000,000 was coined and in circulation and about $313,000,000 was in the form of bars held in the Reichsbank and the four small note-issuing banks to buttress the notes which they issued.

On the outbreak of the war the Reichsbank's gold reserve amounted to $344,000,000, equal to 66 percent of all her note issues. There was in circulation $550,000,000 in gold coins and $150,000,000 in silver to cover bank notes amounting to $500,000,000 and Treasury notes amounting to $48,000,000.

The German Government made patriotic appeals to the men and women to take their gold coins to the bank and receive marks for them. As a result the gold stock in the Reichsbank doubled. The export of gold was prohibited to the citizen but the Government was not prohibited from doing so. It is needless to say that the Government did export gold. Now let us take our present situation in the United States.

The bill (H.R. 1491), prepared by President Roosevelt, presented to Congress on March 9, 1933, and passed the same day, clothes the Secretary of the Treasury with dictatorial power over the gold coin, gold bullion, and gold certificates owned by individuals, partnerships, associations, and corporations. The President may require every person in the United States to turn his money, viz, gold coin, gold bullion, and gold certificates, into the Treasury and compel him to receive therefor "an equivalent amount of any other form of coin or currency coined or issued under the laws of the United States." Failure on the part of a citizen to surrender his gold coin, gold bullion, or gold certificates subjects the citizen to a penalty twice the value of the gold or gold certificates.

Since the enactment of this legislation on March 9, 1933, the people in possession of gold coin, gold bullion, and gold certificates have surrendered them in large volume to the banks and to the Treasury of the United States. Many persons have surrendered them as an act of patriotism and a few have done so from fear of the strong arm of the Government.

The Government has given in exchange for the gold coin and gold certificates so surrendered a new currency, redeemable neither in gold nor in silver.

Each new generation of inflationists pride themselves that they have discovered something new about the operation of paper money. There is no new invention for making it "as good as gold, no difficulty connected with it which has not been experienced, no phenomenon of its development for which we have not abundant analogies."

It may be profitable to turn back the pages of history—our own history first—and review the mischief and ruin inflation has brought to our own people. The American Colonies prior to the Revolution had each tried inflation from time to time with disastrous results. The bitter lesson of the depreciation of the colonial paper currency and the suffering it caused the people had not been well learned even at the outbreak of the War for Independence. A week after the Battle of Bunker Hill the issue of $2,000,000 worth of bills of credit was authorized by Congress. Between 1775 and 1779 Congress issued $240,000,000 in bills of credit.

As the demand for more money increased, the printing press was worked overtime and dozens of men had to be hired to sign all the bills issued. Every device then known

was invoked to make the currency pass at par. Appeals to patriotism and threats of punishment failed to stop depreciation of this ever-increasing volume of printing-press money.

In January 1776 Congress passed the following resolution:

Resolved, therefore, That any person who shall hereafter be so lost to all virtue and regard for his country as to refuse to receive said bills in payment, or obstruct or discourage the currency or circulation thereof * * * shall be deemed, published, and treated as an enemy in this country and precluded from all trade or intercourse with the inhabitants of these Colonies.

Did this have any effect in stabilizing the purchasing power of a worthless paper dollar?

By 1779 one paper dollar was worth only 2 or 3 cents apiece. Six months later Congress provided for redemption at the rate of 40 paper dollars to 1 "hard" or silver dollar—a repudiation of 97 percent. The currency issued by local institutions depreciated even more. In Virginia notes finally passed at the rate of 1,000 to 1. A pair of shoes could be purchased at that time for $5,000. After 1780 the depreciation of the currency was out of all control, and in 1781 it ceased to act as currency at all.

Pelatiah Webster, reviewing the conditions that existed under this period of inflation, wrote in 1791:

The fatal error, that the credit and currency of the Continental money could be kept up and supported by acts of compulsion, entered so deep into the minds of Congress and all departments of administration through the States that no consideration of justice, religion, or policy, or even experience of its utter inefficacy, could eradicate it. It seemed to be a kind of obstinate delirium, totally deaf to every argument drawn from justice and right, from its natural tendency and mischief, from common sense, and even common safety. This ruinous principle was continued in practice for 5 successive years and appeared in all shapes and forms, i.e., in legal tender acts, in limitations of prices, in lawful and threatening declarations, in penal laws with dreadful and ruinous punishments, and in every other way that could be devised, and all executed with a relentless severity, by the highest authorities then in being, viz, by Congress, by assemblies and conventions of the States, by committees of inspection (whose powers in those days were nearly sovereign), and even by military force; and, though men of all descriptions stood trembling before this monster of force, without daring to lift a hand against it, during all this period, yet its unrestrained energy proved ever effectual to its purposes, but in every instance increased the evils it was designed to remedy, and destroyed the benefits it was intended to promote. At best its utmost effect was like water sprinkled on a blacksmith's forge, which indeed deadens the flame for a moment but never fails to increase the heat and force of the internal fire. Many thousands of families of full and easy fortune were ruined by these fatal measures and lie in ruins to this day, without the least benefit to the country or to the great and noble cause in which we were then engaged.

Continuing, Mr. Webster said:

I do not mention these things from any pleasure I have in opening the wounds of my country, or exposing its errors, but with a hope that our fatal mistakes may be a caution and a warning to future financiers who may live and act in any country which may happen to be in circumstances similar to ours at that time.

A strong appeal has been made by the inflationists to the labor organizations of the country. Again let us examine the record and see what uncontrolled inflation will mean to labor. We find an illustration in the case of the "greenbacks."

The Government, greatly in need of funds, began in 1862 to issue bills unsupported by specie, but legal tender for all debts, except the payment of custom duties and interest on the public debt. Notes to the value of $150,000,000 were issued in 1862. Congress issued more and more "greenbacks." By June 1864 there was outstanding $431,000,000 of this printing-press money.

No one at this day and age is likely to dispute the accepted economic law that changes in wages tend to lag behind changes in prices. This was well illustrated during the "greenback" inflation. Official reports show that prices rose from a base of 100 in 1860 to 217 in 1865, while wages rose from 100 to only 143 during the same period. The real wages of labor dropped from 100 to 66 between 1860 and 1865.

I find that the record discloses that when some of the public men of that day had the courage to oppose inflation and pointed out that irredeemable paper had always wrought ruin, the inflationists replied that our resources were unlimited and that these precedents did not apply to us. When it was prophesied that the paper would depreciate and that we should not be able to retrace our steps, the prophets of evil indignantly pointed to the "pledged faith of the United States" and asked if they thought that would be violated. No warning was heeded; the experience of the past carried no weight with the advocates of inflation. Even the indictment of paper money by Daniel Webster as late as 1836 was disregarded. When it was sought to renew the charter of the United States Bank, which was soon to expire, he said:

A disordered currency is one of the greatest practical evils. It undermines the virtues necessary for the support of the social system, and encourages propensities destructive to its happiness. It wars against industry, frugality, and economy, and it fosters the evil spirits of extravagance and speculation. Of all the contrivances for cheating the laboring classes of mankind, none has been more effectual than that which deludes them with paper money. This is the most effectual of inventions to fertilize the rich man's field by the sweat of the poor man's brow.

Ordinary tyranny, oppression, excessive taxation, these bear lightly on the happiness of the mass of the community, compared with fraudulent currencies and the robberies committed by depreciated paper. Our own history has recorded for our instruction enough and more than enough, of the demoralizing tendency, the injustice, and the intolerable oppression on the virtuous and well disposed of a degraded paper currency authorized by law, or in any way countenanced by government.

These admonitions fell on deaf ears in 1862 and 1865. Inflation was launched and all the evils of prior inflationary periods followed.

From early Colonial times to the present moment, whenever there has been a depression, whether caused by speculation or by war, and the day of payment arrives, the advocates of inflation have proposed this method as the best solution of the problem of unemployment, low commodity prices, and the payment of debts. It is in the dark hour of depression and gloom, and only at such times, that currency inflation is urged as a cure for our national ills.

Nations like Austria and Russia tried inflation for generations, sinking deeper and deeper, crippled in their military and industrial strength, not knowing how to endure it or how to get rid of it.

A brief review of conditions in Germany after she was fully embarked upon the turbulent sea of inflation may give cause for some reflection. As I pointed out, she called in her gold and gave in return irredeemable paper money, the mark.

A few excerpts from the correspondents of the leading papers will suffice to show what followed.

The Times correspondent on July 5, 1923, reports:

Feeling among the working classes is extraordinarily bitter. Bricklayers are striking for wages of 12,000 marks (8 cents) an hour. Metal workers were offered 9,000 marks (3 cents) an hour and refused. The lowest omnibus fare in Berlin is now 1,500 marks; a little piece of veal, enough to make a stew for two people, costs 60,000 marks.

On July 22, 1923, the Times' correspondent reported:

I was amazed when I found today that one had to pay 24,000 marks for a ham sandwich, whereas yesterday in the same cafe a ham sandwich cost only 14,000 marks.

On July 25 the correspondent reported:

The shortage of money has been followed by a shortage of food. Very little meat is obtainable, still less butter and vegetables. There are practically no potatoes.

The Daily Mail correspondent reported July 26:

The printing presses are working day and night to supply the Reichsbank with 2,000,000,000,000 mark notes daily, but there are still not enough to go around. * * * The cashier of my bank handed me 4,000,000 marks in 1,000-mark notes, each worth less than half a farthing (one fourth of a cent).

The Daily Mail correspondent on August 6 telegraphed his paper:

Villagers who used to send butter to Berlin are no longer troubling to do so. They already have crates in their cottages packed with worthless paper money. "Why get more?"

On July 27 the big Berlin newspaper Germania became hysterical and cried out through its columns:

It is a situation for a dictator. The conditions call for a Mussolini in a bullet-proof armor with a revolver in each hand.

On August 14 the newspaper correspondence made note of an outbreak of disorder all over the country. Let me quote from one of them:

Near Leipsig a so-called "Communist control committee" marched out of town and forced the farmers and large landowners to give up their cattle, which they slaughtered on the spot and the meat sold cheaply. In other places crowds swarmed out into the fields and dug up potatoes. At Hanover men seized the food warehouses; the police fired upon them, killing 12 and wounding about 50.

The illustrations I have given do not even touch the appalling human misery caused by the inflation of German currency.

This is the program of hope; this is the new deal which the inflationists now present to their troubled, bewildered, and baffled countrymen. [Applause.]

THIRD DEFICIENCY BILL

Mr. BUCHANAN, Chairman of the Committee on Appropriations, reported the bill (H.R. 5330) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes, Report No. 62, which was read a first and second time, and, with the accompanying papers, referred to the Committee of the Whole House on the state of the Union and ordered printed.

Mr. TABER reserved all points of order.

FARM RELIEF

Mr. RANSLEY. Mr. Speaker, before yielding time to the last speaker on the rule on this side I ask unanimous consent that all Members who have spoken on the rule be given the right to revise their remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from New Jersey [Mr. LEHLBACH].

Mr. LEHLBACH. Mr. Speaker, the proposition before us is that we take the most important bill that has come before this body in a score of years, dealing with the currency of the country, and after debate of 5 hours, vote upon its passage, with its numerous provisions, without the opportunity of discussing and considering the various subjects it contains and without an opportunity of offering a single amendment. In the 18 years I have been here I never heard such a preposterous proposition advocated by any party or by any leadership.

What is the purpose of this unseemly haste, this gagging, and handcuffing of the Membership of this House? Admittedly, the leadership is not afraid of the small Republican minority on my left. What are they afraid of? Why do they not dare legislate as this House of Representatives was intended to legislate? They are afraid of you, the rank and file of the Members of the Democratic Party here on this floor. You are the ones they are afraid of.

Mr. RANKIN. Will the gentleman yield?

Mr. LEHLBACH. I yield.

Mr. RANKIN. I will tell the gentleman what they are afraid of. They are afraid of a continuance of this disastrous delay that is wrecking the country.

Mr. CLARKE of New York. Will the gentleman yield?

Mr. LEHLBACH. I yield.

Mr. CLARKE of New York. Was not the gentleman who just asked the question one of the Democratic Members who would not go along with President Roosevelt on his economy program?

Mr. LEHLBACH. Certainly; he was.

Mr. RANKIN. The gentleman from New Jersey wanted to hasten that measure through and did hasten it through under what he now calls a "gag rule."

Mr. CLARKE of New York. And the gentleman did not support that measure.

Mr. LEHLBACH. I did not support any gag rule and have not supported any such rule at this session of Congress.

As a matter of fact, this proposition contains four distinct provisions. It contains a provision to have controlled expansion of the currency through the functioning of the reserve banks, and there is not a handful of Republicans in this House who would not heartily support that in this emergency. It contains a proposition that the printing presses be started and that $3,000,000,000 of paper money, without anything back of it at all, be issued to the people of this country. What relation is there between these two propositions? Why can we not vote yes on one and no on the other, if that is the way we feel about it?

Mr. RANKIN. Will the gentleman yield?

Mr. LEHLBACH. I yield again to the gentleman.

Mr. RANKIN. As a matter of fact, does not the gentleman know that every dollar of this money will be interchangeable with every other dollar of our money under the Gold Standard Act of 1900, and have all the gold and silver and wealth of this country behind every dollar of it?

Mr. LEHLBACH. And the cheap money will drag down your good money. Yes; it will be interchangeable, but it will be interchangeable at the price of the cheapest money in circulation.

Mr. RANKIN. We are going to drag it down to some extent, it is true, but the dollar is now too high. That is the trouble in this country.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. LEHLBACH. I yield.

Mr. VINSON of Kentucky. Did I understand the gentleman to say that $3,000,000,000 of this currency did not have anything back of it?

Mr. LEHLBACH. Yes; under the second provision with respect to the act of 1862—the greenbacks that do not have any backing.

Mr. VINSON of Kentucky. Is it not the purpose to have $3,000,000,000 of bonds in support of the $3,000,000,000 of currency?

Mr. LEHLBACH. If your money is no good, you will undermine your credit and the bonds will not be any more good than the money.

Mr. VINSON of Kentucky. If the gentleman will permit a further question, in the last session of Congress, during the past administration, when the Glass-Borah amendment was tacked on to the home-loan bank bill as a rider, which permitted the issuance of $984,000,000 of currency against $984,000,000 of 3⅜-percent bonds, I should like for the gentleman to tell the House wherein there is the slightest difference in soundness or in strength between the money that will be issued under this bill, amounting to $3,000,000,000 backed by $3,000,000,000 of bonds, and the money that was issued under the Glass-Borah amendment to the bill that your President, Mr. Hoover, signed. [Applause.]

Mr. LEHLBACH. They were existing bonds on the market at the time.

Mr. VINSON of Kentucky. And these bonds are existing bonds on the market and they will be taken off the market.

[Here the gavel fell.]

Mr. O'CONNOR. Mr. Speaker, I yield the rest of the time to myself.

Mr. Speaker, the Republicans are trying to ensnare some of the Members on this side of the House. They take the floor and ask that this Senate amendment 85 be read for amendment, that it be divided so they may vote on the different features of it. As a matter of fact, the Republican money brains as compared to our so-called "brain trust" has issued a statement that they are against each and every feature of amendment 85.

Mr. SNELL. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. SNELL. I do not know to whom the gentleman refers in the statement that he has made, but if I am one of them, the gentleman is entirely in error.

Mr. O'CONNOR. Will the gentleman state what feature he is not opposed to?

Mr. SNELL. I said that we were willing to take the first, but we were absolutely opposed to the deflation of the gold dollar by the President. If the gentleman had read my statement with understanding he would not have made the statement he did.

Mr. O'CONNOR. I read the statement, whether I could understand it or not. I also read a statement issued by Mr. Mills. I read that, too, in anticipation of what might be said here.

Mr. SNELL. The gentleman is quoting people who are not here.

Mr. O'CONNOR. I will include also the statement of Mr. Mellon.

Mr. SNELL. Nor is he here.

Mr. PETTENGILL. Will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. PETTENGILL. Would the gentleman include the keynoter of the Republican convention who voted for the bill, as well as the minority leader of the Senate?

Mr. SNELL. Here is one gentleman at the convention who did not vote for it.

Mr. O'CONNOR. Well, I am glad we have the idea of the brain trust. I lived through those days, which you might call "the special interest days", when legislation was not drawn by any brain trust, and it was not drawn even in Washington. We may have some professors writing legislation, but it is not being done in Pittsburgh or Wall Street, as was done for 12 years. [Applause.]

Mr. LEHLBACH. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. LEHLBACH. Who wrote the money plank in the Democratic platform of 1932?

Mr. O'CONNOR. I do not know, except that a Member in another body stated that he did.

Mr. LEHLBACH. Will the gentleman explain to the House the money plank in the platform of 1932?

Mr. O'CONNOR. Oh, I think all of them have read it and most of them understand it, outside of myself. [Laughter.]

Now, the gentleman from Michigan [Mr. MAPES] said that the Republicans did not propose to get excited about this at all—they were not going to get excited. It occurred to me that for 3 years this country was in this condition, and the Republicans, from their President down, never took enough interest in it to get excited about it at all. So they left us holding the bag when we came in on the 4th of March.

Now, they say we are building up a dictatorship. We are not doing any such thing. Get that right. A dictator can only succeed by force. What we are building up and what this country has not had since 1919 is a leader; we are building up a leadership and not a dictatorship. [Applause.]

Mr. HOEPPEL. Will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. HOEPPEL. Is it not true that Hitler took the leadership in Germany because the Reichstag turned over its authority to him?

Mr. O'CONNOR. Oh, if the gentleman starts talking about Hitler he will get me off on another subject. I do not believe, Mr. Speaker, if we only take the time from the day they wrote that plank in the Democratic platform, there has ever been such a crystallization of sentiment in the country for any one thing as there has been for the inflation of the dollar, not only in this House but through the rank and file of the people of the country. It is almost unanimous. The attacks upon it from the other side are purely political. Mr. Mills and other people attack it. They are talking about sound money, the money that the creditor holds now, and which the same creditors are not lending out to help the country in this emergency.

The business of the country, the money interests of the country, are leaving everything to Government and are asking the Government to do everything, and business is doing nothing in my estimation to help the people out of this situation. Surely the banks which control the money are doing nothing. If any one thing was ever needed in the opinion of the American people, it is the inflation of currency to meet the increased purchasing value of the dollar. In all of those speeches, even in the statement by the distinguished minority leader or the speech by Mr. Mills, or the speeches on the other side of the Capitol, there never was one word said about the increased purchasing value of the dollar. They never dared touch on that point, because that would have defeated their argument.

Mr. HOEPPEL and Mr. ELTSE of California rose.

Mr. HOEPPEL. Mr. Speaker, will the gentleman yield for another question?

Mr. O'CONNOR. Oh, I would rather yield over here on the Republican side.

Mr. ELTSE of California. Will the gentleman explain how this inflation is going to increase the purchasing power of the unemployed army in the United States?

Mr. O'CONNOR. That is the intent of it, and I believe the people who are thoroughly behind it have the utmost faith that this is the most important piece of legislation before the Congress by which to meet that very thing.

The SPEAKER. The time of the gentleman from New York has expired. All time has expired.

Mr. O'CONNOR. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution.

Mr. SNELL. Mr. Speaker, on that I demand the yeas and nays.

Mr. O'CONNOR. On this first resolution? That merely fixes the time for debate.

Mr. SNELL. I know that, but we want a record vote on this resolution.

The yeas and nays were ordered.

The question was taken; and there were—yeas 261, nays 113, not voting 57, as follows:

[Roll No. 27]

YEAS—261

Abernethy	Corning	Hancock, N.C.	Major
Adair	Cravens	Harlan	Maloney, Conn.
Adams	Crosby	Harter	Maloney, La.
Allgood	Cross	Hastings	Mansfield
Almon	Crosser	Healey	Marland
Arnold	Crowe	Henney	Martin, Colo.
Auf der Heide	Crump	Hildebrandt	May
Ayers, Mont.	Cullen	Hill, Ala.	Mead
Ayres, Kans.	Cummings	Hill, Knute	Meeks
Beam	Darden	Hill, Sam B.	Miller
Biermann	Dear	Holdale	Milligan
Bland	Deen	Hornor	Mitchell
Bloom	Delaney	Hughes	Monaghan
Boehne	DeRouen	Imhoff	Montet
Boland	Dickinson	Jacobsen	Moran
Boylan	Dies	Jeffers	Morehead
Brennan	Dingell	Jenckes	Murdock
Brooks	Disney	Johnson, Okla.	Nesbit
Brown, Ky.	Dobbins	Johnson, Tex.	Norton
Brunner	Dockweiler	Johnson, W.Va.	O'Connell
Buchanan	Doughton	Jones	O'Connor
Buck	Douglass	Keller	O'Malley
Bulwinkle	Doxey	Kelly, Ill.	Oliver, Ala.
Burch	Drewry	Kemp	Oliver, N.Y.
Burke, Calif.	Driver	Kennedy, Md.	Owen
Burke, Nebr.	Duffey	Kenney	Palmisano
Busby	Duncan, Mo.	Kleberg	Parker, Ga.
Byrns	Eagle	Kloeb	Parks
Cady	Eicher	Kniffin	Parsons
Caldwell	Ellzey, Miss.	Kocialkowski	Patman
Cannon, Mo.	Faddis	Kopplemann	Peavey
Cannon, Wis.	Farley	Kramer	Peterson
Carden	Fitzgibbons	Lamneck	Pettengill
Carpenter, Kans.	Fitzpatrick	Lanzetta	Peyser
Carpenter, Nebr.	Fletcher	Larrabee	Polk
Cartwright	Ford	Lee, Mo.	Pou
Cary	Foulkes	Lehr	Prall
Castellow	Gasque	Lewis, Colo.	Ragon
Celler	Gavagan	Lindsay	Ramsay
Chapman	Gillespie	Lloyd	Ramspeck
Christianson	Gillette	Lozier	Randolph
Church	Glover	Ludlow	Rankin
Clark, N.C.	Goldsborough	McCarthy	Rayburn
Cochran, Mo.	Granfield	McClintic	Reilly
Coffin	Gray	McCormack	Richardson
Colden	Green	McDuffie	Robertson
Cole	Greenwood	McFarlane	Robinson
Collins, Miss.	Gregory	McGrath	Rogers, N.H.
Colmer	Griffin	McKeown	Rogers, Okla.
Condon	Griswold	McReynolds	Romjue
Cooper, Tenn.	Haines	McSwain	Rudd

Ruffin	Smith, Wash.	Thomason, Tex.	West, Tex.
Sabath	Spence	Thompson, Ill.	White
Sadowski	Steagall	Truax	Whittington
Sanders	Strong, Tex.	Turner	Wilcox
Sandlin	Stubbs	Umstead	Willford
Schaefer	Studley	Utterback	Williams
Schuetz	Sullivan	Vinson, Ga.	Wilson
Schulte	Sumners, Tex.	Vinson, Ky.	Wolverton
Scrugham	Sutphin	Wallgren	Wood, Ga.
Sears	Swank	Walter	Wood, Mo.
Secrest	Sweeney	Warren	Woodrum
Shallenberger	Tarver	Wearin	Young
Sirovich	Taylor, Colo.	Weaver	
Sisson	Terrell	Weideman	
Smith, Va.	Thom	West, Ohio	

NAYS—113

Allen	Dowell	Johnson, Minn.	Seger
Andrew, Mass.	Dunn	Kahn	Shoemaker
Arens	Eaton	Kelly, Pa.	Simpson
Bacharach	Edmonds	Kinzer	Sinclair
Bacon	Eltse, Calif.	Knutson	Snell
Bakewell	Englebright	Kurtz	Somers, N.Y.
Beck	Evans	Lambertson	Stalker
Beedy	Fish	Lambeth	Stokes
Black	Focht	Lehlbach	Strong, Pa.
Blanchard	Foss	Lemke	Swick
Boileau	Frear	Luce	Taber
Bolton	Gibson	Lundeen	Taylor, Tenn.
Britten	Gilchrist	McFadden	Thurston
Brumm	Goodwin	McGugin	Tinkham
Burnham	Goss	McLean	Tobey
Carter, Calif.	Guyer	Mapes	Traeger
Carter, Wyo.	Hancock, N.Y.	Marshall	Treadway
Chase	Hartley	Martin, Mass.	Turpin
Claiborne	Hess	Merritt	Wadsworth
Clarke, N.Y.	Higgins	Millard	Watson
Cochran, Pa.	Hoeppel	Mott	Welch
Collins, Calif.	Hollister	Moynihan	Whitley
Connolly	Holmes	Parker, N.Y.	Wigglesworth
Cooper, Ohio	Hooper	Powers	Withrow
Crowther	Hope	Ransley	Wolcott
De Priest	Howard	Reece	Woodruff
Dirksen	Huddleston	Reid, Ill.	
Ditter	James	Rich	
Dondero	Jenkins	Rogers, Mass.	

NOT VOTING—57

Andrews, N.Y.	Culkin	Kennedy, N.Y.	Pierce
Bailey	Darrow	Kerr	Reed, N.Y.
Bankhead	Dickstein	Kvale	Richards
Beiter	Doutrich	Lanham	Shannon
Berlin	Durgan, Ind.	Lea, Calif.	Smith, W.Va.
Blanton	Fernandez	Lesinski	Snyder
Brand	Fiesinger	Lewis, Md.	Taylor, S.C.
Brown, Mich.	Flannagan	McLeod	Underwood
Browning	Fuller	McMillan	Waldron
Buckbee	Fulmer	Martin, Oreg.	Werner
Carley	Gambrill	Montague	Wolfenden
Cavicchia	Gifford	Muldowney	Zioncheck
Chavez	Hamilton	Musselwhite	
Connery	Hart	O'Brien	
Cox	Kee	Perkins	

So the resolution was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Richards (for) with Mr. Reed of New York (against).
Mr. Bankhead (for) with Mr. Darrow (against).
Mr. Underwood (for) with Mr. Cavicchia (against).
Mr. Kennedy of New York (for) with Mr. McLeod (against).
Mr. O'Brien (for) with Mr. Doutrich (against).
Mr. Flannagan (for) with Mr. Muldowney (against).
Mr. Musselwhite (for) with Mr. Perkins (against).
Mr. Brown of Michigan (for) with Mr. Wolfenden (against).
Mr. Werner (for) with Mr. Culkin (against).
Mr. Fernandez (for) with Mr. Waldron (against).

General pairs:

Mr. Blanton with Mr. Gifford.
Mr. Bailey with Mr. Buckbee.
Mr. Lanham with Mr. Andrews of New York.
Mr. Gambrill with Mr. Kvale.
Mr. Carley with Mr. Pierce.
Mr. Dickstein with Mr. Beiter.
Mr. Hart with Mr. Lesinski.
Mr. Kerr with Mr. Durgan.
Mr. Martin of Oregon with Mr. Berlin.
Mr. Lewis of Maryland with Mr. Zioncheck.
Mr. Montague with Mr. Taylor of South Carolina.
Mr. Connery with Mr. Kee.
Mr. Brand with Mr. Hamilton.
Mr. Browning with Mr. Smith of West Virginia.
Mr. Fuller with Mr. Chavez.
Mr. Fulmer with Mr. Shannon.
Mr. McMillan with Mr. Fiesinger.
Mr. Lea of California with Mr. Cox.

Mr. CONNERY. Mr. Speaker, I arrived too late to vote. If permitted to vote, I would have voted "aye."

Mr. BYRNS. Mr. Speaker, I have a telegram from the gentleman from Ohio, Mr. UNDERWOOD, who states he is unavoidably absent, and that if present he would vote "aye" upon this rule, and also upon the rule which will be voted upon later on. The same is true of the gentleman from Virginia, Mr. FLANNAGAN, and the gentleman from Tennessee, Mr. BROWNING.

The result of the vote was announced as above recorded.

PRIVILEGES OF THE HOUSE

Mr. TREADWAY. Mr. Speaker, I rise to a question of constitutional privilege.

The SPEAKER. The gentleman will state it.

Mr. TREADWAY. Mr. Speaker, some weeks ago I introduced in the House a resolution which was duly referred to the Committee on the Judiciary and which has not as yet been reported upon.

Mr. RANKIN. Mr. Speaker, I make a point of order.

Mr. TREADWAY. I understand the matter has been duly considered by the Committee on the Judiciary, but as yet no report has been submitted to the House.

Mr. CELLER. Will the gentleman yield?

Mr. TREADWAY. Yes; I yield to the gentleman, but I do not wish to be taken off the floor.

Mr. RANKIN. Mr. Speaker, a point of order. I make the point of order that the gentleman from Massachusetts [Mr. TREADWAY] has no right to raise a question of the privilege of the House without introducing a resolution at the time. The gentleman is entirely out of order.

Mr. TREADWAY. If the gentleman will abide in patience for a moment or two, I will introduce the resolution.

Mr. RANKIN. The gentleman should do it before he makes any remarks. I make the point of order, Mr. Speaker.

Mr. TREADWAY. The Speaker recognized me to make a statement in relation to the question of personal privilege, as I understood it. The gentleman cannot take me off my feet.

Mr. RANKIN. He arose to a question of the privilege of the House, and I make the point of order that the gentleman is out of order.

The SPEAKER. The Chair will recognize the gentleman to state the question of constitutional privilege.

Mr. TREADWAY. My question of constitutional privilege is that, in brining before the House the bill H.R. 3335, certain amendments that were adopted by the Senate violate article——

Mr. RANKIN. Mr. Speaker, I make a point of order that the gentleman should introduce the resolution first.

The SPEAKER. The gentleman from Mississippi makes the point of order that the gentleman should first introduce the resolution. The point of order is sustained.

Mr. TREADWAY. Mr. Speaker, I offer the following resolution, which I send to the desk.

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

Resolved, That the House bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power, with the Senate amendments thereto, be returned to the Senate, as a part of said amendments are in the nature of and constitute a revenue bill.

Mr. RANKIN. Mr. Speaker, a point of order. I make the point of order that the resolution is not in order. It does not constitute a question of the privilege of the House.

The SPEAKER. The Chair overrules the point of order.

Mr. BYRNS. Mr. Speaker, it is extremely important that we finish this debate today. I do not know what the purpose is in undertaking to delay consideration of this bill. I move to lay that resolution on the table.

Mr. RANKIN. Then I withdraw the point of order for that purpose.

The SPEAKER. The question is on the motion of the gentleman from Tennessee to lay the resolution on the table.

Mr. TREADWAY. Mr. Speaker, I demand the yeas and nays.

The SPEAKER. Those favoring taking this vote by the yeas and nays will stand and remain standing until counted. [After counting.] Forty-seven Members have arisen; not a sufficient number.

Mr. TREADWAY. Mr. Speaker, I demand a division.

The question was taken; and on a division (demanded by Mr. TREADWAY) there were ayes 170 and noes 51.

Mr. TREADWAY. Mr. Speaker, I object to the vote, and I demand the yeas and nays.

Mr. RANKIN. Mr. Speaker, a point of order. The gentleman has already asked for the yeas and nays, and they were refused.

Mr. TREADWAY. Mr. Speaker, may I make a parliamentary inquiry?

The SPEAKER. The gentleman will state it.

Mr. TREADWAY. More than one fifth of the Members responding asked for the roll call. The vote was 170 for and 51 against, as declared by the Speaker.

The SPEAKER. On the roll call just completed there were 374 Members who answered to their names. One fifth of 374 is 75; therefore, the 47 Members who arose to demand the yeas and nays did not meet the constitutional requirement, and the demand for the yeas and nays was refused.

Mr. SNELL. But, Mr. Speaker, according to the count just made by the Speaker, there were only 221 Members present.

The SPEAKER. The Chair cannot assume that all the Members present stood and voted on the division demanded by the gentleman from Massachusetts. The vote as recorded a moment ago on a roll call showed 374 Members present.

Mr. LEHLBACH. Mr. Speaker, the total number, according to the Speaker's announcement, was 170 yeas and 51 noes, making a total of 221 Members. Forty-seven would be more than one fifth of that number.

Mr. RANKIN. Mr. Speaker, I make the point of order that this question has been disposed of. I demand the regular order.

Mr. TREADWAY. And I demand the regular order on the request for a yea-and-nay vote. Forty-seven Members stood in response to the request for a yea-and-nay vote, which is a sufficient number for a roll call on the question of laying the resolution on the table.

The SPEAKER. That was on a division vote. On the demand for the yeas and nays just a moment ago there were 374 Members present, and only 47 seconded the demand for the yeas and nays.

Mr. SNELL. But on the Speaker's announcement there were only 221 present. I should claim that 47 would be sufficient to demand a roll call.

The SPEAKER. The Chair simply announced the vote on that particular division. The Chair does not think that all the Members present voted on the division, particularly when the roll call just completed disclosed 374 Members present.

The motion of the gentleman from Tennessee is agreed to.

The Clerk will report the resolution.

The Clerk read as follows:

House Resolution 124

Resolved, That immediately upon the adoption of this resolution the bill H.R. 3835 with Senate amendments thereto be, and the same is hereby, taken from the Speaker's table; that all points of order against said bill or Senate amendments thereto shall be considered as waived; that Senate amendments nos. 1 to 84, inclusive, be, and the same are hereby, disagreed to; that Senate amendment no. 85 be, and the same is hereby, concurred in; that the conference requested by the Senate on the disagreeing votes of the two Houses be, and the same is hereby, agreed to.

Mr. SWANK. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. SWANK. Before this bill is sent to conference would it be in order for me to offer a motion to instruct the conferees to substitute H.R. 2855, the Frazier bill, introduced in the House by the gentleman from North Dakota [Mr. LEMKE], in lieu of the mortgage provision of title II, page 35, of the bill H.R. 3835?

The SPEAKER. It would be in order to instruct the conferees after the passage of the resolution and before appointment of the conferees.

The Chair would then determine whether the motion is germane or not.

Mr. RANKIN. But, Mr. Speaker, it will not be in order to instruct conferees to put anything in the bill which was not put in the bill by the House or the Senate.

The SPEAKER. Yes; that is true.

Mr. POU. Mr. Speaker, I yield 25 minutes to the gentleman from Alabama [Mr. STEAGALL].

The SPEAKER pro tempore (Mr. COCHRAN of Missouri). The gentleman from Alabama is recognized for 25 minutes.

Mr. STEAGALL. Mr. Speaker, the suffering masses of mankind in the United States are not concerned seriously with the technical rules of procedure or the parliamentary methods employed by their Representatives in Congress in passing legislation to afford relief from the distress in which the Nation finds itself at this hour. The people who sent us here are relying upon us as their Representatives for necessary action to restore normal business activities. They are interested in results. That is the standard by which we are going to be judged. They are going to hold us responsible for results.

It is not unusual for the House to accept important amendments put on as riders to House bills.

This measure is emergency legislation dealing with conditions growing out of an unprecedented emergency. Unusual conditions call for unusual methods. The income of the people of the United States has shrunk from $90,000,000,000 in 1929 to less than half that amount in 1932. Our exports have dwindled from $5,000,000,000 plus to $1,000,000,000 plus since 1929. Our imports have fallen from $4,000,000,000 plus to $1,000,000,000 during the same period. Thousands of bank failures have occurred, tying up $6,000,000,000 or $7,000,000,000. Bank deposits have declined more than $25,000,000,000. Bank credit has declined in like proportion.

More than a million farmers have lost their homes. Urban home owners still in possession of their homes are knocking at the door of Congress for assistance from the Federal Government to enable them to obtain necessary credit to prevent turning their families out of their home. In many instances State, county, and municipal treasuries are empty and without the power of replenishment by taxation. Something like 15,000,000 people out of employment lift their hands, pleading for leadership that will revive business activity and give an opportunity to citizens who want to work to labor and support their families.

The financial structure of the United States is prostrate and in ruins. We face a desperate situation, the like of which no man within the sound of my voice has ever seen.

The debts of our people exceed $200,000,000,000. The price of the commodities with which these debts must be discharged under the existing order, has shrunk 50 percent. It takes 4 bushels of wheat to pay a debt that could have been discharged for 1 bushel when the obligation was incurred. It takes 2 bales of cotton to pay a debt that could have been paid with 1 bale when the debt was contracted. The dollar has enhanced in value until it has lowered the price level, bankrupting farmers, merchants, and all classes of citizens and causing unemployment, destitution, and want. This, too, in the midst of abundant production on our farms and in our factories. Such a dollar is dishonest and unfair. These conditions are intolerable.

I said on this floor in the last session of Congress that in this situation no patriotic American has a moral right to ask for elevation to a position of power and public office who accepts these conditions as final or who is willing to see them continued as the permanent lot of the people of the United States. [Applause.] It was in this spirit, it was the love of country and family, the love of home pulsating in the breasts of the sovereign voters of the United States that made them last year declare for a change in the control of government at Washington.

The legislation now under consideration is, perhaps, the culminating point in the program of the administration pledged to a new deal, to new methods, and to a new order in the financial affairs of the United States.

Mr. HOEPPEL. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. HOEPPEL. Does the gentleman consider it is a new deal to expand the currency to raise commodity prices, and at the same time take from disabled veterans 30 or 40 percent of their compensation and pensions?

Mr. STEAGALL. Well, maybe we made a mistake in cutting the pay of the veterans. Let us grant that we did. Should we stop there if that was a destructive act? Is not the gentleman willing, and is it not wise, that we go forward and make amends for any error we may have made in one instance, if it was an error? [Applause.]

I will say to the gentleman that it was my privilege to be invited to a conference held at the Treasury of the United States on the 5th day of March, when the new administration was entering upon the tasks confronting it in that trying hour. Every bank in the Nation was closed. The Treasury had confronting it a financing program of nearly $1,000,000,000 that had to be met on the 15th day of March. No citizen of the United States could go to his bank and draw out a dollar of the hard earnings of a lifetime.

Even citizens who had deposited their hard earnings in the Postal Savings banks of the land were just as helpless in the effort to get their money back as were the depositors in the failed commercial banks of the Nation.

These were the conditions that confronted the new administration when it took office on the 4th day of March. These were the tasks that confronted us, and in the effort to preserve the credit of the Government it was thought wise and prudent by our leaders to inaugurate a program of rigid economy in Government expenditures. As a patriotic citizen, as a Member of this House loyal to the leadership chosen by the American people, I cast my vote in that instance, as I have in every instance since then, to uphold and support the chosen leadership of the people into whose hands they have entrusted the task of restoration and recovery. [Applause.]

Mr. PATMAN. Will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Texas.

Mr. PATMAN. I am asking for information. It is my understanding that Postal Savings deposits increased more than $100,000,000 during the month of March; that they increased from $1,005,600,000 at the end of February 1933 to $1,111,600,000 at the end of March 1933.

Mr. STEAGALL. Oh, yes.

Mr. PATMAN. I cannot understand why people would be so anxious to get their money out of the Postal Savings when they increased more than 10 percent. In July 1930 the Postal Savings deposits amounted to $180,700,000, the largest amount since the institution of the System. In July 1931 the amount was $372,500,000; July 1932 it was $828,500,000; and on March 30, 1933, $1,111,600,000.

Mr. STEAGALL. They were not anxious to get their money because, fortunately, they did not know they could not get it; but, as a matter of fact, as the gentleman knows, the deposits of the savings banks were linked, the same as the Government financing program, with the commercial banks of the country, and if depositors had demanded their deposits, they could not have obtained them out of the Postal Savings System any more easily than they could out of the commercial banks of the country.

These are the conditions that faced the Congress and the administration. When the loyal citizens find out all the problems that had to be met they will continue their confidence in the leadership that now blesses this country with the prospect of happier and brighter days.

Mr. RANKIN. Will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Mississippi.

Mr. RANKIN. While the gentleman is on the point of bank deposits, the gentleman from Alabama has led the fight in this House for some kind of system of guaranty of bank deposits to save the banks of this country from being destroyed by excited depositors. I want to ask the gentleman from Alabama, if he does not mind being diverted at this point, what the prospects are along this line today?

Mr. STEAGALL. I shall answer my friend before I am through, and I must hasten along because my time is limited.

Mr. McLEAN. May I urge the gentleman not to yield further? I have enjoyed the gentleman's remarks and I hope he will not yield further to anyone.

Mr. STEAGALL. Mr. Speaker, what is the trouble? We are told that we have more than $5,000,000,000 of money in circulation in the United States. This is erroneous. It is in existence, but it is not in circulation. According to last reports, the banks themselves have little more than one half billion dollars in actual money in their vaults. A large portion of the cash is held abroad; much of it is in hoarding by private citizens and in the safes and vaults of corporations and large financial institutions not engaged in banking. So that we are suffering from a lack of circulating medium, which is the lifeblood of commerce, agriculture, and industry.

That is what this bill is intended to cure. We want to enlarge the supply of money in order that business may be afforded an ample medium of exchange. It is a stigma upon the financial and political leadership of the United States that our people, in the midst of plenty and abundant production of the necessaries of life, have not a system of exchange that will enable them to enjoy the products of their toil and the fruits of their labors. I venture to say that if we had no banks and no circulating media under Government control that cotton farmers of the South and wheat growers of the West have enough common sense and initiative to formulate plans to enable cotton farmers in need of food to exchange cotton for wheat and wheat farmers in need of clothing to exchange wheat for cotton. This depression is not caused by overproduction. Our surpluses are the result of the depression, not its cause. It is little less than blasphemous to attempt to ascribe to Almighty God responsibility for the indefensible mismanagement the people of this country have had in recent years. It is not true. Such a contention is an insult to intelligent people. A fruitful soil, a bountiful harvest, happy seasons, and a contented, industrious labor are not curses to mankind. An uncontrolled wave of speculation and inflation, followed by destructive contraction of credit and of the circulating medium of the United States, have thrown our economic machinery out of order.

We propose, at least in part, to repair the damage. This measure is not just as I would have it or as some of you would have it, but I am glad to support it. It represents the inauguration of the new deal promised the people of the United States. [Applause.] It is a step in the right direction, and one too long delayed. If I have any fear about this legislation, that fear is that we will not expand the currency to the extent that is necessary to meet the breaking down of the credit structure of this country. [Applause.]

Let me say that our business is not done with currency. People who limit their interest in this problem to the mere matter of currency printed, or to the amount of metallic money in circulation, have only touched a part of the great problem that confronts the people of the Nation. There is another kind of circulating medium, different from silver or gold or printed currency, that is of transcendant importance. It is bank credit, deposit credit, bank checks. Over 90 percent of the business of this country is carried on by the use of bank checks; and we will never solve this problem satisfactorily until we recognize this fact. We must pay due regard to the use of bank checks and the resumption of bank credit in the United States.

The figures show that there was a turn-over of something like $1,200,000,000,000 of bank credit in the United States in 1929. It had shrunk to something like $600,000,000,000, or one half that amount, last year. Six billion dollars will go only a part of the way toward restoring the loss in the circulating medium represented in the breaking down of bank credit and the use of bank checks; certainly it will not reach beyond the requirements of the situation. There is no basis for alarm in the contention that we are entering upon a period of wild and reckless inflation of the currency of the United States.

Someone said we are conferring unusual powers upon the President of the United States. Yes; but when in all history did any President face so many unusual problems as now confront our President? Never in all the years of our past have the people of the Nation imposed such tasks upon a President.

We have given the Federal Reserve Board far more power than that conferred upon the President in this bill. We have intrusted the power to expand and control the currency to the Federal banking system of the country. They have failed to preserve and stabilize proper standards of value in the United States and to maintain a credit system suited to the great commercial, industrial, and agricultural needs of the American people.

The President represents the sovereign people of the Nation, chosen by them for a definite term, for definite tasks, and we are undertaking by this measure to clothe him with the necessary machinery to meet the responsibilities imposed upon him by the people of the United States.

I made reference to the importance of bank credit in response to an inquiry by my friend the able and distinguished gentleman from Mississippi [Mr. RANKIN]. I will say to him that for 15 years I have sponsored legislation to establish plans for the guaranteeing of deposits in the banks of the United States in order that depositors may trust their banks and leave their cash available for the trade requirements of the country; and above and beyond that, to make it possible for bankers to devote their deposits to the support of trade and commerce instead of living in constant fear of a mob at their doors demanding their deposits.

I am happy to say that we have reasonable hope that we shall be able before the adjournment of this session to follow this bill with its great promise of relief with a measure providing for the insurance of deposits in the banks of the United States. [Applause.]

Now, let me say in conclusion that this bill is not new to many of us. Similar legislation has been considered by the Committee on Banking and Currency. Extensive hearings were held on currency expansion and stabilization by our committee in 1926, again in 1927, again in 1928, and finally in 1932. During the last session of Congress the House of Representatives, under the leadership of the Banking and Currency Committee, passed two measures which, had they been finally enacted, would have averted the serious difficulties that now confront us. I refer to the Goldsborough bill to expand and stabilize the currency, and the bank-deposit guaranty bill, which I had the honor to introduce. In my humble judgment, those two measures, if enacted and properly administered, would have averted the distressing conditions which we are now attempting to relieve. The Goldsborough bill passed the House by a vote of 269 to 60. The other measure passed overwhelmingly without a roll call. When the shouting and the tumult have passed away, the American people will remember that the leadership in this House during the last Congress blazed the path in which we are marching today toward the cherished goal of recovery. [Applause.]

We have chosen a leader who is responsive to the will and wishes and who embodies the hopes and aspirations of the people of the United States. In his hands he holds aloft the colors of civilization. He will bear them to heights to which they have not before been lifted. Throughout the world the people have their eyes fixed on his leadership. They will follow him to new victories for peace and happiness. [Applause.]

Mr. TREADWAY. Mr. Speaker, I yield 20 minutes to the gentleman from Maine [Mr. BEEDY].

Mr. BEEDY. Mr. Speaker, if I understand correctly the basic reasons for the amendment which has come over to us from the Senate, which embodies the demands of the so-called "inflationists", it is that there is not enough currency in circulation to accommodate commerce, industry, and agriculture, and to maintain the price level at normal.

I submit to the consideration of this committee the cold facts which to my mind are an absolute denial of the underlying reasons for this inflation legislation. In 1929, when prices were at the peak, there were $4,372,000,000 of monetary gold in this country. On March 31 last we had $4,279,000,000 worth of monetary gold. You will perceive that there is a very slight shrinkage in volume of our yellow-metal holdings. The total amount of money of all kinds in circulation in 1929 was $4,819,000,000. On April 24, 1933, we had $6,038,000,000 and on April 26 we had $5,994,000,000. It will be perceived that there was $1,175,000,000 more of money in circulation on April 26, 1933, than at the peak of 1929.

In the fall of 1929 there were $1,839,000,000 of Federal Reserve notes in circulation and on April 24, 1933, there were $3,454,000,000 of those notes in circulation. Mark you, I am not talking about Federal Reserve bank notes. We will come to that later. These are Federal Reserve notes that I speak of. On April 26, 1933, the last figures available, there were $3,424,000,000 of these Federal Reserve notes in circulation, or an excess of $1,585,000,000 over the volume in circulation in 1929. All of these figures that I have given you apply to currency, both monetary gold and currency in all forms. In the discussion of this problem we must dissociate our ideas of currency from those of bank money, so called. It will be perceived that we have a much larger volume of currency in circulation today with low prices than we had in 1929 with high prices. Nobody can gainsay that.

What is the next step as a matter of logical thought? What are we prepared to do in the way of issuing additional currency without any emergency legislation and despite all the drains upon our reserves? The Federal Reserve banks of the System today have $1,230,000,000 of excess reserve gold, which, on the basis of a 40-percent reserve requirement, may be multiplied by 2½ to determine the amount of Federal Reserve notes possible of issue. So that the excess gold in the Reserve banks would enable them tomorrow morning, in theory, if there was a demand for money, for actual currency, to issue $3,075,000,000 in sound money. The member banks have excess reserves of $250,000,000, and, on the basis of experience, which has shown that only an average reserve of 7 percent is necessary to maintain the 13, 10, 7, and 3 percent member bank reserves, these member banks, if there were any demand for it, are in a position, without additional legislation, to lend $3,250,000,0000 of money. All this without any emergency legislation! In view of these facts, how can any thoughtful person stand here or in any other forum and declare that our trouble today is lack of currency?

When we come to the question of credit, that is another matter. What is it that makes credit easy? There must, at bottom, be business activity, and from that business activity, which requires the employment of labor, consuming power of the masses results. Both combined bring a demand for credit and a turnover in money payments, which increases velocity of dollars. Attendant upon such a situation is an expansion of credit to meet all the needs of business. There is latent in the existing system, if we do not wreck it, if we do not meddle with it unwisely, full capacity to meet every need of the moment. Let us prove it.

On July 22, 1932, if my memory serves me correctly, we passed the Glass-Borah amendment to the so-called "relief act", authorizing the issuance of $1,000,000,000 of national-bank notes. What was the reason for the passage of that act? It was said that there was not enough currency in circulation, that if we would but approve the Borah amendment banks would immediately rush in and avail themselves of the privilege extended and swell the volume of currency issues. What has happened? In almost a year, of that billion dollars authorized there has been an increase in the volume of national-bank notes of only $200,000,000.

If there was any real demand for currency, the banks would call for more of it. They could get it on short notice. They have not demanded it in any volume. Presently I shall try to tell you why. At the beginning of this session we passed the March 9 act, which authorized the so-called "emergency issuance" of $3,000,000,000 of Federal Reserve bank notes. It was said that we must have it in order to accommodate business. How much of that $3,000,000,000 has been issued? According to the latest figures, the increase in the Federal Reserve bank notes since March 9 is only $29,000,000. Of this $4,000,000,000 of National and Federal Reserve bank notes, whose issuance we have authorized upon the theory that we must come to the relief of the country with more currency, you will see to what a small extent the banks

themselves—which are naturally anxious to use as much money as possible, for they must lend money to live—have taken advantage of the increased circulation privilege. What does that mean to anybody who stops to think? Are you inflationists not wrong in your fundamental proposition, namely, that what we need is more currency? I think you are. If you want higher prices, if we are to experience a business revival, there must be something deep down in the business structure that will germinate new business. You cannot by the mere passage of laws make business.

When once business is stimulated by returning confidence—and confidence will never thrive on depreciated money, fear is its inevitable concomitant—but I repeat that when confidence returns and business improves employment will be given the masses, now unfortunately unemployed. Then demand for credits will come. Then the banks already liquid with money can lend. Banks can lend to a man who has a contract to build something. Banks can lend to a man who has an order to manufacture a hundred thousand pairs of shoes, and who will give a mortgage upon the finished product. But when there are no values to loan on, when, because of business stagnation, no values are being created, then banks cannot safely make loans. The banks themselves are suffering on account of this very situation today.

Now, what has happened to this money we have issued at the behest of this administration and under the emergency plea? What has happened to the Federal Reserve notes that were in circulation? All you have to do is to follow the weekly statements of the Federal Reserve banks to answer this question.

I read a speech the other day by a noted inflationist in which he undertook to convince the country that the Federal Reserve System was attempting to thwart the inflationist's policy by selling its bonds. And he quoted figures which any man who has studied these reports knows do not apply to bonds at all. For instance, he cited, week by week, the shrinkage in volume of money outstanding in the nature of loans on bills discounted by the Federal Reserve System. He flatly stated that those figures reflected sales of Government securities by the reserve banks. If you happen to have at hand and will turn to the statement of the Federal Reserve System for the week beginning April 19 and ending April 26, you will see that whereas on the 19th of April there were $385,000,000 worth of loans outstanding on bills, nevertheless those loans on April 26 had shrunk by $29,000,000. If you will next turn to the item nominated "bills bought"—bills bought are bankers' acceptances, or, in other words, bills which have been accepted by certain banks—you will see that the volume of this class of loans on April 26 was $31,000,000 less than on April 19. What do these facts mean? They mean that there is already so much currency in circulation that when we have tried to increase it with emergency currency the banks which availed themselves of the emergency-currency privileges have found themselves too liquid. Consequently they have insisted on paying back their debts. These figures in no way reflect sales of Government securities. They go to disprove the inflationist's argument. They prove conclusively that once emergency money is issued to banks they can find no other use for it but to pay off their debts at the Reserve banks. And thus they diminish the volume of outstanding credit.

What banks called for the additional $27,000,000 of Federal Reserve bank notes and the $200,000,000 additional issue of emergency national-bank notes? The banks which feared further demands for currency, further runs. Their fears proved to be groundless. Subsequent to March 9 there were many evidences of returning confidence. As soon as the national bank holiday was declared, people felt that the bottom had been reached and that the banks which reopened were safe. Money, therefore, began to find its way out of hoarding and was returned to the banks.

These banks, I repeat, found themselves with an excess amount of idle funds. There was no way of getting these funds into the hands of needy but potential consumers. There was only one thing the banks could do with this excess supply of currency. The member banks of the Federal Reserve System could use it to reduce their indebtedness to the Reserve banks. The reduction of indebtedness to the Reserve banks in no way reflects the policy of the Federal Reserve Board. It did not take the initiative.

The debtor banks of the system took the initiative. They said to the reserve banks, "We want back the $29,000,000 of our bills which we discounted with you. We can pay for them. We are not going to pay you interest on money that we cannot use." So they reduced the amount of their loans outstanding on their bills. They said, "We want that $31,000,000 of bankers' acceptances on which your reserve banks loaned us money. We can repay those loans." And the Federal Reserve banks surrendered the bills and acceptances and credited the member banks on their loan accounts. Thus you perceive what has happened to this emergency currency that you are printing and urging upon us in further volume as a solution for our problems.

Mr. PATMAN. Will the gentleman yield?

Mr. BEEDY. No; because I know what the gentleman is going to say, and I will surprise him in a minute, if he will excuse me and give me a chance.

This emergency currency goes right back into the Reserve banks. There is no demand for it; there is no call for it. There is nothing on which to borrow. Everybody who has anything on which to borrow, has borrowed to the limit, and we all know that.

When this emergency currency goes back into the Federal Reserve System you understand it is idle and useless money to the System. It may not be used as a reserve for further issues; nor does its possession reduce the liability on outstanding issues of Federal Reserve notes. So the Reserve banks must take the prudent course. The Reserve System, which was set up to accommodate commerce and agriculture and industry, must retire surplus currency which they cannot use for the accommodation of commerce, agriculture, and industry. So they have retired a volume of Federal Reserve notes equal, approximately speaking, to the needless issue of emergency currency which the present administration has caused to be issued.

Mr. PATMAN. Will the gentleman yield for a question right there?

Mr. BEEDY. No, because I know what the gentleman has in mind and I am going to answer in a minute. What we need is increased velocity of money, and that will never come until business returns, and government cannot make business. Of course I am opposed to giving all this power to the President. I trust him as much as any President. I am enough nonpartisan to believe that any man who is big enough to be elected President of this country will, insofar as within him lies the power, use it to the best interest of the whole people.

Mr. DISNEY. Will the gentleman yield?

Mr. BEEDY. No. Pardon me. We have no more to worry about from intrusting this power to the present President than we might have with any other President; but to vest this power in any President is contrary to our American system. I am opposed to turning over the power of the legislative branch of this Government to the Executive. If greenbacks are to be issued, if silver is to be remonetized, if the gold content of the dollar is to be reduced, the Congress alone is intrusted by the Constitution with the exercise of any or all these powers.

The gentleman from California [Mr. HOEPPEL] arose earlier in the course of this debate and embarrassed the gentleman from New York [Mr. O'CONNOR] when he said, "Is it not true that Hitler is wielding arbitrary power in Germany now because the Reichstag surrendered its power to him?" The gentleman from New York did not want to answer that question. Nor did he. But when the gentleman from California arose a second time to ask a question the gentleman from New York said, "I would rather yield to somebody on the Republican side." Nevertheless the fact remains that we are turning over to the President absolute power without precedent in peace times. We are setting the stage for a regime of dictatorship, and possibly it may auger well for us. Certainly no one desires that our difficulties be increased.

But I am opposed to this abject surrender of legislative power by the representative branch of the Government.

Now, those of you who are sound-money men were told you should support this program because the President was not going to use it. If it be true that it is the plan of the President to gather in all the power he can, take all possible power from Congress, and then send Congress home without ever intending to use this delegated power, I repeat, if this be the President's program, the strategy of this unusual inflation amendment, which he has caused to be grafted upon this mortgage-relief legislation, is clear. I am told that men close to the President have encouraged him to get this power to regulate the value of our money but not to use it. I am told that the President has been advised this is the proper way to checkmate the Congress and save himself and the country from the radical proposals of those Members of the Congress in his own party who insist upon fiat money. I am told that these same men have said to the President that when his partisans on the "Hill" get their eyes open and learn that he not only never intended to use this power but has not used it, that he will have, in all human probability, a very satisfactory answer.

I am told that the President has been encouraged by the thought that we are unquestionably passing through the closing hours of this depression; that every day we live we are nearing the hour of permanent recovery; that he will soon be able to say to his inflationist fellow Democrats, "True, I have not exercised the powers you gave me because there has been no need of it. The country is on the way to recovery; business activity is increasing; labor is being employed, and prices are rising." This, if I mistake not, will be the President's defense. This must be the course which the President will pursue inasmuch as he announced in his campaign that he favored a policy of sound money.

I ask you to follow the denouement of this administration program so far as it relates to currency, and see for yourselves if what I predict does not come true. And inasmuch as I have touched upon the question of predictions, it occurs to me that on March 24 last, when you urged upon us the adoption of the so-called "Robinson-Steagall bill", making it possible for nonmember banks to borrow of the reserve banks on paper, whether eligible or not, I ventured the assertion that not even a million dollars would be loaned to State banks as a result of the passage of that particular bill. I believe I was the only Member of the House who voted "no" on a viva voce vote upon that particular proposal. I opposed it as a political gesture. I felt that it would never be useful as a means of extending credit to nonmember State banks.

In opposing my stand, both the gentleman from Alabama [Mr. STEAGALL] and the gentleman from Maryland [Mr. GOLDSBOROUGH] urged the adoption of the Robinson-Steagall bill on the claim that it would release large volumes of money now frozen in State banks.

Do you know how much has been borrowed up to date under the authority of that act?

Mr. GOLDSBOROUGH. Mr. Speaker, will the gentleman yield?

Mr. BEEDY. I cannot yield.

Mr. GOLDSBOROUGH. The gentleman misquoted me. I never made such a statement.

Mr. BEEDY. If the gentleman says I misquoted him, certainly I will yield to the gentleman.

Mr. GOLDSBOROUGH. I say the gentleman misquoted me. I never said hundreds of millions of dollars.

Mr. BEEDY. What did the gentleman say?

Mr. GOLDSBOROUGH. I did not say anything like that.

Mr. BEEDY. Did the gentleman believe that act was going to prove of any substantial benefit to the nonmember State banks? Did the gentleman believe that act would in any way alleviate the present situation?

Mr. GOLDSBOROUGH. I believed that the State banks ought to be given the same privileges that were given to national banks.

Mr. BEEDY. I did not ask the gentleman that question. I do not yield further.

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield the gentleman from Maine 5 additional minutes.

Mr. BEEDY. There have not been enough dollars borrowed under the authority of the Robinson Act to make a flyspeck upon the credit situation.

The figures have not been published. I cannot give them to you, but I know that to date far less has been borrowed than the $1,000,000 I predicted might be loaned.

I heard a noted inflationist the other day make a speech in which he said:

> Now, I am going along with this legislation. I am doing it in the hope this administration will couple with it some way of making this money available to those who need it.

If you want controlled inflation, there is a way to have it. You do not have to debate about it. If the President meant it when he said he favored controlled inflation, let us look at the top of page 65 of the bill and read what may be done:

> Greenbacks may be issued to the extent of $3,000,000,000 if deemed desirable. They may be used for meeting maturing Federal obligations, to repay sums borrowed by the United States, and other interest-bearing obligations of the United States. What are the bonus certificates but interest-bearing obligations of the United States, other than those covering sums borrowed by the United States?

Mr. PATMAN. Mr. Speaker, will the gentleman yield?

Mr. BEEDY. No; I cannot yield.

I submit that this language clearly authorizes the President to pay the bonus certificates with greenbacks. If you are going to issue greenbacks, I think the President should pay the bonus with them. There is the only effective way I know of to put this money promptly into the hands of people who are outside of banks and who need it. [Applause.]

I was against the payment of the bonus last year. In the midst of a very bitter campaign waged against me in which all the sentiment for the bonus was mustered against me, I left my district to come down here and vote against the payment of the bonus. Why? I would have loved to have voted for it. I was as much in sympathy with those poor boys as any man alive. I knew full well the hardships they had suffered since they came back from the war, but last year we did not have the money with which to pay any bonus. We were losing $5,000,000 every day we ran the Government. Now, if we are going to print money it is only a question of how much it costs to print it; and if we want to get it into the hands of the spending masses who will use it to purchase food, clothing, and stimulate industry, we should pay the bonus with this new money. [Applause.]

I call upon this administration and the President, if he wants controlled inflation, if he is not fooling the so-called "inflationists", but means to use some vestige of this power, I call upon him to print this money and put it into the hands of these poor veterans and let us see what controlled inflation means. [Applause.]

Oh, he will not do it. And now I am going to say one other thing on my own responsibility: It was the money power of this country and banks under the leadership of such men as those who presided over the City National Bank of New York that wrecked the last administration. And unless I am greatly mistaken this same power has already gotten its talons into the leaders of the present administration. [Applause.] If this be true, may God help the country! We need leaders, yes, but we need men of independence who can say to these money barons, "Hands off! You have wrecked the financial institutions of this country. You have brought poverty and suffering upon the masses. You wrecked the Hoover administration. Now, keep your hands off the present administration." Our President should enter into no understanding with Wall Street about the exercise of these powers which many of you men in perfect good faith are demanding that the Congress surrender to our Chief Executive.

I now yield to any Member who desires to ask a question.

Mr. PATMAN. Mr. Speaker, will the gentleman yield?

Mr. BEEDY. I yield.

Mr. PATMAN. The gentleman stated that the President had the power to pay the adjusted-service certificates by reason of the language on page 65 of this bill?

Mr. BEEDY. Yes.

Mr. PATMAN. This language reads:

May be issued only for the purpose of meeting maturing Federal obligations.

Mr. BEEDY. Oh, no, no. It goes further. Read the entire sentence.

Mr. PATMAN. If the language stopped there, the gentleman would be entirely correct, but it does not stop there. It continues:

Meeting the maturing Federal obligations to repay sums borrowed by the United States.

Therefore it would exclude payment of the adjusted-service certificates.

Mr. BEEDY. No. You have not read the rest of the sentence, which says:

And other interest-bearing obligations of the United States.

Mr. PATMAN. I wish the gentleman were correct in his statement.

Mr. BEEDY. The President could undoubtedly use this money not only "for the purpose of meeting maturing Federal obligations to repay sums borrowed by the United States", but "for the purpose of meeting * * * other interest-bearing obligations of the United States." There should not be the slightest confusion in the gentleman's mind on this point.

[Here the gavel fell.]

Mr. O'CONNOR. Mr. Speaker, I yield 1 minute to the gentleman from Texas [Mr. PATMAN] to ask a question of the gentleman from Maine.

Mr. PATMAN. I would like to ask the gentleman from Maine another question. If the language in the bill stopped at "issued only for the purpose of meeting maturing Federal obligations", as the gentleman inferred a few minutes ago, the President would possibly have the power to pay off the adjusted-service certificates, but the language does not stop there. The language is, "issued only for the purpose of meeting maturing Federal obligations to repay sums borrowed by the United States." Therefore, it specifically excludes the payment of the adjusted-service certificate.

Mr. BEEDY. I say to the gentleman that when you give a dictator the power to act in any way he wants to act, he can act under this language, and if he does not want to act, he should have got behind the demand for an amendment over in the Senate to make it clear and insure us controlled inflation.

Again the gentleman has failed to heed the language which covers the third purpose for which the President may use the money in question. I repeat: First, he may use it "for the purpose of meeting maturing Federal obligations to repay sums borrowed by the United States;" secondly, he may use it "for purchasing United States bonds;" and thirdly, he may use it "for the purpose of meeting" or "for purchasing * * * other interest-bearing obligations of the United States." Clearly, the bonus certificates are interest-bearing obligations of the United States and fall within the language of this section of the bill.

Mr. PATMAN. If you were to put a comma there after the word "obligations" it would possibly permit the President to pay the adjusted-service certificates, although I doubt it.

Mr. BEEDY. Upon further consideration of the language in this section, I feel confident the gentleman will agree that I am correct.

[Here the gavel fell.]

INDEPENDENT OFFICES APPROPRIATION BILL—FISCAL YEAR 1934

Mr. O'CONNOR, from the Committee on Rules, reported the following resolution, which was referred to the House Calendar and ordered printed:

House Resolution 128

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 5389, a bill making appropriations for the Executive Office and sundry independent bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes, and all points of order against said bill or any provisions contained therein are hereby waived. That after general debate, which shall be confined to the bill and shall continue not to exceed 6 hours, to be equally divided and controlled by the gentleman from Virginia, Mr. WOODRUM, and the gentleman from New York, Mr. TABER, the bill shall be read for amendment under the 5-minute rule. No amendments shall be in order to sections 4 to 17, inclusive, except amendments offered by direction of the Committee on Appropriations, and said amendments shall be in order, any rule of the House to the contrary notwithstanding. At the conclusion of the consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion, except one motion to recommit.

FARM RELIEF

Mr. O'CONNOR. Mr. Speaker, I yield 20 minutes to the gentleman from Maryland [Mr. GOLDSBOROUGH].

REFLATION AND STABILIZATION OF THE CURRENCY

Mr. GOLDSBOROUGH. Mr. Speaker, I will ask not to be interrupted. I will say as much as I can in 20 minutes, and if I get through before the time has expired, I shall be very happy to answer any questions I may be able to answer.

The problem that we are endeavoring to solve at this time, as I understand it, is not a problem of inflation but a problem of endeavoring to effect a proper distribution of the wealth of the country. It has been estimated that if we produce on the basis of 5 hours of labor for every able-bodied man in this country 6 days in the week and distribute our production in the way in which it could be, if scientifically done, every family in the United States would have an income equivalent to around $20,000 a year. Whether this is accurate or not, it is accurate to say that the problem to be solved in this country is the problem of distribution, and this is exactly what we are defending now.

In the last 12 years I have seen attempts to relieve the economic distress of the country by the passage of the Fordney-McCumber tariff bill of 1921 and the Smoot-Hawley tariff bill in 1929. I hope I shall never live to see the time, if I am in Congress, for another tariff bill to be passed—with no exhibition of economic justice, no endeavor to adjust the proper relationship between foreign and home production, but simply a question of every selfish interest getting everything possible out of the tariff.

This condition of utterly selfish legislation culminated in the Wall Street panic of 1929, and then in the fall of 1931 the President of the United States began what he conceived to be a proper process of rehabilitation. This was begun, so far as I know, in perfect good faith, but it was based on the conception that, with the terrific debt which confronted the American people, the economic situation could be relieved by a transfer of this debt from private individuals to the United States Treasury or else by an increase in the private debt; so we were offered the Reconstruction Finance Corporation, which attempted to absorb the debts of the banks and the railroad companies and the insurance companies, the so-called "Farm Loan Act", which attempted to pump value back into the worthless bonds of the Federal farm-loan system, and the final credit scheme, the home-loan bank bill.

Through all this period, as of necessity, prices continued to go down because this overload of debt could not be met by any process of borrowing or lending. There was no possible way to discharge this debt except by complete bankruptcy of the country, unless through a reflation of the currency.

But the administration thought otherwise. Then came the 4th of March 1933. In less than two months what has been done? First, evidently with the conception that a rise in the price level was necessary in order that producers might pay their debts and resume production, we went off the gold

standard and embargoed gold. This reduced the demand for gold and started a rise in commodity prices. The price of wheat has already gone up from 35 cents to 77 cents, the price of cotton has risen, and all commodities are gradually going up.

Now we are here today considering a further step. In 1896 and 1898 gold was discovered in the Klondike and in South Africa in large quantities. From 1873 to 1896 we had a falling price level. When I was a little boy, I drove with my grandfather, a country doctor. I did not understand why it was that farmers who worked from dawn until dark, and whose families worked from dawn to dark, never had anything. We were tied to gold, and gold was scarce.

Gold was discovered, as I just said, and from 1898 to 1914 was the most prosperous period in the history of the country.

The President understands that there is now a tremendous world demand for gold and that the thing to do is to devalue the gold dollar. Devaluation will produce the same result as the discovery of a large new supply of gold.

In this bill also is the further conception of a managed currency. That is found in the notes provisions of the bill.

And so in a period of less than two months there has been a greater social concept in legislation offered and passed by the American Congress than there has been before in its entire history.

It is true, as the Chairman of the Banking and Currency Committee said, that the Democratic House of Representatives in the last Congress, although there was a Republican President and a Republican Senate, passed two bills, the Steagall deposit guaranty bill and the Goldsborough stabilization bill. These bills were stopped in the Senate through the influence of the President of the United States and, therefore, did not become law.

Now, it seems to me there are two or three things which remain to be done in order that the country may get permanent help from monetary legislation.

First, there should be imbedded in legislation a conception of the stabilization of the price level. That is not involved in this proposed legislation, but is absolutely necessary.

There has never been in the whole world such a superstructure of credit above the metallic base as there is in this country now, and it is absolutely necessary in my judgment for our price level to be stabilized, because under present conditions, no man, no set of men, no partnership or corporation can go into business and know what they can depend upon 5 years from now. It is necessary to complete this program to have some stabilization.

What else? There is the conception in this bill, it seems to me, that the Federal Reserve Board can be depended upon to be socially minded. There appears to be the conception in this legislation that the Federal Reserve Board can be counted upon to act for all the people. Those of us who have been members of the Banking and Currency Committee of the House for many years have not that conception. Our conception of the situation is that the Federal Reserve Board has sitting on the arm of its chair constantly the great banking interests of the country, and that however honest and fair-minded they may be individually, that pressure is so great and so constant as to make it impossible for them to represent properly all the people. If you will look on page 64 of the bill, you will find the following language at the top of the page:

> The Federal Reserve Board, with the approval of the Secretary of the Treasury, may require the Federal Reserve banks to take such action as may be necessary, in the judgment of the Board and of the Secretary of the Treasury, to prevent undue expansion.

In other words, by this bill the Federal Reserve Board, a body of men, are given the right to decide arbitrarily for the 120,000,000 people in the United States, and indirectly for the people of the world, when there is or is not undue credit expansion. I have no criticism of the author of this bill. I am following the President of the United States, because, as I said in the beginning of my speech, there are 3 or 4 steps which already have been taken, and I have no doubt that he intends to take the remainder; but any piece of legislation which leaves in the control of any man or group of men the right arbitrarily to contract the currency of the country is too dangerous and is not in accord with our conception of government, which is that this is a government of law and not a government of men. A policy of the Government based on the price level should be written into the law so that the people of the country will know what are the limitations of the power of the Federal Reserve System or any other body of men that may be administering the fiscal affairs of the Government.

I found it necessary to mention that, and I find it necessary to mention something else. On page 69 of the bill, next to the last paragraph, there is the following language:

> Notwithstanding the foregoing provisions of this section, the Federal Reserve Board, upon the affirmative vote of not less than five of its members and with the approval of the President, may declare that an emergency exists by reason of credit expansion, and may by regulation during such emergency increase or decrease from time to time, in its discretion, the reserve balances required to be maintained against either demand or time deposits.

The same question is involved there. The approval of the President is required, but Presidents change. This is permanent legislation, and it is not a proper power to be given to any body of men. Permanent legislation should be written, expressing the policy of the Government in the act itself, and it should not be left to anybody's discretion, because the power will be abused just as sure as there is a God in heaven. Reason tells us that it cannot be otherwise, and experience tells us that it is not otherwise.

What is the third thing that it seems to me this legislation should contain. The third thing is an amplification of what I have said before, and that is that legislation of this character should not be left in the discretion of anyone. The people by their Members of Congress should determine what the policy of the country is to be, and that should be written into permanent law. I have no reason to suppose that this is not within the mind of the President of the United States. I have no doubt that it is. I have no doubt that these steps I have mentioned will be at his suggestion embodied in other legislation, but as a Member of Congress with the responsibility for legislation, it has appeared to me proper to make the suggestions contained in the latter part of these remarks.

I am supporting and will vote for the bill now before the House. As indicating what I conceive to be proper and necessary permanent monetary legislation, looking to a reflation of the currency and its stabilization, I have introduced H.R. 5073, and H.R. 5160.

H.R. 5073 is, in my judgment, much the stronger of the two bills; and is the one which I am at this time pressing for enactment as permanent legislation.

As a measure combining the principles of H.R. 5073 and H.R. 5160, I am suggesting for study a measure as follows:

> A bill to regulate the value of money in accordance with article I, section 8, of the Constitution of the United States, to reestablish the gold standard, to provide for its maintenance and stabilization, and for other purposes
>
> *Be it enacted, etc.*, That it is hereby declared to be the policy of the United States to restore and maintain the normal purchasing power of the dollar, which shall, for the purposes of this act, be the average purchasing power of the dollar over all commodities during the year 1926, to be ascertained as hereinafter provided.
>
> PRICE OF GOLD
>
> SEC. 2. (a) Commencing on the date of approval of this act the standard price for gold shall be $36.17 an ounce of fine gold, such price being equivalent to a reduction of the fine gold in the dollar from 23.22 to approximately 13.27 grains. Such price for gold shall continue in effect until such time as under this section it is adjusted by the monetary board hereinafter established.
>
> (b) Commencing 6 months after the date of approval of this act, or at such time as the dollar is first restored to within 5 percent of its normal purchasing power, whichever is the earlier, the monetary board is authorized to adjust the price for gold from time to time to such extent as it deems necessary to carry out the declared policy; except that whenever for any period of 1 year the purchasing power of the dollar is continuously 5 percent or more above or below its normal purchasing power, the board shall upon the expiration of such period adjust the price for gold to such extent as it finds necessary to carry out the declared policy.
>
> EXCHANGE OF GOLD
>
> SEC. 3. (a) The Secretary of the Treasury shall sell gold in bars for use in industry and the arts and for transactions in foreign exchange, but for no other purpose. Such sales shall be made at the current price for gold fixed by or pursuant to section 2. In order to maintain on a parity with gold silver coin and all other

forms of lawful money issued under act of Congress the Secretary of the Treasury shall accept in payment for gold pursuant to any such sale coin or currency of the United States or notes of any fiscal agency thereof in such amounts as they are legal tender for public debts of any character.

(b) All forms of money issued under act of Congress shall be redeemable in gold by the United States at the Treasury in Washington, D.C., in gold bars at the current price for gold fixed by or pursuant to section 2, except that such money shall not be redeemed if, in the judgment of the Secretary, the gold is to be hoarded or used for such other purposes as the Secretary determines will prevent or tend to prevent the carrying out at any time of the declared policy. The Secretary of the Treasury is hereby authorized and charged with the duty of maintaining all forms of money issued by the United States at parity with gold.

(c) For the purposes of this section the Secretary of the Treasury shall maintain a supply of gold in fine bars of such weight as he may determine, not less than 5 ounces. Such bars shall bear the stamp of the United States. All gold coin in the possession of the Government shall be converted into fine bars, and after the date of approval of this act no gold shall be coined.

(d) The provisions of this section shall not be held to limit the authority of the President under section 5 (b) of the act of October 6, 1917, as amended, or the authority of the Secretary of the Treasury under section 11 (n) of the Federal Reserve Act, as amended.

THE MONETARY BOARD

SEC. 4. (a) There is hereby established a monetary board which shall consist of the Secretary of the Treasury and the Governor of the Federal Reserve Board as members ex officio and of three other members to represent all the public, who shall be appointed by the President, by and with the advice and consent of the Senate. No person engaged in the business of banking shall be eligible for appointment to the board.

(b) The terms of office of the appointed members of the board first taking office after the date of approval of this act shall expire, as designated by the President at the time of nomination, one each at the end of the first, second, and third years after such date. The successor of an appointed member shall have a term of office expiring 3 years from the date of the expiration of the term for which his predecessor was appointed, except that any person appointed to fill a vacancy occurring prior to the expiration of such term shall be appointed for the remainder of such term. One of the appointed members shall be designated by the President as chairman of the board. The board may function notwithstanding vacancies, and three members thereof shall constitute a quorum. The appointed members of the board shall receive the same compensation as members of the Federal Reserve Board.

(c) The board shall meet at the call of the chairman or a majority of its members. Expenditures by the board shall be allowed and paid upon the presentation of itemized vouchers therefor, approved by the chairman or by such member or officer of the board as may be authorized by the board for the purpose. The board may make such statistical and other investigations as may be necessary to execute its functions and may publish the results thereof. The board may appoint and fix the compensation of such officers and employees, and there are hereby authorized to be appropriated such sums as may be necessary to execute its functions.

(d) The several departments and other establishments of the Government shall, when directed by the President, furnish the board, upon its request, all records, papers, and information in their possession necessary to aid the board in carrying out its functions under this act, and shall detail from time to time such officers and employees to the board as the President may direct.

CONTRACTS FOR GOLD

SEC. 5. (a) Indebtedness under any contract, public or private, (including obligations of the United States and the several States and Territories and political subdivisions thereof), entered into before the date of approval of this act shall be fully discharged by payment of the face amount thereof in legal tender, irrespective of whether the contract requires the payment of such amount in gold coin of a specified standard of weight or fineness.

(b) Indebtedness under any contract, public or private (including obligations of the United States and the several States and Territories and political subdivisions thereof), entered into on or after such date shall be fully discharged by payment of the face amount thereof in legal tender, and any provision for payment of the face amount thereof in gold or gold coin shall be invalid.

(c) The Revenue Act of 1932 is amended by inserting, after section 105 thereof, a new section to read as follows:

"SEC. 106. Profits from transactions in gold: If any person receives payment in gold or gold coin upon the amount of indebtedness under any contract, public or private, whether entered into before or after the date this section takes effect, there shall be levied, assessed, collected, and paid on the net profits derived from such payment a tax equal to the amount thereof. Such tax shall be in addition to any other taxes imposed by this title, and shall be collected and paid in the same manner and subject to the same provisions of law, including penalties, as other taxes under this title. For the purposes of this section the term 'net profits' shall mean the difference between the value of the gold or gold coin at the price current at the time of receipt and its value at the price current at the time the contract was made."

(d) The Secretary of the Treasury is authorized to issue licenses to engage in the business of selling gold for future delivery for use in industry or the arts or for transactions in foreign exchange. Such licenses shall be subject to such terms and conditions as the Secretary of the Treasury deems necessary to effectuate the declared policy and may be suspended or revoked by the Secretary, after due notice and opportunity for hearing, for violation of the terms or conditions thereof. Any contract for the sale of gold for future delivery made after the date of approval of this act shall be invalid unless the vendor holds in full force and effect a license under this subsection.

ASCERTAINMENT OF PURCHASING POWER OF THE DOLLAR

SEC. 6. For the purposes of this act the average purchasing power of the dollar for any period shall be ascertained from the index known as "The index for the purchasing power of the dollar in the terms of wholesale prices for all commodities" for such period, as compiled and published from time to time by the United States Bureau of Labor Statistics, such index being the reciprocal of the index known as "The index of wholesale prices for all commodities" for such period as compiled and published from time to time by such Bureau.

THE FEDERAL RESERVE SYSTEM

SEC. 7. (a) The Federal Reserve Board, the Federal Reserve banks, and all member banks of the Federal Reserve System, shall exercise their powers in such manner as to assist in carrying out the policy declared in section 1 of this act. To this end the monetary board is authorized from time to time to make recommendations to the Federal Reserve Board. Irrespective of the provisions of section 4 (c), the Federal Reserve Board shall promptly make available to the monetary board such information, with reference to the operations of the Federal Reserve System, as the monetary board may from time to time request.

(b) All profits upon gold or gold coin held by Federal Reserve banks, derived by reason of the revaluation of gold by or pursuant to section 2 of this act, shall be paid by such banks to the Secretary of the Treasury in any form of legal tender and covered into the Treasury of the United States. The amount of such profits shall be levied, assessed, and collected, by the Secretary of the Treasury in accordance with such regulations as he may prescribe; shall be due and payable on the 30th day after the revaluation; and if not paid within 10 days after the due date, shall bear interest at the rate of 1 percent a month.

SEC. 8. (a) The Secretary of the Treasury is hereby authorized and directed to issue circulating notes, in the form of United States promises to pay on demand to the bearer, to be known as "United States notes of 1933." Said notes shall be legal tender at face value for all debts, public and private. They shall be issued in the same size as the Federal Reserve notes heretofore issued, and shall be in denominations of $1, $2, $5, $10, $20, $50, $100, $500, $1,000, $5,000, and $10,000.

(b) With such notes the Secretary of the Treasury is authorized and directed to buy, or to pay when due, United States bonds and other interest-bearing obligations of the United States at the rate of $300,000,000 per week, until the said index number of the purchasing power of the dollar shall reach par. If such index number falls below 97, the Secretary of the Treasury shall sell for currency the bonds or other United States obligations theretofore bought, or other bonds, as may be found necessary to restore the dollar to par. He shall place the currency received from such sales in a fund to be called the "emergency currency fund." If at any time the dollar index rises above 103, he shall, in that event, expand the currency by paying out currency from the emergency currency fund until such index is restored to 100; or he may, if necessary, purchase additional Government obligations for currency, as a means of restoring the index to par.

(c) In order that the Government of the United States may acquire the full title to the gold now available in the United States (and receive the benefit of any rise in value thereof, due to this act or for other reasons), the Secretary of the Treasury is further directed to issue a sufficient volume of the notes authorized by this section and with such notes to acquire all outstanding gold, gold certificates, and/or all present outstanding Federal Reserve notes, by exchanging the notes aforesaid for such gold, gold certificates, or Federal Reserve notes. When and as such gold, gold certificates, and Federal Reserve notes may be acquired by the Secretary of the Treasury, such gold certificates and Federal Reserve notes shall be paid for in gold and canceled, and all gold acquired under the provisions of this section shall be added to the reserve fund established for redemption by the Gold Standard Act of March 14, 1900, and held for the purpose therein set forth.

(d) The Secretary of the Treasury shall hereafter furnish to the several Federal Reserve banks through the Federal Reserve agents notes authorized by this section, upon their demand and upon the deposit with the Federal Reserve agents of United States bonds to the extent now authorized by law, as security for Federal Reserve notes and/or eligible bills now authorized as security for Federal Reserve notes and to the same extent, to wit, to the face value of such bonds and eligible bills.

SEC. 9. There is hereby appropriated, out of the funds of the United States Treasury not otherwise appropriated, $100,000 for the purposes of this act.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 5 minutes to the gentleman from California [Mr. HOEPPEL].

Mr. HOEPPEL. Mr. Speaker, I am opposed to this bill because, as I view it, it is a repudiation of the Declaration of

Independence as well as the Constitution. It is making a scrap of paper of these documents.

Mr. BROWN of Kentucky. Mr. Speaker, will the gentleman yield?

Mr. HOEPPEL. Not now. I judge from the correspondence that has reached me that the bankers of America are not opposed to this bill. I am inclined to believe that this bill is deceptive from every angle. Those who are in favor of real expansion and free silver will find that when this bill is finally administered it will be merely a deceptive measure. It is merely a subterfuge presented to those of us here in the House who are liberal-minded along the lines of currency expansion.

Mr. BROWN of Kentucky. Mr. Speaker, will the gentleman yield now?

Mr. HOEPPEL. I decline to yield. My time is too short.

This bill repudiates the Democratic platform with reference to the war debts, because we are accepting payment of the European war debt in depreciated currency.

Since I have been a Member of this House all I have heard on this floor is "bonds", "bankers' exchanges", "tax-exempt bonds", and words of like description. I came here from the great West, interested in the people of my district and the people of the United States, and I would like to hear someone on this floor fight for the common man.

Mr. CLARKE of New York. Put me down for that. [Laughter and applause.]

Mr. HOEPPEL. The forgotten man appears to be entirely forgotten. Out in my country the Reconstruction Finance Corporation funds are not permitted to be spent in the county of Los Angeles unless the honest American workingman will sign a declaration that he is a pauper. I protest restrictions of this sort. When Mr. Dawes borrowed $90,000,000 from the Reconstruction Finance Corporation he was not compelled to certify that he was a pauper. We are not giving the American people a square deal in the "new deal." We are repudiating the "new deal." The forgotten man has been entirely forgotten in favor of the international banker. The only thing we have accomplished in this House since I have been a Member is to enact into law a slave bill forcing our American sons to go out and work for $1 per day. We have declined to permit the American veteran who has suffered disabilities in war to go into these camps and earn that $1 a day for his family. I say we are entitled to a new deal and a just deal, which we have thus far been unable to achieve.

This bill, as I view it, is born in the chancelleries of Europe. It is international in its aspect. It is giving the President power to deal with the repudiators in Europe. That is all this bill does. It is a deception to us. The nations of Europe are famous for repudiation. A scrap of paper brought us into the World War at a cost of 149,000 American lives, and up to this date $35,000,000,000. Another scrap of paper in 1922 took from the American taxpayer $6,200,000,000 in the foreign-debt settlement, and those gentry are again visiting us with a card up their sleeve. Through the manipulations of this bill they are hoping to take from us again eleven or twelve billion dollars of debts which are justly due. I am opposed to repudiation in favor of our European debtors, and I am further opposed to any legislation which will take from Congress its constitutional rights. [Applause and laughter.]

Mr. BROWN of Kentucky. Will the gentleman yield?

Mr. HOEPPEL. No; I do not have time.

Those people have constantly repudiated their obligations, and yet we are on the verge of receiving a document from the White House in which we are supposed to delegate our authority, to grant to the President the power to negotiate for debt revision, tariffs, and economic problems of Europe. Of what utility is any agreement with them since their past record is that of repudiation of contract, solemn and attested. [Applause.]

CONGRESS ABDICATES TO INTERNATIONALISTS—CONSTITUTION JETTISONED TO RESCUE EUROPE

Mr. Speaker and Members of the House, it appears that the eyes of Congress are focused eastward and that they are looking to Europe through the telescope at the Wall Street financiers. The admonition of Horace Greeley to go westward was never more pertinent than at the present moment as we visualize the suffering and distress of the Middle West and place ourselves in the position of the suffering youth and women of our land, whose right to the American heritage of prosperity and the pursuit of happiness seems to be effaced in the present regime, to the advantage of the war-loving and heavily armed nations of Europe.

As a result of the World War this Nation suffered a loss of 149,000 of the best of American manhood, and to date has absorbed a financial obligation approximating $35,000,000,000, all as a result of a scrap of paper—Belgian neutrality—if one is to accept the pronouncements of the British as to their reasons for entering the World War.

In this legislation we are making a scrap of paper of the moral obligation of our European debtors to pay us the just debts due for credit extended after the termination of hostilities. The agreement in this bill to accept the debased currency of the countries of Europe as a valid 100 percent return on their obligations is likewise a repudiation of the Democratic campaign pledge and is a direct affront to the American people who supported the Democratic Party on this principle. We are accepting currency with an approximate value of 70 percent of the value of the currency loaned. This pure gift of 30 percent or more of the foreign obligation should be considered in connection with the reductions in veteran benefits, which approximate from 20 to 40 percent for those whose disabilities are unquestionably combat or service connected. In other words, what we take from our own veterans we are granting, by repudiation of contract, to our European debtors.

The stock-market collapse of 1929 was synonymous with the departure of Mr. Ramsay MacDonald from American shores after his first conference here. Equally synonymous with the arrival of Mr. Ramsay MacDonald on his second visit here, the United States went off the gold standard, which would, in a sense, bear out the assumption that foreign influence has contributed in no small measure to our present debacle, and, sad to say, we contemplate a conference with these very agencies, hoping thereby to restore America to the Americans. This, in my opinion, is impossible, recognizing as I do the European viewpoint from personal contact.

If the eyes of America were directed "Westward, Ho", instead of toward London and Paris, through the bloody glasses of Wall Street, it is possible that the American people would obtain real relief.

We heard of the "forgotten man" during the campaign, and he is truly forgotten today in the legislation which has thus far been enacted by Congress. The forgotten man of Europe seems to have supplanted the interests of the distressed and unfortunate unemployed of our own Nation. All I have heard in the special session of Congress has been "tax-exempt bonds" and "follow the President." To date, the only actual relief we have brought to our distressed citizens is the enactment of slave legislation, such as the $1-per-day reforestation measure!

"First things first" would demand that our unemployed be put to work by a huge public-work program with funds derived from the Comptroller of the Currency, issued on the credit of the United States, and not through the sale of further tax-exempt bonds, which continue to weigh down the economic life of our country.

The pending measure, it is conceded, will relieve unemployment for the few administrators, executives, and others involved in this bill who are fortunate enough to receive patronage under the political preferment plan, but it will add an unnecessary expense in living costs to the unemployed, and it is of extremely doubtful value to the farmer himself.

Rather than international conferences on economics and tariff, I am inclined to believe that this question, just as charity, should begin at home and be properly adjusted before we reach into foreign spheres to place our Nation in the thralldom of the astute diplomats beyond the Atlantic.

If we continue along the lines we are now following, I fear that our beloved Stars and Stripes in the Halls of Congress may soon be replaced by the Union Jack, or perchance, the flag of the international bank ring, which has already established itself in Switzerland and to which some of our pseudo-patriots urge that all American gold should be transported for international safe-keeping. Instead of teaching our American children the national anthem, they may soon be taught the English counterpart, God Save the King, and instead of teaching them the song My Country, 'Tis of Thee, they may be called upon to sing, "My Europe, 'tis of thee, for there it is I have my gold!"

The Members of Congress are derelict in their oath if they abrogate their right to any individual in America and indirectly to foreign debtors. The birthright of Americanism, purchased by us in the Revolutionary War, appears doomed for annulment under the procedure and powers granted in the bill under discussion. We went to war to make the world safe for democracy, but under the stimulus of the international bankers, we are, and have been, making the world safe for the plutocracy of wealth, which continues to press down the impoverished and unemployed in the same ruthless manner as of old, thus falsifying the thought of a "new deal" which our people subscribed to in November, but which, as a result of the gag rule and a lack of independence on the part of the Congress, is being withheld from them. Our past procedure seems to indicate that the Members of Congress, especially the new Members, are being placed between the question of patronage and reelection on one side and the interest of the people on the other, which forces them to dance a St. Vitus dance with their own consciences and, unfortunately, they usually are found voting on the side of their own private interest instead of that of our distressed people.

I plead with the Members of Congress not to surrender their own individualities and to follow their own inherent honesty and resoluteness of purpose and to vote as Americans for Americans rather than to fawn upon the agencies which have brought our Nation to its present plight and which, with their tentacles yet in our political body, continue a strangle hold on the right of the American citizen to the pursuit of happiness, vouchsafed him under the Constitution. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from California has expired.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 10 minutes to the gentleman from Kansas [Mr. McGUGIN].

Mr. McGUGIN. Mr. Speaker, at the outset I want to say I am in full accord with the latter part of the speech made by the gentleman from Maryland [Mr. GOLDSBOROUGH]. In order to make this sound legislation and to be effective for the years to come, I think the stabilization clause should be in the bill. However, the sole question which is before us at this time is whether or not we are going to confer upon the President of the United States certain power over our monetary system.

I was very much interested in the remarks of the gentleman from Maine [Mr. BEEDY], wherein he called to our attention the fact that there is more money in circulation now than there was in 1929, during the heyday of inflation or prosperity. We have had that frequently brought to our attention. Often we hear it said that because there is more currency in circulation now than there was 3 years ago nothing can be gained by now placing more currency in circulation. I cannot exactly go along with that statement. I am going to try to discuss it as best I can.

Our medium of exchange is credit and money. The gentleman from Maine has it right—bank credits have diminished some $20,000,000,000. Obviously, if we had those bank credits we would not need any expansion of currency, but bank credits have vanished or greatly diminished. As a matter of fact, they have vanished more rapidly in the last 40 days than during any other previous period of time. Deflation never came upon this country so rapidly as it did when the banks were all closed, and now with only a part of them permitted to open. No man has yet come forward and offered a solution to restore bank credit in this country. If bank credit could be restored, good and well. We have been trying that. That was the purpose of the Reconstruction Finance Corporation. We were going to restore bank credit in this country. We were going to take the credit of the Government of the United States and use it for private credit, but, strange as it may seem, experience now tells us plainly that up to date bank credits have diminished, and that plan has not worked.

Now, since our bank credits have diminished and no power seems to be able to increase them, there is then only one way to increase the circulating medium and that is through the process of increasing the other part of the medium, which is the currency.

Mr. McFADDEN. Will the gentleman yield?

Mr. McGUGIN. I cannot for the time being. I will try to yield later.

Now, where do we find ourselves today, with the Government of the United States going into debt some 50 or 60 cents every time it spends a dollar, wholly unable to balance the Budget, with the national debt increasing 40 percent in 3 years' time? No rational man can stand upon his reputation and say that he has any reasonable idea when we will ever be able to balance the Budget. This much is certain: It cannot be balanced until we can increase price levels. Certainly, we cannot go on with this policy of increasing public debts and with private debts being constantly defaulted. What is the program that will increase the price level in this country? There are many of us who think that the program is found in monetary reform. Personally, I do not think it is so much to be found in the printing and circulation of currency. I think it is to be found in deflating the American dollar. It is very apparent that the exercise of the powers about to be conferred upon the President will increase the price levels. The price level has taken a substantial advance since the President submitted this program. If he permits the proposed monetary reform to get out of hand, then, of course, trouble is ahead. We cannot assume that any President will permit an abuse of this power all to the detriment of the country. Just because he may fail to meet his full responsibility is no valid excuse for refusing to take the only course that anyone can say will raise the price level.

The SPEAKER pro tempore. The time of the gentleman from Kansas has expired.

Mr. O'CONNOR. Mr. Speaker, I yield 9 minutes to the gentleman from Texas [Mr. PATMAN].

WILL LANGUAGE PERMIT PRESIDENT TO PAY ADJUSTED-SERVICE CERTIFICATES

Mr. PATMAN. Mr. Speaker, the language mentioned by the gentleman from Maine [Mr. BEEDY] a few minutes ago on pages 64 and 65 I should like to read again. It says that the Secretary of the Treasury, if the President directs him, shall issue United States notes under authority of the act of February 25, 1862, for the following purposes:

> For the purpose of meeting maturing Federal obligations to repay sums borrowed by the United States and for purchasing United States bonds and other interest-bearing obligations of the United States.

Now, if a comma should be inserted between the words "obligations" and "to" on line 2, page 65, the President would possibly have the authority to pay these adjusted-service certificates with this new money. It would then depend upon a construction of the term "maturing obligations."

Now, in regard to this amendment as a whole, I am very glad to support it. I think the inflation part of it—that is, the expansion part—is the longest step in the right direction that has ever been made by Congress. It is a step in the direction of taking the control of our monetary system from a few powerful New York and international bankers and placing this control in the Government of the United States. [Applause.]

Mr. BOILEAU. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. For a question.

Mr. BOILEAU. The gentleman from Maine made the statement that the President advised some of the Democratic Members that he did not intend to use this power. Is the gentleman advised as to this matter?

Mr. PATMAN. I do not have the time to discuss it. If I did not think he would use it, I would not vote to give it to him. I certainly hope he will use the power.

Mr. BOILEAU. I hope so, too.

Mr. PATMAN. If I did not think he would expand the currency, I would not be so anxious to give him the power.

Mr. DISNEY. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. DISNEY. Up to date is there any evidence of bad faith on the part of the President in his conduct as President to warrant the matter being talked back and forth over this Chamber?

Mr. PATMAN. I believe that the President is acting in good faith. This amendment is recognizing the principle that the Government of the United States should be in charge of the issuance and distribution of money. It has too long been farmed out to a few private bankers. Now we are taking a step in the direction of restoring this power to the Government where it belongs.

The $3,000,000,000 that may be issued in the form of Federal Reserve notes by the Federal Reserve banks will probably save the United States Government $105,000,000 if this power is exercised and assuming that bonds bearing as much as 3½ percent interest are purchased.

Mr. MAY. Annually.

Mr. PATMAN. Annually, I mean.

Under the present law the Federal Reserve banks from their profits pay their current expenses, usually aggregating about $27,000,000 a year. After that they pay dividends of 6 percent on the stock, then 10 percent is set aside in the surplus fund, and the remainder goes into the Treasury of the United States as a franchise tax to the Government for the use of its credit. This year I predict there will be sufficient profits made by the Federal Reserve banks to pay current expenses, pay the 6-percent dividend, set aside the 10 percent in the surplus fund, and then the bonds that have been purchased, $3,000,000,000, drawing 3½ percent interest, aggregating $105,000,000, will go into the Treasury and the Government will not have to pay interest on these bonds.

IDLE DOLLARS

So, after all, this is one good reason why we should support this particular provision of the bill. Furthermore, it will place 3,000,000,000 of idle dollars in the hands of the people and they will want to put these dollars to work. Dollars are no good unless they are working. Commodity prices will commence to rise, and on a rising market every day you hold a dollar that dollar is less valuable, it will purchase less the next day. Therefore, you are anxious to put the dollar to work, or you are anxious to exchange it for goods and services, before the dollar is worth less and before the goods and services are worth more. This has a tendency to stimulate business. A rising market is calculated to bring this country back even without putting much additional currency in circulation.

Mr. MOTT. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I cannot yield.

Now, in regard to the issuance of United States notes, remember these notes are not fiat notes. No money is fiat money that is redeemable in gold. These notes have a gold coverage behind them. They are issued under the act of February 25, 1862, as amended; and the act as amended provides that at all times the Secretary of the Treasury must maintain a gold reserve of $100,000,000 and if for any reason that $100,000,000 is depleted, it is the duty of the Secretary of the Treasury to sell Government bonds drawing 3 percent interest for the purpose of obtaining gold to raise that gold reserve up to $100,000,000. It now amounts to $156,000,000 and it is a gold coverage securing $346,000,000 worth of so-called "greenbacks." Thus, they have more than 40 percent gold behind them. Do you call this fiat money? It is in circulation. It has been in circulation ever since 1862 and 1863. It is worth 100 cents on the dollar. It is true at one time when the credit of the Government was impaired and they were based upon the credit of the Government alone and there was a corner in gold, these notes went down in value, but when the credit of the Government was restored and this small gold reserve placed behind them they returned to 100 cents on the dollar and they have remained there ever since. Who would refuse to take one of them today?

I will not have the time to discuss other provisions of this bill that I am heartily in favor of.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. O'CONNOR. If the gentleman has not thoroughly discussed the question of whether or not the adjusted-service certificates are redeemable under this act, I wish he would.

Mr. PATMAN. I suggested a while ago, I may state for the benefit of the gentleman from New York, that on page 65 of the corrected copy of the bill the language is used that the President may issue these United States notes only for the purpose of meeting maturing Federal obligations to repay sums borrowed by the United States and for purchasing United States bonds and other interest-bearing obligations of the United States.

Now, if there should be inserted a comma after the word "obligations" on line 2, page 65, possibly the President of the United States would have the right and the authority to pay the adjusted-service certificates in the same way or manner, or in any way or manner he chose to pay them, because they are maturing Federal obligations; but there is no comma there, and we must read it altogether. Further, the term "maturing obligations" will have to be construed. According to present law, the adjusted-service certificates do not mature until 1945.

[Here the gavel fell.]

Mr. O'CONNOR. Mr. Speaker, I yield the gentleman 1 additional minute.

Mr. PATMAN. They must be used for the purpose of meeting maturing Federal obligations to repay sums borrowed by the United States. In other words, it is restricted to sums borrowed by the United States that are maturing; and I suggest it is very doubtful that the President would have that authority; and I do not think, under the language of this bill, he would have the authority.

In conclusion, Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to insert certain excerpts in connection with my speech that will be explanatory of it.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Speaker, I am very glad to support this provision in regard to expansion of the currency because it is a long step in the right direction. [Applause.]

[Here the gavel fell.]

Mr. PATMAN. Under leave granted, I herewith insert an extension of remarks more fully explaining the terms of the amendment.

EXPANSION OF CURRENCY AMENDMENT INSERTED BY SENATE ON FARM BILL

Amendment 85 to H.R. 3835 provides for the issuance of additional Federal Reserve notes, United States notes, and gives the President the right by proclamation to fix the weight of the gold dollar.

Section 43 and section 43 (a) of the bill, which is a part of amendment 85, states that when the President finds upon investigation—

First, the foreign commerce of the United States is adversely affected by depreciated currency, or

Second, action under this section is necessary in order to regulate and maintain the parity of currency issues of the United States, or

Third, an economic emergency requires an expansion of credit, or

Fourth, an expansion of credit is necessary to secure by international agreement a stabilization at proper levels of the currencies of various governments—

the President is authorized in his discretion to cause the Secretary of the Treasury to enter into an agreement with the Federal Reserve banks and Federal Reserve Board which will require Federal Reserve notes to be exchanged in the open market for United States Government bonds or obligations of corporations in which the United States is a majority stockholder, and may also cause Treasury bills to be purchased, all said purchases not to exceed the sum of $3,000,000,000 in addition to those they may then hold.

A Federal Reserve note is a greenback. It is money. It is guaranteed by the Government, and is therefore backed by the credit of the Nation.

The Federal Reserve banks belong to private bankers. The Government does not own one penny of the stock. The law provides that when these Federal Reserve banks pay their running expenses, which amount to about $27,000,000 a year, and 6-percent dividend on the stock which is held by the private banks, and after setting aside 10 percent of its earnings in a surplus fund, then the remainder shall go into the United States Treasury as a franchise tax.

$105,000,000 A YEAR SAVING

The Federal Reserve banks will doubtless make sufficient money this year to pay all expenses, dividends, and set aside the statutory sum for surplus. Therefore, if the Federal Reserve banks purchase the $3,000,000,000 in Government securities drawing 3½ percent, or $105,000,000 a year, the $105,000,000 a year interest should go to the Government as a franchise tax. Therefore the taxpayers will be saved $105,000,000 a year on the $3,000,000,000 Government obligations purchased.

STOP MOVEMENT TO FURTHER AID FEDERAL RESERVE BANKS

There is a movement on foot to give the Federal Reserve banks all earnings and not to require them to pay anything in the way of a franchise tax. I hope such a movement will not succeed. These private banks hold a monopoly on money and credit. They use the credit of this Nation and do not pay one penny for its use, although the Federal Reserve Act—a mandatory provision—requires that an interest rate be charged. It has never been charged. The zero rate has been set by the Federal Reserve Board. The Government has thereby been deprived of hundreds of millions of dollars.

Under this section 43 and 43 (a) the Federal Reserve banks may purchase obligations of the Reconstruction Finance Corporation, the home and farm-land banks that will be established by reason of pending legislation, and obligations of any other corporations in which the United States is the majority stockholder.

MORE FEDERAL RESERVE NOTES TO BE ISSUED

The Federal Reserve banks at this time hold more than $1,882,000,000 in Government securities. This proposed law will enable and perhaps cause the Federal Reserve banks to purchase $3,000,000,000 more of these securities.

PENALTY CLAUSE REPEALED

The Federal Reserve Act, section 11–C, places a penalty on the issuance of Federal Reserve notes when the notes so issued do not have a backing of 40 percent gold. In other words, if the bank issues so many Federal Reserve notes and has only 35 percent gold, it pays a graduated tax. If it has only 30 percent gold or 25 percent gold, it has a much higher tax placed upon it. The proposed act relieves the banks of the necessity of paying this graduated tax by reason of operations under this section and also relieves the banks of any automatic increase in the rates of interest or discount charged by any Federal Reserve bank.

NEW POWER FOR CONTRACTION AND EXPANSION OF CREDIT

Undue credit expansion may also be prevented under this section by the Federal Reserve Board and Secretary of the Treasury requiring the Federal Reserve banks to take such action as may be necessary in the judgment of the Board. Under this provision, reserve requirements of banks may be raised or lowered, which will permit expansion or contraction of credit.

If $3,000,000,000 in new money—Federal Reserve notes—are issued in exchange for the securities permitted under this section, there will be $3,000,000,000 idle money in the hands of the former owners of the securities. Money is no good unless it is working. If there is a rising market, there will be an incentive for the holders of this new money to invest it quickly. On a rising market, every day that the dollar is held it is less valuable, therefore there is an incentive on a rising market for people to invest their money or exchange it for something in the way of goods or services before the dollar becomes cheaper and the goods and services become higher. This expansion will cause velocity of money and make credit easier.

THE SO-CALLED "GREENBACK PROVISION"

Section 43 (b) provides that if the Secretary of the Treasury is unable to secure the proper agreements with the Federal Reserve Board for the issuance of the $3,000,000,000 in Federal Reserve notes as aforesaid, or if operations under the provisions of section 42 (a) prove to be inadequate, or if, for any other reason, additional measures are required in the judgment of the President to meet such purposes, then the President is authorized to direct the Secretary of the Treasury to cause to be issued, in such an amount or amounts as he may from time to time order, United States notes, as provided in the act of February 25, 1862, and acts supplementary thereto and amendatory thereof; but notes issued under this subsection shall be issued only for the purpose of meeting maturing Federal obligations to repay sums borrowed by the United States and for purchasing United States bonds and other interest-bearing obligations of the United States. Such bonds so purchased shall be retired and canceled. The aggregate amount of such United States notes at any time shall not exceed $3,000,000,000. In order to provide for the retirement of these notes, sufficient money will be collected in the form of taxes every year to cancel 4 percent of them. This will automatically cause their retirement in 25 years. Such notes shall be legal tender for all debts public and private.

TWO LONG STEPS IN RIGHT DIRECTION

I submit that the two steps that are made in this amendment, sections 43 (a) and (b), are the longest steps that have ever been made in the right direction to take the control of money and credits away from a few powerful bankers and restore it to the Government of the United States where it properly belongs. It takes from Wall Street international bankers considerable power they now have to inflate and deflate our currency and to thereby cause commodity prices and the price of everything else to go up or down as they may choose.

ALL LEGISLATION RESULT OF COMPROMISE

Certain changes I should like to see made in these provisions if it were within my power. I realize, however, that all legislation is a result of compromise. We cannot have everything we want. We must give and take. Generally, I am highly pleased with these provisions which relate to the increase of our circulating medium. Money determines the value of everything.

The argument is made that these two provisions if put into effect will cause prices to go through the roof. Considering the recent deflationary moves, including $20,000,000,000 decrease in bank deposits and $5,000,000,000 being tied up in closed banks, the amount of expansion herein proposed will not cause undue inflation.

PROPOSED NOTES BACKED BY GOLD

These United States notes are backed by gold in exactly the same manner as the $346,681,000.16 in United States notes that are now outstanding, which were issued in identically the same manner as the $3,000,000,000 are proposed to be issued under section 43 (b). There is a gold reserve in the Treasury of $156,039,088 as a gold coverage for all notes so issued. The faith of the United States is pledged to the payment in coin or its equivalent of United States notes by the act of March 18, 1869.

GOLD PARITY ACT OF 1900

Under the act of March 14, 1900, should the gold reserve, which is used as a coverage for United States notes, fall below $100,000,000 at any time, then it is the duty of the Secretary of the Treasury to restore the same to the maximum sum of $150,000,000 by borrowing money on the credit of the United States and to sell bonds bearing interest at the rate of not exceeding 3 percent per annum. Under this section the gold reserve will be increased if it is depleted below $100,000,000, so it cannot be said that these notes represent fiat money, because they are redeemable in gold of the present weight and fineness.

DEVALUATING GOLD DOLLAR PERMITTED

Subsection 2 of section 43 (b) provides that the President may by proclamation fix the weight of the gold dollar in grains nine-tenths fine and also to fix the weight of silver dollar in grains nine-tenths fine at a definite fixed ratio in relation to the gold dollar at such amounts as he finds necessary from his investigation to stabilize prices or to protect the foreign commerce against the adverse effect of the depreciated foreign currencies and to provide for the unlimited coinage of such gold and silver at the ratio so fixed, or in case the Government of the United States enters into an agreement with any government or governments under the terms of which the ratio between the value of gold and other currency issued by the United States and by any such government or governments is established, the President may fix the weight of the gold dollar in accordance with the ratio so agreed upon, and such gold dollar, the weight of which is so fixed, shall be the standard unit of value, and all forms of money issued or coined by the United States shall be maintained at a parity with this standard and it shall be the duty of the Secretary of the Treasury to maintain such parity, but in no event shall the weight of the gold dollar be fixed so as to reduce its present weight by more than 50 percent.

OTHER COUNTRIES HAVE POWER

In every country in the world except the United States there is some person who has the authority to devaluate gold. We will soon go into an economic conference with foreign nations. The question of gold, silver, and currency will be paramount. The hands of our representatives will be tied if the President is not given this power. If he is given this power, the United States will be in a position to get a great deal more in the way of concessions from foreign countries.

NEEDED FOR TRADING PURPOSES

If I were to be required to vote on the question of devaluing the gold dollar in the United States without reference to its international aspect, I would vote against it. However, in this case, it is necessary that this power be extended in order that our President may properly deal with other countries. It is not necessary to reduce the gold content in a dollar in the United States in order to raise commodity prices. We have a sufficient gold base now to authorize the issuance of $4,000,000,000 additional money. The argument for devaluation is that it will give us a broader base upon which to issue additional currency. What right have we to presume that the power to issue additional currency will be exercised after devaluation if we have a sufficient gold base at this time to issue billions and billions of new money without lowering our gold reserves below 40 percent and do not exercise it?

SILVER AMENDMENT

Section 45, of amendment 85, permits the President to accept silver in payment of debts due some foreign governments, not to exceed the price of 50 cents an ounce, and the amount not to exceed $200,000,000.

Countries on a silver basis are now paying the equivalent of from 20 cents to 25 cents a pound for our cotton. Our farmers are only getting 5 cents and 6 cents a pound because of the depreciated price of silver, the only commodity that these countries have to pay with. A few years ago, one purchasing a small American automobile was required to pay the same amount that one in the United States would pay, $500. Now, that $500 car is costing the foreigner in a silver country from $2,000 to $2,200. Silver has an international aspect and should have much consideration. I favor the remonetization of silver or the use of silver as a commodity base for the issuance of additional money.

INCREASED PRICE OF SILVER HELPS GENERAL WELFARE

This amendment will doubtless cause the price of silver to increase. As the price of silver, which is the circulating medium of so many countries in the world, increases, the purchasing power of the people in these silver countries will increase, which will permit the people of the United States to have a better market in these countries. Personally, I regret to vote in favor of allowing foreign countries to pay their debts to us in silver at 50 cents an ounce and not permit some of our own debtors to do the same thing. However, this is a step in the right direction, and although it does not go as far as I should like for it to go, I am very glad to give it my endorsement. The silver that is accepted will be used as a base for the issuance of silver certificates. These certificates may be used by banks as a basis for credit expansion. This will be very helpful to the country generally.

Section 46, of amendment 85, amends section 19 of the Federal Reserve Act and gives the Federal Reserve Board the right to raise the reserve requirements of banks against either demand or time deposits if the Board declares that an emergency exists by reason of credit expansion.

This is broad power; I hope it is exercised in the interest of the general welfare.

GOING OFF GOLD STANDARD

Going off gold by the United States will have no influence upon prices in the long run. It will, however, tend to increase our exports and reduce our imports by making it cheaper for foreign nations to buy here and dearer for us to buy abroad.

England, when she went off of the gold standard, took some deflationary steps. It was, therefore, impossible for commodity prices to rise. She set about balancing her budget, reduced doles, unemployment insurance, and other public-relief work, and raised the Bank of England rate to 6 percent to attract and hold money in London.

It is our intention, however, that the United States embark upon a program of public expenditure for relief, to expand credit through the Federal Reserve purchases of Government bonds, and, if necessary, to print large amounts of new currency under the old greenback law. Furthermore, the administration is being given power to reduce the gold content of the dollar if these other measures do not work. Therefore, our commodity prices should rise, thereby restoring buying power.

DEFLATION MUST BE ARRESTED

Since we have recently suffered from drastically deflationary steps by the adoption of the economy bill, the closing of so many banks, reduction of purchasing power of the people generally, it is necessary that inflationary measures be enacted.

The United States holds more than $4,300,000,000 of monetary gold, a larger amount than any other nation has ever possessed and more than is now held by all the nations in all the world, except France.

The United States went off gold voluntarily; England was forced off. No nation has ever got out of a depression without inflation.

USES AND AMOUNT OF GOLD

Gold has two main uses. It is employed to settle commercial balances between nations. When the supply of goods and services furnished by one falls short of goods and services furnished by the other, gold normally makes up the difference. The last few years the United States has been selling much more abroad than has been imported. The difference has been made up not in the importation of gold, but in borrowings from our country. Secondly, it is used as a basis for the gold standard within a given nation. A country which is on the gold standard guarantees to deliver upon demand so many grains of gold for a paper dollar. To support its guaranty the country keeps on hand



in gold a fixed minimum percentage of the paper dollars outstanding. In the United States the policy has been adopted of maintaining a 40-percent ratio. If everybody with paper dollars demanded gold at once, it is obvious that all of them could not be paid. By the law of probabilities this does not happen any more than all the life-insurance policyholders dying at once and heirs demanding the insurance.

Generally speaking, gold has been too scarce to use as a standard. The total world stock is a cube about 36 feet square.

WILL CHEAPER DOLLARS HURT THE POOR? THE FIVE M'S SAY IT WILL

Mr. Ogden Mills, former Secretary of the Treasury and spokesman for the Republican Party and international bankers, has given out the following statement in regard to the President's program which calls for currency expansion:

> The poor people with savings accounts and insurance policies are the ones who will suffer under this proposal.

Similar statements have been given out by Mellon, Morgan, Meyer, and Mitchell, of this group, in the past, but they usually add that the wage earners and farmers will be ruined. We must remember about Esau's hands but Jacob's voice. The five M's—Mellon, Morgan, Mills, Meyer, and Mitchell—have been running this country the past 12 years up to March 4. I have often pointed this out in speeches on the floor of the House. I have the satisfaction of knowing that we now have all of them out of control of the Government and the monetary system except Mr. Morgan; he still has considerable control over the monetary system by reason of international connections with the use of our Government credit free, which is permitted under idiotic banking system set-up. A Senate committee has summoned J. P. Morgan to appear before them. His international banking affairs will be investigated in connection with his sale of worthless foreign securities to the American investors. Possibly we will get rid of the fifth M.

EXPANSION WILL HELP FARMERS

May 1, 1920, cotton was worth 40 cents a pound, and wheat was worth $3 a bushel; the farmers had plenty of buying power. Deflation of the currency was ordered, and in 4 months the farmers had taken a 20-billion-dollar loss, and their cotton was selling for 7 cents a pound and wheat $1.40 a bushel. If deflation can destroy values, reflation can restore values.

If quantity of credit is desirable, quantity of money is also desirable.

The honest dollar will cause taxes to be easier to pay.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 20 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Speaker, I am opposed to inflation as a general policy, but if we are going to have inflation, I agree with the gentleman from Texas who has just spoken that the most immediate and effective kind of inflation and the most workable and the easiest would be to pay the soldiers' bonus right away. [Applause.]

I propose to consume my time today by reading my remarks, so there will be no mistake as to their exact meaning, and to place in the CONGRESSIONAL RECORD the record of some of the instigators and expounders of this combination farm and inflation bill.

Now that the three distinguished guests of the Democratic Party have departed these shores, we can again discuss such domestic issues as inflation and farm relief without interfering with seating arrangements at the White House or diplomatic conversations over war debts, embargoes, consultative pacts, increased foreign importations based on depreciated currencies to further increase American unemployment, and the St, Lawrence ship canal, aimed to divert trade and traffic away from the port of New York.

Senator THOMAS' inflation amendment to the farm bill is the most amazing, daring, and dangerous piece of legislation offered to the American people. Whence does it emanate? Who claims its paternity? The best sources of information attribute it to those tried and experienced financiers—Professors Moley and Tugwell, Mordecai Ezekiel, and possibly Bullitt, who appears to be sitting in on the international conferences. Upon their advice the whole financial fabric of our Government is to be overturned—our traditional policy discarded, our currency debased.

Has any financier been consulted, or given this approval? It is difficult to realize that the Democratic Party as soon as it gains full control of the Government should subject the country to the dangerous fallacies of greenbackism, fiat money and populistic socialism, and the free-silver doctrines of William Jennings Bryan. Would that the President and Congress had the courage and the wisdom of Grover Cleveland.

Within 2 months of the beginning of the Democratic administration the promise in their platform to give the country a sound currency has been flouted and a debased currency is substituted. Is this a part of the "new deal"?

What the "new deal" promised the people of the United States was as vague and theoretical when the slogan was first coined for the American voters as is some of the legislation, such as the farm bill, now offered as a part of the "new deal." Congress must be deaf, dumb, and blind, as the avowed Communist, George Bernard Shaw, said of all Americans, when it enacts the complicated bills that are coming through the White House from the hands of the "brain trust" composed mostly of Columbia University theoretical and socialistic professors.

The farm bill, which the President recommended as a noble "experiment" was explained to Congress by Prof. Mordecai Ezekiel, of the Wallace-Tugwell agricultural department, formerly the United States Department of Agriculture, as follows:

> The price for each month may be conceived as represented by a small black ball suspended above the line for its own date at the height of the average price for that month, and as far over from the right to left as indicated by the supply for that month. There would necessarily be only one ball for each month. These balls, however, would all be very close to the demand surface, a little above it for those months when the actual price was higher than the price as shown by the correlation formula and a little lower for the months when the actual price was a little below the estimated price. In general, however, it would be seen that the demand surface approximated the position that these prices occupy as they were thus suspended through space and time.

How simple! If prices do not perform according to the chart, the consumer can be blackballed.

Certain this explanation is so simple that anyone should comprehend it, but fearing that it ought to be further elucidated, Senator HUEY LONG insisted on reading another section of Professor Ezekiel's plan, which dealt with "factor's X from the first to the tenth power", with a "regression equation" showing as fine an assortment of logarithms as a hog raiser ever looked at. In further explanation, the clerk continued the reading, as follows:

> The value of the constant (k) in this equation varies according to the units in which the different variables are expressed. The variable X (10) represents the price index, so moving the regression value for that variable to the left of the equality sign gives the regression equation for the prices deflated according to the observed relation.

Now, of course, every farmer and business man can understand this explanation of the farm bill. If Professor Einstein had given such an explanation of the bill to the Congress no one would have been surprised and the matter could have been overlooked, for only he claims the honor of being familiar with relativity. But when our own Department of Agriculture expert digs down into the rich soil and plucks from it the X's, Z's, and what not, the American farmer cannot be expected to understand such fine distinctions. When we dissect this bill, from an American standpoint, its socialistic proposals can be plainly seen and if enacted will plague us for years to come.

Where did the "new-deal" idea come from? Could it be that this masterpiece of Russian idealogy is the handout of the President's "cap-and-gown" advisers, or college professors, hailing mostly from Columbia University? Or is it possible that the "new deal" was borrowed from the Socialist book, A New Deal, from which apparently a large part of the proposed legislative program has been taken?

As Al Smith often says, "let's look at the record." Let us see what the record discloses about the instigators and expounders of the farm bill and inflation. Let us get acquainted with the past affiliations of each member of this "brain trust"—Prof. Rexford Guy Tugwell, Prof. Raymond Moley, Mordecai Ezekiel, and William C. Bullitt. We will have to pass up Secretary Perkins at this time, as her pet measure to control the hours of labor and wages is not now under consideration.

Professor Tugwell is quite a book agriculturist. He has made a study of agriculture and knows all about the farmers' plight, so he says. He is especially informed on the Russian Gosplan, and if the Communist publications are correct, as early as January 1930 Mr. Tugwell advocated the Bolshevik plan for the United States. We have only to read the reports from Moscow to know how effectively this plan works in Russia at the point of the bayonet.

It might be interesting to know that here is a clipping from the greatest propagandist of Soviet Russia in the world, a writer for the New York Times, Mr. Walter Duranty, who says that after 15 years the agricultural plan in Russia has failed. The heading of this article in the New York Times is "All Russia suffers shortage of food, supplies dwindle, two thirds of the people are not expected to get sufficient allowances in winter; crops far below 1930; livestock reduced more than 50 percent from 5 years ago, with fodder lacking; new plans dropped." These are the agricultural plans that were commended by Mr. Tugwell and probably are the plans now being suggested or copied from Soviet Russia in the pending farm bill. If it is the purpose to reduce production of farm products, as has happened in Soviet Russia, then this farm bill ought to succeeed at least in that respect, although that was not the intention of the framers of the Soviet gosplan in Russia.

Mr. Tugwell is coauthor with Stuart Chase (another Socialist) and Robert Dunn (a Communist) of the book, Soviet Russia in the Second Decade, and this same Stuart Chase (Socialist friend of Tugwell) is the author of the book, A New Deal, in which he says that "in a way it is a pity that the road to revolution is temporarily closed." We find that Professor Tugwell has for years trained with the Socialists of the Nation. He was professor of economics at Columbia University; contributing editor to the socialistic New Republic magazine, more or less a semiofficial organ of the Socialist Party; a member of the advisory board of the People's Lobby, a socialistic movement set up by John Dewey, another Socialist professor of Columbia University; and is on the board of directors of Manumit Associates, Inc., a radical enterprise partially supported by the American Fund for Public Service (Garland Fund), the spending of which fund was in the hands of a committee of Socialists and Communists, who doled it out for Socialist and communist activities. Tugwell has been a member of several committees of the American Civil Liberties Union, an organization specializing in the defense of Communists and radicals of all types. He has written on socialism, having collaborated in Socialist Planning and a Socialist Program, while he wrote Experimental Control of Russian Industry, and Soviet Russia in the Second Decade. He believes there is "no difference between Russians and Americans."

Tugwell has opposed such farm-relief plans as the McNary-Haugen bill, and tariffs which he says lead to "isolated nationalism." With Prof. Mordecai Ezekiel, he is credited with preparing the newly proposed farm bill, which grants the powers of a dictator. It requires a dictator and the red army to force a similar program down the throats of the peasant farmers of Russia. Perhaps that is why a dictator of agriculture is required here. The control of acreage, of production, of markets, of earnings, of what the farmer may grow, and how much, how he shall spend his money and how much he shall have are only the powers granted a dictator.

The second in line in the "brain trust" appears to be a Prof. Raymond Moley, who also hails from Columbia University. Professor Moley is our new Assistant Secretary of State. Professor Moley has been a lecturer at the Rand School, a socialist-pacifist college which was raided during the World War for slackers. These lectures were regularly attended by extreme radical Socialists, pacifists, and Communists. Moley is a director of the Foreign Language Information Service set up by the American Civil Liberties Union crowd. Some months ago, following the arrest of a number of Communist agitators in New York City, the American Civil Liberties Union held a protest meeting against alleged "police brutality", at which the radicals of the American Civil Liberties Union directorate held forth, and Professor Moley was there in prominence. Professor Moley is looked upon as the right arm of the Professor Tugwell group composing the "brain trust."

Prof. Mordecai Ezekiel, the economic adviser to the Secretary of Agriculture, is a real shadow of Professor Tugwell, so far as the Russian farm plan is concerned. He appears to be the Professor Einstein of the administration and carefully elaborates the workings of the "new deal" to Congress by the use of logarithms, letting a hog equal X, the squeal equal Y, and the price equal Z. If it works out "everything will be all right." Professor Ezekiel has visited Russia where he made considerably study of the gosplan.

A new Assistant to the Secretary of State is a close friend of Professor Moley. He is William Bullitt, who is credited by Mr. Tumulty with having brought about the physical collapse of that great Democratic President, Woodrow Wilson. He was accused recently by our distinguished Senator ARTHUR ROBINSON of representing "someone" in trading off the American people while in Europe. I am informed that he married a Communist sympathizer; in fact, the wife of my classmate at Harvard, John Reed, the American hero of Communism, and now buried in Moscow near the tomb of Lenin. This is the man who is an Assistant to the Secretary of State.

Bullitt has been a bosom friend of Lincoln Steffens (Communist) for many years, and he spent much time in Russia with the red publicist in close association with Lenin, Tchitcherin, and Litvinoff. While he denied, on returning recently from Europe, that he had been on a mission for anyone in the United States, it is significant that he now sits at the head of the conference table with the other members of the administration in dealing with the European debt and other questions. In Europe he announced that Europe would pay America 10 cents on the dollar, and apparently this is the offer being made by Europe today. The loss to America would be 90 cents on the dollar, which American taxpayers would necessarily have to pay for Europe.

The effects of the Thomas inflation bill and the Tugwell farm bill will automatically cut the purchasing power of the American wage earners, as the cost of necessities will increase, while at the same time their wages are being reduced by shorter hours and a minimum wage as set forth in the Perkins-Black bill. This stifling plan will naturally tend to reduce consumption all along the line, and, while increasing the farmer's selling prices, it reduces his sales, and he is back where he started, only he will be worse off, because the cost of what he has to buy has also increased.

The embargo on gold exports was undoubtedly a healthy and necessary move by the administration. It had the effect of a tariff, but should the administration follow its announced plan of reducing the American tariff, that act will undo the advantage we have gained by the gold embargo.

How transferring under the inflation legislation the load of the debts of one class to another class will solve the difficulties our people are experiencing I cannot see, for the debts still exist, it does not matter which way they are transferred. The fact is that in all the legislation so far proposed by the "brain trust" the purpose is apparently an attempt to rob Peter to pay Paul. One individual calls it a "shot in the arm", from which we will have a sick headache after it has taken effect.

I find no fault with the manner in which the administration solved our emergency banking situation, except that I feel that those many banks that are still closed should be reorganized immediately and the millions of dollars tied up in them put back to work. This is our greatest handicap

today, and it must be straightened out very soon if business is to revive. The administration's proposal for power to lay an arms embargo will not help our domestic problems; it will not reopen these banks; it will not put men back to work; it will not help the farmer and home owner take care of his taxes and mortgage payments, but it is apt to lead to war.

The reforestation plan is a sample of what may be expected from other legislation that is awaiting enactment. It, of course, has taken a number of deserving men off the streets and put them to work on the forests at $30 per month, but if it causes the release of 15,000 of our soldiers and 4,000 officers into the ranks of the unemployed, what purpose has it served? The soldiers in whose camps the foresters are placed for training purposes train these men who receive $30 a month, while they themselves receive only $17.50 a month, and they are now wondering each day if they are to take the place on the street vacated by those they are now training.

It occurs to me that the "brain trust" has miserably failed in its attempt to establish an American "new deal"; that we are getting nowhere, and in fact slipping. Unemployment appears to be on the increase, as the administration skates from one pond to another in its combination of a so-called "economy plan", and a socialized construction plan. We hear control of transportation, control of air, control of mines, control of power, control of labor, control of banks, control of wages, control of hours, control of agriculture, control of distribution, control of production, and control of Congress itself, through the transfer of its constitutional power to self-imposed dictators.

If one reads the Socialist platform of 1912, it makes one wonder whether the "brain trust" has not substituted it for the Democratic platform, on which latter not they but a majority of the Representatives in Congress were elected by the American people. Socialism and communism were not voted into power; yet these are what the people are having thrust upon them under the Democratic banner. Congress is ignored in the framing of the legislation, and we are asked to swallow it as an experiment after it is prepared.

It is no wonder that Frederick Prince, president of the Chicago Stockyards Co., on his recent return from Europe called upon the Nation to strip itself of meddling professors. "You have only to think back the last 10 years upon the difficulties into which we have been drawn because of the influence of the professors to realize that the sooner we get away from this influence the better we will be", said Mr. Prince. We now have a new crop, and this time they ask for control of our Government. What can we expect the result to be? Are we going to turn over blindly our powers and risk the future of our Government and the welfare of our people by supporting such theorists who, as Mr. Prince truthfully says, are the wrecking squad of the past?

As Bourke Cockran, that great Democratic orator, said back in 1896, "What is the issue? Stripped of all verbal disguise, it is an issue of common honesty; an issue between an honest discharge and a dishonest repudiation of public and private obligations", and that is the same issue today, revived by the "brain trust" and based upon the fantastic dreams of populist agitators. The pretense that men can be enriched by swelling the volume of the currency is a delusion which has affected mankind at recurring intervals since the dawn of civilization. [Applause.] The "brain trust" has raised doubts as to the soundness of our money and has frightened trade from the market places. The basis of sound trade is sound money. It is perfectly clear, however, that the purpose of the "brain trust" is to raise the price of certain commodities, but when you debase the dollar to do it, you cheat and rob the laborer of that which he has earned by the sweat of his brow.

The Populist, Socialist, and inflationist declare that the creditor is a person who oppresses the western and southern farmer. These inflationists invariably describe the creditor as "loud of dress, coarse of feature, gaudy of ornament, with cruel expression on his face, vicious in morals, and hateful in appearance." According to the inflationists, the money lender and the creditor are synonymous expressions. But, as a matter of fact, the creditors of this country are not the bankers; they are not the so-called "capitalists." The real creditors are the laborers, the American wage earners, and if the creditor is to be cheated by a reduction in the value of the dollar it is and must be at the expense of labor.

The proposal to debase the dollar is an attack on the wage earners and industry in the North and the East. The farm bill proposes to reduce the wages of labor by reducing the purchasing power of labor to obtain foodstuffs and the necessities of life. Paraphrasing the famous remark of William Jennings Bryan, "You shall not place a crown of inflation and reduced purchasing power upon the brow of labor." You shall not rob labor in the East and the North by dividing the American people into hostile and sectional classes by increasing the cost of living and reducing the value of the dollar.

The proposed inflation amendment will prove more injurious to the little man than to the big. I am thinking of the men in the factories, the workshops, and in all lines of American industry. I am not thinking of the millionaire class, as they no longer exist in my district except a few closely associated with the President.

Who are the forgotten men today but 30 millions of consumers in the East and 40 millions of wage earners throughout the country and the distinguished former Secretary of the Treasury, CARTER GLASS, to whom his party owed the enactment of the Federal Reserve Act, the only great and sound financial legislation ever enacted under a Democratic administration.

Mr. GREENWOOD. Mr. Speaker, I yield to the gentleman from Arkansas [Mr. GLOVER] such time as he may desire.

Mr. GLOVER. Mr. Speaker, the bill now before us—H.R. 3835—is a bill to relieve agriculture and to put it on the basis of equality with other industries and to expand the currency.

I doubt if there was ever a more important bill before the Congress of the United States at any time in the past that was as important to the United States Government and its people as this measure.

The present acute economic emergency is in consequence of a severe and increasing disparity between the prices of agricultural and other commodities, which disparity has largely destroyed the purchasing power of farmers for industrial products, has broken down the orderly exchange of commodities and has seriously impaired the agricultural assets supporting the national credit structure. Agriculture is our basic industry, and if our Government continues, it must be taken care of.

This bill gives a great deal of power to the President of the United States and to the Department of Agriculture, and the success or failure of this bill depends largely upon the administration of it. The bill is not a single plan for agriculture alone but contains the several plans that have been suggested, and they are placed at the option of the Department, so that either of them may be enforced where it will best help the conditions of agriculture.

This bill seeks to establish and maintain as a policy of this Government such balance between the production and consumption of agricultural commodities and such marketing conditions therefor as will reestablish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy equivalent to the purchasing power of agricultural commodities in the base period.

The base period in the case of all agricultural commodities except tobacco, milk, and its products shall be the prewar period August 1909–July 1914. In the case of tobacco and milk and its products the base period shall be the postwar period September 1919–August 1928.

The purpose of the bill, taken in its entirety, is to raise the price of agricultural commodities and bring it to that price that it was between 1909 and 1914.

This bill provides for a method to accomplish this by what is known as a "processing fee", which goes to the benefit

of the man producing the agricultural commodity. The bill has already been more effective, even before it has been signed by the President of the United States, than any other measure that has been proposed in Congress during the past 4 years that I have been a Member of this Congress. Wheat, corn, cotton, rice, and practically every agricultural commodity has increased 25 percent by reason of the fact that everybody knows that if this bill goes into effect agricultural commodity prices must come up and the high, costly, and expensive dollar must come down.

It is now, and has been for a long period of time, a moot question as to whether we now have an overproduction or an underconsumption of these commodities. My contention is, and has been, that it is caused more from underconsumption than by overproduction, by reason of the fact that the purchasing power of the people has been almost wholly destroyed within the past 4 years. You give the people employment, give them a chance to make money, and when they start spending it you will have very few surplus crops in this country. In other words, if the hungry were properly fed and all the people were properly clothed, we would have no surpluses.

This bill seeks to deal with that question on the theory that the reduction of acreage is necessary in order to restore normal conditions. By doing this they seek to make it possible for the farmer to reduce his acreage and yet get a profit from his lands not used in cultivation, as is provided for under the terms of this bill.

Let us first take cotton. That is our staple commodity and moneyed crop of the South. If cotton brings a fair market price, the South is prosperous, and if the price is placed where it has been for the last year or two, then farmers are reduced to the point where they cannot survive. This bill provides that if the acreage is decreased 30 percent the man who decreases his acreage has the right to take an optional contract for whatever amount of cotton his land left out of cultivation would reasonably produce during this year, and if cotton goes up, say 2 or 5 cents per pound, the farmer gets the advantage of that by reason of his reduced acreage. It is purely optional with him whether he takes his contract or does not exercise his option before the time is out.

In other words, he cannot lose anything but stands a chance to gain and brings about the result of decreasing the amount of cotton produced each year until the surplus can be used up.

It is impossible for a farmer having all he has invested in lands to allow his lands that are susceptible to cultivation to the amount of 30 percent to lie idle and produce nothing. This provides a way whereby he may let them lie idle and still produce just as much to him as if he had cultivated them, and possibly more.

There are two provisions of this bill that will apply to cotton. First, the plan just discussed, known as "the Smith bill", and the other is the allotment plan, and the allotment plan for cotton, in my opinion, as well as other agricultural commodities is far better than the one just discussed.

For instance, suppose you want to raise the price of cotton 5 cents per pound. All you have to do is put a 5-cent per pound processing tax on the manufacturer, and that is passed out into the manufactured product, and the consumer that buys it will hardly know the difference in the price, and it should make very little difference in the cost of manufactured articles. Yet the man who produced it is enabled to live in prosperity.

The same argument will hold good as to wheat, corn, rice, and all other staple agricultural commodities. It is my opinion that within a year from this date, as we have gone back to the double standard of money of both gold and silver, we will not have any surplus of cotton in this country that will affect our market prices.

If you will only take the time to investigate, you will find that one of the most hurtful things to the American cotton grower is the fact that the foreign countries have been growing a much larger quantity of short-lint cotton, which is the only kind they can produce, and that has been the worst enemy the cotton farmer of the United States has had to fight.

Prior to the last war foreign countries grew only about 6,000,000 bales of this short-lint cotton. Now they are growing 12½ million bales. It is not profitable for them to grow it, and they only grow it because it becomes a necessity for them to do so because our gold standard of money prevented them from trading with us as they once did. Before we went off the gold standard the amount of silver that was in their dollar, measured by the gold standard in America, was only worth 25 cents. Or in other words, when India, China, or any of the silver-using countries came to this country to buy cotton, if cotton was selling here for 5 cents per pound they had to pay four times that amount, or in their money, 20 cents per pound.

Now we have gone back to the double standard of money, both gold and silver; there is no reason why they should not discontinue growing this short-lint cotton and buy our long-lint cotton; and if they do, as we firmly believe they will, it will only be a short time until America will be asked to produce more cotton instead of decreasing its acreage.

Another plan furnished in this bill, known as "the Simpson plan", is optional and can be used if the Secretary of Agriculture finds it is a more desirable and workable plan than the others. It has a worthy purpose which seeks to provide a price for the farmer equal to the cost of production with a reasonable profit for the investment. No one can contend that is unfair, but it is something that everybody must concede the farmer is entitled to.

The former President of the United States in his campaign for reelection last time said many times in his speeches that I heard over the radio that he had been able to keep us on the gold standard and to maintain a high tariff. I thought then, as I think now, that they are the two greatest evils we have had to contend with recently. Not that a gold standard is not sound and right, and that it should be maintained, but it should not be used as the only standard is my contention.

I have always been a believer in a bimetallism of money, both gold and silver used as a basis for our money, and our Constitution provides for that, and when that is done we will have plenty of money on a sure and safe basis, so that we can trade with all the world, and no living human can say it is fiat money, but he must concede that it is constitutionally sound and economically right.

The Constitution of the United States gives to Congress the power to coin money and to regulate the value thereof. Congress, in my opinion, made a great mistake when they gave this power to the Federal Reserve, and provided that they might issue the money when 40-percent gold reserve or eligible paper was retained to back up the currency.

The trouble with our Government has been that it has never used the thought of eligible paper until recently but has tried to maintain everything on a gold standard with 80-percent reserve instead of 40 percent.

This bill provides for the issuing of $3,000,000,000 in Treasury notes or money which will be backed by the good faith and credit of this Government. It provides also for the free coinage of both gold and silver. It provides for reducing the gold content, or reevaluating gold and fixing a different standard from that that is now fixed.

In other words, the Congress, having the right as given them under the Constitution of the United States to issue money and regulate the value thereof, can say that the amount of gold that is in the $20 gold piece now is worth $40 just as easily as to say it is worth $20. That is a crude illustration, but that is what this bill provides, that the gold content may be reduced and that silver may be used as a medium of exchange, as provided for by the Constitution.

That an expansion of currency will bring up farm and commodity values no one can doubt, because even the agitation of it has had a wonderful effect before the bill was passed and signed by the President, by the very fact that they know what the result of this character of legislation is going to be.

I said in some literature I circulated 2 years ago in my district that agriculture was being crucified on the cross of gold and at the altar of shame. I repeat now that is true and has been thoroughly demonstrated to be true.

Let us hope that we will never again have to contend with conditions we had had for the past 3 years.

I introduced nearly 3 years ago in this Congress a bill asking for $2,000,000,000 of silver money to be put into use to still the storm that many of us then saw coming, but the ear of the administration was closed to that kind of arguments and on and on it went from prosperity to the worst money panic the world has ever seen, and I hope the worst we will ever see.

When this bill is signed, then I want to see us pass a bill which will correct the evils of the Smoot-Hawley tariff bill and give us reciprocal trade relations with other countries, tearing down the tariff wall entirely if it is necessary in order to have our export trade; and when this is done, with our new ideas of the use of constitutional currency of both gold and silver, we are then, in my opinion, headed toward another era of prosperity equal to any this Government has ever experienced. [Applause.]

LEAVE OF ABSENCE

Mr. FISH. Mr. Speaker, I ask unanimous consent that leave of absence may be granted to my colleague from New York [Mr. REED], on account of sickness, for 3 days.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

FARM RELIEF

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 10 minutes to the gentleman from New York [Mr. SNELL].

Mr. SNELL. Mr. Speaker, a short while ago a question was asked on the Democratic side whether anything had happened thus far to make the people lose confidence in President Roosevelt, or if he had done anything whatever different from what he had promised before election. I shall take a few minutes to call the attention of Members to an address made by President Roosevelt at the Brooklyn Academy of Music on November 4 last, and then you can draw your own conclusions and answer the question for yourself. Governor Roosevelt at that time said:

> One of the most commonly repeated misrepresentations by the Republican speakers, including the President, has been the claim that the Democratic position with regard to money has not been sufficiently clear. The President is seeing a vision of rubber dollars, but that is not the only part of his campaign of fear. I am not going to characterize these statements. I merely will present the facts.

And here are the facts as presented by Governor Roosevelt at that time:

> The Democratic platform specifically declares: "We advocate a sound currency, to be preserved at all hazards." That, I take it, is plain English. In discussing this platform on July 30, I said: "Sound money is an international necessity, not a domestic consideration for one nation alone." In other words, I want to see sound money in all the world. Far up in the Northwest, at Butte, Mont., I repeated the pledge of the platform, saying sound currency must be maintained at all hazards. In Seattle, I reaffirmed my attitude on this question. The thing has been said, therefore, in plain English three times in my speeches. It is stated without qualification in the platform, and I have announced my unqualified acceptance of that platform. So much for that misrepresentation.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. SNELL. Not yet. At another point in his address Governor Roosevelt said:

> The business men of the Nation, battling hard to maintain their financial solvency and integrity, were told in blunt language in Des Moines, Iowa, how close an escape this country had some months ago from going off the gold standard. But that, my friends, as has been clearly shown since, was a libel on the credit of the United States.
>
> And it is worthy of note that no adequate answer has been made to the magnificent philippic of Senator GLASS the other night, in which he showed how unsound this assertion was. And I might add, Senator GLASS made a devastating challenge that no responsible government would have sold to the country securities payable in gold if it knew that the promise, yes, the covenant, embodied in these securities, was as dubious as the President of the United States claims it was.

That is the statement of President Roosevelt on November 4, and if I read the newspapers correctly, the distinguished Senator to whom he refers, if he is quoted correctly, says that he, the Senator, has not broken with the President, but that the President has broken with him. I leave that for your own conclusion, and the reason for this break.

In order to prove by a distinguished Democratic Member of this House that the kind of money that you are proposing to issue under this bill is not the kind of money that the distinguished President of the United States said that he stood for on November 4, I shall quote from a report made by the distinguished Speaker of this House just about 1 year ago today, when the Ways and Means Committee reported the Patman bill adversely.

This bill provided that the Secretary of the Treasury should issue Treasury notes that should be legal tender and in a good many ways about the same kind of money the present President wants issued under this bill.

Quoting Mr. RAINEY:

> It is contended that what we need is more money in circulation in order to restore the prices of 1929, but in 1929 we had $900,000,000 less of currency outstanding than we have now and it is difficult for me to understand this kind of reasoning.
>
> Some of these pending bills provide for a bond issue, the bonds to be held by the Federal Reserve bank and Treasury notes to be issued against the bonds.
>
> It does not appear to me that this makes any substantial difference in the proposition. Fiat money is money which is issued on the credit of the Government, for its payment and the mere promise of the Government to pay Treasury notes based upon the promise of the Government to pay bonds does not appear to me to relieve the situation in the least. It is still fiat money.

That is what Speaker RAINEY said a year ago about the kind of money you are authorizing under this bill.

Continuing quoting from the Speaker:

> In the recent past we have seen European governments resort to fiat money until it took in Germany millions of marks to buy a small loaf of bread, and finally the German issue of fiat money, based on the promise of the German Government to pay, was stabilized on the basis of one trillion of marks, based on the promise of the Government to pay, for one gold mark. A government once embarked upon the practice of issuing fiat money finds it difficult always to stop. The experiences of Germany and other nations ought not to be repeated in this, the greatest and richest Nation in the world. There may be some excuse for impoverished European nations, emerging from the World War, to depreciate their currency with such disastrous results to them, but with their example staring us in the face it is incomprehensible to me that this proposition can be seriously considered in this country.

Gentlemen, there are the statements of your own two leaders, and I leave those statements with the people of this country to draw their own conclusions as to whether or not President Roosevelt stands today where he stood before election as regards sound money and the credit of the United States. [Applause.]

Mr. O'CONNOR. Will the gentleman yield?

Mr. SNELL. No; I am not going to yield at the present time.

I yield back the balance of my time, Mr. Speaker.

Mr. O'CONNOR. Mr. Speaker, I yield such time to the gentleman from Tennessee [Mr. BYRNS] as he may desire.

Mr. BYRNS. Mr. Speaker, I am sure it was not very surprising to any of us when the gentleman from New York [Mr. SNELL], in advance of consuming all of his time, left the floor, declining to yield to an inquiry from the gentleman from New York [Mr. O'CONNOR].

In my judgment, the gentleman from New York [Mr. SNELL], in his short address, has given the very best reasons in the world why this bill should be passed, and why all of you gentlemen, including the gentleman from New York [Mr. SNELL], should vote for it.

The gentleman quoted from speeches made by the President during the campaign last fall, in which the President declared in unquestioned terms that he favored a sound currency. The gentleman from New York did not undertake to assert that the President had changed his views from what they were last fall. This bill is simply discretionary upon the part of the President, to use the powers conferred if the necessities of the Government and the people of this country demand it. Nothing more and nothing less. If the

views, as expressed by the President in his campaign and approved by the gentleman from New York [Mr. SNELL] are still his views, and certainly nobody would be heard to deny it, then there can be no reason why he should not have this authority, in order to bring down the unprecedented value of the dollar, and give to the producers of this country an opportunity to realize a fair price for their products. And we can have no return to permanent prosperity until this is brought about.

Mr. O'CONNOR. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. O'CONNOR. I was trying to ask the gentleman from New York [Mr. SNELL], the minority leader, whether he really and sincerely believed that under present conditions we had a sound currency?

Mr. SNELL. If the gentleman will yield to me.

Mr. BYRNS. Oh, the gentleman refused to yield in his own time, and I do not propose that he shall take my time. [Laughter and applause.] The gentleman had his opportunity when he was before the House, and he did not avail himself of it.

Is it a sound currency when the gold dollar is worth 170 cents today? Is that sound? Yes; it is sound, insofar as those who hold the gold dollars are concerned; but how about the millions of people who produce the wealth of this country and who are unable to realize the costs of production, in many instances, of their products?

Mr. Speaker, I do not think there is anyone who will seriously argue that we do not need some additional currency in this country. The great problem and the great question in controversy on this matter are how we shall get the increased currency. There are some who believe that it should be left to the great bankers of this country. There are others who, like myself, believe that the people themselves, the producers, should have an opportunity to realize some of its benefits. How are the farmers of this country and how are the small manufacturers of this country to exist under present conditions? I do not know whether it will ever be necessary for the President to exercise the discretionary power which this bill places in him and issue currency to the amount of $3,000,000,000 or not, but all this bill proposes to do is to give him that authority in the event that he, as President of the United States, feels that the interest of the people of this country demands it. Certainly, with the approval of the gentleman from New York [Mr. SNELL], there is every reason why this House should give him that authority at this time without the slightest fear that he will misuse it. [Applause.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 15 minutes to the gentleman from Pennsylvania [Mr. McFADDEN].

Mr. McFADDEN. Mr. Speaker, I realize the uselessness of attempting to say anything on this measure, because I know under the rules under which this bill is being considered there is no opportunity to amend.

It is most unfortunate that a bill of this importance, which, if used, will affect every man, woman, and child in the United States to a serious extent, should be considered in this way. I am surprised that during this debate there has been practically only one speech devoted to one of the most vital things in this bill, the question of the cancelation of the foreign debts due the United States.

In December of 1931 this House and the House at the other end of the Capitol went on record that there should be no further extension and no reduction or cancelation of war debts. That is the position today of Congress. The rider that was placed on the moratorium bill took from the President of the United States all authority relative to this debt. Here today we see the surprising lack of interest in the payment of the international debts to the United States.

Why this change? Why, under this authority that is granted here to permit payment of foreign debts due the United States, is the authority given the President to negotiate and take $200,000,000 in silver in exchange for the payments which are due and past due, and practically no reference whatever by any man in this House has been made to that particular clause. Why are you surrendering to the demands of the President and the foreign demands when such want and suffering exist everywhere in the United States? Are you going to reduce wages of Government employees and not pay the soldiers their bonus and compensation; are you willing to do this for the foreigner and do this other to American citizens and taxpayers? This establishes the precedent of shouldering the payment of this debt from the back of the foreigner to the back of the American taxpayer.

Has this Congress, under the persuasion of the necessities of the emergency, abandoned that clause which the people of the United States approved of and approve of now?

I venture to predict that any man who votes for the clause changing the rider on the moratorium bill of December 1931 will be defeated in the next election. The people of the United States do not propose to cancel war debts to Europe.

This proposal of silver is an interesting one. I am just wondering how much the international lobby on silver was successful in exerting its influence.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. SNELL. Did not the present President himself say during the last campaign that he was opposed to the cancelation of these international war debts?

Mr. McFADDEN. He did.

Mr. SNELL. Then he certainly will not cancel them now, will he?

Mr. McFADDEN. Well, here is the proposal in this bill to permit a revision of these debts; and every step that has been taken has been a step toward reduction and final cancelation of these debts. The fact that the President accepted the foreign plan of the last administration is proof to me that he stands in the same position relative to cancelation of war debts as did the previous administration.

Now, I was saying, whence came this suggestion of buying this commodity silver? There has been one of the greatest international lobbies at work in connection with the sale of foreign silver to the United States that this country has ever known. I have here in my hand a circular issued by one of these lobbyists, one of these international paid emissaries who is having, and has had, a lot to do with selling this silver idea to the American people, and particularly to the American Congress.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. McFADDEN. I will.

Mr. O'CONNOR. Is the gentleman laying grounds to impeach the present President of the United States?

Mr. McFADDEN. I do not think that question needs an answer. I may say to the gentleman in answer to that, however, that if the present President of the United States violates again the Constitution, this Congress may take such action.

This circular I am referring to is written by René Leon, an expert on silver in the pay of the international group that is more interested in speculation in silver than in anything else. I want to read you just a little from this circular.

Mr. SOMERS of New York. Mr. Speaker, will the gentleman yield?

Mr. McFADDEN. I cannot yield.

Mr. SOMERS of New York. I merely wanted to ask the gentleman to develop a little more who Mr. René Leon is, whether he is in the pay of foreign interests, and so forth. The gentleman's statement is very important. I should like to have the answer for my own information.

Mr. McFADDEN. I will read this.

Mr. SOMERS of New York. I wish the gentleman would do this if he can.

Mr. McFADDEN. "Authority should be given"—I am quoting from this circular now:

> Authority should be given to the Treasury to purchase $200,000,000 of silver at a cost not to exceed 50 cents an ounce.

That is the provision in this bill and that is the provision in the circular of Mr. Leon.

Mr. Leon was for many years connected with the Guaranty Trust Co., handling their foreign department as regards money and commodities. This connection was severed some years ago. He is probably one of the best posted men internationally on silver. He flits back and forth between Paris, London, and New York. Recently he returned from a trip abroad and visited me. From the information which I got, I drew just what the gentleman's activities were. He is in very close touch with the firm of J. P. Morgan & Co., and the Montagues of London, I am told. They are very much interested in the price of silver, as are other speculators here. Under the influence of this legislation silver has already gone up from 20 to 36 cents. Many people who have been "in the know" have made and are still making millions of dollars speculating in silver. Why not, when Congress is passing a bill to pay 16 cents per ounce above the present market? Mr. Leon's influence is manifest to anyone who will connect what he has said and has been doing here with this particular bill.

Why should Americans buy foreign silver at this time as a commodity? Why not buy American silver mined in the United States? It is like buying wheat. There is just as much sense in our buying silver today as there is in our buying wheat. Why take England's surplus of India silver as part payment of her debts due us payable in gold or permit France and the other nations who are in default to do it—And why take it at prices above the market? This is all I have time to say about this one particular clause of this bill.

I want to quote right here from article I of the Constitution. It has a bearing on what we are doing here today.

Article I of the Constitution provides that—

> The Congress shall have the power to lay and collect taxes, duties, imposts, and excises, to pay the debts and provide for the common defense and general welfare of the United States; but all duties, imposts, and excises shall be uniform throughout the United States; to borrow money on the credit of the United States; to regulate commerce with foreign nations; * * * to coin money, regulate the value thereof and of foreign coin, and fix the standard of weights and measures.

Let me direct your attention particularly to the authority which is given in the last part of the Constitution, in which it states:

> Shall have the power to coin money and regulate the value thereof.

Who has this power?

The Congress of the United States; it has no power to delegate this power to the Federal Reserve System or to any other agency, not even to the President of the United States. Under the Constitution we have the power to regulate the value of foreign coin. Why should we go into a foreign country and consult with foreigners in an economic conference to change the value of our money and the value of foreign money, when we have that right under our own Constitution?

I say to you this bill is unconstitutional, and you cannot expect to stabilize business until you stabilize the dollar. I say to you Members here who vote for this legislation that you are doing it in violation of your oath of office; and I, for one, do not propose to do that.

You are still continuing to deal with the effects and not the causes of this depression, just as the last administration dealt with them. I was pleased today to hear my colleague the gentleman from Maine [Mr. BEEDY] denounce the international bankers and those other American bankers who are allied closely with them for destroying the last administration. I pointed out in this House in a speech on December 15, 1931, that that was exactly what was taking place, and the gentleman from Maine the next morning got up and denounced my speech. I am glad he is a convert. [Applause.] I am glad he has arrived at the point where even he knows that I told the truth.

Now let me say that money does not work out right mathematically; if it is made plentiful, then the price of everything goes up and no one is any better off, and if the reverse takes place—that is, if it is made scarce—then the price of everything goes down, and again the people are no better off. Wages do not go up in proportion when prices go up, and, conversely, wages do not go down in proportion when prices go down, but always are less than the upward and exceed the downward trend of prices. The purchasing power of the masses can never be enough to enable anyone to be benefited by either a rise or fall in prices except only those who have large amounts of money; and it is the same when there is an increase or decrease in the volume.

I would also call your attention to the fact that when prices of things are high, then, they sell better. It is to be noticed, particularly, in the commodities known as "stocks" when the prices of these are high, then they sell like the proverbial "hot cakes", but it can be plainly seen that impoverishment of a nation would be soon accomplished by this means, and this is usually prevented by a panic appearing at such a time, since a period of the highest prices precedes a panic. The peculiarity of this latter consists in the fact that in order to head off impoverishment, impoverishment is resorted to. Is that what we are doing now in the blind attempt that is being made by this legislation?

We are now in the throes of a panic which was caused by inflation—inflation of the credit system from 1921 up to 1929.

Credit inflation can be controlled, and has been controlled to a certain point by the Federal Reserve System, but the continued inflation of the Federal Reserve System, wherein it furnished nearly $200,000,000,000 for stock-market speculation, got out of their hands and now we are suffering because $150,000,000,000 of that money and credit was lost in the stock market and a lot of it shipped abroad, because during that same period of time, and for 2 or 3 years previous, the international-finance group, aided and abetted by the Federal Reserve's great credit stream, permitted the lending out of this country of hundreds of millions, yes, billions, of dollars of the Americans' money. This is why we are short of money and capital in the United States today. Do you want to go back into this condition? You cannot control the inflation of money.

An analysis of the very plan you are proposing here—to run the printing presses and to inflate credit through the use of Government bonds and the Federal Reserve System—only tends to draw your attention to what happened in Germany. There is not any question about it. They said in Germany they could control the inflation when it started. You can ask the present minister from Germany, Dr. Hans Luther, who knows; he saw it operate in Germany; he is here, and he will tell you that they thought they could control it, but they had no sooner got it started than it went the full length. It went the full course; they could not control it; they repudiated all debts, including the Government's debts to the German people. Is this what you want to do here in the United States?

Now, Mr. Speaker, understand what inflation is. Inflation is repudiation. [Applause.]

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 5 minutes to the gentleman from Kansas [Mr. GUYER].

IF THIS CONGRESS WAS ANYTHING BUT A RUBBER-STAMP CONGRESS, IT WOULD FRAME ITS OWN LEGISLATION AND EXERCISE ITS OWN CONSTITUTIONAL FUNCTIONS, INSTEAD OF SUPINELY ACTING AS THE ERRAND BOY OF THE "BRAIN TRUST"

Mr. GUYER. Mr. Speaker, there is only one part of this polyglot measure that meets with my entire endorsement in principle, and that is the provision for the relief of farmers burdened with mortgages. This is of such vital and immediate import that it covers a multitude of legislative sins. The need for some such relief for the distressed farmer is so great and so insistent that for this one purpose Members, weighing all hazards of the abuse of powers granted to the executive department by a servile and cowardly majority of this Congress, must close their eyes to its obvious and patent imperfections and hidden, undetermined ends, hoping that the President, more cautious and conservative than the majority in this radical Congress, will exercise those powers to protect us from the disasters that could easily flow from the improper use of the powers granted. Power ever breeds caution and conservatism in the wise. Let us hope and pray he will be wise in the execution of the powers granted by this bill.

At this time we must not load all the responsibility upon the President, for we have had experience already in granting him extraordinary power and we have seen how he exercised it under the Economy Act. We hoped he would use justice and moderation in the administration of the Economy Act with respect to the veterans, particularly those of the Spanish War. Instead he has figuratively taken the shirts from their backs and made paupers of at least 40 percent of them. In that case we hoped in vain.

If we repeat that mistake it is now partly our own fault. If this Congress was anything but a rubber-stamp Congress, it would frame its own legislation, exercise its own constitutional functions, instead of supinely acting as the errand boy of the "brain trust."

By all political and historical precedents and traditions, as the followers of Jefferson the majority should be the last either to grant such extraordinary powers or to burden the Executive with such overwhelming responsibility. The one thing that Jefferson and Hamilton agreed upon was the distinct and independent functions of the three departments of government, modified only by specific checks that one had upon the other so connected only as to give a constitutional control of the others and afford a practical working scheme of free government. Thomas Jefferson, in his Notes on the State of Virginia, writing of the formation of the constitution of that Commonwealth, said:

> An elective despotism was not the government we fought for, but one which should not only be founded on free principles but in which the powers of government should be so balanced among the several bodies of magistracy as that no one should transcend their legal limits without being effectually checked and restrained by the others. For this reason that convention which passed the ordinance of government laid its foundation on this basis, that the legislative, executive, and judiciary departments should be separate and distinct so that no one person should exercise the powers of more than one of them at the same time.

This you may find in Jefferson's works or in the Forty-eighth Federalist, as quoted by James Madison.

Notice how far from Jefferson's ideal you have wandered in this farm bill. In this bill we are not only asked to extend additional powers to the Executive himself but also to extend even more sacredly legislative prerogatives to the Secretary of Agriculture, an office not specifically provided for in the Constitution. What powers are to be exercised by this member of the Cabinet? First to levy taxes, and that with only the limit he is to determine. Just imagine Arthur M. Hyde having the temerity to suggest such a thing. How the pillars of liberty would have trembled; how the lean and hungry Democratic Cassiuses would have clamored:

> "Now in the name of all the gods at once,
> Upon what meat doth this our Caesar feed,
> That he is grown so great."

We are not only asked to grant the Secretary of Agriculture the power to levy taxes but to distribute the taxes collected as he sees fit. What if Andy Mellon had suggested such a thing?

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. GUYER. Yes.

Mr. O'CONNOR. The gentleman expressed surprise at the possibility of our yielding power to Secretary Hyde. Of course, the gentleman realizes that in all the yielding by Congress the individual and the personality to whom we yield enters into the question.

Mr. GUYER. I admit that your Secretary of Agriculture has good Republican ancestry and environment, and I expect he is a mighty good man, but so is Arthur M. Hyde, former Governor of Missouri, who is my neighbor across the line in Missouri, and I never knew anything against him any more than I do against Secretary Wallace. One thing, however, Mr. Hyde never did, and that was to demand the power to levy taxes and distribute them when collected.

He asks the power to control by license all processors of basic agricultural products or of competing agricultural commodities, domestic or foreign. He asks power to appoint an unlimited army of employees and to fix their salaries. He asks power to veto the Sherman antitrust law. These powers when granted will make him the absolute master not only of agriculture but of all industries using agricultural products. The Secretary, no doubt, is a very good man, having had the advantage of good Republican ancestry and environment, but human experience, which evidently counts so little with this Congress, has taught that it is a dangerous thing to grant such unbridled power even to a good man.

If we keep on at the pace we have set the past 8 weeks, how long will it be until some modern Louix XIV will announce as he rises to power, as Louis did when he ascended the throne of the Bourbons, "L'état, c'est moi!"? "The State, that is myself!" "I am the State." How long will it be until some up-to-date Hohenzollern like William II, who declared that in his acts as sovereign he acknowledged responsibility only to his conscience and his God, will strut his stuff upon the shattered ruins of American democracy?

Of course, there is no danger of anything of that sort now, but we are setting the precedents that justify such fears for the future.

Believing the President will use carefully these unprecedented powers reposed in his hands and save us from some of the ills that a radical Congress would condemn us to, I, for one, only under protest, am going to vote for this measure in order that the farmers of my district may get some relief from the mortgage situation. I do this charging the Democratic majority with lack of courage to map and carry into effect a legislative program and with abject servility accepting everything that emanates from the "brain trust" and the trickery that mixes up an omnibus measure which forces Members to vote for half a dozen things they cannot conscientiously support in order to get a single one they do approve. [Applause.]

Mr. O'CONNOR. Mr. Speaker, I yield to the gentleman from Oklahoma [Mr. SWANK].

Mr. SWANK. Mr. Speaker, the farm relief bill passed the House March 22, 1933, with a vote of 315 for and 96 against. When the bill went to the Senate, some beneficial amendments were added, and these amendments are now before the House for consideration. In my judgment, no farm relief bill can operate with much benefit to the farmers unless it contains a provision that will enable farmers to receive at least the average cost of producing their crops as determined by the Department of Agriculture. In addition to the cost of production, farmers should, of course, have a reasonable profit.

January 15, 1932, I introduced H.R. 7797, in line with the National Farmers' Union program and sponsored by that great organization. From the efforts largely of Hon. John A. Simpson, president of the National Farmers' Union, the cost-of-production provision of that bill, which was reintroduced in this special session of Congress, was added to the farm bill. With this amendment in the bill, I believe much good will be accomplished by this legislation. Agriculture is the only business that has continued at less than the expense of conducting that business. Since first coming to Congress I have advocated agricultural relief legislation, and I am glad that something is now in sight that I believe will help.

Reports of the Department of Agriculture state that the cost of producing cotton, wheat, corn, and oats for the past year and the year before is as follows:

	Cotton	Wheat	Corn	Oats
1930	16 cents per pound.	$1.09 per bushel.	89 cents per bushel.	54 cents per bushel.
1931	9.1 cents per pound.	$0.81 per bushel.	61 cents per bushel.	42 cents per bushel.

If a bill containing this cost-of-production provision had been in effect in 1930, farmers would have received 16 cents per pound for their cotton, $1.09 per bushel for their wheat, 89 cents per bushel for their corn, and 54 cents per bushel for their oats, instead of the low prices they did receive. Under that provision of the bill in 1931, farmers would have received 9.1 cents per pound for their cotton, 81 cents per bushel for wheat, 61 cents per bushel for corn, and 42 cents

per bushel for oats. There can be no revival in business until agriculture is revived. That provision of the bill provides that the farmer shall receive at least cost of producing that part of his crops consumed in this country.

Reports of the Department of Agriculture show that the average production of lint cotton per acre in Oklahoma for 1931 was 186 pounds and that the average cost of production for Oklahoma for that year was 8.8 cents per pound. It has been stated that the average family will produce about 12 bales of cotton per year. At 6 cents per pound, an average bale of cotton would bring $30 and the price for 12 bales would be $360. One fourth of this is for rent, which would leave the producer, if he is a renter, nine bales worth $270. With the average production of cotton in Oklahoma in 1931 at 186 pounds per acre, to produce 12 bales would require about 36 acres. The average production of this cotton would require the following labor:

One man 9 months at $30 per month equals $270.
One boy 9 months at $10 per month equals $90.
Housewife 9 months at $15 per month equals $135.

These figures include $15 per month for the housewife, which at least would be the expense of employing another woman to do her work, and the wife's labor should be counted the same as that of the man. Then, the average family will at least have one boy who will assist on the farm. Food and clothing for the family and feed for the stock for this production would amount to at least $200. This would total $695, exclusive of taxes, interest, depreciation, and other miscellaneous expenses.

This, of course, is just an estimate of the average cost of production which, with a little study, can be figured by any farmer. Even with an expense of $600 to produce these 6,000 pounds of cotton, the cost of production would be 10 cents per pound. For that year, if all items of expense and the taxes were included, it would cost at least 15 cents per pound to produce cotton in Oklahoma. I also believe cost of the other products will be more than indicated by the Department. I have produced and sold cotton and other farm crops, am familiar with the expenses of crop production, and can figure costs.

In connection with this farm bill the emergency relief bill will be of much benefit to our people. This bill will put many of the unemployed to work on useful projects, such as reforestation in our national forests and parks, and we hope the work will be extended to include flood-control and soil-erosion work by the construction of dams and lakes.

The farm mortgage relief bill recently passed the House and provided for the issuance of more than $2,000,000,000 in nontaxable, interest-bearing bonds. I proposed an amendment to this bill to issue Treasury notes instead of nontaxable bonds, and, with the interest that would be paid each year placed in a sinking fund, the total issue would be retired in 25 years, without paying this large amount of interest to the bondholders. The issuance of nontaxable bonds should be stopped, and now is the time to take such action. That bill is followed by another bill for relief of town and city mortgages and could be financed by Treasury notes instead of a nontaxable bond issue. I hope and believe that this administration will remove the talons of Wall Street and the international bankers from the Treasury Department and stop their control of the finances of the United States. If a man has $1,000,000 invested in 4-percent nontaxable bonds, he receives an income of $40,000 per year upon which he pays no taxes. If a widow has a cheap shack that she calls "home", she is required to pay taxes. This is a situation that should be remedied by putting a stop to the issuance of these bonds, and now is a good time to start.

In the United States power is with the people and, by proper action, they can have any laws enacted which they desire. Many Senators, Members of Congress, leading business men, and economists are of the opinion that no permanent relief can be granted until silver is remonetized, the gold content of the dollar reduced, or currency expanded by the issuance of Treasury or Federal Reserve notes against the gold in the Treasury. The silver question is coming to the front in Congress as never before. April 17 Senator WHEELER offered his silver bill, which provides for the free and unlimited coinage of silver at the ratio of 16 to 1, as an amendment to the farm bill, and the vote was 33 for and 43 against. That is a great gain over the vote last January, when the vote was 18 for and 56 against.

The inflation amendment adopted to the bill by the Senate provides for the issuance of United States notes in such amounts as the President may approve, not to exceed $3,000,000,000. The amendment also gives the President power to reduce by proclamation the weight of the gold dollar by as much as 50 percent. The President is further authorized by the amendment to accept $200,000,000 in silver from foreign governments in payment of their debts to the United States and provides that the Secretary of the Treasury shall cause silver certificates to be issued against this silver for the payment of obligations of the United States. This will be one of the greatest and most beneficial acts ever passed by the American Congress. Debts will be scaled down by reducing the content of the gold dollar, as provided in this amendment.

When a real and properly controlled expansion of the currency occurs and money is put into circulation, which can be done by the payment of salaries, pensions, compensations, refinancing of these mortgage bills, and in other ways, then commodity prices will increase and business in general will be rehabilitated.

Mr. Speaker, with the advent of this administration a new era has dawned in the United States, and I believe the President will properly administer this law for the people. Against the opposition of the international bankers and moneychangers, whom he so bitterly denounced in his inaugural address, he has taken the United States off the gold standard, and commodity prices at once began to rise. Those of us who have been working so diligently for an intelligently controlled expansion of our circulating medium rejoice in the action taken by our Chief Executive and the Congress. When these provisions are put into effect I believe that real prosperity in the near future will again be enjoyed by our citizens.

Mr. O'CONNOR. Mr. Speaker, I now yield to the gentleman from Oklahoma [Mr. JOHNSON].

Mr. JOHNSON of Oklahoma. Mr. Speaker, nothing that I can possibly say at this late hour may have any bearing on the passage of the pending farm bill, but I cannot forego the opportunity of raising my voice in support of this important legislation.

May I state at the outset that in my judgment this is by all odds the most important and far-reaching legislation of any that has come before this body during the Seventy-third Congress. The very fact that the passage of this measure with the so-called "inflation amendment" has been predicted has already materially raised farm commodities, and I do not hesitate to say, Mr. Speaker, that I am more interested in the increase of farm commodities to reasonable price levels than in any other phase of the money question.

Regardless of what we may think of silver, gold, greenbacks, or copper, the steady rise of farm commodities is the one thing that the farmers are demanding and must have before any reasonable degree of prosperity can be restored.

Many years ago when the farmers prospered it will be recalled that all business prospered, but with the decline of products of the farm to the lowest levels in the history of the world, all business has been stagnated.

It is agreed by all fair-minded people, irrespective of what section of the country from which they may come, that something must be done to help the farmer, and that very quickly, or ruin and chaos are just ahead of us.

If taking control of the currency from Wall Street gamblers, money-changers, and gold-hoarding shysters and returning this control to the people will not assist materially in advancing commodities to reasonable levels, then I confess I do not know the way out.

Mr. Speaker, I have listened attentively to this discussion for the past several hours. I have been somewhat surprised at the stubborn opposition of our Republican friends on the other side of this aisle. The distinguished Republican

leader from New York [Mr. SNELL] was bitter in his denunciation of the pending bill, and especially of the so-called "inflation amendment", which authorizes the President to put $3,000,000,000 of new money actually into circulation; not send it to the Wall Street banks, mind you, in keeping with the idea of some of our Republican leaders, but permit at least a goodly portion of it to circulate out in the small farm communities. The distinguished minority leader, in denouncing this plan to really expand the currency, talks loud and long about "sound money", but he did not say that we now have sound money. With a money panic facing the people of the United States it is idle folly to talk about sound money at this late day. We have no sound money. The trouble is our people have no money at all, and we must restore the control of money to the people instead of permitting the international bankers and Wall Street crowd to control it.

The gentleman from Maine [Mr. BEEDY], the lone Republican returned to this House from that great State, made an onslaught on this bill and took a great deal of his time discussing sound currency and credits. It seemed to be the burden of his argument that the country does not need an expansion of the currency but rather an increase in credits. If I remember correctly, the same gentleman and many of his distinguished colleagues have been talking credits to this House for the past several years. During the last Congress we were assured that if the big bankers and great trunk railroads, shipbuilding companies, and other giant corporations were given sufficient credit the depression would end and everything be normal within a few short weeks. You brought in here your Reconstruction Finance Corporation giving vast sums of Government money and unlimited credit to the favored classes and a few Democrats were actually inveigled by you Republican leaders to vote for that brand of dole to big business. One of the first to get a loan under that act was J. Pierpont Morgan, of New York. Another to get both money and credit was the Dawes Bank in Chicago. The last administration ran this credit business into the ground; you simply overdid it; and the people showed their resentment by demanding a new deal. Relief was given all right by your "credit system", but it was to the big boys in Wall Street, and other streets, but not to the man behind the plow, or the small business man or laborer.

Another very distinguished gentleman, the Republican orator from New York [Mr. FISH], predicted here this afternoon dire calamities that would undoubtedly befall us if and when the pending bill becomes a law. Of course, the gentleman, running true to form, had to say something about Bolshevists and Reds, and it was really amusing to hear him intimate that this farm bill is, in fact, fathered by that element. But the gentleman from New York was fair enough to admit that the President was right at least in one thing. He admitted that the President took the wise and proper course in declaring an embargo on gold being shipped from the United States to nations across the sea. If a private American citizen had hoarded gold like some of the European countries have been doing for the past several months he would have been sent to the penitentiary. Then, surely the President of the United States cannot be criticized for preventing foreigners from hoarding American gold.

The gentleman from New York, like several of his predecessors who are so bitterly opposed to this constructive legislation, talks much of the so-called "brain trust." I do not propose to waste the time of this House answering such slurs and useless silly expressions, but may I say in passing that if the leaders of his own party had employed a brain trust instead of catering to the money trust our economic conditions would not be in such a miserable mess today.

I was somewhat surprised at the lengthy speech made a few minutes ago by the gentleman from Pennsylvania [Mr. MCFADDEN], who discussed war debts. I agree that under no circumstances should war debts be canceled. I have spoken many times on the floor of this House against cancellation, and I say here and now that under no condition will I ever vote to cancel Europe's war debts. The Democratic platform pledges our party against cancellation. Our great leader at the White House is pledged against cancellation, and the gentleman from Pennsylvania is unduly alarmed in his suggestion that European debts are to be canceled. The fact that the President has offered to take a very small part of the money due the United States in silver does not mean that foreign debts are to be canceled, but merely assures an increase in the value of silver.

I shall not take the time to answer my friend, the silver-tongued orator from Kansas [Mr. GUYER]. He made a stirring and almost convincing speech against this bill, and then announced at the close of his masterful address that he was going to support this legislation. [Applause.]

Mr. Speaker, like my colleague from Oklahoma [Mr. SWANK] I am interested especially in two phases of this legislation. I refer to the so-called "inflation", or Thomas amendment, proposing to expand the currency $3,000,000,000, and the other is the guarantee cost of production amendment, sponsored by the Farmers' Union of America. I understand a desperate effort will be made to eliminate both provisions from this pending bill, but should that be done you would not have much farm relief left.

More than 2 years ago I joined a little group in this House in urging a controlled expansion of the currency. I have repeatedly urged upon the floor of this House, and before the respective committees, that $2,000,000,000 to $4,000,000,000 be placed in circulation. I have contended that currency expansion is farm relief; it is mortgage relief; veteran's relief; bank relief, and old-age relief; but without reasonable currency expansion, or inflation as gentlemen across the aisle prefer to term it, there cannot possibly be any appreciable degree of relief from our present unprecedented plight. [Applause.]

Mr. O'CONNOR. Mr. Speaker, I yield 5 minutes to the gentleman from Kentucky [Mr. VINSON].

Mr. VINSON of Kentucky. Mr. Speaker, the distinguished minority leader, the gentleman from New York [Mr. SNELL], was very adroit a few minutes ago when he was addressing the House and criticizing the statements of the President and the present Speaker of the House. I notice, however, in that adroit discussion he failed to state his own views in respect of the money that would be issued under subsection 1 of paragraph (b), pages 64 and 65, of the bill. In that subsection authority is granted to the President of the United States in his discretion to issue $3,000,000,000 of currency against $3,000,000,000 of Government bonds. I pause now to inquire of the gentleman from New York if, in his opinion, the currency that would issue under this authority is sound or unsound money.

Mr. SNELL. Mr. Speaker, I think that would be more sound than some of the other provisions of the bill. I also said in an open statement that I would subscribe to that provision of the bill.

Mr. VINSON of Kentucky. Mr. Speaker, I see that in this instance the gentleman from New York is consistent, because on July 16 last, when the Glass-Borah amendment on the home-loan bank bill came from the Senate for the third time, after the gentleman from New York had refused to take it twice, he rose in his place and made a plea to this House for the passage of that amendment. The money under the Glass-Borah amendment was currency issued on Government bonds. If the currency issued under that amendment, for which he voted and for which, in the main, he is responsible, was good money then, the currency that will issue under this provision will be good money today. I might add that Mr. Hoover endorsed the soundness of the Glass-Borah currency in signing said bill.

The gentleman from New York referred to the majority report upon the bonus bill filed in this House by the present Speaker of the House. Mr. Speaker, we must view the situation as it existed at that time. That report filed by our distinguished Speaker, then a member of the Ways and Means Committee, was not directed at the money in the bonus bill as it passed the House of Representatives. It was not directed against currency such as is contained in this bill. It was not directed at currency such as was

authorized to be issued under the Glass-Borah amendment. It was directed at currency that had no control feature. It was directed at section 2 of the original Patman bill, and in that section you had no control of the currency that would be issued thereunder.

In the Ways and Means Committee 14 members voted to report the original Patman bill adversely. Eleven members voted against the motion to report it adversely, with notice served that if their position was maintained, the Owen amendment would be offered as a substitute for section 2 of the original Patman bill.

It was under those circumstances that the report was written. The Owen amendment having the control feature was not in the bill that was voted adversely by the Ways and Means Committee. When it came to the floor of the House, this House, by an overwhelming vote, inserted the plan written by ex-Senator Robert L. Owen, coauthor of the Federal Reserve System. No witness who testified before the Ways and Means Committee ever uttered a word of objection against the money that would have been issued under the Owen plan, and every witness testifying relative thereto said it was sound money, such as is the money under discussion. [Applause.]

The SPEAKER. The time of the gentleman from Kentucky [Mr. VINSON] has expired.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts [Mr. WIGGLESWORTH].

Mr. WIGGLESWORTH. Mr. Speaker, I am opposed to the pending amendment conferring unprecedented powers on the President in respect to the national currency. I am opposed to the amendment because, in my judgment, it permits the violation of the most fundamental principles of sound credit and currency policy. I am opposed to it because it cannot possibly in and of itself, in my judgment, bring about the objectives claimed for it. I am opposed to it because it carries with it the possibility of the most far-reaching and most disastrous consequences to the welfare of the Nation in the event of uncontrolled inflation as a result of the exercise of the powers conferred.

It has been urged, apparently as a reason for supporting the amendment, that the powers conferred will not necessarily be exercised. If it be intended not to exercise the powers requested, why request them? Why deal a further blow to confidence inevitably resulting from the request? The pressure which has been strong enough to compel the request for powers in the absence of improved conditions will in all human probability, as I see it, be more than strong enough to compel their exercise once they are accorded. The grant of power, the exercise of which is believed to be detrimental to the national interest, on the assumption that it will not be exercised is, in my judgment, a surrender of legislative responsibility.

It is also urged that the inflation contemplated is a "controlled inflation." I hope sincerely that this may prove to be the case. I appreciate fully the technical aspects of the situation at this time, but I cannot escape from the fact that all history demonstrates the difficulty, if not the impossibility, of maintaining such control over a prolonged period of time.

Adoption of the amendment is advocated on the basis that inflation has always been advocated. Its proponents believe that through inflation and cheaper money we shall obtain objectives which all of us deeply desire—an increase in purchasing power, an increase in business activity, a decrease in unemployment, an increase in foreign trade, an ability to compete more favorably with other countries with depreciated currency. Experience affords no basis for this belief. On the contrary, experience demonstrates that inflation once initiated is extremely difficult, if not impossible, to keep in hand. Experience also demonstrates that inflation once out of hand spells further impoverishment to labor, an unbearable burden for professional workers, paralysis of business activity, and disastrous impairment of national credit. By the flame of inflation the nations of the world have been seared again and again.

It was my privilege for 4 years to serve as assistant to and counsel for the then agent general for reparation payments under the Dawes plan. During those years the organizations of which he was in charge were in the position of a receiver for 11 different nations, having a principal place of business in Germany, a twelfth and debtor nation. This experience served to emphasize the misery resulting from an inflation in Germany which it had become impossible to control, an inflation which went so far, as the Members of the House will recall, that it required a million million reichsmarks to equal the preinflation value of a single reichsmark. It served to emphasize the desperate plight of the workingman, the fearful burden imposed on the middle class in that country, the paralysis of industry, the impairment of national credit to which I have just referred. It served to emphasize conditions which a distinguished German, Dr. Hjalmar Schacht, arriving in America this week, as president of the German Reichsbank, has described in terms of starvation in the cities of Germany as worse than anything experienced during the most difficult days of war and blockade. I wish the testimony of the German workingman could be taken this afternoon.

The experience was not limited to Germany. It brought me face to face with similar conditions in other countries—in Austria, in France, in Italy, in Belgium—where it had also proved impossible to maintain effective control over inflation. The facts and figures are known to all. I wish that all the Members of the House could have shared in the experience to which I refer.

Our own history corroborates the dangers of inflation and emphasizes the difficulty of effective control. The fiat issues of the Continental Congress and original States, if I am correctly informed, depreciated in 3 years to a basis of about 40 to 1, and thereafter to a basis of about 1,000 to 1. The fiat issues of the Civil War period depreciated, I am told, almost as from the date of issue. It is said to have been some 7 years after prices had reached their peak before normal wages were paid.

Other examples could be cited, among them the experience of prerevolutionary France, referred to in such striking manner by our able and distinguished colleague from Alabama [Mr. HUDDLESTON] in his admirable address of January 25 last, in which he pleaded for "a sound currency, to be preserved at all hazards", in accordance with the campaign pledge of the Democratic Party.

Inflation means further sacrifice for millions of wage earners, for millions of those receiving pensions or compensation, for millions of owners of bank deposits, for millions of holders of life-insurance policies, for all those who are owed anything.

The pending amendment, Mr. Speaker, is presented for consideration under conditions which are probably unique. Despite the fact that we have about 40 percent of the gold supply of the entire world, despite the fact that we have deposit and reserve-note ratios of more than 45 and 61 percent, respectively, despite the capacity for expansion in currency to the extent of some $4,000,000,000, despite the fact that we enjoy a favorable balance of trade, despite these and other facts, we have deliberately elected to suspend gold payments and to accord authority to the President to embark on a policy of inflation in respect to which effective control may prove to be impossible.

Probably no nation in the world has taken such a step under such conditions. We are taking that step in the face of the campaign pledge of the Democratic Party to maintain a sound currency at all hazards, in the face of pleas of leading members of the Democratic Party, such as Mr. Bernard Baruch, who recently characterized inflation as "the road to ruin", and at a time when commodity prices are apparently doing their best to turn upward. The future may regard the action we are about to take with amazement as well as bitterness.

The amendment makes provision for the purchase by Reserve banks in the market, or directly from the Federal Government, of Federal securities to the extent of $3,000,000,000. The dangers of this policy in curtailing essential

service by the Reserve System to agriculture, industry, and trade and in further jeopardizing the market for Federal securities have been emphasized in the remarkable address in the Senate in respect to the amendment under consideration by the former Secretary of the Treasury, Senator GLASS.

The amendment makes provision for the direct issue of greenback currency to the extent of $3,000,000,000 for the purpose of meeting maturing Federal obligations to repay sums borrowed by the United States and for the purchase of United States obligations. The issue of this currency is unnecessary in view of existing capacity for expansion. It is a first step in the direction of all the evils inherent in fiat currency. It suggests the possibility of the impairment of contractual obligations, both public and private.

The amendment also makes provision for bimetallism and for devaluation of the gold content of the dollar to the extent of 50 percent, with doubtful authority under the Constitution and with all that it may imply in terms of national repudiation and dishonor.

The amendment is open to other objections.

The inflation contemplated, in my judgment, is unnecessary. There is ample basis for currency expansion. There is ample basis for credit expansion. It will not, in my judgment, bring about the desired objectives.

I am opposed to according the requested powers to the President because the very existence of such powers, whether exercised or not, must of necessity tend to destroy fundamental business confidence without which no road can lead to recovery. I am opposed to according the powers requested because I believe that the demand that they be exercised will, in the absence of improved conditions, prove too strong for any individual to resist. I am opposed to according the powers requested because of the difficulty of effective control of inflation once those powers are exercised and because of the inevitable consequences to the country as a whole in the absence of such control.

Currency inflation—

Says the Encyclopedia Britannica—

is perhaps the most fatal disease from which a nation can suffer. It destroys wealth and redistributes what is left in an arbitrary and inadequate fashion. It makes extravagance a virtue and thrift a vice. It will ruin one man and enrich his neighbor, and neither can lift a finger to stop it. It is born of government extravagance, and fosters that extravagance as it grows. Profits and wages look princely, but measured in real worth sink to penury. Well might the German workers say, "Give us a stable currency."

I devoutly hope that the Nation as a whole may not have cause for bitter regret as the result of the action we are about to take.

Mr. BROWN of Kentucky. Mr. Speaker, I yield 10 minutes to the gentleman from Illinois [Mr. KELLER].

Mr. MILLARD. Mr. Speaker, I suggest the absence of a quorum.

The SPEAKER. The Chair will count. [After counting.] Eighty-seven Members are present, not a quorum.

Mr. BYRNS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 28]

Adams	Buckbee	Douglass	Holmes
Almon	Caldwell	Duffey	Hornor
Andrew, Mass.	Cannon, Wis.	Duncan	Hughes
Andrews, N.Y.	Carden	Durgan	Imhoff
Arnold	Carley	Evans	Jenckes
Ayers, Mont.	Cary	Fernandez	Kahn
Bailey	Cavicchia	Fiesinger	Kee
Bankhead	Celler	Fitzgibbons	Kelly, Pa.
Beiter	Chavez	Flannagan	Kemp
Berlin	Cole	Frear	Kennedy, N.Y.
Biermann	Corning	Fuller	Kerr
Bland, Va.	Crosser	Gambrill	Kniffin
Blanton	Crowther	Gifford	Kvale
Bloom	Crump	Gillette	Lamneck
Bolton	Culkin	Greenwood	Lanham
Boylan	Darden	Griffin	Lea, Calif.
Brand, Ga.	Darrow	Hamilton	Lewis, Md.
Brennan	Dear	Hancock, N.C.	Lozier
Britten	Dickstein	Harlan	McLeod
Brown, Mich.	Dingell	Hoeppel	McMillan
Browning	Dondero	Hollister	Maloney, La.
Merritt	Pierce	Smith, Wash.	Underwood
Montague	Pou	Smith, W.Va.	Waldron
Montet	Prall	Stalker	Weaver
Moynihan, Ill.	Ramspeck	Steagall	Whitley
Muldowney	Randolph	Stubbs	Willford
Nesbit	Reed, N.Y.	Studley	Williams
Norton	Rich	Sullivan	Withrow
O'Brien	Richards	Sumners, Tex.	Wolfenden
O'Malley	Romjue	Swick	Wood, Mo.
Oliver, N.Y.	Sadowski	Terrell	Woodruff, Mich.
Peavey	Sandlin	Tinkham	Woodrum, Va.
Perkins	Schulte	Tobey	Zioncheck
Peterson	Simpson	Treadway	

The SPEAKER. Two hundred and ninety-six Members have answered to their names; a quorum is present.

Mr. BYRNS. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

Mr. SNELL. Mr. Speaker, may I ask the majority leader a question? Is it expected to take a vote on this bill tonight, or just finish general debate?

Mr. BYRNS. It was my idea, if we were permitted to go along and complete the debate, that we would adjourn until tomorrow for the roll call; but, of course, if points of no quorum are to be made, I am going to ask the Members to remain here, because it is our intention to complete this debate tonight.

Mr. SNELL. That is entirely satisfactory to me. I am not interested in any points of no quorum.

Mr. BYRNS. I am sure the gentleman is not, and I hope that nobody else is.

Mr. SNELL. I thought perhaps certain gentlemen who wanted to speak may have decided that they did not want to speak.

Mr. BROWN of Kentucky. Mr. Speaker, I had yielded 10 minutes to the gentleman from Illinois [Mr. KELLER].

Mr. KELLER. Mr. Speaker, I want first to thank the leadership on my side of the House for the liberalization of time which they have given in this case, and I suggest to them that if they want to be still more popular, they will continue the good work and give plenty of time for discussion of all these important matters hereafter. I certainly hope they will do that.

Amendment no. 85 is an important measure. It is indeed not an amendment at all but an entirely new bill. It ought to have been referred to a committee and ought to have gone through the regular routine, because it is a new measure.

The expansion of currency provided for under this amendment under the Federal Reserve System is a normal expansion and one that has been provided for for a long time. This bill provides nothing new along that line except the method. The printing of greenbacks, as provided for in this bill, is a new old measure, and I want to talk briefly to you about that, because I have been for some months studying and preparing an address on the subject of greenbacks. It is not yet complete, but I hope to finish it and submit it to the House for the consideration of the Membership, as well as for the people of my country. I hope to make a full exposition of the entire subject of greenbacks, the money of the people.

I hope to show the necessity which compelled it, the laws which created it, the results which justified it, and the emancipation of the people to which I believe it may ultimately lead us.

I have on my desk at the present moment the old Congressional Globes, and have been reading and rereading the debates and the laws that brought about the greenback measure of 1861, and I am going to talk to you about that for about 2 minutes, if I may have your attention.

On July 17, 1861, the emergency that existed at that time, due to the coming of the Civil War, impelled the Congress to act very quickly, and to pass what was called "demand notes." Those demand notes were payable in coin. Yet notwithstanding that, demand notes went below par, because the bankers and brokers both began to depreciate them by refusing to receive them at par, even though they were redeemable and were actually redeemed in coin. So on the 5th of August the Congress took the bit in its teeth, and it provided for the issuance of $50,000,000 of pure, unadulter-

ated greenbacks, that had no exception clause on them. That amount was extended by an act a few days later that added 10 million more to the pure greenbacks. Those greenbacks were "receivable for public dues", and there was some dispute for a short time whether they were to be received by the Government in payment of taxes and internal revenue or not.

The Secretary of the Treasury decided that they were receivable for all governmental obligations, and the Government proceeded to so receive those greenbacks. Immediately those notes went to par. I want you to get this. From that time forward those greenbacks which had no exception clause on them were never more at a discount. They went up constantly with gold, and when gold in this country had been cornered and brought $2.80, those greenbacks that had no exception clause also brought $2.80, because the United States Government continued to receive them in payment of interest on the public debt, for import and excise duties. Within the next year, another act was passed and approved February 25, 1862.

Under this act of 1862 we printed greenbacks of quite another class. I hold in my hand one of them and I hope some of you will take your glasses and read it, because here, printed across the face of this note, to this day is the statement that "This note is legal tender at its face value for all debts public and private, except duties on imports and interest on the public debt." This is the note that went to 35 cents on the dollar because our Government refused to receive its own money in payment of its own dues. This act also provided for taking up the greenbacks of the first and second issues and retiring them with the new issue bearing the exception clause, and this for no other purpose than to allow those then in control of money and credits to continue their control. It is the opposition to this bill.

I promised to answer certain questions. One of the Members asked me to explain how this money is to be placed in circulation. This is a great bill, Mr. Speaker. It provides the means for it; but another step is necessary to make it effective, and that is the step of putting men to work in this country and paying them with the money we are providing in this bill. It is the one way to get the money circulating in this country—but by a great public-works program, not a limited one. It should be one as big as may be necessary to accomplish this object, and as much more money as is necessary to restore every man to his old job again should be spent.

I do not want to appear before you in the roll of a prophet whose prophesy has been fulfilled, but neither should I permit any modesty to withhold from you facts which I saw clearly as early as my school days spent in postgraduate work in Heidelberg.

At that time, as a correspondent of a country newspaper, I wrote of the time that we are now experiencing in America. In my travels about Europe I talked with men who had been replaced by machinery; men who no longer had any means of livelihood. It required no genius of mind to see that some day we would experience a similar condition in America, and we are.

During the latter part of 1929, when the crash came upon us by way of the New York Stock Exchange, I gave an address in the city of Marion, Ill., based upon my early knowledge and that which accumulated with added years, and there foretold the horrible conditions which have existed in this country during the past 4 years.

I hope I am never one, however, to offer destructive criticism without adding to it, purely for consideration, some plan by which the difficulties may be remedied. My suggestion was then that our Government provide an opportunity for the men who had been displaced by technological advances to work on public projects. I said then as I say now that there is enough public works needing to be done in these United States to employ every one of our technologically unemployed for a period of 50 years.

If our technologically unemployed are reemployed on public works, it will automatically put to work our other millions of idle, supplying the needs of those employed by the Government on public works.

This is no idle comment. Tomorrow, with the permission of the Speaker, I shall place a chart in the Speaker's lobby so that each one of you may see what it means to put a few men to work on public-building projects.

This chart was prepared in great detail and absolute accuracy by the Association of Federal Architects, of Washington, D.C. I commend it to you for your earnest consideration and careful perusal. It will graphically show you how men can be put to work in industries very remotely connected with the public-works program with which we shall be called upon shortly to deal.

A great Federal public-works program means something more than just putting our idle millions to work. It means that the Government shall have at last recognized that the first principles enunciated in the Declaration of Independence, "The right of life, liberty, and the pursuit of happiness", shall attain its full significance.

The right to life certainly entails the right to labor.

The right to liberty can only be attained through economic freedom. A man unemployed has no economic freedom.

The pursuit of happiness ends when a man willing to labor is denied that opportunity through no fault of his own.

On May 10, 1932, I introduced a bill providing for a public-works program sufficient in extent to have put a million men to work, and I provided means for doing this for a certainty within 60 days.

The main provisions of that bill were made a part of the so-called "Garner public-works program", which was passed by both the House and Senate and vetoed by Mr. Hoover.

Early in the final session of the Seventy-second Congress I introduced a bill for a comprehensive public-works program, and it was reintroduced in this session as H.R. 1620. The summary of this bill will be found on page 5538 of the RECORD of March 3.

One of its provisions is for a limited and controlled expansion of currency by authorization of an issue of $1,000,000,000 in greenbacks. This fund is to be used for the purpose of giving the initial start to the public-works program also provided in the bill.

Subsequent provisions financed the program by means of a sales tax. Not the kind of sales tax, however, that was advocated in the Congress some 2 years ago and which would have transferred the burden of Government from the rich to the poor, but a straight-out 1 percent sales tax on every sale made in America. Such a tax would collect at the counters of Wall Street as well as those of the country crossroad store. It provided that the money derived from the sales tax could be used only for the purpose of putting men to work, and that is the only justification for such a tax.

Such a program offers an ideal opportunity for circulating this new money where it will do America and its people the most good. It is the one opportunity to put both money and men to work, both of which are idle today.

I am happy to see such a measure as this one initiated by our President, and I shall be much happier when the public-works program comes to us, to complete the program so necessary for the revitalization of labor and industry.

I want also to offer for the RECORD the provisions—because I see that even our friends over in the Senate appear to be very much mixed up on that—the provisions in the bonds from France, England, and other countries that are owing to the United States. These have been misquoted so many times that I am going to read a copy of the words in the bonds of France and England, so that it may be observed that they vary but little, and that the principle announced in these two apply generally to all the countries owing money to the Government of the United States. The bonds carry this statement:

FRANCE

This bond is payable as to both principal and interest in gold coin of the United States of America of the present standard of value, or, at the option of France upon not less than 30 days

advance notice to the United States, in any obligation of the United States issued after April 6, 1917, to be taken at par and accrued interest to it and of payment hereunder.

BRITAIN

The bonds shall be payable as to both principal and interest in United States gold coin of the present standard of weight and fineness, or its equivalent in gold bullion, or, at the option of Great Britain, upon not less than 30 days' advance notice indicating the minimum amount which it is contemplated to pay at next due date in gold, cash, or available fund, in any bonds of the United States issued or to be issued after the 6th of April 1917, to be taken at par and accrued interest to the date of payment hereunder.

I am now ready to answer questions, but in asking questions I do not want you to make speeches. Ask me questions and I will answer them if I can.

Mr. WEARIN. Will the gentleman inform the House, if he can, whether any of these greenbacks are in circulation at the present time? I understand there are.

Mr. KELLER. I am informed that there are about $75,000 still outstanding, but these probably have been lost or destroyed.

Mr. WEARIN. If they turned up, they would still be good at their face value?

Mr. KELLER. Absolutely as good as any dollar that was ever printed in the world.

Mr. MEAD. The gentleman believes a large program of public works is essential and necessary to make this plan effective?

Mr. KELLER. It is not only necessary but it is more than necessary; it should be a part of this plan.

Mr. MEAD. I agree with the gentleman fully.

Mr. KELLER. I thank the gentleman.

Mr. GOSS. In view of what the gentleman has read from these bonds is he in favor of our Government receiving payment in silver?

Mr. KELLER. I may say that before we get to that the silver will be worth more than we are going to accept it for. So, really, what is the difference?

Mr. MOTT. Where in this bill is the provision for paying people to be employed on public works?

Mr. KELLER. That comes in the next bill which I understand the President is sending to the House in a very few days.

Mr. MOTT. I mean where is the provision for paying these men in this new currency that is to be issued? The gentleman stated that the way this money would be got into the hands of the people would be by paying them for work they did.

Mr. KELLER. Yes.

Mr. MOTT. Where is that provision?

Mr. KELLER. I think the gentleman will find that in the law relating to the issuance of money as it exists today. I think perfect justification will there be found for this.

Mr. BEEDY. I agree with the statement of the gentleman that one of the methods to distribute this money is through a program of public works.

[Here the gavel fell.]

Mr. KELLER. Mr. Speaker, may I have 1 additional minute?

Mr. O'CONNOR. Mr. Speaker, I yield 1 additional minute to the gentleman from Illinois.

Mr. GREEN. I should like to know if the gentleman can inform us how the expansion provided for in this bill, compared to our present currency, compares with the $50,000,000 expansion of currency in 1862, compared with the money in circulation at that time? Is it favorable?

Mr. KELLER. To answer the gentleman's question one must take into consideration the number of people and the amount of business done. It would be an involved answer.

Mr. GREEN. I am very much interested in the guaranteeing and insuring of bank deposits.

Mr. KELLER. So am I.

Mr. GREEN. I should like to have the gentleman's views along this line.

Mr. KELLER. It is one of the necessities that must be met.

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 20 minutes to the gentleman from Massachusetts [Mr. LUCE].

Mr. LUCE. Mr. Speaker, do not let the sight of these volumes [indicating] lead you to fear that I am to deliver a speech on inflation. That subject has been thoroughly discussed this afternoon. I intend to deliver a political speech—not a partisan speech, but one bearing upon the political aspects of the problem before us; and to that end I want to read just a few sentences from the CONGRESSIONAL RECORD of August 8, 1893, when Grover Cleveland had called Congress together in special session, as he said, in the opening of his message:

By reason of the existence of an alarming and extraordinary business situation involving the welfare and prosperity of all our people—

He went on with calamitous description that might be used with equal accuracy today.

In this message he asked Congress to give him power—he did not ask to exercise this power himself, but he asked Congress to allow him to sign a measure that would repeal the law for the purchase of silver bullion. What a contrast between the President of 1893 and his request and the President of 1933 with another request just 40 years later.

Let it be recalled that in the year before, in 1892, in the campaign there had been much argument such as we have heard voiced here in recent days, on the part of those who constituted what is known as the Populist Party, and in that election, while Mr. Cleveland got 5½ million votes, the Populists had more than a million votes and they carried these States—and I would suggest that gentlemen from these States take to heart the facts of history—they carried Colorado, Idaho, Kansas, Nevada, with 1 elector each in Oregon and North Dakota, a total of 22 electoral votes. Conditions were much the same as they are today—very much the same as they are today—and history repeats itself.

A year ago there came before this House a measure known as "the Goldsborough bill", and, if I may claim even a slight measure of justification as a prophet by reason of what came afterward, I feel that I may be warranted in asking your attention to what I then said:

I am satisfied that the only prudent, safe course is to do this thing—passage of the Goldsborough bill—in order that it may, perchance, and it may, we hope, be some barrier against the rising tide of demand for fiat money. There comes over our desks every day an ever-increasing volume of propaganda, letters, pamphlets, newspaper articles, urging us to set the printing presses agoing to grind out paper money or bonds. In my judgment, this is going to be the greatest issue in the coming campaign, or, if not, in the next campaign—the issue of the 1896 controversy with money uppermost in the public mind. Money, the love of it, is the root of all evil, and the love of it and the desire for it are the chief source of our political strifes. If you do not want to take some precaution against the renewal of this agitation, perchance the rise of a new political party, at any rate an attempt to change the principles of the old parties with a revival of the theory that the way to salvation is through the medium of the printing press, why then, vote against this resolution, a resolution which attempts to raise a barrier, if possible, against this tide of inflationary sentiment.

Sir, that tide is coming into this House with ever-increasing volume; it shows itself here; and in its application to the pending question I desire gentlemen who believe in inflation to bear in mind certain considerations.

The issue in the vote tomorrow will not be whether you believe in inflation or not; it will be whether you will prevent inflation or not; and, believing as I do, that every step possible ought to be taken to prevent inflation, I welcome the trap into which gentlemen are falling by assenting to this proposal. Never was there a more ingenious strategem. Never was there one that put gentlemen, sent here to represent certain views, in a more awkward position. They have my sympathy, but I must point out to them the nature of the trap that they may know what they will do by the vote cast tomorrow.

The proposal is that we turn over to the President certain powers. These powers have been much discussed and I must not go into them in detail. I would pause long enough, however, to say that I thoroughly agree with the exercise of the first of these powers. It was that power which was con-

templated by the much misunderstood and misrepresented Goldsborough bill.

The purpose of that bill was to inflate credit, not cash currency, but to inflate credit currency, and I am glad to see that so keen an observer and excellent a judge as Mark Sullivan, one of the best newspaper men in the country, has recently said that the conservatives now see no harm in it, and to radicals, so called, or debtors, increase of credit money is as good as any other. There is now no objection anywhere to an increase of credit.

The event has completely justified every vote that was cast for the Goldsborough bill, for now the whole country says we were right in wishing to expand credit currency. Yet I must make one exception, for a few days ago a gentleman in another branch of the Congress characterized it as an insane proposal—an insane proposal—when everybody now wants it, when his President recommends it, when gentlemen of both parties agree that it is the wise thing to do.

But let me get back and portray what is being done by this bill. The proposal about valuing the dollar I should like to discuss at length, and also that as to silver, but unfortunately time does not permit. I cannot point out the bearing of these things as individual propositions, but address myself to the whole as the problem of every man here.

It is proposed that we turn over all of these things to the President of the United States to decide.

Not one man today has dared to predict what the President will do. No authoritative statement has ever come from the White House as to what he intends to do. How shall we conjecture, therefore, what he will do?

By his words.

The gentleman from New York [Mr. SNELL] earlier in the day quoted the President; and inasmuch as the attendance at that time was small, I feel warranted in repeating what the President said in this particular matter.

In Brooklyn, November 4, 1932, he said:

> The Democratic platform specifically declares: "We advocate a sound currency, to be preserved at all hazards." That, I take it, is plain English.

I did not say that—Franklin D. Roosevelt said that.

Then he went on to say:

> In discussing this platform on July 30 I said, "Sound money is as international necessity; not a domestic consideration for one nation alone."

Sound money! Sound money! What does it mean? Does it mean the kind of currency you have heard advocated on the floor this afternoon? Does it mean fiat money? Does it mean printing-press money? Did any man who heard the President utter those words think for one moment they contemplated that kind of currency?

Then he went on:

> Far up in the Northwest, at Butte, I repeated the pledge of the platform, saying sound currency must be maintained at all hazards.

Next:

> In Seattle I reaffirmed my attitude on this question. The thing has been said, therefore, in plain English three times in my speeches. It is stated without qualification in the platform, and I have announced my unqualified acceptance of that platform.

It is only 2 months ago, out here in front of the portico, he told the whole United States that he believed in "an adequate and sound currency." Has there ever been a President of the United States who has ever violated his own pledges, who has reversed his position? Has there ever been a President who would deceive the voters by getting votes for election by a promise and reversing his position afterward?

No, that is not the type of man we have in the White House. The voters have put a man in the White House whom the people of the United States trust and a man who will never betray the people by reversing his explicitly avowed position. [Applause.]

And so, gentlemen, knowing this, every man here who wants inflation will by voting for this measure tomorrow tell his constituents and tell the country that he has thrown away, discarded, rejected the opportunity to give his constituents what he promised to give them and what he rises here and says he wants. Now, staring that fact in the face, knowing that if you vote for this measure tomorrow, if you trust your own President, if you believe what he said was true, if you think that common honesty still rules in the White House, as, thank God, it rules throughout the land, then you will know that tomorrow if you vote to give him this power you have destroyed that opportunity.

Mr. Speaker, it may be that this was what was intended. We cannot read any man's mind, we may not impute motives, but the newspapers have said freely that it was the plan to deprive the gentlemen on my right of the chance to legislate, to deprive the gentlemen on my right of the chance to express by their votes their own feelings, their own views, their own judgments, to deprive the gentlemen on my right of the opportunity to override a veto.

I trust the result will be as I, for one, desire. I desire that the President's view of sound currency shall prevail; I desire that Grover Cleveland's view shall continue to animate the Democratic Party. I am distressed by the prospect, however, that the Democratic Party in the next congressional election may be confronted with precisely the same situation that it was in 1894 and 1896. I regret that the new friends I am making bid fair in many instances not to give me the blessings of their company for more than 2 years. [Laughter.]

Mr. FITZPATRICK. Mr. Speaker, will the gentleman yield?

Mr. LUCE. Not now. I shall take what little time I have left to regret greatly the necessities of the case. Undoubtedly, unquestionably, the President has done what he believes to be the wise thing. It is to be pointed out, however, that what he has done has undone a very great part of the good he had previously accomplished. He has by this proposal made it impossible for any manufacturer or any merchant to forecast the future. There is no industrialist in the United States, not an employer of labor, who will buy the raw material today when he does not know what will be the price of the finished product 6 months from now.

Furthermore, if the President seeks to exercise these powers, the question of constitutionality is sure to be taken into the courts. Remember that in the case of *Field* v. *Clark* (145 U.S. 649 (1892)) decision was not handed down for 29 months after the tariff act involved was passed. Remember, too, that Chief Justice Fuller and Justice Lamar dissented, on the ground that the act said of the President "he may deem" and "for such time as he deems just." These phrases calling for judgment the two Justices held could not be delegated by Congress. In the other case most relied upon by defenders of the pending proposal, known as the "*Hampton case*" (276 U.S. 394 (1928), decision was not made until almost 4 years after proclamation issued under the Tariff Act of 1922. Uncertainty must last until the courts act.

For such reasons the request of the President for us to save him from his own party has thrown the whole country into confusion. It has delayed the prospect of recovery by many months. It has deluded the gamblers in Wall Street, anxious for a revival of speculation, to proceed again in the manipulation of stocks on an unsound basis. They ought to have known that there is no idea of inflation in this proposal; they ought to have known that the President will keep his word; they ought to have known that Franklin D. Roosevelt is an honest man, and yet they are deluding the public to rush into the market to buy securities on the false assumption that tomorrow morning the printing press is going to be set going and this country is to be flooded with fiat currency.

Because thereby so many innocent people have already been injured, because thereby we see much further in the distance the possibility of good times, because this proposal must arouse still more fear, the cause of all our troubles—for these reasons I greatly regret that the President has put his own party in such a dilemma. Take which prong of it you choose, impale yourself on either one or the other; you

may survive the wound to regret the day when you were ever compelled to vote to turn over to the President of the United States the decision of the questions that you were sent here to decide. Under our representative form of government you took the oath to support the Constitution, and under that form of government it is your duty to decide these questions.

While I regret, if it was a necessity, while I deplore the delay of recovery, yet I view with some equanimity the certain effect on the political party that is doing the thing. And I still maintain courage, I still maintain hope that the ideas of Grover Cleveland will once again become those of the Democratic Party, and that as a united Nation we may forswear public dishonesty. [Applause.]

Mr. BROWN of Kentucky. Mr. Speaker, I yield now to the gentleman from California [Mr. FORD].

Mr. FORD. Mr. Speaker, I take issue with the gentlemen on the other side, that the Democratic Party is going to be a party to anything that smacks of unsound money. Those gentlemen have tried to point out to us that we are repudiating our platform. They would be the last ones to point out anything they thought would beat us. They have come here and told us in smooth and honeyed tones just exactly how we are going to perdition, telling us they hope that we will not. The President of the United States is going to be given by this measure the right to give this country any measure of inflation which, in his judgment, he thinks it needs. That inflation has four-wheel brakes, a steady hand, a clear brain, and high courage with which to exercise it, and I am going to vote for the bill. I hope some of my good friends on the other side will do likewise.

We are all trying to adopt a policy which shall revive business, create employment, produce dividends, and make the United States a prosperous country in which all the people share in the high standard of living made possible by the Nation's resources, productive power, and energy.

We have for all too long been suffering from falling prices, lack of jobs, loss of business, failure of dividends, foreclosures, evictions, and despair. In my judgment, the one essential thing we must do to bring about recovery is to bring wholesale commodity prices back to a level where production can yield fair returns. As things are now the farmer, the industrialist, the miner, and all others are unable to produce and come out even. Prices are too low. Profits are impossible. So curtailment has become necessary, with loss of jobs and of every kind of income.

Reflation is the pivot upon which recovery revolves. And increased currency is what we must have to bring about controlled inflation. Bank credit has totally failed us. The banks have restricted loans to the point where no one can be sure of getting credit. Money is too tight. Business is paralyzed. Unemployment is destroying millions of our people. And yet we hesitate to use the sure and certain method of reviving business and making it profitable, of stimulating employment and making it obtainable, of saving the debtor from ruin and the creditor from losing his investment.

And why? Because, forsooth, someone cites the case of Germany in the post-war years, although the German plan of letting the printing press pay the bill is comparable in no least particular to the plan for reasoned and controlled expansion of the currency now before us.

And the other objection is that the bondholder is going to suffer. How, I ask you, is he to suffer if he gets for his bonds the exact number of dollars called for on the face of those bonds, and those dollars have a purchasing power equal to that of the dollars invested in them? Why should we insist that the bondholder be paid in dollars that have from one third to one half more purchasing power than had the dollars invested? Why not consider that injustice instead of the imagined injustice incident to controlled reflation, which is merely the bringing back of prices to the normal?

The crime of the past few years is that those with fixed incomes have been able to buy more, have more, enjoy more than ever before, while the rest of the country suffered from a deflation that undermined and all but ruined them.

Some talk of the injustice to the creditor class. I wish nothing but justice for every class of citizen and for every people. But it becomes increasingly clear that unless the debtor can be saved the creditor cannot long prosper. The farmer who borrowed money on a mortgage at one price level is now asked to pay back the proceeds of twice as many bushels of wheat or other product as would have canceled the mortgage when it was made. Is this justice? And the home owner who borrowed money on a mortgage finds his income restricted or gone, while he must pay that mortgage in dollars that are twice as hard to get as they were and that are worth to the creditor from one third to one half more in purchasing power. The farmer cannot do this; the home owner cannot do this. One alternative faces us: Either let all mortgages be defaulted and the ownership of land and homes be dangerously concentrated, with millions of honest people ruined, or reflate.

This is merely an act of justice, in the interest of all classes. The creditor does not want the farm; he does not want the poor man's home. What he wants is interest on his money and the assurance that in time he will get that money back. And the money he should get back, in the name of good sense and good business, should have the same purchasing power as that he loaned. And that is what we are trying to do and going to do. To fail to do this would be to fail to protect the interests of the people of America, of both the debtor and the creditor class. And it would be to fail to take the one sure way of starting up the wheels of industry and of putting people back to work. But we shall not fail. We shall vote this bill and thus give new hope and new opportunity to this long-suffering Nation.

Mr. BROWN of Kentucky. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts [Mr. CONNERY].

Mr. CONNERY. Mr. Speaker, I do not see how I can consistently vote to concur in the Senate amendments on this bill. These amendments, under the silver provision of the Senate bill, provide that Congress shall hand a nice little gift of $80,000,000 over to foreign governments by reducing their debts by that amount. This same body at the other end of the Capitol refused to pass an amendment which provided for the payment of the soldiers' bonus to men who are in need, whose families are in need, and who are out of work and should get the soldiers' bonus at this time. [Applause.]

Every opponent that I heard 2 years ago, when we were fighting for the adjusted-service certificate so-called "bonus bill", said the only reason they were against the bill was because it meant inflation. Now inflation is here with us; we are going to have inflation, and as long as we are to have inflation and that opposition is removed, I say the only way to inflate the currency or to expand the currency, if you will, properly, is to see that this money goes into 48 States of the Union [applause], and that it goes into the hands of the people of the Nation and not the bankers. This can be done by passing the bonus. We have had plenty of bank legislation during the past 2 years.

In an amendment to the home loan bank bill we gave a nice little bonus to the banks on every $100,000 worth of Liberty bonds which they were turning over to the Federal Reserve System. That little bonus amounted to about $5,000 a year on every $100,000 worth of bonds for nothing, because they did not do any battling for their country during the World War. Most of them did a beautiful job of selling Liberty bonds at 100 and then buying them back at 70. We had no reason to give that bonus to them. You cannot borrow it; I cannot borrow it; the ordinary citizen cannot borrow it unless he gives his right eye as security. I say I cannot vote to concur in this Senate amendment to make a gift of $80,000,000 to Europe, while we leave the soldier and his family hungry and out of work. [Applause.]

The SPEAKER. The time of the gentleman from Massachusetts [Mr. CONNERY] has expired.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 10 minutes to the gentleman from Pennsylvania [Mr. BECK].

Mr. BECK. Mr. Speaker, it is with great hesitation at this late hour of the day that I trespass upon the patience



of the House, and if I do so it is simply to call your attention to a feature of the bill to which little attention has been paid in today's debate but which was too hastily discussed when the bill was before the House and before it was sent to the Senate.

The gentleman from Massachusetts [Mr. LUCE], in his very eloquent and illuminating address, paid high tribute to a great Democratic President, Grover Cleveland, and he emphasized the great part that Cleveland played in the history of America, in defending the integrity of the American dollar. He might have added to that another great service that Grover Cleveland rendered, and that was when he maintained by an act of rare courage the freedom of interstate trade.

It may be well for us to recall this courage and loyalty to the Constitution, for no more audacious proposition has ever been made in any bill submitted to Congress than that in the present bill, to restrict the freedom of interstate trade and reduce a substantial part of it to a state of economic slavery.

The Members may remember that when the bill was first before the House it provided, as it now provides, that there should be given power to the Secretary of Agriculture to license processors of agricultural goods, to engage in interstate commerce in their products. I called attention to that remarkable provision, under which thousands of business men could only engage in the interstate transportation of their products by permission of the Secretary of Agriculture, and ventured to call attention to the fact that it was in plain violation, not merely of the spirit but of the very letter of the Constitution, in denying to a man his natural liberty to engage in any useful and lawful calling.

I remember the gentleman from Texas [Mr. JONES] corrected me by stating that it was limited to interstate commerce, and therefore it was thus defensible, as far as the question of power under the Constitution was concerned. I did not agree then and I do not agree now, that the commerce power justifies such an invasion of natural liberty. The Constitution never conferred any right to engage in interstate commerce. That right was antecedent to the Constitution, and the Constitution was brought into existence to vindicate it. Its aim was the freeing of commerce, not its enslavement.

Even the commerce clause cannot be invoked to justify the Senate amendment, which provides that the Secretary of Agriculture having determined in some remarkable way what is the cost of production of an agricultural product, thereupon shall have the right to license anyone who seeks to sell the processed products of those agricultural commodities, and that if the party thus licensed shall sell the processed commodity, having purchased it at less than the cost of production, he can forfeit his license and thenceforth be unable, either in intrastate trade or interstate trade, to sell his products. All processors of agricultural commodities are thus obliged, if the Secretary so wills, to get a license, and that license can be forfeited if it appears to the Secretary that he has purchased from the farmer, even with the consent of the farmer, the raw material of his processed commodity at less than the assumed price of production. The decision of the Secretary of Agriculture to forfeit his license and exclude from the future sale of the product is final and cannot be reviewed by any court.

This monstrous proposition must have been inspired by the "brain trust" or certain of its members after their visit to Moscow. From no other source could the theory have emanated to vest in this Government and in one Government official the power to determine who can engage in business and under what conditions, for the Secretary of Agriculture is authorized by this bill to determine, in his sole discretion, the conditions and limitations of the license, and if the unhappy licensee violates them he can lose his license without trial by jury or any review by any court. "Can such things be and overcome us as a summer cloud without our special wonder?"

If that be true, then it is in the power of Congress to vest in the Secretary of Commerce or the Secretary of Agriculture the power to determine whether any American can engage in business unless he first gets a license from a bureaucratic officer and respects the conditions of such license as prescribed by the official.

Why, there never was such an amazing suggestion made to the American Congress from the first session until this bill was returned to this House by the Senate.

Let me say, Mr. Speaker, the commerce clause of the Constitution was intended to emancipate commerce and not to put it into the chains of bureaucratic slavery. It was the restrictions of the various States upon the free flow of the commerce of the States that caused the Virginia and Maryland commissioners to meet on the porch at Mount Vernon in 1786 and, with delegates from other States later at Annapolis and still later in May 1787 in Philadelphia. And the convention, in taking the power to regulate commerce from the States and vesting it in the Congress, intended to emancipate it. Certainly it never intended to vest a control of the free right of men to engage in commerce to a bureaucratic tyrant. For the first century of the Republic no attempt was made by Congress to restrain the free flow of commerce. It was to flow "unvexed to the sea."

This proposed law provides that the decision of the Secretary of Agriculture shall be final and conclusive, "if within the law." The law gives no limitations to his discretion, and the Secretary can say to a certain man: "I will not give you a license," and there is no court, if this law be constitutional, that can restore to the citizen, who is thus proscribed, the natural right either to purchase from the farmer upon such terms as he and the farmer may agree, or to sell his processed commodities either in or out of interstate commerce, if knowingly or ignorantly he purchased his raw material at less than the cost of production, as guessed at by the Secretary of Agriculture.

Gentlemen, if you adopt this law and if it has the signature of the President, then this is true: You have not only debased the American dollar, you have not only deflated the Constitution of the United States, you have not only deflated the common ideas of morality in this country in respect to the payment of debts and the fulfillment of obligations, but you have debased that individual liberty of the citizen, which constitutions are brought into existence to defend and not to destroy.

Are you prepared to subject this country to bureaucratic tyranny? The interests of the Democratic Party are not in my keeping. It is not for us of the minority to advise you as to your welfare. We wish you well. You have a very serious responsibility in this great crisis, and I think it is the honest wish of the Republicans that, if consistently with the Constitution, you shall be able to relieve the farmer and thus render an inestimable contribution to the country by saving us from a depression that is world-wide in character, and for which no party or no country is peculiarly responsible, then there will come to you the blessings of the people and all the advantages that go with political success, for nothing succeeds like success. Let me advise you of the majority that you put your great opportunity to a great hazard by the provisions of the bill I am now discussing.

Let me say to the distinguished leader of the majority side that if I were in his place and had his responsibility I would consider further this matter. I respect him as highly as I respect any man in this House; I know he has honesty of purpose, clearness of view, and unquestioned patriotism. If I were he, I would go back to the Senate and with the Senate leaders would reconsider this monstrous, this un-American idea that the Secretary of Agriculture can tell American citizens whether they can engage in interstate commerce or sell processed commodities in or out of interstate commerce except upon terms that he prescribes. I would do that, and I will tell the majority why they should do so, even from the standpoint of the Democratic Party. Let us suppose that this law is passed and

signed and meets the challenge of the courts. It is unthinkable to me that the Supreme Court will sustain a law which violates the Constitution in so many ways; but suppose it does. The moment the Secretary of Agriculture enters into these agreements with farmers and then enters into agreements with processors by which he licenses them to engage in interstate commerce and licenses other processors to sell products, provided they will pay the farmer more than the cost of production, the moment that indefensible and un-American system of licenses is placed into effect, that moment the shackles of economic slavery are fastened upon the American people, and they will speedily become conscious of it.

They may for a little time be happy with their chains if there is any immediate advantage. I think the advantages will be illusory and certainly temporary, but their second thought, unless they have ceased to be Americans, will be that they are being subjected to tyranny like that of the Russian peasant, and they may hereafter trace those portions of what is in many respects a commendable farm relief bill back to the visits to Moscow of the "brain trust", for only from Moscow could have come such an un-American, such an unconstitutional, such an indefensible idea as that which attempts to give power to one bureaucratic official in Washington to tell the American citizen that he has not a right to engage in a lawful and normal occupation, that he cannot engage in interstate commerce, which the Constitution intended to be free from restrictions, without a license, that he cannot buy or sell under the conditions of this law, except he crawls to the Department of Agriculture, that cavernous grave in Washington, and begs for a license and then holds the license as long as the Secretary approves of his ideas, knowing that the moment he displeases the Secretary or his agents throughout the country the Secretary can revoke the license. Then the man is helpless, if this law is constitutional, to resume a normal and useful occupation in America, except he make his peace with a bureaucratic official who may be a thousand miles distant. The American people will not stand for this kind of slavery. If I am wrong in this, then I have much mistaken the character of the American people. [Applause.]

Mr. Speaker, I yield back the balance of my time.

Mr. BROWN of Kentucky. Mr. Speaker, I yield 10 minutes to the gentleman from Mississippi [Mr. RANKIN].

Mr. RANKIN. Mr. Speaker, with the probable exception of the signing of the Armistice, which brought to a close the most devastating war in all history, the passage of this currency-expansion measure will likely be the greatest step ever taken by any government since Biblical times. If properly and fully carried out, it will be the greatest boon to suffering humanity of all measures ever passed by a legislative body in all the tides of human history.

I only regret that every man in this House cannot join in its support, the passage of which will probably mark a turning point in the history of our civilization.

I should particularly like to see my distinguished, able, affable, eloquent, and erring friend from Pennsylvania [Mr. BECK] who has just spoken—and for whom I have an abiding affection—throw the weight of his great ability upon the scales on the side of this program and help secure the passage of this the most far-reaching and beneficent measure ever adopted by a legislative body. If he would do that, he would render his country the greatest service of his long and distinguished career. The suffering people throughout the world, even the generations yet to come, might then "rise up and call him blessed." [Applause.]

In order to successfully contest on this floor with the gentleman from Pennsylvania one should be able to "bend the bow of Ulysses" or wield the spear of Goliath. I realize my feeble inabilities to meet such a test. But I am conscious of the admonition of his favorite author, William Shakespeare, to the effect that "Thrice is he armed that feels his quarrel just." Or, as was once said by William Jennings Bryan, "The humblest citizen of the land, clad in the armor of a righteous cause, is stronger than all the hosts of error." [Applause.]

It is said that Alcibiades once stopped up his ears and fled from the presence of Socrates for fear that he would grow old listening to his eloquence.

As I have listened to the adroit and persuasive arguments of the distinguished gentleman from Pennsylvania, the greatest Shakespearean scholar in either House, and one of the ablest lawyers in America, who probably knows more about the Constitution than any other man in Congress, and possibly more ways around it—as I have melted beneath the magnetism of his marvelous eloquence, embellished by his unaffected rhetoric, and reinforced by a literary resourcefulness equaled by few men on this earth, I have found myself holding to the seat to keep from slipping, lest he should sometimes even persuade me to go astray. [Laughter and applause.]

I am told that he was once a Democrat, back in those struggling years of his youth and young manhood, before he attained his present status of emminence and distinction. But you know we are told by his favorite author—

> That lowliness is young ambition's ladder,
> Whereto the climber-upward turns his face;
> But when he once attains the upmost round,
> He then unto the ladder turns his back,
> Looks in the clouds, scorning the base degrees
> By which he did ascend.

[Applause.]

But we also have the consoling assurance of Holy Writ that if you teach a child the way it should go, when it is old, it will not depart therefrom. Probably when he begins to grow "old" and reaches the age of mature discretion, he will return to the conviction of his early youth and join in the fight for the promotion of every righteous cause. [Laughter.] Nothing would be more fitting as a climax to his long and able career than to make that change today. "While the lamp holds out to burn, the vilest sinner may return." Come on, Mr. BECK, join the hosts of righteousness in this crisis of the world's history, when America is awaking like a sleeping giant, from a long and hideous nightmare, breaking the fetters of this depression, turning from the dead past toward the living future, catching the step and taking the lead in the onward march of modern progress.

If he will do that, he will not only render his country his greatest service, but he may then spend the evening of his career in quiet and ideal peace, conscious of a well-spent life, and confident of its good, enriched with an abundance of those blessings which Shakespeare says should accompany old age, such "As honor, love, obedience, troops of friends." [Applause.]

I have often remarked that his speeches remind me of another expression of his favorite author, when he said,

> The world is still deceived with ornament.
> In law, what plea so tainted and corrupt,
> But, being season'd with a gracious voice,
> Obscures the show of evil?

And when I hear his attempts to fortify his erroneous positions with copious quotations from the celebrated literature of the past, even including passages from Holy Writ, I am reminded of the further expression,

> In religion,
> What damnéd error, but some sober brow
> Will bless it, and approve it with a text,
> Hiding the grossness with fair ornament?

I am afraid that by his gracious voice, his persuasive eloquence, his attractive personality and literary resourcefulness, he has not only obscured the evil of his contentions, but has led the minds of many members to reach the wrong conclusion. [Applause.]

As was once said by a great American, "It is a condition and not a theory that confronts us." We are not only charged with the gravest responsibility that will probably ever come to Members of this body in our day and generation, but we are confronted with the most glorious opportunity for service to humanity with which we will ever have to deal.

We are in the midst of the most terrible panic of all history. For more than 3 years we have witnessed the

tragedy of increasing failures, foreclosures, and bankruptcies—farmers forced to sell their crops far below the cost of production, and see their lands swept away for debts or sold to pay their taxes. People are being driven from their homes to join the hungry multitudes who crowd the streaming bread lines along the streets of our cities. Ten or twelve million men, who are able, willing, and anxious to work, are tramping the streets or treading the highways, begging for employment by which to earn their daily bread. Men, women, and children from the best families of America, people who would not get the chill of the humiliation out of their blood for two or three generations, are forced to beg their bread from door to door. A crimson wave of suicide is sweeping over the land—mothers killing their children to keep from seeing them suffer and then committing suicide across their dead bodies.

All this is happening in a land teeming with abundance, where we have more wheat, more corn, more cotton, more manufactured articles, more of everything necessary to sustain human life and contribute to human happiness and human comfort than was ever known before. All this is happening in the most advanced and enlightened age, when we have gained the greatest ascendency over the forces of nature and the greatest command over our surroundings ever reached in all the history of the human race.

What is the cause of all this? The answer is simple; we are in a money panic—a man-made panic, which we are attempting to cure by the passage of this, the most far-reaching piece of financial legislation ever enacted on this earth. We are "cutting the Gordian knot" that binds suffering humanity to the gold fetish, antiquated theories, and discredited policies of the past. By this measure we hope and expect to put the people of America back on the highway to permanent prosperity.

When the Great War closed, it left the people of the world, including America, loaded with a burden of indebtedness that at best it will take generations to pay. Those debts were contracted on an expanded currency, when times were prosperous and commodity prices were high. We are now asked to pay them with a contracted currency that has so reduced commodity prices as to render this burden too heavy for the people of the world to bear. Yet they are asked to carry on, or told to carry on, driven by the whip of the money kings, who offer them no hope of relief. They have about reached the point of exhaustion and are now stumbling, fainting, and falling under the very cross of taxation upon which they and their children and their children's children are to be crucified.

Something must be done. They can stand this strain no longer. This bill will do the work. I have said time and time again that one of three things is bound to happen:

We shall have to expand the currency, to bring back commodity prices to where they were when our debts were incurred, or we shall have to have a readjustment of all debts, public and private, scaling them down, extending the time for payments and reducing interest rates almost to the vanishing point. Unless one of these two courses is pursued, we are going to be swept into a saturnalia of wholesale repudiation of public and private obligations, including district, municipal, county, State, and Government bonds. That would be revolution, the last protest to which an oppressed or suffering people resort.

By this measure we propose to expand the currency to raise commodity prices, and restore the purchasing power of the American farmer, which will automatically restore the purchasing power of the industrial laborers, because it will enable the farmers to buy the things they need. That will start the wheels of industry to turning and furnish work for the unemployed. Then our bread lines will melt away, our entire economic machinery will begin to function normally and the clouds of this depression will disappear.

But the distinguished gentleman from Pennsylvania questions the constitutionality of this law which delegates to the President the power to diminish the gold content of the dollar. In my opinion that question was settled by the court when it upheld the constitutionality of the flexible clause in the tariff bill. The gentleman from Pennsylvania and I both voted against that clause and both of us thought then that it violated the Constitution of the United States, but the courts decided differently, and the law was upheld, just as this one will be, in my opinion, if it is ever put to a test. Besides, this matter will be disposed of by the President before the Supreme Court could ever act upon it. Then, if there is any doubt as to the constitutionality of his acts, Congress would have ample time to ratify them.

Then, too, "there is a higher law than the Constitution." The "safety of the people is the supreme law." This is war! We are at war with the most destructive depression of all times—one that not only threatens the life and safety of every person under the American flag but one that challenges the very existence of our civilization.

The gentleman from Pennsylvania refers to the President's advisers as the "brain trust", as if this currency-expansion theory originated with them. He knows, and every other Member of the House knows, that for more than 3 years I have advocated a liberal, controlled expansion of the currency as the only possible means of relief from this unprecedented depression. I have made this appeal in the House, through the press, over the radio, on the stump, and everywhere else where an opportunity has presented itself. Other Members of the House and of the Senate have done the same thing.

We were not prompted by any "brain trust", but we were opposed by the "money trust", representing the owners of great fortunes who have their money invested in tax-exempt securities and are now opposing expansion because they know that under the present state of depressed prices their hoarded dollars will buy 3 or 4 times as much of American commodities as they will when this currency is expanded and normal conditions return.

I want to touch briefly on the three principal points involved in the currency-expansion provision of this bill. It has been stated, by the opposition, time and time again, that the $6,000,000,000 of new currency provided for in this bill, $3,000,000,000 through the Federal Reserve System, and $3,000,000,000 of United States notes, will be "fiat money".

There is not a scintilla of truth in that statement. Every dollar of this money, under the Gold Standard Act of 1900, will be worth 100 cents on the dollar. It will be interchangeable with every other dollar we have, whether it is gold or silver, or United States notes, or Federal Reserve notes, or national-bank notes, or what not.

This measure has also been attacked because of its provision on the silver question. Did you know that more than one billion people in this world use silver almost exclusively as a money? Silver is mentioned in Holy Writ as a money, before we find any mention of the use of gold as a currency. Silver is the money of the Orient. It is the money of all Central and South America, of all eastern Europe. In 1926, when the international bankers who are opposing this measure induced England to force India onto a gold standard, they destroyed the purchasing power of silver and therefore destroyed the purchasing power of a billion of America's customers.

Some of you gentlemen opposed William J. Bryan on his silver policy in 1896. We Democrats were in favor of the free and unlimited coinage of silver at a ratio of 16 to 1 [applause], and in the Republican platform of 1900, if not in 1896, you provided for the coinage of silver, provided it was done by international agreement, on the theory that if you remonetized silver in the United States alone it would draw the surplus silver to America and drive down the American dollar.

This bill, from that standpoint, is merely carrying out the ideas you expressed more than 30 years ago. In addition to broadening the base for the issuance of American currency it will restore the purchasing power of the people of the silver countries throughout the world, who buy American cotton, cotton goods, wheat, wool, manufactured goods, and other commodities.

Probably the most important proposal contained in this measure is that to give the President the right to reduce the

gold content of the dollar, in order to broaden the base of our circulating medium and to reach an understanding with foreign nations for some kind of a working agreement as to monetary standards.

The chief opposition to this provision is coming from that element of our people who own Government bonds payable in American dollars based on the present gold standard. They prefer to prevent, in any way they can, an expansion of the currency that would raise commodity prices, for the simple reason that it reduces the purchasing power of their dollars invested in those tax-exempt bonds. They prefer to exact the last "pound of flesh." They ignore the appeals of suffering humanity. They ignore the ominous warning of discontent. They ignore the pleas of the President to the effect that this change is necessary to bring order out of chaos, restore the prosperity of the American people, and to save American institutions. When they are asked to cooperate in this stupendous undertaking, they raise the question of the Government's right to cut down the gold content of the dollar and ask, in the words of the greedy Shylock, "Is it so nominated in the bond?"

If by some chance we had discovered an unlimited supply of gold and had offered to pay these bonds in that commodity, then they would have demanded American dollars instead.

The Government has a perfect right to change the gold content of the dollar, without consulting the holders of Government bonds. If this program goes through, they will be paid every dollar the United States owes them in United States money. If they should block its passage, and this country should be swept into the maelstrom of repudiation, they might find, as did Shylock of old, that they had forfeited their bonds by their own perfidy.

We have come to a change in world affairs. We are in the same condition the people of Europe were in at the time of the fall of the Roman Empire. Two thousand years ago Rome sat upon her seven hills, the unchallenged mistress of the world. A few people owned practically all the wealth of the empire. They had gathered unto themselves the gold of the known world. The supply was limited and the amount per capita was gradually diminishing, and there was little or no hope for the discovery of new supplies. They were charging the people as high as 48 percent interest at the time of the murder of Caesar. He was murdered, not because he was ambitious, as many of us have been led to believe, but because he had taken the side of the people of Rome and was wringing the loathsome fingers of the money changers loose from the throats of the suffering people of Europe, just as Roosevelt is doing in America today. [Applause.]

After his death, they continued to concentrate and control the money supply of the world. They drove commodity prices down. International trade fell off, and commerce died. Because of the lack of a circulating medium, the people were driven to barter in trade. Poverty increased, stagnation prevailed, patriotism withered and perished away, corruption crept into the state, Rome tottered and fell, and Europe lapsed into an economic lethargy that lasted for a thousand years. It was broken only by the discovery of America, and with it new, and apparently unlimited, supplies of gold. When this new gold was added to the circulating medium of the Old World, Europe awoke as it were from her lethargy of centuries and leaped forward into an era of prosperity, the like of which mankind had scarcely dreamed.

Commodity prices began to rise, wages were increased, employment became plentiful, commerce was revived, international trade was stimulated, and there dawned upon this earth what is known as the "golden age", the most glorious period in the history of the human race—an age that gave to the world more of genius and of greatness than any other period in all the annals of recorded time. Into that age Shakespeare was born—"the rarest genius and the richest soul that ever lived and loved and wrought of words the statues, pictures, robes, and gems of thought." Into that age came Cervantes, the author of Don Quixote, who by his ingenuous pen swept away the fallacies of centuries, and struck from the minds of men the shackles placed upon them by caste systems of ancient institutions.

Into that age came Galileo, the seer of the centuries, before whose matchless genius the old heavens folded away, and a new universe swung into view. It was indeed a golden age. Its glories are still reflected in the marble of Michelangelo, the paintings of Rembrandt, the engravings of Cellini, whose handiworks today adorn the art galleries of the world.

Under the impulse of progress generated by this revival, our forbears swarmed across the Atlantic and carved this republic out of the unbroken wilderness of the New World, and established here, for the first time, a nation dedicated to the proposition that government derives its just powers from the consent of the governed.

For approximately a century after the establishment of the American Republic, we had a double monetary system of gold and silver. In 1873 silver was demonetized, and soon thereafter the supply of gold per capita began to wane.

Today we are in the same condition the people of Europe were in at the time of the fall of the Roman Empire. The gold supply is insufficient, with the present standards, to supply the basis for the circulating mediums of the world and the amount per capita is on the wane. We are virtually at the end of gold. We have prospected every field, we have searched every territory, we have exhausted every mine. There are apparently no more fields to be discovered. We must find some other method of broadening the base for our monetary supply, or suffer the fate of the people of Rome.

A great American orator once said that "It took Rome 400 years to die, and our death, should we perish, will be as much more terrific, as our intense civilization has given us more bone and sinew and nerve and strength and vitality."

We are making history today! The world is looking to America for leadership. The destiny of our civilization is in our hands. We must not fail! [Applause.]

Some years ago, Lord Robert Cecil, Viscount Cecil of the British Empire, is reported to have said in a speech in Chicago, that "England's sun is going down." But he said it would be a "glorious sunset." And it will. No nation that has ever risen and fallen in all the tides of human history has contributed more to the progress and enlightenment of mankind than has the British Isles. He is quoted as having said further that "The leadership of the world has now been transferred to the United States." In order to maintain that world leadership, we must prove ourselves worthy and able to lead. We are in the crucial test today. Upon the outcome of this measure may depend, not only our leadership, but the very destiny of our American institutions.

One of the ablest ambassadors ever sent to the United States said in a speech in this country a few years ago that "An age is dying in Europe; the waves caused by its death agonies are lashing the shores of America."

In the midst of possibly the greatest crises through which the British Empire has ever passed, when all that she had builded for a thousand years was threatened with dissolution, Phillip Snowden, one of the greatest Chancelors of the Exchequer that country has had in a hundred years, arose in the House of Commons, just out of a sickbed, pale and emaciated, dramatically pointed his bony finger at the opposition across the aisle and hurled at them a challenge that will ring down the centuries, in which he said:

All our past acclaims our future: Shakespeare's voice and Nelson's hand,
Milton's faith and Wordsworth's trust in this our chosen and chainless land,
Bear us witness: come the world against her, England yet shall stand!

In this tragic hour, when American institutions, and probably American civilization, are trembling in the balance, let us draw courage and inspiration from the sacrifices and accomplishments of the past, and say in the words of that great Englishman that all our past proclaims our future. The sword of Washington, the pen of Jefferson, the heart

of Lincoln, the spirit of Lee, the valor of Davis, and the voice of Bryan—the blood of a million American heroes crying out to us from the ground, echoed and reechoed from the hearthstones of millions of American homes—all these admonish us that America must not fail, our civilization must not perish, our institutions must not die! [Applause.]

By the consummation of this program we can restore the prosperity of the American people, broaden the base of our monetary supply, and restore normal conditions throughout the world, and thereby usher in the golden dawning of a new and a grander day.

Let me appeal to you again, and especially to the erudite gentleman from Pennsylvania, to join us in this fight and follow our great leader in this "battle of centuries", to rescue and perpetuate the civilization of mankind. Then you will not only receive the deserved plaudits of a grateful Nation, but throughout the distant lapse of far-off years your praises will be sung by the sons of men, even in the ages yet to come, when this, our lofty scene, shall be acted over "In states unborn and accents yet unknown." [Prolonged applause.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 10 minutes to the gentleman from Massachusetts [Mr. TREADWAY].

Mr. TREADWAY. Mr. Speaker, I appreciate the difficulty of following these orators. The gentleman from Mississippi [Mr. RANKIN] at the beginning of his eloquent address commented upon the ability and type of learning of the gentleman from Pennsylvania, and expressed his timidity in following such a Member of the House as he is. I have somewhat the same timidity in following the gentleman from Mississippi. Certainly, I cannot quote history and indulge in such flights of eloquence as he has brought to our attention.

There is an old story, however, that the gentleman from Mississippi reminded me of, that men in my line of business enjoy telling. It happens that I am one of the few Members of Congress connected with the hotel business. It is a favorite yarn amongst hotel men of a customer going into a restaurant, taking up the menu, with the waiter beside him anxious to get his order quickly so that he would get the tip so much sooner. The man looked at the bill of fare and said, "What am I going to order? Here is tomato soup—no; I don't want it; here is pea soup—no; I don't want any pea soup; here is onion soup—no; I don't want any onion soup." The waiter is getting more and more impatient all the while, and finally down the list the customer sees ox-tail soup and said, "Yes; I want some ox-tail soup." The waiter said, "Why go back so far as that?"

Our friend from Mississippi [Mr. RANKIN] went clear back to 400 B.C. to tell us about Alcibiades. Why go back so far? Then he brought in another interesting simile. I have heard the distinguished President of the United States compared to a great many different heroes of the world, and undoubtedly he is entitled to these various comparisons that are being made for his glorification, but when the gentleman advocates the passage of this measure before us today and brings in as a justification for it a comparison of President Roosevelt with Julius Cæsar, I think he is going back too far. I fail to see the resemblance. Undoubtedly, however, the simile is a good one from the standpoint of the gentleman from Mississippi.

Earlier in the day I endeavored to bring up a question that seems to me to be considerably more up to date than Alcibiades or Caesar. The gentleman from Mississippi objected to my speaking at that time. Recently he asked the gentleman from Pennsylvania [Mr. BECK], the advocate par excellence of the Constitution of the United States, to join with him in bringing about this "progressive legislation," as he described it. Can he conceive or can any other Member of this House conceive of the gentleman from Pennsylvania joining with him in an endeavor to write on the statute books legislation which every man in the House knows will prove to be unconstitutional?

He has asked, forsooth, the greatest constitutional lawyer of the House to join with him in passing legislation that we all know is unconstitutional. Where is the comparison that the gentleman from Mississippi wants to indulge in when he brings up such a proposition as that, either to the gentleman from Pennsylvania or to any of the rest of us?

Mr. Speaker, it is very presuming upon my part to refer in any way to the Constitution, but this morning, if it had not been for the great desire of the gentleman from Mississippi to proceed quite so rapidly with this bill, I would have brought up a constitutional question which I think is involved here. I maintain that no bill should be received from the Senate containing appropriations inserted contrary to clause 7 of article I of the Constitution.

The pending farm relief bill, which is now before us in the form amended by the Senate, contains a number of provisions for raising revenue. Section 21 authorizes the issuance of $3,000,000,000 of bonds by Federal land banks; section 37 increases the authorized obligations of the Reconstruction Finance by $325,000,000; section 43 authorizes the issuance of $3,000,000,000 of United States notes; and section 45 authorizes the President to accept not to exceed $200,000,000 in silver in payment of the obligations of foreign governments. All these provisions affect the revenue, and under the Constitution must originate in the House of Representatives.

While conceding the power of the Senate to amend House bills, yet this power does not give that body the authority to add revenue items to a nonrevenue bill. The title of H.R. 3835 states that it is a bill "to relieve the existing national economic emergency by increasing agricultural purchasing power."

It may be argued that inasmuch as the House has already passed upon the subject matter of the farm-mortgage amendment made by the Senate, this amendment may be said to have originated in the House. I do not concede this; but be that as it may, the inflation amendment and the provision authorizing the President to accept silver in lieu of gold have never been passed upon by this body.

Under the rule that has been brought in for the consideration of the Senate amendments, all points of order are waived. However, my objection to the consideration of these amendments is not a question of a point of order, but a question of constitutional privilege. I submit that such questions cannot be waived in this manner. Neither the general rules of this House nor a special rule reported by the Rules Committee can set aside the Constitution of the United States. If the House wishes to permit this invasion of its prerogatives it can do so, but it must do so by a direct method and not under the provision of the special rule waiving all points of order.

Mr. Speaker, I call attention to the resolution I presented earlier in the day. In it the same language is used as Joseph G. Cannon, then a Congressman from Illinois, used in 1878 and which caused a bill to be returned to the Senate for precisely the same reasons I say the bill before us today should be returned.

In those days evidently the Constitution was of some value in this House. Today it does not seem to be. I ask unanimous consent to extend my remarks in the RECORD and to incorporate therein this matter which Mr. CANNON brought up at the time, which is found in Hinds' Precedents, volume 2, paragraph 1495.

The SPEAKER. Without objection it is so ordered.

There was no objection.

1495. The Senate, having added certain revenue amendments to a nonrevenue House bill, the House ordered the bill to be returned to the Senate.

Mr. TREADWAY. It is on all fours with the question before the House today, as to the right of the Senate to attach appropriations to a bill that has been passed by the House. What are the items to which I particularly refer in that respect? The Senate incorporated an additional bill as an amendment. The House never considered the question of the inflation amendment nor the provision authorizing the President to accept silver in lieu of gold in payment of foreign debts. Show me where those two subjects were at any time in either bill that this House passed and sent

to the Senate. They were not there. Therefore I say we had no right to accept this measure back from the Senate. You can make in order, of course, anything in the way of legislation by special gag rules, such as you are adopting here; but I stand here to say that you cannot make in order an infringement of the Constitution by any form of measure, rule, bill, or otherwise that you may see fit to draft, nor to gag the minority and rush through ideas here undigested and never considered by this branch of the Congress.

Violate the rules if you wish, crowd out the Republicans if you wish, but for all that is good preserve, maintain, and respect the Constitution of the United States. [Applause.]

Mr. Speaker, I brought up this same question some time ago by resolution which was referred to the Committee on the Judiciary for examination and report. As the present bill is the second infringement of the Constitution by the Senate in originating revenue legislation, I trust the committee will not longer delay its report on this very important question. I shall feel constrained to offer a resolution of inquiry as to the cause of the delay unless the Committee on the Judiciary reports in the very near future.

Mr. BROWN of Kentucky. Mr. Speaker, I yield to the gentleman from North Carolina [Mr. LAMBETH].

Mr. LAMBETH. Mr. Speaker, this debate brings before my mind a day in February of last year when, with the humility of one who claims no prophetic license, I tried to tell the House why I could see little hope for the success of President Hoover's latest plan. Not a word of that utterance needs any change today. But I am far from pluming myself upon the accuracy of my predictions, for this was an easy task. I wished with all my heart that I might be wrong, as I now wish no less that I had been. We were simply dealing with a so-called "leader" always months or even years behind events—the Ethelred the Unready of modern times.

Today we find the country near the brink of the precipice, where it was saved practically at the last moment by a very different type of man—a man who faces the hardest facts, instead of shutting his eyes against them, and who meets trouble at least half way. The contrast is almost painful. I should never think of mentioning it except that certain gentlemen who shared the former President's ideas and methods are offering themselves as our teachers today.

Just a word to those gentlemen. Mindful of the ancient sage's dictum that man is a political animal, I feel no surprise when, seeking to lay some foundation for possible advantage hereafter, they act as political animals do. Their late chief may indeed have been wiser than they, for they were certainly blind; and is it not a true saying that in the realm of the blind the one-eyed man is king? Or he may have been precisely as wise as they, for the whole crew of them slumbered while the country went on the rock; and is it not likewise a true saying that all men are on an equality when asleep?

Instead of such a captain the ship of state now has at her helm one who can steer her between the Scylla of inflation and the Charybdis of deflation and keep her course true while defending her from both monsters with the fire of her own guns.

When Grant's critics spoke their complaints, Lincoln answered them: "I can't spare this man. He fights." Thank God, we have at last a man who fights.

What is the nature of the cooperation asked of us this afternoon by our "Marshal Forwards", our leader of 2 o'clock in the morning courage, in his unwearied efforts for the relief of our suffering people?

We are asked to vote affirmatively on the currency amendment to the farm bill, a measure no doubt of very human imperfections in this or that particular and yet the victim of much undeserved prejudice consequent upon wild talk by its nominal sponsor at the Capitol's other end.

I will say at once that if these proposals did indeed threaten to halve whatever little may still be left millions of people whose lifetime savings have melted away, I would be against them hammer and tongs. No destruction of building and loan memberships, of life-insurance policies, or of the financial structure upon which these absolutely depend. And insofar as there are any wealthy people still remaining, I would not rob them either. True enough, the dollar is due some reduction from its present swollen purchasing power, but we may well hope that an accompanying revival of prosperity will bring to virtually everyone more good than harm.

God speed the day when human beings are no longer taught to hate and injure one another because of rabid nationalism or rabid agitation along so-called "class lines." President Roosevelt is a judicious worker in the good cause, and he will soon be asking Congress for further powers to promote economic disarmament—the fundamentally important brand of disarmament—among the nations of the world.

Now, what is this farm relief bill, more wronged, as I said, by some of its friends than by its enemies? As it comes back to the House with the Senate amendments, we see that it has taken on the form of an omnibus measure for the worst or the deepest-lying ills inherited from war inflation, followed after brief deflation by what everyone now recognizes as the half-crazy inflation and extravagance of the post-war boom. First, the farmer, who got a maximum of deflation in 1921, a minimum of the recovery up to 1926, and a most cruel deflation beginning 3 years ahead of the general crash, was to be helped through a frankly experimental price-lifting scheme. Then there was tacked on an originally separate project for lightening his burden of debt, the farm mortgage bill. Third (or fourth, if we count the Smith cotton-option plan separately) came the Thomas currency-inflation amendment, which was a child of storm and which has stirred the country as nothing else has since 1918.

The farmer along with all the rest of us is most interested in the currency proposals, highly important and complex though the others are. No subject is better worth our attention at the present time.

I want to help impress upon everybody the clear, cold fact that these proposals were no part of President Roosevelt's own program, but were taken in hand by him solely to keep within bounds an upheaval which threatened the very foundations of the country. It had become evident, and had been so reported to the President, that the extremists would shortly stampede a majority of Congress into financial insanity. Accordingly he stepped into the breach. He had the projects of the inflationist leaders toned down as much as he could, and then he asked to have the whole matter placed within his discretion, so that he might use any or all or none of the various schemes following their enactment into permissive law. Thus the country was saved from inflation run mad and of a mandatory or compulsive sort. It got instead nothing beyond permissive inflation, which it confidently regards as being in safe hands. As between the otherwise certain calamity of uncontrolled inflation on one hand and this controlled inflation on the other, I am for the controlled inflation every time.

That we can have controlled inflation with almost any modicum of good sense and self-restraint is clear enough. The Senator who speaks for the Mellon-Mills group of reactionaries has attempted to cite German inflation as a frightful example confronting us. But the two cases are extremely different. Germany used printing-press currency after she had no money left to meet the demands of the Allies and little of anything else that was movable. What could a government do, for instance, when placed under the necessity of taking 100,000 cows from children already half famished for milk? And as she necessarily kept on paying her people in printing-press currency, the practice, of course, broke all bounds. It created a demoralization which she ended at the first moment she could. There is no record of any country ever debauching its currency while it possessed superabundant gold, had a favorable balance of trade, was a great creditor among nations, enjoyed complete security. Overinflation has always been forced by conditions from which the United States is and should remain entirely free.

Right here, let me say, I believe that our view of the whole subject will be clearer if we recognize how conditions render inflation of some sort unavoidable for us and how doubly fortunate we are, therefore, in getting the controlled sort. We would have had to inflate or reinflate considerably even if the country and Congress had kept quite cool and there had never been any question of a Thomas amendment.

Make no mistake on this point: The deflationary movement simply had to be halted. Necessary as President Roosevelt's measures were in the matter of the banks, of the gold embargo, and of the Budget-balancing economies, they were all practically deflationary. They hastened the zero hour. Further downtrend would have multiplied bankrupt homes, farms, and industries. There would have been even more severe unemployment, even more defaulted obligations, even more certainty of final ruin. It was a question of bucking the country up at almost any cost.

Furthermore, the sheer size of the figures involved would itself have compelled expansion, whether of credit or of currency or both, just as did the sheer size of the figures during the war.

Statisticians agree that our total public and private indebtedness stands above $200,000,000,000 and that the country at present levels is mortgaged or otherwise indebted for all it is worth. Not only is the Federal Government alone indebted about 21 billions, but it must refinance seven billions of short-term debt within the next 5 years, and it will soon come forward with a huge project of billions for public works. In addition, the new Government corporations, headed by the Reconstruction Finance Corporation and including those in the farm mortgage and emergency home loan bills, along with a lot of others, require billions. These conditions absolutely demand expansion or inflation, whichever name we may give it. There is no use in kicking against the necessity. There would be as much sense in kicking against the multiplication table.

As for the currency inflation we could have without any of the pending proposals, let us glance at the record since last July. On July 16 an amendment to the Home Loan Bank Act authorized the issue of a billion dollars in national-bank notes. The Emergency Banking Act of March 9 authorized 2 billions in Federal Reserve bank notes. Neither authorization has been used in amounts of real consequence. The Emergency Bank Act authorizes any bank, whether or not a member of the Federal Reserve System, to bring to the Federal Reserve bank any paper, eligible for rediscount or ineligible, provided only it has value, and receive Federal Reserve bank notes for it. In fact, a leading member of the House Banking and Currency Committee recently quoted the Federal Reserve authorities as stating that the possibility of currency issue under this provision alone was no less than $20,000,000,000. At $6,068,000,000, our money already in circulation stands $643,000,000 higher than a year ago and almost a billion and a half higher than at the peak of the 1929 boom. Another feature of our paradoxical situation is that, though off the gold standard, we have more gold than ever—enough to support four billions of currency in addition to the amounts actually or potentially outstanding, which I have noted before.

Compared with these figures, there is nothing very formidable about the three billions which the Thomas amendment contemplates through purchase of additional Government paper by the Federal Reserve banks if the banks are willing or through the so-called "greenback section" if they are not. This second provision has been justly criticized, yet its notes could be used only in the purchase of United States obligations and would be retired in 25 years with a 4-percent sinking fund—by no means the same thing as printing money for running expenses. Unlimited coinage of gold and silver at a rate negotiated by the President with foreign countries is another merely permissive step. The Hayden amendment would let the President accept up to $200,000,000 at not over 50 cents an ounce on debt payments from foreign governments due or overdue June 15, such silver to be used as a basis for silver certificates.

I want to call attention to the fact that, besides minor but useful checks upon possible overexpansion, this important safeguard is contained:

> The Federal Reserve Board, upon the affirmative vote of not less than five of its members and with the approval of the President, may declare that an emergency exists by reason of credit expansion, and may by regulation during such emergency increase or decrease from time to time, in its discretion, the reserve balances required to be maintained against either time or demand deposits.

Here is the declaration of a policy which, if carried out even with the authority then existing, would have largely averted the disaster of 1929. But the criminal greed and folly which were preying on the small saver and investor, which continue preying on him so far as they dare or can, and which constitute a greater menace to the foundations of the country than any radicals, these unfortunately controlled the say.

Not until we come to a provision that the President may reduce the gold content of the dollar within a limit of 50 percent is there any authorization which as a mere authorization and irrespective of its use or nonuse presents a downright ugly look. For my part, I do not believe that such a proposal should be legislated even in permissive form. The power may prove useful simply as a lever to the President on the London Economic Conference beginning June 12, when an effort will be made to disarm nations fighting with depreciated currencies instead of with guns. Certainly we want relief from a condition where foreign countries deliberately keep our dollar so high that they can beat us in all markets, including largely our own. But the seriousness of the matter is indicated by the record of history that never since the gold dollar was set up in 1792 has it been changed except in 1834, and then only to the extent of 6 percent. I doubt gravely whether any possible advantage from this provision will counterbalance the effect of however slight a fear that it may be used.

If, indeed, the dollar-devaluation feature checks the return of confidence, there will be difficulty in contriving or operating any sound inflational scheme. For it must be plain from the figures I just gave that having plenty of currency available is one thing and getting it into action—if in any wise good currency—is quite another. Banks do not take out currency for which they think there is no safe or profitable use, or if they do, they quickly send it in and demand back their collateral from the Treasury or the Reserve banks.

Something of the extent to which the country needs loosening up is indicated by the fact that people still have approximately $427,000,000 of the old large currency hidden about their homes, Treasury officials say. This takes no account of other currency or of an estimated $600,000,000 gold.

The chief assurances of reviving activity in circulation are perhaps the psychological effect of inflationary talk and the big sums to be set going through the projected public works.

Finally, I should like to point out that so long as the normal total of our clearing houses is $800,000,000,000 annually and there is a normal ratio of 10 to 1 between bank credit and currency, velocity of circulation must impress us as more essential than practically any volume of currency, inflated or otherwise. What we want and expect now is that activity, that motion which is the very distinction between living things on one hand and lifeless or dead things on the other. If we get enough velocity soon, we need concern ourselves little enough about the price-lifting project, the cotton-option project, the farm-mortgage project, or anything else in the economic realm.

Mr. Speaker, the soundest money is the money which best serves the needs of the Nation.

Not that any or all of these projects, nor yet the President's entire program, should be regarded as a panacea. We still have before us a struggle out of great depths. No doubt we shall feel ourselves slipping back at times and tempted to lose heart. The speculative markets will alternately excite and depress many. Not a few of us will follow wandering fires. But all this is to be expected. Great depressions

have never ended in such a manner that one could say, "Lo here, lo there", at any exact dividing line.

Mr. BROWN of Kentucky. Mr. Speaker, I yield 4 minutes to the gentleman from Indiana [Mr. GRAY].

Mr. GRAY. Mr. Speaker, I first want to avail myself of the full and very generous time accorded me on this bill to make plain my position and viewpoint as to the cause of this panic, as well as the pending legislation designed to remedy the evils brought about and bring farm and industrial relief; and I want to do this using words that will leave no doubt of my solution and the meaning I intend to convey.

I do not believe that this panic is a mystery, a deep, dark, unexplainable mystery. I do not believe that this panic involves a problem defying the comprehension and powers of men. I do not believe the blight of this panic has come like some weird phantom ghost from the somber depths of darkness to hover over the land for a time only to disappear as mysteriously as it came, some way, some time in the far distant, hazy future. I do not believe that this blight upon nature's bounty has been sent as a curse by a revengeful God, nor as a scourge upon the people to rebuke and chastise men for enterprise, industry, and thrift.

Only natural conditions and the supernatural are confusing, bewildering mysteries before men. We cannot comprehend eternity, the causes in far-away space, the infinite works of the Almighty. We cannot solve the problems of birth, life, death, and our being, because the causes in nature and space and the problems of our lives and beings and the reasons for creation are beyond the power and comprehension of the weak, finite human mind, which only God can solve.

But this panic does not involve creation or the supernatural. This panic is not a natural condition. Want, suffering, and distress in the midst of plenty and great abundance is not a natural condition. It is an unnatural condition, an abnormal industrial condition, a perverted economic condition, a condition brought about by men, resulting from the relations of men, in the course and conduct of men. This panic was caused by men, is within the comprehensions of men, can be analyzed and solved by men, and can be remedied and relieved by men. To say that this man-made panic is an insolvable problem, an incomprehensible mystery, is a maneuver to evade responsibility or a cowardly mental retreat.

I believe there is a cause, a reason, a remedy, a restoration, a relief in rational means and methods. And if time will permit, I propose to show the cause, to show how, when, where, by whom, and for what purpose. I propose to give dates, places, and names of men, to particularize, to go into detail and show the operations by which this panic was brought upon the people of this country.

When the blight of this great panic fell upon this fair land of ours, the farmers of the country were a prosperous, happy, and contented people. They were selling or giving up one fourth or not more than one third of their products with which to pay taxes, interest, and fixed charges, leaving them with the other three fourths or two thirds of their earnings and income to pay with, to buy and consume with, to live with, to provide themselves with the necessaries and some of the comforts and conveniences of life, and to lay away a saving for the winter of their declining years. And while they so remained in this prosperous and contented condition they were great and liberal consumers of all the products of factory, mill, and workshop, all of which were kept busy and speeding up to meet their wants and demands.

And during this same time the industrial, laboring people of the country were alike prosperous, happy, and content, prosperous with continuous employment, employment at a fair and living wage, happy for the opportunity to labor, content to labor to live and grateful for the right to enjoy the fruits of their labor and toil.

The song of the reaper in the field, the call of the farmer to his team in the harvest, the glad voice of the farmer boy, happy and content on the farm, met, joined, and mingled with the din of saw and hammer, the whir of machinery in motion, and the rumble of the busy marts of trade to swell the chorus and anthem of a prosperous and contented people, rejoicing, bringing in the sheaves. Such was the condition of the people on the farm, in the factory, mill, and workshop under higher values, higher price levels and wage scales. Such was the condition of the country and the people under a greater volume and supply of money, under a so-called "expansion of currency and credit", under so-called "inflation", when the blight of this panic and its withering shadows fell to prostrate and destroy agriculture.

But suddenly, while the people of the country were reveling in nature's copious bounty, rejoicing in plenty and great abundance, there came a change to interrupt and reverse this happy order of things, this prosperous and happy condition of the people, coming not like a slow, creeping, loathsome disease unawares, but coming like a bolt from the clear sky, like an avalanche from the mountains, like a devastating tide from the sea, or, in the language of the Prairie Farmer:

> In 1920, in almost the twinkling of an eye, the condition was reversed. Prices fell to a ruinous low level, the exchange of commodities almost stopped. No one could sell anything at a price that was considered fair. Wheat fell in price from $3 to $1.60 per bushel. Corn fell from $1.50 to 35 cents per bushel. Hogs, cattle, and all farm livestock and other farm products fell in proportion.

Under this sudden fall of values and the price level, the confiding, unsuspecting farmers awoke as at the break of day, in the morning, to find their property, crops, and produce sinking in a vortex of falling values and prices, forcing down and destroying their tax-paying power, their interest-, debt-, and mortgage-paying power, their buying and consuming power, their power to take and consume the products of industrial labor.

Under this sudden fall of farm values, this failure of earnings and income, over 2,000,000 farmers have lost their farms by foreclosure, and over 3,000,000 are in default and subject to foreclosure. Over 7,000,000 acres of farm land has been abandoned for want of sufficient earnings to pay the costs of production; 2,000,000 farmers have left the farms in quest of employment and a living wage only to compete in the bread lines of public charity in the great cities.

Under this sudden fall of prices, this failure of farm earnings and income, farm debts have increased and multiplied until farm debts today exceed the valuation of all farm lands and property, until the farmers as a class are insolvent, bankrupt, and in hopeless debt. And if all farm property were sold under the hammer today, all farm lands, stocks, crops, and implements, the proceeds of the sale would not pay farm debts.

Under this sudden fall of farm prices farm values have been depreciated over $50,000,000,000, farm values over 25 billions, farm grain and stock over 20 billions, or a loss of over $5,000 to each and every farmer, and over $1,000 for every man, women, and child on the farm, and variously estimated at 2½ times the costs of the World War assessed against Germany as the amount to pay for reparations.

Under this fall of values and the price level 10,000 farm banks have failed, entailing a loss of multiplied millions suffered by stockholders and depositors, sweeping away their earnings and income, their frugal savings of a lifetime.

Under the awful blight of this panic, thousands of farmers realizing the loss of their life's savings, and facing the humiliation of hopeless debts, have gone insane, other thousands have committed suicide, and still others have left for parts unknown to escape the burdens of farm property and the loss of farm operations. And the ghost of a landlord-and-tenant system stalks abroad in the land with corporations as landlords and former farm owners as tenants.

But these conditions of want and distress have not been confined to farmers alone, nor to the people of the rural communities. The failure of the farmers of the country and their want of earnings, income, and consuming power has slowly but surely crept back through retail merchant and wholesale house until its withering hand has touched factory, mill, and workshop, and the rumbling shafts, pulleys,

and wheels have slackened, slowed, and stopped. The whir and din of machinery in motion have died away in oppressive silence; until the mines are running low or closed; until the lumber camps are deserted; until freight cars run empty or are sidetracked, to remain idle; until transportation is stagnated; until traffic is halted, and for want of orders production and consumption and travel is all but suspended; until the blight of this depression, with 14,000,000 industrial workers idle, men are begging in vain for employment and with their families and children are supported by charity and benevolence by public contributions or the dole.

For want of earnings and wages industrial laboring men are unable to meet their building and loan dues and payments, and loan associations are without funds with which to pay their depositors from their savings accounts. And with this failure of wages to make payments and their frozen deposits in banks, the laboring men without wages or hope of income are begging the associations to take their home and relieve them of the impossible burdens of taxes, mortgages, and debts. And for want of earnings and wages tenants cannot pay their rent, tenant property remains vacant or is held without the payment of rent, while landlords are compelled to maintain repairs and upkeep and pay insurance and taxes, leaving their investments not only without profit but a liability and an impossible burden.

Calamity has suddenly fallen upon the people, a cloud has obscured the sunlight of prosperity like a creeping black shadow or a withering blight falling from a clear sky transforming the bounty of nature into an economic curse, and under which starving men, women, and children stand begging before great mountains of food, but are denied and must go hungry, and under which shivering men, women, and children stand looking upon great storehouses of clothing but cannot take for their comfort and protection and must wait in suffering, cold, and exposure. A black cloud has loomed in the horizon of the land and rising until it has overcast the sky, until its shadows falling forward, have obscured the sunlight of prosperity and have left humanity gasping in the darkness of want, in despair and suffering without hope.

It has been well said that all great problems by a proper analysis can be resolved into simple propositions capable of understanding and solution. And it has been truthfully said that the surest way for men to find their way out of a condition is to first take their bearing and find how they came into that condition.

While I am not assuming the role of a Moses to lead the people out of this wilderness of suffering, want, and distress in the midst of plenty and great abundance, I want to throw on the light, to blaze the way, and let the people see for themselves how they were brought into this condition so they can realize, find and fight their own way out of this condition of suffering and despair.

Following the Biblical injunction, "Seek and ye shall find, knock and it shall be opened unto you, ask and ye shall receive", and believing that there was a cause, a reason, it has been found that this $40,000,000,000 taken from farm values has not been destroyed, has not been burned up, has not been cast into the sea, but has continued to exist somewhere in some form of property and wealth, held by some individual or corporation. It has been further found that by the magic wand of money this 40 billions of value lost to the farmers has been shifted and transferred from farm crops, stock, and land of money, and war-debt claims and bonds, the property of certain manipulating bankers, and now remains in their hands and coffers.

Following an apparent trivial amendment passed by Congress April 13, 1920, amending section 14 of the Federal Reserve law, the section taking the control of money away from private bankers and financiers and placing that control in the Government, a secret banker's meeting was held May 18, 1920, in Washington, D.C., behind closed doors and closed curtains and under the very shadows of the Capitol. And in the name and style of "the orderly deflation committee of the American Bankers' Association", a secret resolution was passed declaring for the contraction of money and credits, and then they folded their tent and as silently moved away.

No one knew of the meeting. No one knew who attended. No one knew of the resolution passed. And for 2 years 8 months and 4 days this meeting was kept a guarded secret. But true to an old saying, murder will out. And on the 22d day of February 1923 the manipulating bankers and financiers became involved in a dispute and contention over certain Liberty Loan bonds affected by the resolution passed. And in revenge or in retaliation or for other cause the proceedings of the secret meeting were published in the Manufacturers Record, of Baltimore, Md. And for the first time the proceedings of this meeting and the names of the bankers attending were known to the outside world.

When the curtain was drawn and the world looked in on the secret conclave of bankers there could be read from the resolution passed the disguised, concealed hand of a secret gentlemen's agreement. Brushing aside the veiled preamble, the resolution passed and held in secret reads:

> In their capacity as members of the orderly deflation committee of the American Bankers Committee of the American Bankers Association, they hereby agree to abide by the spirit of the address in their own affairs, and that they will encourage its general adoption by bankers and the people of the country.

The bankers in secret conclave assembled did not say what they purposed to do, but pledged themselves to abide by and stand together to do it. The effect of this secret resolution passed at this bankers' meeting was to secure and bind all bankers in a gentlemen's agreement for the concerted action and cooperation to make effective the control of the discount rate and the open-market operations immediately to contract and take out of circulation the money and credits of the country.

Further following the amendment of April 13, 1920, and the secret bankers' meeting held May 18, 1920, in Washington, D.C., the Federal Reserve banks, under orders of the Federal Reserve Board, without notice or warning, with the people groping in the darkness, began the raise of the discount rate, raising the rates from 2 to 5 to 7 to 8 to 9 percent, and until in some farm banks the rates were raised as high as 85 percent. And with the cooperation of the open-market policy, the reserve banks selling bonds and securities under the mechanism of the Reserve System, the money and currency of the country began to gather and flow back in great swollen stream and current, back until 1½ billions of currency was withdrawn from circulation in 8 months, reducing the volume and supply of credit over 10½ billion dollars. And under the law of money and the volume of supply in circulation, the value of money, the property of these manipulating financiers, was doubled and tripled in value.

Under the same law of money, as the discount rate arose and bonds and securities were sold and money and credits withdrawn from circulation, commodities, values, and the price level fell, fell first upon the unsuspecting, the confiding, unorganized farmers, forcing down farm values and the price level and doubling and tripling taxes upon the farmer—doubling interest, debts, and mortgages upon the farmers, measured in farm crops and products, the only means with which the farmers have to pay—and reducing by more than one half the farmer's earnings and income and impairing his tax-paying power, destroying his interest- and debt-paying power as well as his buying and consuming power; and at the same time doubling, tripling, increasing and multiplying the value of the remaining money in circulation and of war-debt bonds and claims and all contracts and obligations payable in money, the property of the international financiers and the manipulating bankers.

This panic is not a mystery; it is a conspiracy, a deep-laid criminal plot. No pirates boarded a merchant ship to scuttle and sink the vessel, no highway robbers ever rode masked, no bandit burglars ever blew a safe with more deliberate criminal intent than the international financiers and bankers who maneuvered from afar or pulled the manipulating wires from behind closed doors and closed curtains, directing their tools and puppets in the secret

bankers' meeting and on the Federal Reserve Board, fawning to do their will and bidding.

When the crisis fell upon the farming industry with the higher, normal valuation and price level, the farmers were selling not more than one third of their crops with which to pay interest and taxes, and leaving them the other two thirds or more with which to buy, take, and consume the products of factory, mill, and workshop. But when money was secretly contracted, forcing down values and the price level, the farmers were compelled to sell all their crops and produce to pay interest and taxes, leaving them with no part of their crops and produce with which to buy and consume the products of industrial labor, destroying the buying and consuming power of 40,000,000 farm population and dependents.

And this failure and destruction of the farmer's buying and consuming power left the retail merchant without demand, the wholesale house without sales, and the factory, mill, and workshop without orders. And the wheels of industry slackened and slowed down and brought unemployment to industrial labor, and destroyed the buying and consuming power of another 30,000,000 and their dependents, and the fatal circle of hard times, want, suffering, and distress in the midst of plenty and great abundance was realized and complete.

The published proceeding of this secret meeting shows the same held as a conference in the name and style of the Federal Reserve Board and advisory council, with the action taken on a resolution assuming to be presented by the American Bankers Association. George L. Harrison was there. James B. Forgen was there. J. H. Puelicher was there. James A. Alexander was there, and other bankers who participated. But the manipulating financiers and bankers, the master minds of frenzied finance, engineering this gigantic secret movement were not there, present and in person, but were pulling the wires, directing and prompting their tools, puppets, and cat's-paws from afar, who may have been unmindful or unconscious of the crime they were bringing down upon their unsuspecting fellow men.

But the bankers in this secret meeting knew the power of money and their power to control money and credit and commodity values and the price level. W. P. G. Harding, the chairman, said:

> We all know that if the bankers in any community, large or small, were to clasp the screws on tight, they could bring disaster upon the community, which might spread to other communities.

These bankers knew the effect of the contraction of money and credit to force down values and the price level. A Mr. Smith was there and said:

> Of course, liquidation (contraction of money and credits) would result in low prices and the easing up of business.

These bankers knew the effect of contraction of money and credits upon farm values and the price level. Another Mr. Smith was there from Wall Street and the stock exchange, claiming to have secured the farmers' consent to reduce farm values and the price level, and, assuming to speak from personal conversation directly with farmers, said:

> The farmers with whom I have talked are in thorough accord with this.

This Mr. Smith had probably met these farmers standing around on Wall Street wearing overalls and cowhide shoes, carrying manure forks and scoop shovels, and there secured their consent to reduce farm values and the price level.

These bankers not only knew of the effect of the contraction of money and credits but were warned of what they were doing. A Mr. McDowell, of North Dakota, was there and, protesting, said:

> It looks to me like the institution that they told us, when we started the Federal Reserve System, was going to take care of us and prevent panics, was now going to fall down and penalize them.
>
> It seems to me that now is a poor time to penalize the little fellow, and I am afraid that we are just going to create a little more unrest out in the Northwest, where socialism has got such a strong foothold now.

This bankers' meeting was not only called in secret, held and kept hidden, covered, and concealed for 2 years 8 months and 4 days, but the chairman counseled and warned the bankers to hold its proceedings in sacred secrecy. W. P. G. Harding, presiding over the secret conclave, at the close of the secret proceedings said:

> I would suggest, gentlemen, that you be very careful not to give out anything about any discussion of discount rates.
>
> That is one thing there ought not to be any previous discussion about, because it disturbs everybody.
>
> You can go back to your banks, of course, and tell your fellow directors frankly as you choose what happened here today, but caution them to avoid any premature discussion of rates [established here today] as such.

John Skelton Williams, Comptroller of the Currency at the time of this secret contraction of money, who protested and remonstrated against the secret orders of the Federal Reserve Board, in explaining the course being taken said:

> I heard much talk while I was a member of the Federal Reserve Board about forcing the farmer to sell his wheat or the cotton planter to sell his cotton or the cattle raiser to sell his livestock or the wholesaler or retailer to sell their stock of goods.
>
> But I must frankly tell you that I do not recall of a single occasion during the last 2 years of deflation when the Board ever discussed seriously the importance or desirability of requiring the big banks of New York City to liquidate (pay) a portion of their loans; some of which were lending millions of dollars to their own executive officials on highly speculative securities and to big syndicates in which those officials were actively interested, and which those banks had been carrying for months, and some for years, to liquidate a portion of their loans.

This same John Skelton Williams, Comptroller of the Currency during this secret contraction of money, explaining his efforts to stop the secret contraction of money and credits, to John A. Simpson, president of the Farmers Union, said:

> I told the other members of the Board, "Do you not know that that will break lots of little country bankers?"
>
> They cold-bloodedly answered me: "They ought to break. There are too many of them."
>
> I told them, "Don't you know it is going to ruin lots of farmers?" and they cold-bloodedly replied to me, "They ought to be ruined. They are getting so prosperous they will not work."

The currency provisions of this farm bill provide the means and facilities for the issue of new currency for the restoration of the volume and supply of money secretly contracted and withdrawn from circulation, and when carried into force and given effect will cause a rise of values and the price level which is necessary to bring farm and industrial relief. But the most difficult and vital part of such a measure and necessary for immediate and prompt relief has not been provided for or determined upon, but is left with the Executive in the administration of the measure. The issue of the new money making it available to go into circulation is only a part of the program for economic relief. The new money must be made to reach the masses, whose buying and consuming power is to be restored, and not to banks and the certain special few to be hoarded and held from circulation.

There are many means and channels by and through which the new currency can be distributed and carried into circulation, but not all of them can make the distribution to the masses where it is most needed nor promptly and without delay to restore the buying and consuming power and start the wheels of industry.

The payment of the governmental expenses with the new currency would bring a distribution of new money, but the distribution would not be broad enough to restore the buying and consuming power of the people generally.

The costs and payment of new construction and public works authorized and to be authorized as new relief measures would give the distribution of the money among certain industrial classes, but would require a large expenditure of public money for buildings and works that we do not now need and may never need, the money largely going into the pockets of contractors and material men and then would not go to the masses promptly, as the emergency will require, and, lastly, would leave a huge debt to be paid by taxation in the future.

While the payment and retirement of United States bonds due and coming due would distribute the money to a smaller class, and largely to a class not suffering from the want of buying and consuming power, yet it would stop interest and save the people multiplied millions of dollars annually and without adding to and increasing the obligations of the Government to be paid from taxes hereafter. The retirement of the bonds would cancel the bond obligations and transfer that obligation to the obligation of the money used and paid out, leaving the obligation upon the Government the same and unchanged with the huge interest sum saved to the people.

The payment of the soldiers' bonus would put the money into circulation and spread or make distribution of the buying and consuming power among the masses as no other measure could provide. It would go directly and immediately into millions of homes suffering from a want of buying and consuming power and into every community of every State of the Union. It would be spent at once for necessaries, and it would find its way promptly to every retail store in the country. It would start on its journey from retail merchant to wholesale and commission house, carrying new orders to every factory, mill, and workshop in the land. It would start the wheels of production and bring an almost immediate and full-time employment and thereby directly restoring the buying and consuming power of 30,000,000 industrial workers through the restored and increased pay rolls. And the magic circle of production and consumption would be complete and normal prosperity restored without waiting.

The payment of the soldiers' bonus with the new money would not be the creation of any new debt to be at some time repaid by taxation. Congress has already, years ago, passed a law recognizing, obligating, and binding the Government to pay the soldiers' bonus. It is a binding, existing debt which must be paid now or some time in the future. If paid now in the distribution of this new money, the debt is canceled and the Government is free from the obligation for all time.

Under the present conditions of the country, the widespread suffering and want among the people; with millions being spent annually to support a vast army of unemployed in enforced idleness; and in justice and fairness to the soldiers now in distress and in greater need of relief than at any other time probable in the future, this new money should be distributed and put into circulation by the payment of the bonus at least to those soldiers now in want and who are asking for the payment at this time.

And after the payment of the bonus the further increase of money required in circulation to raise values and prices to the level necessary to restore the buying and consuming power should be paid out in the retirement of United States bonds to save the millions of interest we are now paying annually from taxes collected from the people.

With this distribution of the new money by first making payment of the soldiers' bonus, restoring the buying and consuming power of the masses, values and prices for the farmers' crops and stock will be raised to a fair and higher level by next fall market time and normal prosperity will be far on the way.

I ask unanimous consent to revise and extend my remarks by placing in the RECORD certain tables, data, and diagram showing the fall of values and the price level concurrently with the contraction and withholding of credit following the bankers' meeting of May 18, 1920, and the servient action of the Federal Reserve Board raising the discount rate, selling bonds and securities under the open-market operations, and the general policy agreed upon at the secret bankers' meeting to call loans and withhold credits.

There was no objection.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 2 minutes to the gentleman from Minnesota [Mr. CHRISTIANSON].

Mr. CHRISTIANSON. Mr. Speaker, in the period allotted to me I am sure I cannot present any intelligent discussion, at least any comprehensive discussion, of the measure which we are considering this afternoon. However, as a Republican who has never hesitated to carry the banner of the party, even when to do so has cost votes, I want to take occasion to protest against the effort that has been made here today to create the impression that Republicans are necessarily opposed to this legislation. We are not committed to a policy of economic reaction. I dare make the statement that when the roll is called it will be found that a majority of the Members on the Republican side of the aisle will be voting for this bill. [Applause.] At any rate, I am sure that a majority of the Members on the Republican side coming from the Middle West will be found supporting this measure. The last election should be warning enough to those who are still willing to stake the prosperity of this country upon the "dollar that rings true on every counter in the world." It is because those elements of the party, which cannot see virtue in any change and which stubbornly insisted on the maintenance of an outworn economic creed, were too long permitted to control, that there are today altogether too many Members on the Democratic side of the House. It is not because they had faith in the Democratic Party that the voters gave it their support, but because they had lost patience with the stubborn immobility of those in power, who steadily refused to accept any change.

This bill will pass. I am confident of that. I am also confident that it will raise commodity prices, substitute a buying psychology for a selling psychology, invigorate business, lighten the debt burden, protect American industry against a flood of goods from cheap-money countries, and bring back prosperity. And when those things have happened—and they are happening now in anticipation of what we are about to do—what will be the fate of the Republican Party if the word goes out to the country that they were accomplished in the face of Republican opposition?

The true friends of the party are those who by their votes help the present administration effect economic recovery. By placing our party in a position to share in the credit for a great accomplishment we would prove to the country that we are not a party of obstruction, that we can be trusted with responsibility, that we are worthy of being called back in due time to national leadership. If, instead, we persist in a futile and wholly ineffectual opposition to a monetary reform which should have been undertaken 4 years ago, we must expect the permanent eclipse which is the fate of all political parties when they have ceased to be a positive and constructive force in the life of the Nation. This is a time when we can serve our party best by serving our country.

We have heard much today about "sound money." What makes a dollar sound? Is it its purchasing power? Was the dollar any sounder last March when it bought 3 bushels of wheat, than it was in 1919, when it bought only one third of a bushel? If so, should not the proponents of "sound money", if they would be logically consistent, advocate a dollar that would buy 10 bushels?

To state the case of our opponents is to expose its absurdity. The soundness of the dollar is not in a direct ratio to its purchasing power. The soundness of the dollar does not depend upon how much it will buy, but on whether it will buy approximately the same amount of commodities all the time. A dollar which it takes one third of a bushel of wheat to buy when I contracted a debt, but which it takes 3 bushels to buy when the debt becomes due, is not a sound dollar. It is not an honest dollar. It is as dishonest as a rubber yard tape or a collapsible bushel measure.

But, you may ask, Is not the variable dollar, the dollar redeemable in varying amounts of gold, an elastic yardstick? That contention has been made so often, and superficially it seems so true, that I suspect most people believe it. It is, however, based upon a misconception. If the ultimate purpose of a business transaction were to get a certain amount of gold, it might be true. But the purpose of selling an article or a commodity is not to get a certain amount of gold, but to get purchasing power with which to acquire other goods and commodities. Hence, that yardstick is best which varies, not according to the value of gold as a commodity, but which varies least in terms of the average

price of all the goods and commodities that are bought and sold in commerce. Hence the least variable, and the most dependable, measure of values is not 23.22 grains of gold, but a price index which is the mean of all values. It is a self-evident mathematical truth, worthy of acceptance as a maxim, that the fluctuation of any one of 600 commodities with relation to the one commodity, gold, is more violent than the fluctuation of any one of those 600 commodities with the mean, or average, of the values of all.

The least variable, the most stable, and the only honest dollar, is therefore the price-index dollar; the dollar which is redeemed, not with any certain number of grains of gold, invariable as the laws of the Medes and the Persians, but in the number of grains of gold that shall from time to time be equivalent in value to the average price of the commodities handled in commerce. It is a cause of great regret to me that the present bill does not go far enough. It does not give us a money free from the disturbing influence of fluctuation inherent in any dollar of fixed gold content. But it recognizes the present disparity between the dollar which measures the value of our property, products, and services, and the dollar which measures our debts, and gives to the President power to remove that disparity. The passage of this bill would be only a half victory if it did not pave the way for future action. Recognition of the fact that there is nothing sacred about 23.22 grains of gold is a net gain. The removal of that superstition prepares us for the acceptance of a philosophy of money based on rational considerations and not on an outmoded tradition.

One of the chief hindrances to economic recovery is the debt burden. We, the American people, owe $200,000,000,000, which is probably more than the wealth of the people, individually owned, would bring if sold on the basis of prevailing values. We owe as much as we own! Such was not the case when these debts were contracted. Then the property charged with $200,000,000,000 in debts was probably worth about $400,000,000,000. An equity of $200,000,000,000 has become worth exactly nothing. Nevertheless, to most of us these equities have potential value upon which we hope to realize. So we continue to pay interest, which at an average rate of 5 percent, amounts to $10,000,000,000 a year. We pay taxes, which include interest on public debts, amounting to $15,000,000,000 more.

Roughly speaking, we expend $25,000,000,000 for interest and taxes before we begin to spend. Of course, some of the taxes go for salaries, which the public officials and employees who receive them spend, and much of the interest goes to mortgagees and bondholders who spend it, but a considerable part of the interest and tax money goes to those who do not spend it. So the interest burden represents a recurring withdrawal of several billion dollars a year from the people's spending power, and there is one of the basic reasons for the economic depression.

Unfortunately, the interest burden, instead of remaining constant, has been increasing. It required only 200 bushels of wheat to pay the interest on a $10,000 farm mortgage in 1920; it required 1,200 bushels in March 1933. Those who have had so much to say about an "elastic dollar" have probably not had the interest dollar in mind. The elastic interest dollar has been the means by which the American people have been robbed of their former standard of living, the prosperity to which the abundance of the Nation's physical resources and their own industry have entitled them.

We have been told in the course of the debate that inflation is debt repudiation. No inflation permitted under this act could make the dollar less potent than it was during the period when most of the debts now existing were incurred. When creditors get back as much buying power as they parted with they are not cheated. On the contrary, any system which permits the lender to collect more buying power than he parted with (interest not considered) is an aid to extortion, which should not be tolerated in a society in which justice and fair dealing are supposed to characterize business transactions.

It has been charged that this measure provides a partial cancelation of war debts. It is true that the Government is authorized to accept silver at 50 cents an ounce, but it is provided that the aggregate value of the silver accepted shall not exceed $200,000,000. This would be a very small concession on claims which amount to many billion dollars. Furthermore, the concession is apparent rather than real. Even if the United States were to accept full payment in silver, it would get back more buying power than it loaned its European associates. In a real sense, it was not gold we loaned the Allies; it was credit, with which they bought materials and goods needed for the prosecution of the war. If we get back the means of buying the equivalent in materials and goods, with reasonable interest, we shall have received just payment. One of the benefits to be derived from restoring the dollar to its former value is that it will enable us to make an equitable adjustment with Europe without doing injustice to the American taxpayer. By paying the holders of Government bonds in the kind of coin with which Europe can afford to pay, we place ourselves in a position to remove the chief brake upon restored international trade without making the taxpayer bear the burden. The holders of the bonds should not be heard to complain, for the dollars they will receive will still be more valuable than those with which they bought their bonds in 1918.

It has been argued that the uncertainty as to whether the President would use the power to devalue the dollar would prevent economic recovery. That, too, seems plausible; but a little reflection will show that it is not sound. The President would either devalue or not devalue. If he did not see fit to devalue, prices would remain stationary. If he saw fit to do so, they would rise. There would be nothing to induce the belief that any action taken would result in lower prices. Business men and their customers would protect themselves against price advances, not against price depression. The inevitable urge would be to buy, there would be no inducement to sell. The power to devalue, even if never used, would have an inflationary effect. If any proof were needed to back this assertion, the recent trend in the markets furnishes it.

Some of the opponents of the inflationary provisions of this bill have made learned constitutional arguments. They have attacked the delegation of what they have chosen to term legislative power to the President, with special reference to the provision that the President may fix the gold content of the dollar.

It is true that the Constition gives to Congress the power "to coin money and regulate the value thereof." But the same section—section 8 of article I—also gives to Congress the power to lay and collect duties, and to regulate commerce among the several States. The power to lay and collect duties has been, within certain specified limitations, delegated to the President, acting on the advice of the Tariff Commission; and the power to regulate commerce among the States has been, within limitations, delegated to the Interstate Commerce Commission. The Supreme Court has upheld both of these delegations of congressional power. The rule is that when the discretion within which the power delegated may be exercised is limited, there is no unconstitutional delegation of authority. The pending bill has provided such a limitation. It states that the President may not reduce the gold content of the dollar by more than one half.

Germany is the ogre that has been conjured forth by the defenders of the status quo to warn us of the terrible dangers which will befall us if we expand the currency. No one wants the kind of inflation Germany had. No nation with $400,000,000 of gold could have that kind of inflation. Certainly the issuance of $3,000,000,000 in additional currency would not bring it. Under the limitation of this bill, even if the President were to use all his power, the dollar could not become cheaper than the dollar of 1926. A reduction so limited would do injustice to no creditor, would confiscate no investment, would oppress no consumer. We shall not be lighting our cigars with any of the new currency!

Let me say in closing that the question before us today is not whether we shall have inflation or not. The possi-

bility of avoiding inflation is long past. The question is whether we shall have controlled inflation, limited by law, or uncontrolled inflation, forced upon us by inexorable and uncontrollable economic forces.

For we are rapidly drifting into a position where the latter alternative will be inevitable. With the sources of income drying up, with the income tax bringing in thus far in 1933, $300,000,000 less than during the corresponding period of 1932, despite drastically increased rates and greatly lowered exemptions, with the surplus in the Treasury, over $600,000,000 when we came here 2 months ago, now less than $280,000,000; with these conditions not only continuing but being constantly aggravated as the deadly spiral of the economic cyclone completes its work of economic destruction, the time cannot be far off when the Government will have to print fiat money to meet running expenses. Then we shall have the identical conditions which brought Germany to her ruin.

Is not the other the better and wiser course? Take half of the gold out of the dollar, bring debts back to manageable proportions, increase commodity prices, restore the ability and incentive to buy, start the factory wheels moving, put men back to work, employ black ink instead of red in the accounting rooms, replace deficits with incomes, start the revenues flowing again into the coffers of the Government, and make this the happy, prosperous country it by right should be.

Instead of risking the dangers of uncontrolled inflation, the forerunner of bankruptcy and despair, let us undertake a reasonable and intelligent expansion of the currency and a reduction of the dollar to a value consonant with reason and good sense.

The SPEAKER. The time of the gentleman from Minnesota [Mr. CHRISTIANSON] has expired.

Mr. BROWN of Kentucky. Mr. Speaker, I yield 4 minutes to the gentleman from Idaho [Mr. WHITE].

Mr. WHITE. Mr. Speaker, we have here under consideration in an amendment to the farm relief bill a proposal to change the fundamental law regulating the Government's function in creating and issuing money, the most vital and controlling issue that has ever come before the Congress. It is my firm conviction that if this Congress will exercise the power conferred upon it by the Constitution to coin money and regulate the value thereof, and give this country a sound, workable, and adequate monetary system, business and industry will automatically restore commodity prices, and resulting profits accruing from business will start the flow of income-tax returns which will automatically balance the Budget, and the people of this country will enjoy a return of prosperity.

What we are seeking to do here is to increase the purchasing power of the people by increasing the value of commodities, which are the products of labor. We must not confuse the purchasing power of the monetary unit with the purchasing power of the individual. "Inflation" is not the word that I think gives the proper definition of what we are trying to do. We are rather trying to restore credit and confidence by supplying that element which we call cash.

We have been trained to do business on credit and credit has collapsed. Now, under the power of Congress to coin money and regulate the value thereof, I think we must restore the primary money by the addition of silver to the gold in our monetary system.

[Here the gavel fell.]

Mr. BROWN of Kentucky. I yield 2 additional minutes to the gentleman from Idaho.

Mr. WHITE. I have before me a chart taken from the report of the Senate Committee on Foreign Relations prepared by the Federal Reserve Bank of New York, which shows the relation of commodity prices to silver. Let me point out that from 1913 to 1930, when the most violent fluctuation this country ever saw in the price of silver occurred, that the price of wheat and commodities synchronized and followed in their minor fluctuations every movement of silver. This, to my mind, is conclusive evidence that silver controls the price of wheat. Never yet in this country have we had dear wheat and cheap silver. This Government through the operation of the Farm Board, the Reconstruction Finance Corporation, and other Government agencies has poured $4,000,000,000 into our depressed markets trying to raise commodity prices and break the relation which exists between the price of commodities and the price of silver.

Mr. Speaker, I am convinced that the only solution to get us out of this depression is to remonetize and stabilize the price of silver. [Applause.]

Mr. Speaker, I yield back the balance of my time.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 2 minutes to the gentleman from Iowa [Mr. GILCHRIST].

Mr. GILCHRIST. Mr. Speaker, in one part of my Iowa district martial law prevails this afternoon. The soldiers have come down there because sympathetic neighbors were expected to stand by in an effort to prevent the sheriff from selling the property of an Iowa farmer at chattel-mortgage sale. I have here a newspaper picture showing this thing. And one can see that the sheriff is being backed up by machine guns and by military display. The farmer must lose the property. On with the sale!

I deplore what has taken place out there, but, nevertheless, I want to say something about these farmers. They have been good men. They are good men. They have been good citizens, and they will be good citizens. They are hard-working folks. They want to abide by the law. They are not anarchists. They are God-fearing men. They work from light to night, and their wives and children work with them through the live-long day. By reason of untoward events over which they have had no control and for which they are in nowise to blame and without fault of their own they have been brought to the verge of ruin. By practicing the utmost industry these men are not able to sell their products at a price which will save them from bankruptcy. By practicing the utmost thrift and economy these men are not able to save their property from forced sale under the sheriff's hammer.

Insurance companies, banks, and individuals hold mortgages on the farms of this country and upon the farmers' chattel property aggregating as much as the entire monetary gold stock of the whole world. Under the present monetary set-up it is no more than simple truth to say that the farmers cannot pay these mortgage debts. Prices for farm products are so low that they do not justify shipment to market. Railroads are going into receiverships. The farmer is no longer a consumer of manufactured products. He is forced to live off of his farm. Everyone must be interested in his plight because everyone suffers with him and because this country will never recover its equilibrium until the farmer is restored to his fair share of prosperity and is given buying power. These farmers are conscious of their own diligence and industry and believe themselves without fault, but nevertheless they find themselves unable to pay their interest or their taxes or their debts. They have been made desperate by the economic conditions which have brought about their suffering and their despair. They have now come to realize that there is little hope for them or for their loved ones unless such conditions are speedily changed. And so the militia has come there to patrol the highways and farmsteads and to see to it that the despair and despondency which prevail among them do not lead to open violence and anarchy.

I cannot and do not excuse anarchy. I cannot and do not speak for any group or crowd of men that will so far forget themselves as to enter the halls of justice and, with force and violence, attack a competent and fearless judge. This is reprehensible. The honor and dignity of our State must be and will be preserved. Law and order must and will prevail. But, Mr. Speaker, I have to say that there comes a time when men, driven by long suffering and agony, will forget law and propriety. I regret that this is so. I regret that some of our people have been guilty of great wrong. I do not palliate or excuse their offense. I know that men will always fight for their homes and their loved ones. The primal instincts of self-preservation sometimes impel them

to violence when they believe that their homes are to be devastated and that their loved ones are to be abjectly consigned to economic slavery. It is our duty here and now to so arrange it that the laws will protect the farmer and make it possible for him to reach a degree of prosperity within the compass of the law and not allow him to believe that he shall have any economic security outside of it. Our duty is plain.

For many years this storm has been brewing. During my own membership in this body I have stood on this floor many times and have pointed out the facts and have asked that affirmative relief be given to agriculture. I have said, and I repeat again, that we have been fiddling while Rome burns. Here now in this Congress we should be profoundly impressed with what has taken place in my State. While we deplore mob violence, and while we censure men who are guilty of high crimes against the peace and dignity of our people, and while we profoundly regret that mobs should ever seek to enter the halls of justice, nevertheless we must ourselves deepen our sense of responsibility. We must no longer hesitate. We must rescue agriculture. We must go forward with this bill because it is the only proposed legislation which is designed to remedy the manifest evils attending the farm situation. We are not allowed to amend the bill. We must take it as it is. We cannot reject it. That alternative is unthinkable.

Heretofore the counsel that has prevailed respecting agricultural relief has been the counsel of the old-fashioned-do-nothing crowd of physiocrats; they are the laissez-faire crowd which teaches the philosophy of noninterference, of "hands off", of "let alone." Now, it is thinkable that this philosophy might not be so bad in its effect upon agriculture if it were given universal application. If hands were kept off of every other industry, it is thinkable that agriculture would be in a position to take care of itself. I do not argue this, but I do say that laissez faire has not been the basis of our legislation respecting other matters and in other fields. For example, the Reconstruction Finance Corporation is an instance of high demand for affirmative interference and affirmative action. It is not "let-alone" action. It is, in truth, the most stupendous example of socialist legislation that has ever been enacted by the Congress since the time that George Washington was inaugurated as President of these United States. I do not criticize that act, but think it is noteworthy to remark that some of the men who supported the Reconstruction Finance Corporation are the very men who believe that agriculture has no right to participate in favorable legislation of the same character, and that the laissez-faire principles should obtain as to agriculture but not as to finance, manufacture, commerce, trade, and many other forms of industry.

Since coming here I have heard much of the slogan "less Government in business." And yet I have seen the very men who repeat this slogan come here and demand legislation which puts the Government into various and sundry lines of business with which they, perchance, happen to have an interest. These men want Government regulations and help in banking. They want the Government to engage in finance and trade. They want subsidies and appropriations of money and demand that we shall embark upon many forms of industry. I do not speak against this here today, yet these men want the Government to keep its hands off of farm production and farm industry and farm finance. They are the men who want Government in business, provided the Government will help their business. But they want the Government to refuse help to every other man's business. But this slogan does not seem to be heard so much lately. It is not in good style just now. And this is because nobody seems to want to trust anybody but Uncle Sam, and therefore, your dear old uncle has had to come to the relief of nearly everybody and everything. Whatever the Government may have been doing for agriculture it is plain that there has been no adequate relief so far given that industry for it is now in bankruptcy and economic ruin. It can scarcely be denied that conditions in the farming areas of the country, whose people constitute one fourth of our population, are such as to imperil our national welfare.

But I want to talk about the monetary features of this bill because the chief discussion here this afternoon has been in reference to that subject. We hope and believe that the operation of the bill will expand currency and credit and restore trade, prices, and prosperity. Mr. Speaker, the dollar is now altogether too high priced. It takes entirely too much of labor and of the produce of the farmer in order to get one. When men talk about sound currency they have no right to refer to the present American dollar because, as applied to agriculture, it is an unfair dollar. When men talk about an honest dollar they cannot be talking about the present agriculture dollar, because that dollar is a dishonest one. When men speak with derision of rubber dollars, they must be referring to the present standard monetary bank dollar of trade and commerce, because it is the dollar that has been stretched far beyond any normal or righteous length. Rubber stretches. It stretches out into lengths that are not normal. That is just what the dollar has done with regard to the American farmer. It has been stretched to represent 10 bushels of corn instead of 1 bushel, which is its normal and honest length. Honest money is money that is fair alike to the creditor and also to the debtor. To establish a just relationship as between debtor and creditor, it is absolutely necessary that we have an honest measure of value, just as we have honest and fair measures of length and weight and capacity. When money doubles or trebles in value, the debtor is compelled to pay his debts twofold or threefold or else have his savings taken away from him through legal process. [Applause.]

[Here the gavel fell.]

Mr. BROWN of Kentucky. Mr. Speaker, I yield 1 additional minute to the gentleman from Iowa.

Mr. GILCHRIST. Let me illustrate. I have in my hand a piece of old-time German currency which reads upon its face that it is for 500,000 marks. At one time a mark was worth 24 cents, so that this piece of money then represented about $120,000. A friend of mine gave it to me about 10 years ago. I was curious about it. I thanked him for it and asked him how much it was really worth. He replied, "If you were over in Germany tomorrow morning you could just about buy your breakfast with that piece of money." Think of it! What does this mean? Why it means that one who had been reasonably faithful and diligent and who had practiced economy and had intelligently carried on his business affairs, and had been successful and laid up a competence of $120,000 for his old age, would be compelled to go down into the evening shadows of life with no more than the price of a breakfast! It means that a widow who had an insurance policy for a hundred thousands dollars left behind to her by a frugal and loving husband would have after all nothing more than the price of a breakfast. Nobody can defend such a thing! It is wrong! You know that it is wrong! Therefore we hear much said by our opponents about German inflation as having been a wicked and unconscionable thing. But why do these men stop at this point? It is equally wicked; it is equally unconscionable; it is equally wrong for us to allow a condition to prevail whereby a farmer must pay tenfold in his labor and in his products in order to satisfy his debt. American deflation is equally wicked, just as German inflation was. What difference is there in the principle of the thing? Does any one believe that the farmer can go on under present economic conditions? You talk here about the sanctity of a contract. Is there any sanctity or honor in a contract which requires a man to pay 10 times the amount of his borrowings in order to satisfy his debts, besides paying high interest rates to money changers measured by the same 10-fold formula? How about recent legislation in various States to prevent the payment of the contracts of insurance companies and of the big banking institutions? Understand, I am not against this legislation. It was probably necessary.

If it is wrong to despoil the creditor class in Germany, it is equally wrong to despoil the debtor class in America,

and that is exactly what you have been doing or have allowed to be done to the farmer during these past 12 years of your rubber and dishonest dollars. You have not given an honest dollar to these men and women upon the farms. And it was in point for the old farmer in Iowa under arrest by the militia to say that so long as they had cheap prices they ought to have money proportioned to such prices with which to pay their debts and buy their necessities.

The bill is not just what any one man would make it, but all legislation is a matter of compromise, and this bill goes in the right direction and makes for the redress of great wrongs. Twenty-three and twenty-two hundredths grains of gold are not sacrosanct. .Men and men's wives and men's children are. And no sacrilegious hand should be allowed to be laid upon them to take from them unfairly their lives, their happiness, their welfare, their estates, or their homes. Republicans and Democrats alike will support this bill. [Applause.]

[Here the gavel fell.]

Mr. GILCHRIST. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include therein excerpts from a statement of Dr. G. F. Warren, professor of agricultural economics at Cornell University, Ithaca, N.Y.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

The matter referred to is as follows:

WHAT IS PRICE?

Once upon a time, a farmer found that he could get 23 hogs for 60 sheep. At a later time, he found that it required 120 sheep. Why the change? If there were time to question you individually, some of you would say that there were too many sheep at the second date. Others would say that there were too few hogs. Others would give the correct answer, that we do not know. There might have been too many sheep or a reduced demand for them; or there might have been too few hogs or a high demand for them. There are many other possibilities. There might have been a shortage of both sheep and hogs but a greater shortage of hogs; or there might have been a surplus of both sheep and hogs but a greater surplus of sheep. The only way to determine the cause of the changed relation is to compare sheep and hogs with many other things. Suppose we find that hogs exchange for twice the former amount of innumerable things. Who would then be so foolish as to attempt to explain the changed ratio as due to the supply of sheep? But if we change the 23 head of hogs to 23.22 grains of gold, and change the sheep to pounds of wheat, practically everyone says at once that there is an overproduction of wheat. If a bushel of wheat (60 pounds) exchanges for 23.32 grains of gold (otherwise named $1), and if at a later time it takes 2 bushels of wheat to get the dollar, we blissfully explain it as too much wheat.

There are four factors in price, not two as is commonly supposed. This error has been the cause of innumerable business failures and of much foolish legislation. The price of wheat is the ratio of the supply of wheat and demand for it to the supply of gold and the demand for it.

Our present measure of value is a given weight of a single commodity, the value of which changes with the supply of this commodity, and the demand for it in precisely the same way as the value of any other commodity changes.

The "money illusion" is as thoroughly dominant in this generation as was the illusion of a flat earth about which the sun revolved in the time of Galileo. It is almost as dangerous for an economist to challenge the money illusion as it was for Galileo to threaten the foundations of civilization by saying that the earth revolved.

RELATIONSHIP OF GOLD TO PRICES

For 75 years before the war world monetary stocks of gold divided by total production of other things equaled prices in England. During the war prices on a gold basis doubled. How did this occur? For the very simple reason that most of the world abandoned the gold standard and stopped bidding for gold. Gold, therefore, moved to the few places where it was freely purchased. The low demand reduced its value just as the demonetization of silver reduced its value.

When the various countries attempted to return to a gold basis the increased demand raised the value of gold. France returned to a gold basis June 25, 1928, and the gold panic was soon on. Now 31 countries have given up the effort to maintain a fixed price on gold. But they are still bidding for the world's gold supply. It is possible that they will definitely demonetize gold and stop bidding for it and make it cheap again, but this is not probable. The value of gold is determined by world supply and world demand, not by location.

To keep pace with business the world gold stocks must increase as rapidly as the production of other commodities, or about 3.15 percent per year. But the increased use of gold in industry is about as rapid as the growth of business. In order to increase the world monetary stocks by 3.15 percent per year it is necessary that the production be 5.6 percent of stocks, the additional amount being necessary for industrial uses. This would call for production of about 32,000,000 ounces this year. The actual production is about three fourths of this amount.

The present rate of gold production would result in a gradual decline in prices, even if there had been no war. But our major difficulty results from changes in the demand for gold.

During the many years when there was a low demand for gold our debt, tax, and business structure became fairly well adjusted to a commodity price level about 50 percent above pre-war. We are, therefore, in the position of having a world gold supply of only about two thirds the amount required to support the price level to which business is adjusted, provided the former gold-using countries continue to bid for gold. This situation results in such a frantic demand to get gold that even the gold supply which we have is used inefficiently.

Mr. BROWN of Kentucky. Mr. Speaker, I yield to the gentleman from Wisconsin [Mr. HENNEY] such time as he desires.

Mr. HENNEY. Mr. Speaker, I wish to address myself to a subject that is not presently new but which has been engaging the attention of the farmers, laboring men, and business men of our country for the past 2 years. I have reference to the subject of expansion of our currency. I wish to go on record as just another voice crying in the wilderness on behalf of our belabored and beleaguered farmer and laboring man. I hold in my hand a rather voluminous piece of money; in fact, it is a foot and a half long by one half foot wide. It represents $2 in credit money. This gigantic piece of money is, to my mind, a signal indictment against the sufficiency of our circulating medium and a telling and explicit argument for the necessity of expansion of our currency. This is only one of thousands of different plans which has been and is being used in hundreds and hundreds of localities of the United States to supplement the money scarcity. This particular piece of currency is one of a series that is circulating in the city of Madison, located in the Second Congressional District of Wisconsin, which State I enjoy the honor of representing in this Congress. Reading the legend on the face of this note explains its particular plan more concisely than I can—

ANTIHOARDING VARIETY

This is a bona fide check printed up in jumbo size to carry 25 endorsements and to call public attention to the number of people benefited by money kept in circulation even for a few days.

Idle money helps no one. Money in circulation helps everybody. So, while this check may be cashed at any time at your bank, we suggest that instead you help keep it in circulation by passing it on within 24 hours to someone from whom you buy something or in payment on account.

Just endorse the check on the back when you pass it along and the twenty-fifth person who receives it should bank the check in the regular way or bring it to our place of business.

What does this mean, and why do business men resort to this procedure? It is proof positive that there is not enough currency in circulation and that business is forced to this type of money as a medium of exchange in lieu of the barter and trade principle. And while we are told that at the present time there is in excess of $8,000,000,000 of Treasury money outstanding, still the existence of such a medium of exchange as this is proof positive that we do not have enough currency in circulation. The situation is analogous to the adage, "Water, water, everywhere water, but not a drop to drink."

According to ex-Senator Owen, of Oklahoma, the records of the Treasury Department in February show that there was about $6,000,000,000 in currency outstanding, but it was not in actual circulation according to his figures. At that time he stated there was about one-half billion in foreign exchanges used for cash and travelers' checks and meeting obligations, or was lost. There was about one billion one hundred fifty million in the safes and tills of some business men who, because of bank closures in their localities or in order to avoid the check tax, had withdrawn their bank checking accounts and were paying wages and small accounts in cash. In other words, it was semihoarding. Over one billion six hundred million was being hoarded in sugar bowls, stockings, mattresses, old books, and so forth. Since that date undoubtedly a large proportion of this has been brought back to the banks which have opened and are

considered sound, but it has been more than counterbalanced by money that is tied up in savings accounts in closed banks. Eight hundred and fifty million was in checking accounts but must be replenished, as it is checked out, so that this amount is really out of circulation. This left approximately two billion one hundred million in circulation, and these figures and conditions submitted by ex-Senator Owen have not materially changed and are practically the same today as they were at that time.

I submit that this is not enough money to carry on the normal flow of business in this country, and that is the reason why such a preposterous condition has resulted which brings into existence this huge piece of currency. This is fiat money in all that the term implies. Necessity may be the mother of invention, but malnutrition of finance is father of this illegitimate offspring. Whenever any proponent for expansion of currency raises his feeble voice in its behalf that old bugaboo is advanced that inflation is all right but if it gets out of control conditions paralleling those of Germany and France will result. In view of the fact that our gold reserve of $4,400,000,000 can on a 40-percent basis be safely expanded to $10,000,000,000 in currency, this is mere persiflage. The currency in this country can be, and has been, expanded and contracted many times in the past without the people even knowing that it had taken place. When President Wilson assumed office in 1913 there was about three and one quarter billion dollars in circulation and an orderly and systematic expansion was brought about at that time so that when he left office we had approximately six and one quarter billions in circulation. That was one of the most prosperous eras of our century. We were continually told that this was war prosperity, and we will accept that partially but not in its entirety. However, I submit that this expansion of the currency of 100 percent had its effect in bringing about the prosperity which we enjoyed at that time. But what did our opponents tell us then? We all remember during the Harding-Cox campaign that their slogan was, Reduce the high cost of living. And the cost of living was high, because beefsteak, pork chops, bread, cotton, woolen clothing, and all supplies in general that came from the farm were high, and in their platform of 1920 they stated, in substance, that this high cost of living was caused by the unnecessary and uncontrolled expansion of the currency, and they pledged themselves to reduce the high cost of living by deflating the currency at least 50 percent. Was this statement true then? Of course it was. This was their contention. They believed it and they proved it, for, beginning in March 1921, a systematic and orderly deflation of our currency was begun, and during the next 17 months this deflation took out of circulation slightly in excess of $2,000,000,000, so that in July 1922 the amount of money in circulation in the United States was about four billion two hundred million, and the high cost of living, beefsteak, pork chops, butter, milk, and other farm products had a real toboggan.

It is true that prices again reached the peak in 1928. This was largely because we had loaned to Europe fourteen billions of dollars with which they were able to and were magnanimous enough to buy our own goods from us with our own money and thereby help to maintain a purely artificial price level. This they did and everything was "hunky dory" until the balloon burst in 1929 and we found ourselves going downhill with four flat tires, no brakes, and a disabled steering wheel; and, Mr. Speaker, I submit that if inflation of our currency in 1914 was even partly responsible for our era of prosperity and if, as contended by candidate Harding and demonstrated by his policy as President, it was responsible for the reduction of the high cost of living and the reduction of the price of commodities, then certainly at this time we are justified in reversing the machinery and embarking on a controlled expansion of currency in some form whether it be by purchase and coinage of silver or by issue of Federal Reserve notes and putting them into circulation, by retiring six or seven billion dollars of tax-exempt interest-bearing bonds, which I strongly endorse, or whether we shall revalue the gold dollar. This is not so material as that we expand the currency by safe and carefully controlled methods, the same as were used by Presidents Wilson and Harding to control the expansion and deflation during their administrations.

I believe it can be stated without serious contradiction that farm prices will rise; interest rates, mortgages, and fixed charges will be cut in proportion to the amount of expansion; the buying power of the farmer will return; the wheels of industry will begin to hum; laboring men in that vast army of unemployed will return to work at better wages, and business and professional men in villages and cities will again be able to meet their bills. The velocity and free flow of money will be set up and as we well know, the velocity in flow of money varies directly as the amount of currency in circulation and also inversely as its value.

This was well illustrated in France where at the time of the World War and still later when the amount of paper currency in circulation was excessive and of course was uncontrolled and was not backed up by sufficient reserve in their treasury. Soldiers who were given their pay in the French currency would have a veritable pocketful of it, and they spent this currency freely because of its cheapness. In fact, the actual amount of money spent as compared with American dollars was in excess of what it would have been had they been using a higher priced currency. This bears out the contention that the velocity varies inversely as the value of the money, or in other words, the more the money the cheaper and easier it is to get and, therefore, the more freely it is spent. Business prosperity depends upon the velocity and flow of money to a greater extent than to the actual amount of money in existence but the amount of money which represents the reservoir or fountainhead of the stream of credit is after all the factor which controls the velocity of flow. No one thing could so stimulate prices and buying power throughout the whole United States and build up the psychological reaction of the business in this country as a carefully planned and orderly executed expansion of our currency. This was well borne out by the reaction of markets the day following the passage of the farm bill with the inflation amendment by the honored body at the other end of the Capitol, when prices on wheat, corn, hogs, cotton, and all farm products moved sharply upward. No other legislation will as quickly benefit the farmer, give him a purchasing power, and raise wages for the laborer and put the unemployed back to work as will the passage of this bill. I am militantly for it. Let us get some circulating fluid into this exsanguinated patient. [Applause.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield to the gentleman from New York [Mr. CLARKE].

Mr. CLARKE of New York. Mr. Speaker, I have swallowed a lot of convictions in order to vote for much emergency legislation our President felt necessary.

I have voted on the floor of the House for practically two thirds of this bill and sought constructively in our committee meetings and hearings to make the remedies reach back to the benefit of our farmers, so you can see I am willing to give our President a chance under most any farm bill, but when the "elder statesmen" project into a farm bill inflation amendment no. 85 I say I cannot go along, for it interferes with my old-fashioned United Presbyterian conscience.

No such monetary amendment belongs in a farm bill—politics placed it there and the farmers suffer and starve where politics thrive.

As to amendment no. 83, the "cost of production", or the "Johnny Simpson amendment", I want to make this observation: Johnny's amendment had no consideration by our Agriculture Committee and was rejected by the framers of this bill, the doctors of philosophy, professors multitudinous, editors galore; yes, even Secretary of Agriculture Wallace, and all who were sympathetic to the election of President Roosevelt wanted none of it but wanted it kept a secret from Johnny.

This amendment is one of about 50 authorizations freely voted the Secretary of Agriculture in this farm bill. Simpson's amendment was put in there either as a polite gesture



to Johnny for helpfulness in the late presidential campaign, or because somebody fears Johnny, or somebody wants to fool Johnny's followers.

This Simpson-Einstein-Mordecai amendment no. 83 provides that the Secretary of Agriculture must make an estimate (on any farm commodity) based on this formula:

Estimate the percentage, including carry-over stocks, needed for domestic consumption, then determine the average domestic cost of production and a reasonable profit.

Johnny Simpson comes from out in our great Wheat Belt; yet after 12 years' of service on that Agriculture Committee and after hearing over 1,000 witnesses from the Wheat Belt Johnny hails from, on the various industry problems, on wheat alone, down to this day we could get no general agreement from all these witnesses as to the cost of production, so what can we expect from any Secretary of Agriculture. Only yesterday I talked with one of the leading champions of this cost-of-production amendment—after some discussion with me he reduced his estimates of cost of production from $1.56 to $1.01. This partisan claimed, at first, there were only 5 or 6 kinds and grades of wheat, and when I got through with him I made him admit there were over 20, while the truth is there are probably about 90 different kinds and grades of wheat. Such misinformation or ignorance should have no place in this debate.

The next job the Secretary has, after going through this simple formula of arriving at the cost of production, say, of wheat per bushel, so the Secretary can decide on something a thousand wheat producers could not agree on, is to proclaim this estimate price; it then becomes unlawful for any dealer to purchase from any producer the percentage for domestic consumption at less than the proclaimed cost of production. What is left over can be purchased at any old price.

This percentage problem is equal to the one "Amos 'n' Andy" had confront them when they bought a dairy cow and Andy claimed half the milk—but Amos or the Kingfish said the front end belonged to Andy.

The poor farmer will not even celebrate July 4 as Independence Day—that day is gone forever under this amendment. Communism alone can make it work, with Simpson substituting for Stalin.

Title III, section 8, article I, Constitution provides that Congress (not the President) has power to coin money and regulate the value thereof.

Under this inflation amendment no. 85 it is proposed to authorize the President to use three methods to increase the dollar value of commodities.

First. By increasing Federal Reserve credits by $3,000,000,000.

Second. By issuing up to $3,000,000,000 Treasury notes, not secured by gold but on credit of United States, to buy back Government securities.

Third. By devaluing gold content of dollar up to 50 percent. Fix ratio of silver to gold and provide for unlimited coinage of silver at that ratio.

The President is also authorized to accept silver at 50 cents per ounce up to $200,000,000 in payment of any foreign debt.

I hold that the "elder statesmen" got the tail before the horse with this inflation amendment no. 85.

The problem before the United States as I see it is—

There are 12,000,000 of our fellow citizens out of jobs; there are probably another 10,000,000 of our people very hard pressed to get along. The purpose of this bill is to increase the cost of living to one fifth our population who have either nothing or but very, very little.

On the other hand, we holler like hallelujah about surplus—surplus wheat, surplus cotton, surplus this, or surplus that—one half that problem of surplus arises because one fifth our people cannot buy, hence underconsumption—how can we solve this problem, then? It is the major problem in the United States, and this proposal of inflation does not answer it. Give them work means give them dollars, and dollars are equivalent to "purchasing power"; commodity prices will naturally rise; no artificial stimulants will be needed; the law of supply and demand will obtain; there will be no "hang overs" as there are sure to be under inflation.

Work is the major problem in local, State, and National Government; it is part of our job to help provide it.

Work for self-respecting America is the heroic program that should have the complete cooperation of Government, industry, and every patriotic American who can offer even 1 day's work to one of his countrymen.

Sound banking—sounder bankers help breathe confidence and faith; work breeds self-respect; self-respect means Americans will maintain American ideas and ideals.

The flag is our symbol and signal.

Symbol because wrapped up in its folds is the picture of those old farmers, with their trusty flintlocks—who made history at Lexington and Bunker Hill; a symbol of that 4th of July when the refrain of liberty rang out from Independence Hall; a symbol of victory when Cornwallis surrendered at Yorktown; a symbol of the priceless heritage that is ours—bought with travail of soul, with heartthrobs of anguish, with the United States of America's choicest souls, who offered themselves, their all, as the purchase price to start and maintain a great experiment in government. Each of us has his part to play in maintaining that system of government with its three branches so nicely adjusted that even on the crumbling ruins of Old World governments some part of our government is built in their fundamental law. We have these three branches—legislative, executive, judicial.

Today we are met to decide whether a government so conceived and so dedicated can continue to exist.

In times of war our Constitution makes our President Commander in Chief of our Army and Navy, but it takes a vote of the Congress to declare war.

Call this emergency an equally serious time compared with war—still the Congress must function, must vote, should never delegate, dodge, or sidetrack its powers and positive duties.

This supreme Constitution—bought at so great a price—provides that—

> The Congress shall have power to coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures.

The language is clear, the intent unmistakable; he who runs may read.

Imagine a Congress from Washington, Adams, or Jefferson down through our history to Jackson or Lincoln, Cleveland, or Teddy Roosevelt, delegating its power, practically upsetting the theory and foundation of our form of government.

That flag today is a signal to me in all it stands for. It calls upon me for action; the farm problem is not a partisan issue; it can and must be settled under the kind of government we have. I cannot dodge my duty. I cannot be a party to delegating my part in representative government. A quarter of a million citizens sent me here to represent them under our Constitution, not to help weaken it.

I am a part of the Congress of the United States. Our country's Constitution says the Congress must decide—not the President—on standards of weights and measures. I shall keep the faith, stick by the Constitution, keep aloft the Stars and Stripes as my signal, representing the kind of a government I shall vote to maintain by voting against this bill with this inflation amendment. God of our fathers.

Mr. BROWN of Kentucky. Mr. Speaker, I yield 2 minutes to the gentleman from Kansas [Mr. CARPENTER].

Mr. CARPENTER of Kansas. Mr. Speaker, we have heard quoted this afternoon the statement of Daniel Webster to the effect that "he who tampers with the currency robs labor of its bread", and which quotation was referred to by President Hoover in the campaign last fall. I should like, therefore, to direct to your attention this excerpt from a speech delivered by Daniel Webster in the United States Senate on the 22d of February 1834.

> That is to say, in just such a country as the United States are I have supposed that it was admitted that there are particular and

extraordinary advantages in a safe and well-regulated paper currency, because in such a country well-regulated bank paper not only supplies a convenient medium of payments and of exchange, but also, by the expansion of that medium in a reasonable and safe degree, the amount of circulation is kept more nearly commensurate with the constantly increasing amount of property, and an extended capital in the shape of credit comes to the aid of the enterprising and the industrious. It is precisely on this credit, "created by reasonable expansion of the currency" in a new country that men of small capital carry on their business. It is exactly by means of this that industry and enterprise are stimulated. If we were driven back to an exclusively metallic currency, the necessary and inevitable consequence would be that all trade would fall into the hands of large capitalists. This is so plain that no man of reflection can doubt it. I know not, therefore, in what words to express my astonishment when I hear it said that the present measures of government are intended for the good of the many instead of the few, for the benefit of the poor and against the rich; and when I hear it proposed at the same moment to do away with the whole system of credit and place all trade and commerce, therefore, in the hands of those who have adequate capital to carry them on without the use of any credit at all. This, sir, would be dividing society by a precise, distinct, and well-defined line into two classes: First, the small class who have competent capital for trade when trade is out of the question, and, secondly, the vastly numerous class of those whose living must become, in such a state of things, a mere manual occupation, without the use of capital or of any substitute for it.

I referred to this statement of Mr. Webster because I thought it would be illuminating for the House to know what he had said further on this subject and to know that he was really in favor of a "reasonable expansion of the currency." [Applause.]

As I have repeatedly stated, it is now generally recognized that we cannot have permanent prosperity in this country unless the farmer is prosperous—that prosperity, therefore, cannot be restored in this country until the farmer becomes prosperous. It must follow that the farmer cannot become prosperous until he receives an honest price for his products. The present price and the price he has been receiving for the past few years are not honest prices; they are dishonest and deflated prices, which conditions have been going on for so long that he has been reduced to almost abject poverty.

He has been unable to pay his taxes, his interest, his debts, or to pay anything that required cash. The price of farm products up to now has been so low that all the cash money he has seen the past few years are a few pennies. These are not idle words, but have been admitted and readmitted by all those who are familiar with the farmer's condition, stated and restated almost every day here on this floor in Congress, echoed and reechoed throughout the length and breadth of this country, until the courts of the land have stayed the sheriff in his foreclosure proceedings. Every State legislature has granted all the assistance it could, and Congress has passed a law intended to give the farmer a breathing spell for a few years. Incidentally practically every other business in this country is in the same condition as agriculture.

We have in this country the past months been confronted with one emergency after another which has exploded at our feet. We have met them with such actions as seem best, but unless we are able to stop this terrible deflation and increase the price of products all these former emergency measures will have been in vain. We must either have a cheaper dollar—that is, a dollar on a par with the price of the dollar when our debts were created—or all our debts will automatically cancel themselves, and next will go the credit of this Government. We cannot continually drain this credit without replenishing it. Give us a cheaper dollar and nine tenths of our trouble will be over. Taxes will not seem too high, interest and debts can be paid, the old homestead saved, people will have money to spend, jobs will be available, and we will again be able to appreciate our form of government of, for, and by the people and enjoy life as we should.

Those opposed to expansion warn us of the terrible things that will happen by reason thereof. But they could not be any worse than the storm we have been going through and what lies ahead when this deflated balloon hits the ground. As to what method should be followed, many leading economists differ; but the beauty of the bill up for the consideration of Congress, which has the stamp of approval of the President, is that it is bound to succeed, for it provides for all the principal methods of sound and controlled expansion and leaves the administering to the only man in whom the people of this country and the world have confidence—Franklin D. Roosevelt, the President of the United States.

Since the President has taken this country off the gold standard and declared for expansion of the currency, we have begun to see the rays of dawn that betokens a better day and the fulfillment of the new deal.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 2 minutes to the gentleman from North Dakota [Mr. LEMKE].

Mr. LEMKE. Mr. Speaker, allow me to say that I am for this bill with mental and conscientious reservations. I am not frightened, as are the opposition, by the so-called "inflation provisions" of this bill, nor by the talk that we are about to debase the currency. I am more concerned with not debasing American manhood and womanhood. We have today hundreds and thousands of men and women tramps on the highways and byways of this Nation. Once a proud people, they have become tramps because we have not enough money in actual circulation to do the money business. There is not enough money among the people to enable them to employ and utilize the energy of these men and women in necessary and useful work.

This Nation is bankrupt; every State in this Union is bankrupt; the people of the United States as a whole are bankrupt. The public and private debt in this Nation is about $200,000,000,000—the total property in the United States, even at the high values of 1919, was estimated as worth about $146,000,000,000 and is now worth about $70,000,000,000. How are you going to pay $200,000,000,000 with $70,000,000,000? It cannot be done, unless we first put more money into actual circulation—not by doubling it in the hands of a few international bankers and Wall Street racketeers but by putting it in circulation among the people of this Nation. Call that inflation or debasing of the currency, and make the most of it, it will nevertheless be a blessing to the people of our Nation and of the world.

I will ask my conservative friends and colleagues, What is money? What are its purposes and its functions? Money is not gold; it is not silver. Money as such has no intrinsic value; it is a unit of exchange, a measure of values, a common denominator with which we measure the comparative values of commodities; it is a yardstick with which we measure the comparative values of the things produced by the energy of a people. Money is made by law; demonetize gold today and remonetize silver, and gold would be worth less than silver. Of course, the international bankers want the single gold standard, because they can and have monopolized it, to the misery of millions and all but the destruction of this Nation.

The gold standard is the result of a superabundance of ignorance on the part of the former lawmakers of this Nation. Unconsciously and under pressure these lawmakers were gotten under the control and influence of the international bankers. It was the international bankers that originated the phrases "sound money", "fiat money", "inflation", and "debasing the currency." These are the phrases behind which the international bankers and Wall Street, the scoundrels that have wrecked this Nation, have found refuge and perpetuated a monetary system that is a disgrace to an intelligent people.

We have heard a great deal on this floor about real money and bank money—credit money. It may be well for us to find out just what credit money—bank money—is as compared with real money. In plain words, credit money or bank money is just hot air—it is make-believe money that does not exist. Bank or credit money is a condition where the banks have on deposit, as they had on January 9, this year, some $42,000,000,000 and only $680,000,000 of actual money with which to pay the $42,000,000,000. The difference between the $42,000,000,000 on deposit and the $680,000,000 of actual money in the banks is credit money or bank money. In other words, bank money or credit money is imaginary money on which the banks draw interest. We talk of the necessity of bank money or credit money, because

the bankers, who live upon interest on money that does not exist, have led us to believe that imaginary money is necessary or essential for our mutual welfare. What we need is enough actual money, in actual circulation, to do the Nation's business and less imaginary bank money or credit money.

The trouble with the people of this Nation is that we have had too much bank or credit money and not enough real money. We have had so much bank or credit money that for every dollar in the banks and trust companies of this Nation on January 9, this year, there were $62 standing out on deposit. How could the banks pay $62 with only $1? That is why we had the bank holiday. We have had so much bank or credit money that this Nation has $200,000,000,000 of public and private debts, when there is in actual circulation with which to pay this $200,000,000,000 less than $1,500,000,000. In arriving at this conclusion we are not concerned with the money outside of the United States Treasury that is in foreign countries or that has been lost or destroyed in the 156 years that we as a Nation have printed and coined money; nor yet are we concerned with the money hoarded and locked up by the international bankers, who no longer have confidence in their own banking system. The truth is we have had altogether too much bank or credit money and not enough real money with which to carry on the Nation's business.

The relief attempted to be granted to the farmers in the agricultural-adjustment part of the bill is based on an erroneous assumption of fact. It is assumed that there is an overproduction of agricultural products, when we all ought to know that the trouble is underconsumption—we ought to know that there can be no such thing as an overproduction of agricultural commodities as long as millions are hungry and in want. There seems to be a sort of lunacy which makes intelligent people talk of overproduction and surplus when, in fact, the so-called "surplus" is due to underconsumption. There are, however, hopeful signs that this disease has about dissipated itself, and that in the near future we will be able to approach the causes of this depression—want and starvation—in a rational manner.

This bill, as originally passed by this House, did not make the cost of production the basis of farm relief but fixed the price of agricultural commodities below the cost of production and made that price the maximum as well as the minimum. However, John A. Simpson, the national president of the farmers' union, persuaded the Senate to adopt an amendment giving to the Secretary of Agriculture the power, in his discretion, to give to the farmers the cost of production for that part of their commodities consumed or used within the United States. If the Secretary will use this power, then there is real merit in this part of the bill. I am not concerned so much with the constitutionality of what we do here, neither am I concerned with the power that we give to the Secretary of Agriculture, because the farmers will take care of the Secretary of Agriculture if he does not use this power in the right way, as has been stated here by my friend and colleague from Iowa, who has just told you what they did to a judge in his State.

Again, the agricultural credits provided for in this bill will not meet the hopes, demands, or needs of the farmers. It provides for $2,000,000,000 tax-exempt, 4-percent interest-bearing bonds, the interest but not the principal to be guaranteed by the Government of the United States. These bonds are, as far as possible, to be exchanged for existing bonds and mortgages. The farmers are to pay from 4½ to 5 percent interest for the first 5 years and after that an additional sum for the amortization of the loan. The amount of the loans to the farmers is limited to 50 percent of the value of the land and 20 percent of permanent improvements. Very few farmers will be able to qualify under this limitation. In addition, the farmers who are able to qualify will have to buy stock to an amount equal to 5 percent of the amount of the loan. This part of the bill provides rather for relief to the mortgagees and the bondholders of the Federal land and joint-stock banks than to the farmers. It is not altogether a square deal or a new deal to the farmers. If liberally construed it may do some good.

The currency-expansion part of the bill gives to the President of the United States power to expand the currency by $3,000,000,000 by causing to be issued Federal Reserve notes or United States notes with which to purchase bonds or other obligations of the United States Government. But who holds the bonds and other obligations of the United States Government? The large banks; here we have no real currency expansion. We have another case of expanding the currency in the hands of the banks, but not in the hands of the people who need it.

This bill also provides that the President may reduce the gold content 50 percent in our dollar; he may double the value of gold—make two dollars out of one. Again we ask, Who has the gold? Our answer is, the international bankers, the Federal Reserve banks, and a few private individuals. The gold in the United States Treasury does not belong to the Government of the United States. Most of it is held in trust for the holders of the outstanding gold certificates and Federal Reserve and other notes. The Government is the actual owner of only about 142 million of the gold in the United States Treasury. Therefore, we conclude that this kind of expansion of the currency is simply expanding it in the hands of the bankers and money changers, and not in the hands of the people.

However, such expansion may do some good, but it is not the best kind or the most rational expansion. Real expansion would be to furnish money to the people of this Nation through the provisions of the Frazier bill and the Patman bill. Therefore, when I vote for this bill, it will be with mental and conscientious reservations, hoping and knowing that the President of this Nation will use it in the interest of the people of this Nation to the best of his ability. It is not the kind of bill that I had hoped we would give to the President so that he could abruptly end this depression, which, as I stated before, had no business to exist. [Applause.]

Mr. BROWN of Kentucky. Mr. Speaker, I yield 5 minutes to the gentleman from Colorado [Mr. MARTIN].

Mr. MARTIN of Colorado. Mr. Speaker, it has been reiterated on this floor many times during the past few weeks that we have $4,000,000,000 of gold in this country, and this is sound money. A short while ago we passed a law making it a crime to use this money. We went even farther than this, and we put this precious metal in a class with bootleg whisky, entailing suitable penalties if you were even found in the possession of gold money. So if an officer now tapped your hip pocket and found a purse of gold, you would be up against the same proposition as if he had found a pint of bootleg whisky. [Laughter.]

For the past 70 years we have not only accepted from Wall Street the interpretation and definition of what is sound money but also the administration of the sound money system in this country, until tonight this country stands closer to the verge of revolution than it ever did in its entire history. No such money oligarchy as the octopus with its belly in Wall Street and its tentacles everywhere sucking the life-blood out of the American people ever cursed a nation. It is useless to talk of a new deal unless and until we have broken the strangle hold of this money power over the economic life of the country.

Mr. Speaker, I no longer have faith in the leadership of big business. I looked with apprehension on the mad orgy of speculation which resulted in the crash of October 1929. I hoped big business knew the limits of safety. They did not know. They squandered billions of our savings over all the world. They squandered other billions at home. They diverted the people's resources from honest investment into dishonest speculation. They used eight billions of the resources of the Federal Reserve banks in stock and bond exploitation. Events have proved that they were dishonest as well as blind. For a profit they bribed the creation of fictitious securities in foreign lands on which to squander the people's money, and then defrauded our Government of the taxes on their illegal gains. Compared with these men as a public enemy, Al Capone was merely the rowdiest boy

in a noisy town. Yet these men absolutely control the financial life of this country. They blindly led us into this ruin and they are helpless to get us out. And yet we look to them and their system for guidance in the monetary affairs of this Nation. They are for the gold standard. They are for the sanctity of the currency. They are for sound money. They are the real Government.

Under this regime government in this country for the past 60 years has been a conspiracy between business and politics to plunder the people. If we could blunder out of this disaster with the money power intact and entrenched, it would be like fighting the World War and not winning it. It would be the crowning loss of the most disastrous era in the history of America.

When I read of a Senator of the United States standing before 500 big bankers and brokers of Wall Street and pleading with them to let this Nation live, I could not help thinking of 500 lampposts. I make this statement advisedly, and if it sounds radical I want you to bear in mind that I am voicing the bitter thought burning in the hearts tonight of tens of millions of desperate, distressed, despairing American people.

The real issue before this Congress and before the administration, the question into which all other questions may be resolved, is not these fine-spun technical and constitutional questions that able lawyers discuss here, but that question is whether, through the orderly processes of a national election and through the ordinary procedure of legislative enactment, we can rescue this country from this terrible condition and establish a new deal.

This is the real question. I hope the answer may be "yes", and this hope dictates every vote that I am casting for every one of these administration measures; but if the answer is not "yes", then all I have to say is that I hope I may linger on the scene until I see what the answer is, and I will do so with the assurance that it will be a genuine American answer. [Applause.]

Mr. Speaker, I did not intend to make these remarks but was stirred to them by things said in debate against this bill, and I, therefore, ask unanimous consent to extend the remarks in the RECORD, which I did intend to make.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. MARTIN of Colorado. Mr. Speaker, this brings us to the question, What price gold standard? In his great effort at Des Moines—and it impressed me as a great effort, an effort that alarmed the Democratic Party—Mr. Hoover graphically and dramatically painted the dangers threatening the Nation in the spring of 1932. He depicted the country as drifting toward an abyss, into which the whole national structure might topple. He even fixed the time ahead when the crash was to occur, and then, like the hero in the melodrama, he depicted himself as rushing out upon the stage of national action at the psychological moment and saving the Nation. He saved it by saving the gold standard.

Then he reviewed the saving of the gold standard from the vandal hands of the Democratic Party from 1896 down to the present time. But it all served only to raise in my mind the question, If the gold standard had to be saved many more times what would there be left in this country to save?

For 60 years this Nation has preserved and maintained the gold standard, and now the Nation is bankrupt. It is mortgaged for more than it would bring under the hammer. We slave in vain to pay the interest. The principal can never be paid. The fact may as well be looked in the face. The people of the United States can never pay, and every move we have made thus far only adds to the volume of the impossible burden. The pending inflation amendment throws the first ray of light over this gloomy picture.

Many causes have contributed to the present economic collapse now prostrating this country. The war debts, overspeculation, overcredit, overgovernment, prohibitive tariffs, the machine, and maybe to some extent overproduction. But the depression has finally resolved itself into a money famine. Money is now the only thing having any value, and the people have no money. It is too valuable to invest in any other form of property. Like the Kohinoor diamond, it must be locked up in steel vaults.

The inflation amendment to the farm bill is the first legislation proposed since the depression began to afford not only emergency relief but to establish a monetary system to insure against recurrence of this disaster.

The Senate amendment embraces four distinct monetary propositions, and I shall note and briefly comment upon them in the order in which they appear in the amendment. The President is authorized, in his discretion—

First. To authorize the Federal Reserve banks to purchase in the open market, and hold, obligations of the United States in an aggregate sum not to exceed $3,000,000,000. The Secretary of the Treasury and the Federal Reserve Board, in the exercise of the power conferred upon them to prevent undue credit expansion, may very greatly limit or negative any appreciable inflation of the currency under this provision. If this provision shall produce the same lack of results in the way of expansion as have attended the billion-dollar expansion amendment to the home loan bill, the Reconstruction Finance Corporation Act, and the emergency banking legislation of this session of Congress, I shall not be greatly disappointed. The worst condemnation of this provision is that every antiexpansionist is for it.

Second. The second provision in the amendment provides that if the first provision fails to produce the desired expansion of the currency, then the President is authorized to direct the issuance of United States Treasury notes under the Legal Tender Act of February 25, 1862, the Greenback Act, up to the amount of $3,000,000,000, for the retirement of that amount of United States obligations, not the mere holding of such obligations as in the first provision, and for the retirement of such notes at the rate of 4 percent annually, and declaring that said notes shall be legal tender for all debts, public and private.

This is genuine expansion of the currency. If the entire credit structure of the United States must rest upon approximately $4,000,000,000 worth of gold, there is sufficient even on this basis, the basis being 40 percent of gold to 60 percent of Government bonds, to easily sustain this expansion of $3,000,000,000. On the basis of $4,000,000,000 gold locked up in the vaults of the Treasury, we could have a circulating medium of $10,000,000,000 permanently in the hands of the people, whereas we now have something like half that amount of money in existence, but not in circulation.

Third. The third provision authorizes the President to reduce the content of the gold dollar to the extent of 50 percent and to coin silver at such ratio to gold as he may fix and to provide unlimited coinage of both metals at the fixed ratio. I wish that instead of reducing the content of the gold dollar, we were providing for the remonetization of silver at a ratio sustained by the relative ratios of production of these two great money metals of the world; and that ratio of production, and therefore of value, is not now and will not be to exceed 16 ounces of silver to 1 ounce of gold.

Fourth. The fourth provision in the amendment authorizes the President for a period of 6 months to accept silver in payment of foreign debts in an amount not to exceed $200,000,000, at a price not to exceed 50 cents an ounce. I will not go into the details of this provision. I accept it because it has been accepted by all the friends of silver in another body. It will do little, if anything, to stimulate domestic silver production because domestic silver cannot be produced at 50 cents an ounce. It may contribute something to the international rehabilitation of silver. It may contribute something toward betterment of financial and commercial relations with the other nations. It is a minor item in the inflation program. It is both last and least.

So long as we are going to adhere to a metallic standard of value, that standard needs a broader base than is afforded by one metal. Even the free coinage of both metals at a ratio of 16 to 1 would not in many years afford the volume of currency permissible under the inflation amendment to the farm bill, because the silver is not to be had, and it would

be inflation based upon the two metals which have been the world's medium of exchange, with silver vastly predominating, since time immemorial.

I mentioned a while ago that the worst condemnation of the first provision of the inflation amendment, the provision authorizing the Federal Reserve banks to speculate in Government securities, was that it was the only provision of the amendment having the support of the deflationists. They are against all the other provisions, but have nothing to offer in place of them. I want to point out one of the features they are against which I have not heard mentioned thus far in the debate.

They are hidden beauties in this inflation amendment. They are treasures not discernible at first glance, pay dirt which has to be uncovered by the editorial pick. According to an editorial criticism I read this morning, one of the hidden treasures of this amendment is that gold bonds may not be payable absolutely or only in gold. I want to read two or three paragraphs of this remarkable editorial, entitled "Bonds Payable in Gold", and comment briefly on them.

I read:

When the Senate passed the inflation bill it left one vital question still in doubt. Are Government bonds, which are promises to pay their face value in gold dollars of specified weight and fineness, to be paid in greenback currency? A number of Senators brought this issue forward, but a motion to clarify the meaning of the Inflation Act was voted down. Hence the question is left to the House.

As the Senate passed the inflation measure it provides that $3,000,000,000 in greenbacks, supported only by the credit of the Government, may be issued and that they shall be legal tender for all debts, public and private.

Note particularly that these Treasury notes are "supported only by the credit of the Government." They are supported only by 120,000,000 honest, industrious, and patriotic people. They are supported only by $400,000,000,000 in fabricated wealth. They are supported only by 4,000,000,000,000 in natural resources. Surely the Israelites whom Moses found worshiping the golden calf were not more blind and idolatrous than the worshipers of the golden dollar.

I read on:

A Senate amendment would have made the proposed new currency legal tender for the settlement of all private debts, regardless of whether they contained clauses requiring payment in gold, but it would have required the Government to pay its bonds in dollars of the present gold value.

So it is all right for the Government to deprive the owner of a private debt of his pound of flesh and make him take a half pound, but the owner of a Government debt is to be placed in a privileged class and get what under this new legislation will amount to 2 pounds of flesh.

The owners of tax-exempt Government bonds ought to be satisfied that they have their money in the only investment now worth anything in this country, and not in farms and homes and factories. Further comment would be wasted on such a patently unjust discrimination in favor of hoarded tax-free wealth.

But the best of this editorial assaying is yet to come. I read again:

The Supreme Court does not appear to have passed directly on this question. Some of its opinions suggest that payment of the gold bonds as specified can be enforced. Others indicate that the broad power of Congress over money would render the gold clause in the bonds inoperative. What the Supreme Court might say on the issue at present is a matter of conjecture. But surely Congress ought not to leave such a vital matter of policy to a decision of the Supreme Court on the question of its constitutionality. It is to be hoped that the House will meet the issue honestly, leaving nothing to conjecture when this measure is sent to the President's desk for signature.

Suddenly the poor rubber-stamp adjunct of the Government set-up known as the "House of Representatives" achieves independence, dignity, and importance. The Senate deliberately decided to do the dishonest thing. The Supreme Court is not to be trusted. The fate of little Eva is in the hands of the House. The humble Representatives of a Nation of people who have no jobs, no bonds, and no money are to be the last refuge of the gold standard.

The Senate has already failed. The cause for the doubt about the Supreme Court is probably to be found in the *Legal Tender cases*. In the *Legal Tender cases* the Supreme Court decided that bonds of the United States payable in dollars were payable in whatever forms of currency the Government fiat declared to be dollars at the time of payment, in those cases in depreciated greenback dollars, although at the time the bonds were issued gold and silver were the only forms of currency.

It is true, as pointed out in the editorial, that the exact question at issue—to wit, bonds payable in gold of a fixed weight and fineness, as gold contracts now read—was not an issue and was not decided in the *Legal Tender cases*. But the Supreme Court may be a growing organism. It may be in step with the times and responsive to the needs for a new deal. So the question is, What will the House do for the poor gold-bond holders of America?

My answer is that the poor bondholders of America will have to take potluck with the rest of the people who have to pay these $20,000,000,000 of bonds and three quarters of a billion dollars annual interest on them. No favorites can be played in a new deal.

Only one question has been raised in debate about the inflation amendment which gives me any trouble. The question to which I refer is how this new money shall be put in circulation and in the hands of the people. It is pointed out by the opponents of this legislation that only $200,000,000 were issued by the national banks of the country under the billion-dollar expansion amendment to the home loan bill passed by the last Congress, and that only 40 millions have been issued under the emergency banking legislation passed by this Congress, although the Federal Reserve banks were authorized under it to issue money based even on promissory notes, and that perhaps the greater part or all these comparatively small issues have been locked up in the banks to strengthen their cash reserves, and thus resulting in no inflation of the circulating medium.

It has also been pointed out that of the two billion and odd dollars put out by the Reconstruction Finance Corporation, more than three fourths of it has gone into the banks to pay corporate debts and remains there, and that nothing put out by the Federal Reserve System through the Reconstruction Finance Corporation has added materially to the volume of money in circulation. Nothing seems to make money circulate. The opponents of this amendment suggest nothing.

The only method I can see whereby money can be put in circulation and in the hands of the people to stimulate employment and buying power and start an upward spiral is an enormous national public-works program, and I do not mean by that $2,000,000,000. It should be $5,000,000,000 or $10,000,000,000, and it should be paid for not by additions to the already crushing bond load of the country but by non-interest-bearing notes of the United States, receivable for all debts, public and private. It is said that a national construction program is to be, and, as I see it, must be, a part of the completed program. If the great expansion of the currency and a great national public-works program do not turn the tide, we will know then that it is beyond the power of government to turn it. Out of all the welter of proposals, of remedies flooding the Congress, these two propositions shape up clearly in my mind.

I am not worrying about what the President will do with the monetary power conferred upon him, although I realize that in passing this measure Congress has shot its bolt and is through. If I may use the expression in this connection, I have come to the conclusion that the Presidential bite is much worse than its bark. The President tells you with a smile that this is not going to hurt a bit; but when he hits, it is a knockout. The program is being put over, a program which involves a material reorganization of the Federal Government and a material reorganization of the entire economic structure of the country. No such program has been attempted in American history, because never before has this country been confronted with such an emergency.

It is more important now that we should put over the program and do the things that the masses of the people want done than that all these things should prove sound after they are done. It is in our hands to restore confidence in government, in its responsiveness to the will of the people, and that is what we want in this country, more even than confidence in banks or bankers.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania [Mr. FOCHT].

Mr. FOCHT. Mr. Speaker, you have heard reference here today to all the ancient philosophers from the Chinese, Menceus, to Solon, the codifier of the laws of Greece, on down to Captain Kidd, and probably Martin Luther. However, I am afraid a great deal has been said that has not been crystalized into the thought that is in the minds of the people back home.

I have not heard here what I had hoped to hear, particularly from my side of the House. It is known everywhere that I am and all my life have been a stalwart Republican. I so expressed myself on the floor of this House many years ago. I am a Republican and expect to continue Republican, but there are times when leadership ought to define something to take the place of a bill like this alleged iniquitous measure that you are about to put through, and which I am going to help enact. I am going to help put it through because we have nothing better, and I am not afraid of the result of its administration.

You may believe because I am from Pennsylvania that we only think of gold and talk in terms of the gold standard, because my State furnishes a large part of the income tax.

If you will let your minds go back to 1907, you will recall very clearly that the country was wrecked and ruined because we did not have enough currency, and we passed the Vreeland bill for $500,000,000, but, as you know, it was too late to get it distributed. Then we passed the Aldrich bill. Today we have something else, but for the same purpose. The only phase of the measure that seems to be in controversy relates to what is termed "inflation." We do not know what they called paper money during the Revolutionary War, but it seems Robert Morris got through with it, as did Abraham Lincoln during and after the Civil War. There was depreciation, but there was reason for that. Following the Revolutionary War we were poor and possessed limited resources. At the end of the Civil War both North and South were exhausted, with the best men produced throughout modern civilization, North and South, a sacrifice. We had spent over $4,000,000,000 and owed practically every nation in the world, and yet in 14 years after the close of the Civil War specie payment was resumed.

Since then the Nation has increased a hundred times in wealth, has half the gold of the world, and all the world is indebted to us. Therefore, whatever this Government issues in the shape of money, it is strong enough to redeem it. I would as soon see the "inflation" applied by paying the soldiers the balance of their bonus, and it may be the President intends doing it that way.

My reason for voting for the measure is to help restore prosperous industrial conditions, with work for labor and prices for the farmer, thus ending the unhappy economic conditions which stare us all in the face, with no promise of relief from any other source.

Finally, this whole matter resolves itself into a question of trusting this vast power into the hands of the President and his advisors. I know the President and have faith that he is honest and able and will not be "hooked" by any crooked European diplomacy; the Secretary of the Treasury, Hon. William H. Woodin, is a Pennsylvanian and from early life has been an outstanding leader as a great manufacturer and financier. He can be relied upon, because he is honest and able. Secretary of State Cordell Hull, who spent much of his life in the House and the Senate and whom most of us know intimately, has the right kind of experience, and with Mr. Woodin will render great service to the President. And there are other men of ability and trustworthiness in the Cabinet, but these three men I do not hesitate to pin my faith to and trust for results that will quickly bring the Nation back to the highway of prosperity, with a "controlled inflation" doing no harm but returning a blessing to every manufacturer, worker, farmer, and all men who carry mortgages or indebtedness.

Mr. BROWN of Kentucky. Mr. Speaker, I yield 2 minutes to the gentleman from Florida [Mr. GREEN].

Mr. GREEN. Mr. Speaker, it is difficult for me to understand how my colleagues can fail to support this bill. I believe it is one of the most constructive measures the President has recommended. It is common information that about the only thing that is scarce in America is money. We have a surplus of almost everything, and yet under our system of finance we find ourselves utterly without a medium of exchange adequate to carry on trade and industry.

My friends, the only way to bring about reestablishment of trade and industry in our Nation is to put sufficient money in circulation throughout the country to reestablish credit.

I believe that the next constructive measure which should be enacted by Congress is the making of deposits in banks secure. You may call it deposits insurance or you may call it a deposit-guarantee law. With this currency-expansion measure and the bank-deposits guarantee measure enacted the people will have confidence in their banks, confidence in the financial system, and it will quicken trade and industry. These two measures, if enacted, will reestablish confidence in the minds of the American people and our other difficulties, in a way, will take care of themselves. We have commanded our citizens, under penalty of law, to put their gold and currency back in the banks. Therefore we should enact legislation which would make bank deposits just as safe as Postal Savings deposits. I favor the amendment before us for expansion of the currency, and regret that I have not time to further discuss it. [Applause.]

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield one half minute to the gentleman from Iowa [Mr. DOWELL].

Mr. DOWELL. Mr. Speaker, I expect to vote for this amendment and for the agricultural bill when amended, with the hope that it may do much good for the American people through its passage. [Applause.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield the balance of my time to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Speaker, first of all let me express my appreciation for the patience of all the Members who have remained here 7 hours today during this debate. Seven continuous hours of debate is naturally fatiguing, and I am reluctant to trespass on your time at 7 o'clock in the evening. I am as reluctant to say anything as was Jim Brown who was apprehended for stealing chickens, in spite of the fact that the chicken coop was locked and barred and guarded by a bulldog. They apprehended Jim in due time and took him before the judge. The judge expressed some curiosity about the purloining of chickens under such difficulties, and said, "Jim, tell me how you got those chickens out of the coop." Jim would not say a word, but the judge importuned him to answer. Jim remained silent. Finally he said, "Judge, I'll tell you. If you want to indulge in any rascality, you better stick to the bench where you are familiar." [Laughter.]

Perhaps I ought to stick to subjects with which I am familiar, and I confess my lack of familiarity with inflation. However, I want to leave this thought with which to wind up the debate on the minority side. I suppose this matter of inflation ought to be clear to everyone by this time, after 7 hours of debate, and yet I must confess that I am confused and unconvinced that this measure will do what it is designed to do.

First let us consider the effect of inflation on the consumer, particularly the man who is out of work. Out in Illinois I have a little bakery. I have watched the wheat market. Flour has advanced a dollar a barrel in the last week, along with shortening and yeast and all the ingredi-

ents of bread. These commodities have all advanced, because the market is responsive to the inflationary sentiment of the country. If prices of ingredients continue upward, I suppose I must go to the people who are now buying bread at 5 cents a pound from our bakery and say, "I am sorry, but because of inflation it is now necessary to raise the price to two loaves for 15 cents." If 1929 commodity levels are restored, bread may go to 10 cents per pound. How are you going to get away with an answer like that when you still have twelve to thirteen million jobless people in this country? Does it not appear that inflation instead of being an aid to distressed, unemployed people, simply aggravates their distress and misery? This bill does not do anything for them. It does not create a single job. It does not solve the unemployment problem. It does not go to the root of our present acute problem of the jobless army.

You say to me that inflation will make business, develop industrial activity, and thereby create jobs, and that it will make money available to those who need it. Let us see about that.

Yesterday morning there sat in my office the operating vice president of a corporation that has several large plants. He seemed quite discouraged. I said to him:

Why so low in spirit this morning?

His answer was this:

Briefly, we are selling manufactured goods from our accumulated inventory. We have four or five million in cash on hand, and we're not turning a wheel. We have a real problem on our hands, and inflation will not help nor make jobs, because it's not money we need but customers with purchasing power.

Imagine being up against that kind of a problem when you are in business on a large scale and sincerely anxious to restore men to their old jobs in your factory. He, as operating vice president, can see no hope in this bill so far as jobs are concerned, so where does it affect the man without employment who is in dire need of help?

So far as the average citizen is concerned, if he needs and wants money he must go to the bank to get it, and to do so he still needs good collateral. Since most of them have exhausted their collateral long ago, where is the benefit of making two dollars grow where one grew before if the average citizen cannot avail himself of it?

When this session adjourns and I return home and find that the swing of prices is still upward, there will be nothing else to do except to put up prices in line with commodity prices. What a distasteful thing this would be. What a terrible answer to men who are unemployed, to women with gaunt faces, to children suffering from malnutrition and want. Yet what alternative is there under inflation?

Business men are in the nature of things constrained to raise prices as the general price level of commodities rises, because the inspiration for such action is here in this inflationary bill. Tell me where the benefit is in the bill as a matter of hard and practical reality? By this time we ought to be clear on this point; yet here we have had 7 hours of debate, and I am just as much in the air and in doubt about the result of this thing as I was when we started, because a convincing case has not been made on the floor today. [Applause.]

(By unanimous consent Mr. DIRKSEN was granted leave to extend his remarks in the RECORD.)

Mr. Speaker, this extension of remarks is not a speech. It was not delivered on the floor of the House, and I say that because I do not wish to have the impression go out to my people in Illinois that this was an impassioned speech delivered in the Chamber, for, as a matter of fact, it is simply an elaborated statement prepared by me in my office as a supplement to the remarks which I did make on the inflation amendment to the Agricultural Relief Act on the floor of the House.

It was my privilege to conclude the debate on that measure for the minority side, but unfortunately there were only 4½ minutes available and the statement which I made in that brief time was manifestly not conclusive and could not in the nature of things be very comprehensive. I am therefore making this statement as a supplement to those remarks, so that my conclusions on the inflation bill might become a matter of record.

Much was said during the general debate about the further usurpation of legislative power by the President through the authority vested in him by the terms of the inflation amendment. Much has been said in the press about a dictatorship and about the supine abdication by Congress of its constitutional prerogatives. Even so ardent a supporter of the President as William Randolph Hearst now inveighs against the President for this seeming usurpation of power. All this railing at Congress for abdicating its power and at the President for usurping such power comes with poor grace. Most of the gentlemen who are now holding up their hands in horror at the prospect of a National Legislature shorn of its legislative power on the most momentous matters failed to utter a word or lift a hand against the notorious economy bill where this usurpation of power began. This bill denies to a veteran the right of judicial review of his case. It denies to a veteran the right to have his case reopened when once disallowed by the Bureau, even though new evidence has been uncovered that might alter the equities of the case. In many other respects this economy bill is drastic and sweeping in its provisions, and yet so many of the distinguished gentlemen who now make a great hue and cry against various pieces of legislation before Congress on the ground that they constitute a violation of the Constitution and an invasion of legislative rights, voted for the economy bill and justified that vote on the broad ground that they were supporting the President.

To argue against usurpation now comes with poor grace. The damage has been done. It started with the economy bill, and the time for lamentation is past. I am happy to reflect that I voted against that bill because every argument in the House on the surrender of constitutional power confirms the propriety of that vote.

In that bill there was approved a general pay reduction of 15 percent for all Federal employees and a drastic scaling down of veterans' benefits. Now we come along with an inflation bill designed to raise prices. From the President's inaugural address I learn that he would immediately address himself to a restoration of purchasing power of the people and to providing jobs for the jobless. I would welcome information as to how the cutting down of wages and the raising of prices will restore purchasing power. To me it seems a further impairment of purchasing power. Anticipating the passage of the inflation bill, prices have moved upstairs and wages have gone into the cellar. How, then, can you expect, through the instrumentality of an inflation bill, to get both wages and prices on the first floor, so that the two will bear something of a normal relationship to each other.

What will inflation do for the 13,000,000 people out of work? Do they derive any benefit from the fact that the stock exchanges are enjoying an orgy of speculation? Does it help them to know that there are 5,000,000- and 6,000,000- and 7,000,000-share days and that the ticker is an hour behind the floor quotations? Many of them—yes, millions of them—are now securing public relief. Inflation will not enlarge the allowance they are now receiving from relief agencies and organizations, but it will skyrocket the prices which they must pay, even for the ordinary necessities of life, so that after awhile the allowances which they now receive will only buy two thirds or perhaps half as much as it did before. The result is a greater aggravation of their distress and their misery, more hunger, more malnutrition, more agony. Let any man point out to me if he can what the mass of jobless can expect from inflation except more grief and more worry.

It is hoped that inflation will make available to business and industry money which they may need to begin or to enlarge operations. As I see it, that is not industry's problem right now. What business is looking for just now is customers with the money to buy its products, and no man has yet set forth any kind of a convincing case to show that industry will benefit by inflation or that it will create a single job.

My interest is in jobs for our unemployed. The program to provide jobs should have headed the procession of legislative proposals messaged to Congress by the President. Instead it comes at the tail end. You can create money with a printing press, but you cannot create wealth with such a piece of machinery. Wealth will be created only by the brain and brawn of the millions who have been idle, lo, these many years, and inflation contains no single promise that they will be restored to work.

To be sure, inflation will raise the price of wheat and corn and aid the farmer, and for that I am sincerely happy; but will the farmer be much better off under this particular type of inflation if the benefit derived is offset by proportionately higher prices for everything that he must buy?

I am not categorically opposed to the principle of inflation at this time, but I am opposed to an inflationary measure that fails to spread its benefits to the great mass of people who are in distress. The Senate amendment which provided for the payment of the soldiers' bonus should have been retained in this measure, for then some of the benefits of inflation would have found their way to all corners of the land and would quickly have been placed in circulation, and thus showered some benefit upon every form of business in the land.

No matter how you approach the question of inflation, it cannot be justified unless it serves to restore purchasing power to the millions of distressed consumers, and this it fails to do.

Mr. BROWN of Kentucky. Mr. Speaker, I yield 4 minutes to the gentleman from Ohio [Mr. TRUAX].

Mr. TRUAX. Mr. Speaker and Members of the House, I was very glad to hear my old friend, former Governor CHRISTIANSON, of Minnesota, state that he expected to support this bill. I know he is thinking of the same thing that I am. About 10 or 12 years ago I went into Minnesota, in the towns of Worthington and Winnebago and Chrystal Lake, and sold hogs for from $300 to $500 apiece. What are they bringing today, Governor?

Mr. CHRISTIANSON. Three dollars apiece.

Mr. TRUAX. I say to you on the minority side, you may talk about your constitutionality, you may talk about the germaneness of this or that to the bill, but we talk about constitutionality while men are planting revolution in the greatest agricultural State in the world—the State of Iowa. I ask any of you, Were you in their position today, about to be dispossessed from all that you have ever earned, all that you had ever owned, to send your family to the poorhouse or to charity, what would you do? Would you lie down idly or would you pull that judge off the bench as those Iowa farmers did? Is it possible that we shall never open our eyes in this Congress? We talk about constitutionality and about this being germane. Louis XV we heard about this afternoon. When told that his people were starving for lack of bread, he said, "Let them eat grass."

A few hours later his severed head was paraded through the streets by the mob, with grass sticking out of his mouth. A few days ago distressed school teachers in the city of Chicago went to the great bank of Charlie Dawes, a former Vice President of the United States, a man who was loaned $90,000,000 by the Reconstruction Finance Corporation. They pleaded with him, they talked with him, and what was his answer? He said, "Go to hell." That was his answer. Talk about the money lenders! You may as well do as Shakespeare said:

> You may as well go stand upon the beach,
> And bid the main flood bate his usual height;
> You may as well use question with the wolf,
> Why he has made the ewe bleat for the lamb;
> You may as well forbid the mountain pines
> To wag their high tops, and to make no noise,
> When they are fretted with the gusts of heaven;
> You may as well do anything most hard,
> As seek to soften that (than which what's harder?)
> His damnable Shylock's heart.

I say to you that the people of this country and the farmers, unless you give them relief, will take the law into their own hands and they will obtain relief from the crucifixion and plunder of the money lenders of this country. [Applause.]

Mr. BROWN of Kentucky. Mr. Speaker, I yield 3 minutes to the gentleman from California [Mr. BURKE].

Mr. BURKE of California. Mr. Speaker, I rise in support of the pending bill in spite of the fact that I do not think the provision in the bill relating to the inflation of the currency is by any means the best method of handling the situation. I am firmly convinced that the theories advocated by Professor Fisher, of Yale University, and the plan which he has perfected for controlling currency more nearly meets the needs of our people than the inflation feature of this present bill. But since we are not able to vote for a bill based upon the theory of Professor Fisher, and since I believe that this inflation program will tend to accomplish to some degree what a bill formulated upon his theory would, to the last degree I am going to support and vote for this bill.

The time will come when the monetary structure, at least in the payment of domestic debts, will be patterned after and based upon the Fisher theory. Perhaps it is too far advanced for our present day, but sooner or later the men in control of our Government will recognize the fact that of all the speculations which transpire in our country the worst speculation is in the American dollar.

Last July an article appeared in the American Magazine section of the Hearst newspapers, either written by Mr. Robertson, chairman of the board of the Westinghouse Electric Co., or written by someone as a result of an interview with him, in which he set forth facts which were the last word in analyzing the economic condition of the American people. He indicated that in 1929 the estimated wealth of the United States approximated 350 billions of dollars; that the estimated income annually was 90 billions of dollars; that the estimated cost of government was something in the neighborhood of 20 percent of the estimated income. He pointed out that in 1932 the estimated wealth had depreciated in dollars to approximately one half that of 1929; that the estimated income had likewise depreciated to approximately one half of the income of 1929; and that the expenses of government had remained at a fixed figure. While he did not say so, it was apparent that the depreciation in income and wealth was caused by the appreciation in the value of the dollar, and that by reason of that fact the people of the United States, on income of 1932 and assets of 1932 at the dollar value of 1932, actually owed more money than their assets were worth, and that by reason of the fact that when their debts were contracted in 1929 or prior thereto the purchasing power of the dollar was only approximately 50 percent of what it was in 1932, conversely if the purchasing power of the dollar increased the property value of our people decreased in inverse proportion to the appreciation of the purchasing power of the dollar.

The tragic thing in all depressions is that the depression strikes hardest, as a rule, at 95 percent of the people who can least afford to be stricken, and likewise when we go out of the depression into a period of prosperity, and, after all, these terms are relative, those who benefit the most are the 5 percent of the people who need it the least. There is a reason for that which becomes readily apparent if we examine the facts.

The average member of American society who desires to borrow money does so over a term of years, whereas big business, great corporations, high and mighty financiers, if they borrow at all or if they loan, do so only on short-term credit. What is the result? No more concrete example could be found to illustrate the point I desire to make than to say that any man who borrowed money in 1929 and is obliged to repay it in 1932 or 1933 is actually repaying twice what he borrowed. But big business, whether borrowing or loaning, repays and reloans on such short terms that the fluctuation in the value or purchasing power of the dollar does not concern him because of the short-term credit under which he conducts his business.

This is the ready explanation for the failure of many of the midwestern banks during the last 3½ years. They took in deposits of cheap dollars, loaned out cheap dollars on security that was well worth the amount of the loan when calculated in cheap dollars. But on the maturity dates of the loans, 3 or 4 years hence, the security was worth far less than the amount of the cheap-dollar loans made on it in terms of high-priced dollars, and the net result was that the banks could not liquidate their loans, the depositors who had deposited cheap dollars demanded an equal amount of high-priced dollars, and bank after bank was obliged to close its doors.

How different it would have been and how different it will be some day when we use money as a means of exchange rather than a medium of speculation, because then we will always be trading in, borrowing and loaning, not numbers of dollars but the purchasing power represented by any given number of dollars.

To illustrate my point: Suppose that in 1929 I were in need of a suit of clothing. I met one of my good friends who was more fortunate than I, told him of my plight, and he said he would buy me a suit; we went into a store, I picked out a suit, put it on, and he paid for it. He probably would have paid $75 for the suit. Supposing that instead of telling him at that time that I would pay him back $75, I promised in the near future to buy him a suit of clothing of identical quality, workmanship, and so forth, as soon as I were able. I then found that I could not repay him until 1932, and in that year I did for him exactly what he did for me—went to the same store and procured for him a suit of clothing identical in all respects as to material, workmanship, and so forth, to the one which he had procured for me, only I paid $30 instead of $75. Allowing a fair return or forbearance by way of interest for his being deprived of the use of his money, have not I, in fact, actually repaid everything that I secured from my friend? Or, let the conditions be reversed: If, in 1932, I secured the suit from my friend and he paid $30 for it, and it is 1935 before I am able to make return, during which time the purchasing power of the dollar has depreciated 50 percent, we know that in such a situation the value in dollars of the clothing I am to return to him will have appreciated at least 50 percent. Is it fair that I should pay him $30 in 1935 when the best he could hope to do would perhaps be to buy a coat and vest, or maybe only a coat, of a suit of clothes similar to that which he procured for me? This is a concrete example of that which has happened to the American people, and likewise that is what has happened in every panic from the day of the first one to this day.

Congress has power under the Constitution to control the value of money, that power being given in the section of the Constitution which reads as follows:

> Congress shall have power to coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures.

It is significant that in this one clause, the first part relating to money and the second to weights and measures, that in the one instance the framers of the Constitution have used the word "regulate" with respect to money and the word "fix" with respect to weights and measures. It is obvious they intended that there should not be a fixed monetary standard so inflexible and so unchanging that would permit the tremendous amount of speculation that has taken place. And how ridiculous it is that of all the things we need the least, money is the one thing to which we attempt to give an arbitrary value by law.

Under our system a man with $5,000,000 acquired in a period of prosperity can, by judicious investment, in time of panic increase his fortune 2 or 3 times. On the other hand, the man who has acquired a considerable sum of money in a period of depression and keeps it in coin of the realm may easily see it dwindle to one half the value of that which it had at the time of its acquisition.

That is the one reason I am supporting this bill. The President may not exercise the powers given him. He probably will not have to, for the money changers, living in daily fear of having their monetary wealth depreciated to a point that it may be worth only 50 percent of its present value, will be very eager, indeed, to put it into circulation with an agreement from someone to repay in kind.

Just an observation or two as to one or two remarks which have been made by previous speakers. It is most interesting to me and, in fact, quite humorous to hear the very able gentleman from Massachusetts [Mr. LUCE] tell you ladies and gentlemen of the House today that even the pendency of this measure before this body has so affected business that no manufacturer will today buy any raw materials because of fear as to what will happen in the event of the passage of this bill. I imagine the gentleman could not so do, but I am quite sure it would be very enlightening if he could tell us how much raw materials the manufacturers, to which he refers, purchased in the last 2 years of the administration of President Hoover, and that at a time when there was no inflation bill before Congress or even thought of. I am sure that his statement, if he could give us one, would make the argument which he has offered appear most absurd.

Another gentleman on the Republican side, in a most forceful argument, said that this bill was not properly before the House, since it was tacked as an amendment to the agriculture bill in the Senate and made the point, on constitutional grounds, that this bill should have originated in the House. He went so far as to say that by reason of the fact that this bill should have originated in the House and did not, he was fearful that it would not be sustained by the Supreme Court, and he concluded his remarks by saying that there was a day when the Constitution meant something in this House but apparently it meant nothing now.

I am sure the gentleman knows his Constitution better than do I, but there are several provisions of the Constitution which I believe the Members of this House are adhering to strictly in voting upon this bill now, without regard to the constitutional question raised by the gentlemen, because the question he raised pales into insignificance as compared to our constitutional duties under one or two other sections thereof. The first clause in the grant of powers to Congress imposes on this body the duty of providing for the general welfare of the United States. In fact, that suggestion was of such importance to the framers of the Constitution that it was included, in identical words, in the preamble to the Constitution. Therefore, having in mind that of all the legislation that has come before this body during this session this is of paramount importance to the general welfare of the people of the United States, no man dare say that we have forgotten our constitutional oaths, even though we concede for the sake of argument that the gentleman be right in his contention that the inflation portion of this bill should have originated in the House. I would say to the gentleman that to quibble over the place from whence this bill should originate through some constitutional provision, in view of the injunction of the Constitution upon us to provide for the general welfare of the people of the United States, while men, women, and children are on the verge of starvation and many actually are starving and destitute, seems to me to be more of a violation of the Constitution than the course that is being pursued here in attempting to enact this bill into law.

Other constitutional grounds have been urged against the inflation section of this bill. Some have said that the Supreme Court of the United States will not sustain the delegation of power given to the President herein. I am not fearful of that. I am inclined to believe that in the last 10 years the Supreme Court has come to recognize the fact that the decisions of that Court must not be based on hidebound precedent which has outlived its usefulness, but must flee from precedents to facts and changing conditions, and must therefore keep its decisions up to date and in conformity with the needs of the people in the time in which we live. We are given power to regulate the value of money; we are enjoined with the duty of providing for the general welfare; and under the omnibus clause of the Constitution wherein Congress is granted the power to make all laws which shall be necessary and proper for carrying into execution the

powers delegated; I am sure that under these three provisions of that great document none need have fear that the Supreme Court will overturn the act of this Congress in the passage of this bill.

Mr. BROWN of Kentucky. Mr. Speaker, I yield the balance of my time, 4 minutes, to the gentleman from Ohio [Mr. WEST].

Mr. WEST of Ohio. Mr. Speaker, during the course of this debate a great deal has been said about the devastating and distressing consequences of monetary inflation in Germany and other European countries in the period following the World War. All that has been said in regard to this uncontrolled inflation of currency is true. Indeed, the picture could even have been painted blacker than it has been.

One night in Berlin during the period of this money crisis in Germany I had what amounted to a hundred thousand dollars' worth of German marks in my hand and did not have enough money to buy an evening meal. A friend of mine in Germany had an insurance policy coming due at the time of this crisis which was worth more than $25,000 in marks and yet he did not have enough purchasing power in that inflated currency to buy an ordinary hat. In another instance a friend of mine held a mortgage worth 20,000 marks, which is normally worth about $5,000. When he wanted to collect the money on that mortgage he found it would cost him more for a postage stamp than the money itself would be worth when he received it. That was when postage stamps in Germany sold for 30,000 marks apiece. During the period of this crisis a friend of mine in Germany sent a letter to me which required more than $4,000 worth of postage stamps to bring it to this country.

When Germany resorted to the system of uncontrolled currency inflation the most direful consequences resulted. Commodity prices and the general level of values in all lines reached the most fantastic heights until finally the entire monetary system of the country was ruined.

But let us not forget that the Germany of the period immediately following the World War is not the United States of America today. With her huge external debt, involving the payment of reparations, a tremendous deficit in the operating expenses of her Government, and the lack of any substantial supply of gold, it was inevitable that the devastating effects of uncontrolled inflation ruined the money system of the country. In our country today we have a tremendous supply of gold, more than 4 billions out of the 11 billions of the world's gold supply. An embargo upon the exportation of this gold to foreign countries has recently been declared. Both internationally and domestically our country is off the gold standard. Furthermore, through the courageous action of our President the Budget of our country has been balanced and the credit of the Government is not only sound, but unimpaired. With these safeguards existing in our country it is entirely possible for us to adopt a policy of controlled expansion of the currency without the slightest danger to the money system of the country.

It must not be forgotten that there is bad inflation, like that employed in Germany, and good inflation, according to sound monetary principles, as those proposed in the measure before us. Accordingly, this proposal can be adopted without any fear of the disastrous results that accompanied inflation in European countries but with every assurance that its use will be an aid in our efforts to restore normal economic activity and improve business conditions.

Throughout this debate today there has also been considerable discussion with respect to the constitutionality of this proposal. My learned colleague from Pennsylvania [Mr. BECK], to whose discussions of constitutional law I always listen with great admiration and whose judgment in matters pertaining to constitutional law I respect, has in his very lucid exposition made it appear that this measure is of doubtful or questionable constitutionality. It is indeed true that Congress cannot delegate the legislative function to any other department of the Government. This is widely recognized as fundamental principle of American constitutional law. This does not mean, however, that the powers which Congress has a right to exercise cannot be embodied in an act authorizing an administrative agency to put them into effect, in accordance with law, upon the determination of certain facts or conditions. In the case of Wayman against Southard, in 1825, Chief Justice Marshall said:

> It will not be contended that Congress can delegate to the courts or to any other tribunal powers which are strictly or exclusively legislative. But Congress may certainly delegate to others powers which the Legislature may rightfully exercise itself.

In American constitutional law it is entirely clear that the establishment of principles or rules of legal conduct is the essential function of Congress. It is equally clear that this power itself cannot be delegated. But the power to put rules into effect and apply principles, once these are established by Congress, to facts or conditions as they may arise can be vested by Congress in some other governmental agency or department or executive official notwithstanding the constitutional prohibition against the delegation of legislative power.

In the Tariff Act of 1890 there was embodied a delegation of authority which was considered by some as an unwarranted surrender of the constitutional power of Congress. By this act, in order to secure certain reciprocal trade agreements with countries producing certain specified commodities, it was declared that the free importation of such goods therein provided for should be suspended whenever the President was satisfied that the exporting countries were imposing duties upon American products which were reciprocally unequal and unreasonable.

When it was determined that these particular circumstances existed, it was provided that certain duties specified should be imposed upon the goods that were named in the act. This provision was attacked on the ground that it was a delegation of legislative authority to the President, but the Supreme Court in the case of Field against Clark refused to accept this view. In this opinion the Court declared:

> * * * Legislative power was exercised when Congress declared that the suspension should take effect upon a named contingency. What the President was required to do was simply in execution of the act of Congress. It was not the making of law. He was the mere agent of the law-making department to ascertain and declare the event upon which its expressed will was to take effect. It was a part of the law itself as it left the hands of Congress that the provisions, full and complete in themselves, permitting the free introduction of certain commodities from particular countries, should be suspended, in a given contingency, and that in case of such suspension certain duties should be imposed.

In this notable case the whole subject of legislative delegation of power to an administrative officer was thoroughly examined and significantly upheld. In accordance with the principle established in this opinion, it is constitutional for Congress to enact legislation with a provision either that its operation shall go into effect or be suspended upon the existence of specified conditions which are to be ascertained by an administrative agency. As the Court said in the case of Field against Clark, quoting from a decision of the Ohio Supreme Court in the case of C. W. & Z. Railroad Co. against Commissioners:

> The true distinction * * * is between the delegation of power to make the law, which necessarily involves a discretion as to what it shall be, and conferring authority or discretion as to its execution, to be exercised under and in pursuance of the law. The first cannot be done; to the latter no valid objection can be made.

Instead of being of questionable constitutionality, the provisions of this act are so plainly in accord with established principles of American constitutional law respecting the delegation of power that there is no doubt in my mind about the constitutionality of this act. As a matter of fact the Supreme Court has never declared a specific delegation of legislative power to an administrative official unconstitutional when the limits and conditions of such delegation of authority were especially designated. The wise founders of our Government in the establishment of our Constitution made provision for the national emergencies that might confront us. The Supreme Court of this country in the great opinions interpreting its meaning has clearly

established the fact that our Constitution can be adapted to the various crises in our country's history. As the great Chief Justice Marshall said in the notable case of McCulloch against Maryland:

> We must never forget that it is a constitution we are expounding. * * * This is a constitution intended to endure for ages to come and, consequently, to be adapted to crises of human affairs. To have prescribed the means by which the Government should in all future time execute its powers, would have been to change entirely the character of the instrument and give it the proprieties of a legal code * * * Let the end be legitimate, let it be within the scope of the Constitution, and all means which are appropriate, which are plainly adapted to that end, which are not prohibited but consist with the letter and the spirit of the Constitution are constitutional.

The SPEAKER. The time of the gentleman from Ohio [Mr. WEST] has expired.

All time has expired.

Under the resolution the previous question is considered as ordered.

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days within which to revise and extend their remarks on this bill.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. LEWIS of Maryland. Mr. Speaker, the following general conclusions relate to the general-welfare clause and farm relief:

GENERAL CONCLUSIONS

I. The Convention history of the welfare clause (sec. 8, art. 1) shows it to have been intended as a residuary legislative power.

II. The limitation on its application is indicated in the Virginia Plan as giving Congress the power to legislate in "all those cases to which the separate State is incompetent." This welfare power came as a postscript introduced several weeks after the adoption of the particular powers by the Convention. The particular powers were taken, "corrected, and enlarged" from the Articles of Confederation.

III. The residuary welfare power was found necessary to supply a gap in the sum of the legislative powers of the State and Nation under the Articles of Confederation, the gap embracing those subjects involving interstate causation and effects which were not embraced in the concrete subjects named in the particular powers.

IV. The control of production to balance with the demand, and thus conserve and protect commerce in agriculture and mining, calls for a legislative authority which can deal with interstate causes and effects where the "separate State is incompetent to act."

V. The doubt which has arisen over the interpretation of this clause lies, I have discovered, in a mistranscription of the first two clauses in section 8 of article 1. This mistranscription is obvious and is proven by the original manuscript of the Constitution, preserved by General Washington as President of the Convention.

VI. Taking the particular powers and the general-welfare power together, Congress possesses complete power to legislate on subjects of interstate character, subject, however, to any expressed prohibitions carried in the Constitution.

Mr. Speaker, during the discussion of the farming section of this bill on its initiation in this House the right of the Congress under the Constitution to pass such a bill was challenged. I am referring to the remarks of the Honorable JAMES M. BECK, a Representative from the State of Pennsylvania. The gentleman's ability as well as his forensic background gave uncommon significance to the doubts he expressed. Meanwhile, it is recognized the national exigencies demand the application of remedies if they can be found. Can it be that in the face of these exigencies the fathers in forming the Constitution have left us helpless by denial of all authority to act? I was loath to impute such impotency to our institutions, I confess. I had no thought that the makers of the Constitution had intended to create a gap in the American legislative power; but was convinced that in assigning to the States their share, and to the Nation its share, they fully intended the sum total of their legislative powers should be equal to the country's needs; and should equal the total formerly possessed by the Colonial legislature plus that of the parent British Parliament. Could there be a gap in the legislative power, legislative impotency to act in the interstate community, a situation in which neither the State nor the Nation can act to protect us? Had the fathers designed such a vacuum in our institutions? These were illustrious men, these makers of the Constitution. They displayed much wisdom in their work. Before we pass such a verdict on their work, let us examine it. Let us examine it well.

Mr. Speaker, I shall discuss this document, the Constitution, as a statesman's document. I do not think the right or power of a nation to legislate should be determinable solely in a forum of litigants upon the arguments of their interested advocates. The atmosphere, the setting, even though tempered by the presence of an impartial attorney sitting as a judge, are inadequate to elicit the full meaning of such a document. It was as a statesman's document that it entered the Convention; that it was discussed and developed in the Convention. It was as a statesman's document that it emerged from the Convention. And it was as a statesman's document that it was designed to empower statesmen and lawmakers, in the words of Washington, to legislate for "our prosperity, felicity, safety, perhaps our national existence."

THE VIRGINIA PLAN AND THE WELFARE CLAUSE

Let me trace, in a running fashion, the history of this much misunderstood welfare power.

General Washington, Governor Randolph, Madison, and other distinguished associates, reaching Philadelphia some time before the other delegates to the Convention, prepared a plan for a constitution and a national organization of government. Its preamble read: "Resolved that the Articles of Confederation ought to be so corrected and enlarged as to accomplish the objects proposed by their institution; namely, common defense, security of liberty, and general welfare."

The plan, since known as the "Virginia plan", was a comprehensive one. It embraced full legislative, executive, and judicial organizations. But I shall restrict myself to a discussion of the legislative phase alone.

In defining the legislative power the plan provided that Congress shall—

> (1) Enjoy the legislative rights vested in Congress by the Confederation.
>
> (2) Moreover to legislate in all cases to which the separate States are incompetent.
>
> (3) Or in which the harmony of the United States might be interrupted by the exercise of individual legislation.

Later, June 18, the Hamilton plan was presented. Its legislative grant to Congress read—

> Power to pass all laws whatsoever.

Mr. Speaker, I am adding to my remarks a catalog of the legislative powers contained in the Articles of Confederation. An inspection of these powers when supplemented by the power proposed in the Virginia plan, "to legislate in all cases to which the separate States are incompetent", will show a design to vest in State and National legislatures, taken together, law-making powers equal to the sum total of such powers possessed by the Colonies and Parliament taken together. Otherwise a vacuum, a gap in government, in respect to important subjects of an intercolonial or interstate character, would exist. The quoted clause of the Virginia plan was designed to fill this gap where the "separate State was incompetent" under the Confederation.

In their deliberations on the legislative powers the members proceeded as if the Virginia plan was the agenda of the convention. Since constitutions and laws are both designed to promote the public welfare it may be said that the clause quoted from the Virginia plan was designed to convey an interstate or a general welfare legislative power. To the mind it read:

> Congress shall have power to legislate for the public welfare "in all cases to which the separate States are incompetent."

The members began with an enumeration of the particular powers found in the Articles of Confederation. They proposed that this residuary power in interstate matters should be added to them. We shall see that what they finally did was to "correct and enlarge" those particular powers and add a few others, including this power proposed in the Virginia plan, now known as the "general-welfare clause".

WHY WAS THE VIRGINIA PLAN PROPOSED?

To prevent national anarchy Washington declared—

> We are descending into the vale of confusion and darkness. The Confederation appears to me to be little more than a shadow and

Congress a nugatory body. To me it is a solecism in politics * * * that we should confederate as a nation and yet be afraid to give the rulers of the nation who are the creatures of our own making * * * sufficient powers to order and direct the affairs of the same.

In a letter to Carter he wrote that it was his

decided opinion that there is no alternative between the adoption of it (the Constitution) and anarchy.

We note that Washington spoke of the Union as a nation. This feeling began with the Revolution. Patrick Henry at that time declared: "I am not a Virginian. I am an American."

Mr. Speaker, the Colonies did, indeed, comprise a national community and experienced the institutional needs of a national community. Before the Revolution these intercolonial relations and needs were matters for the King and Parliament of Great Britain, which had jurisdiction over all and possessed the full organs of government to effectuate such jurisdiction. The Union under the Confederation lacked powers. It had no executive organization or officers to speak of; no power of taxation to raise revenue.

Their conditions are hard to realize in our day. Mr. Lawson has referred to them in his exhaustive work on the general-welfare clause. I quote:

Dark as was the foreign outlook for America, her domestic situation was worse. Mutual jealousy and antagonism dictated the policy of the States toward each other. Commercial rivalries and unfriendly imposts irritated the feeling of all. They quarreled over their lands, over payment of their debts, and over the apportionment of expense. Massachusetts and New York disputed territory whose inhabitants conceded it to neither. Connecticut and Pennsylvania were at the point of war over Wyoming Valley. The larger States were threatened with violent dismemberment, and the incoherent confederacy became accustomed to the thought of partition into two or three.

The most intolerable part of the situation, however, arose from the inefficiency of the State governments and their failure to afford the ordinary security essential to life and property. Steadily their authority declined and their respectability waned until anarchy threatened the existence of all. Mobs formed frequently and unchecked in nearly every locality. In New Hampshire they closed the courts. They broke into open rebellion in Massachusetts; and when finally dispersed by the militia, selected their leaders to the legislature, where they made the laws which exempted themselves from punishment. In Rhode Island the people succumbed to the fiat-money craze and compelled creditors to accept payment in worthless currency. Pennsylvania forgot its peaceful Quaker traditions and became accustomed to language of violence and scenes of outrage. New Jersey debtors nailed up courthouses. Virginia debtors set fire to them. North Carolina mobs broke up trials. Blood was shed in 1786 over the proposed division of North Carolina; and Sevier, first Governor of the seceding part of the State, was arrested for treason. Electioneering violence and internal ferocious disturbances were common.

It was no mere rivalry between politicians for places of power and profit, which disturbed the peace of the States, and no ordinary party alignment. It was the leveling principle of communism striking at every private property right and at the institutions by which alone private rights and individual security could be maintained. All government was threatened with dissolution.

Certainly Washington's restraint was not failing him when he spoke of "anarchy" and of "descending into the vale of confusion and darkness."

CONVENTION ACTIONS ON WELFARE CLAUSE

Mr. Speaker, let us follow chronologically the stream of thought and action of the Convention through the 3½ months of its history as to the Virginia proposal to accomplish the "common defense * * * and general welfare."

May 29

The introduction of the Virginia plan proposing that Congress have power—

to legislate in all cases to which the separate States are incompetent, or in which the harmony of the United States may be interrupted by the exercise of individual legislation. (3 D.H.C. 16.)

July 17

Sherman moved to limit the above proposal in the Virginia plan so as—

not to interfere with the government of the individual States in any of the matters of the internal police which respect the governments of such States only, and with which the general welfare of the United States is not concerned. (1 D.H.C. 96.) Rejected.

July 17

Passage of Bedford's resolution, adopting an amended Virginia proposal—

(1) That the National Legislature ought to possess the legislative rights vested in Congress by the Confederation;

(2) and moreover to legislate in all cases for the general interest of the United States;

(3) and also in those to which the States are separately incompetent;

(4) or in which the harmony of the United States may be interrupted by the exercise of individual legislation. (1 D.H.C. 96.)

July 26

In the 2 months of its session the Convention had at length agreed upon 23 resolutions defining the structure and functions of the proposed government. On this date it adopted a motion that these resolutions "for the establishment of a national government be referred to a Committee of Five (Rutledge, Randolph, Gorham, Ellsworth, and Wilson) to prepare and report a constitution conformable thereto." Among these 23 resolutions was the following:

VI. *Resolved*, That the National Legislature ought to possess the legislative rights vested in Congress by the Confederation, and moreover to legislate in all cases for the general interest of the United States, and also in those to which the States are separately incompetent, or in which the harmony of the United States may be interrupted by the exercise of individual legislation. (Elliot's Debates, vol. 1, 221; 3 D.H.C. 413–414.)

August 6

Report by the above committee of a printed plan of constitution consisting of 23 articles, including the "corrected and enlarged" particular powers taken from the Articles of Confederation, to which was added the commerce clause and the following clause on taxation:

The Legislature of the United States shall have the power to lay and collect taxes, duties, imposts, and excises;

The general-welfare subject was not included in this first draft of the Constitution.

August 22

The same Committee of Five (Rutledge) made a supplementary report recommending the following:

(1) And to provide as may become necessary from time to time for the well managing and securing the common property and general interest and welfare of the United States, (2) in such manner as shall not interfere with the governments of individual States in matters which respect only their internal police, or for which their individual authorities may be competent. (1 D.H.C. 144.)

August 31

Committee on Unfinished Portions:

The Convention had acted clause by clause but some parts had been postponed, others substituted, and others had neither been accepted nor rejected. Among the latter was the above "welfare clause" of August 22 proposed by the Committee of Five, also a resolution as to Revolutionary debts adopted by the Convention. On August 31, all these unfinished parts were referred to a Committee of Eleven on unfinished portions consisting of a member from each State.

September 4

Report of Committee of Eleven on unfinished portions:

The Legislature shall have power to lay and collect taxes, duties, imposts, and excises; to pay the debts and provide for the common defense and general welfare of the United States. (Elliot's Debates, p. 283.)

Observe the semicolon after the word "excises."

September 4

Brearly, as Chairman of the Committee of Eleven, read the above clause to the Convention and gave it to the secretary to read a second time. On the same day, without being debated or remarked upon, the clause was adopted "nem. con." (Elliot's Debates, p. 284.)

September 12

The Committee on Style and Revision reported a second draft of Constitution "as revised and arranged"; and members were "furnished with printed copies thereof." (1 D.H.C. 194.)

The printed Convention copy reads:

The Congress * * * shall have power to lay and collect taxes, duties, imposts, and excises; to pay the debts, and provide for the common defense and general welfare of the United States. (Journal, p. 356; Elliot's Debates, p. 300.)

Observe again the semicolon after the word "excises."

Thus, the proposal to promote the public welfare in the Virginia plan, giving Congress power to legislate:

In all cases to which the separate States are incompetent—

Becomes a power to—

provide for the common defense and general welfare of the United States.

It is submitted that this expresses the same purpose found in the Virginia plan and in all the intermediate actions of the Convention on the subject. It is an affirmative expression of the sense of the Virginia clause.

EVOLUTION AND FINAL FORM OF WELFARE POWER

Mr. Speaker, the Convention is considering the broad subject of the public welfare. The State powers to secure the local welfare already exist. What shall be done to provide for the public welfare when it lies outside of State powers? The Virginia plan says give Congress power to—

legislate in all cases to which the separate States are incompetent.

Adopting the Bedford motion, the Convention said give Congress power to—

legislate in all cases for the general interests of the United States, and also in those to which the States are separately incompetent.

The report of the Rutledge committee on August 22 said give Congress power to—

provide * * * for the common property and general interest and welfare of the United States, * * *

The Brearly committee said give Congress power—

to pay the debts and provide for the common defense and general welfare of the United States;

Does not a common thought run through all these? And is it not that Congress may legislate to meet those "general" (interstate) problems involving the public welfare which may arise in a field beyond the jurisdiction of the separate State. This is the view of our institutions held by the most renowned of American judges, Marshall, who said:

The genius and character of the whole Government seem to be that its action is to be applied to all the external concerns of the Nation and to those internal concerns which affect the States generally, but not to those which are completely within a particular State, which do not affect the other States, * * *. (*McCulloch* v. *Maryland*, 4 Wheaton, 316.)

ANALYSIS OF CLAUSE

Mr. Speaker, paragraph 1 of section 8 contains three distinct subjects, speaking historically as well as generically: (1) The power to lay taxes, (2) the power to pay debts (including especially Revolutionary debts), (3) the power to provide for the common defense and the general welfare. They are combined by the "Committee on Stile and Arrangement" in a single paragraph. But in fact each of these three subjects arose and were disposed of as independent and as unrelated subjects; and received separate discussion and separate treatment in the Convention, whose proceedings I shall refer to as briefly as the detail will permit.

THE POWER TO TAX

The tax clause appears by itself in the first draft of the Constitution of August 6, 1787, as follows:

The * * * shall have power to lay and collect taxes, duties, imposts, and excises. (Elliot, p. 226, 3 D.H.C. 449.)

It terminates with a semicolon and was followed in that draft by the commerce clause, which also terminates with a semicolon like the other power clauses.

The taxation clause was adopted in the above state on August 7 (Elliot, p. 231); and so the paragraph stood on August 22, "debts" and "welfare" subjects not yet in the Constitution; when on this date the Committee of Five reported as to debts as follows (Elliot, p. 256):

(1) That at the end of the first clause there be added the following words: "for payment of the debts and necessary expenses of the United States * * * provided that no law for raising any branch of revenue except what may be specially provided for the payment of interest on debts or loans shall be continued in force for more than —— years";—

Here we have the first allocation of the "debts" subject; leaving the paragraph on taxation to read:

Congress shall have power to levy and collect * * * excises for payment of the debts and necessary expenses of the United States * * *;—

The report of the Committee of Five then continued as to commerce and interstate welfare:

(2) that the commerce clause include trade with Indians:

and that at the end of the 16th clause of the second section of the seventh article, the following words be added:

(3) *And to provide as may become necessary from time to time for the well managing and security of the common property and general interest and welfare of the United States* in such manner as shall not interfere with the governments of individual States in matters which respect only their internal police or for which their individual authorities may be competent. [Italics supplied.]

Here the "welfare" clause receives on August 22 its first allocation in the Constitution, viz, to the sixteenth clause (now seventeenth) which as thus amended would read:

(3) To make all laws that shall be necessary and proper for carrying into execution the foregoing powers, and all other powers vested, by this Constitution, in the Government of the United States, or in any department or officer thereof, *and to provide as may become necessary from time to time for the well managing and security of the common property and general interest and welfare of the United States* in such manner as shall not interfere with the governments of individual States in matters which respect only their internal police or for which their individual authorities may be competent. [Italics supplied.]

And so, Mr. Speaker, the taxation, debts, and welfare subjects stood when on September 12 Dr. Johnson from the Committee on Style and Arrangement reported the second printed draft of the Constitution which disposed of all three of them as follows:

The Congress shall have power to levy and collect taxes, duties, imposts, and excises; to pay the debts and provide for the common defense and the general welfare. (3 D.H.C., p. 724.)

Thus the two different items, (1) relating to "debts" and (3) relating to "welfare", separately allocated by the previous report of the Committee of Five are at last boiled down by the report of the Committee on Style and Arrangement, without change of meaning, to a sentence of 14 words and are placed to follow a semicolon at the end of the taxing clause in the first paragraph. The remaining part of the present paragraph, namely, "but all taxes shall be uniform throughout the United States"; was first proposed and adopted on September 14, 1 day before the adoption of the Constitution as amended; and was also an independent subject separately treated.

Mr. Speaker, it is plain enough that this first paragraph of section 8 represented three different subjects, three separate conclusions and actions of the Convention. To read them as a single thought, as you might read one of the Ten Commandments, is to do violence to the conceptions of the Fathers and to our institutions as well. The proceedings show that the taxing power, as usual, was a subject of bitter controversy, while the discussion of the payment of the debts and depreciated paper of the Revolution excited such utterances as "bloodsuckers who had speculated on the distress of others." Of these three powers only that power relating to the "general welfare" secured from the Convention oft-repeated, constant, and uniform support.

MISTRANSCRIPTION BY ENROLLING CLERK OF COMMA FOR SEMICOLON

Mr. Speaker, we are not yet done with the history of the "welfare" clause in the Convention. It had to meet an uncontemplated accident as so often happens with public-welfare objectives. The Convention's printed draft of the Constitution of September 12, together with the additions and revisions written thereon, was turned over to a copyist for copying in handwriting on parchment for enrollment. He made a mistake. He inserted a comma instead of the semicolon after the word "excises" ending the taxation clause. And now may I continue with this incident by quoting from a dialog with the Chairman of the Committee on the Judiciary of the Senate:

Mr. LEWIS. My investigation shows that the comma, following the word "excises" in the engrossment form, was an error; that the original document shows it to be in fact a semicolon. It was a semicolon throughout the whole proceedings and as adopted by the Convention, and only became a comma by a mistranscrip-

tion of the copyist who was given the proceedings to copy on parchment.

The CHAIRMAN. What comma? After what word?

Mr. LEWIS. After the word "excises."

The CHAIRMAN. All right.

Mr. LEWIS. That was and is a semicolon in all the proceedings of the Convention, and this statement is susceptible of complete proof.

As adopted in the Convention the clause read:

"The Congress shall have power to lay and collect taxes, duties, imposts, and excises; to pay the debts and provide for the common defense and general welfare of the United States; "

The semicolon is there.

Now, this [indicating] is a photostat page of the section as it erroneously appears in the engrossed parchment copy of the Constitution.

SEC. 8: Congress shall have power to lay and collect taxes, duties, imposts, and excises, to pay the debts and provide for the common defense and general welfare of the United States; but all duties, imposts and excises shall be uniform throughout the United States; (semicolon).

Observe that the semicolon has disappeared. The copyist, to whom the Constitution as actually adopted in the Convention was referred for copying, has here substituted a comma for a semicolon after "excises."

This is proved by a photostat copy I now hold in my hand of the Convention Constitution as preserved by General Washington himself with his notations. In this original copy of the Constitution we find the semicolon. It reads:

"The Congress shall have power to lay and collect taxes, duties, imposts and excises; to pay the debts and provide for the common defense and general welfare of the United States."

It is the printed copy of September 12th with the semicolon plainly apparent.

In the Washington copy we find an evidence again of his thoughtful care and illimitable industry, in the full recopying of one of the paragraphs in his own hand.

The question presented is, Shall we take the document of General Washington or of the copyist whose written scroll was most certainly not read by the members signing? The Journal of the Convention not only shows the semicolon but also shows all the changes made in the September printed draft of General Washington. It shows no change as to the semicolon. It also shows (Elliot, p. 317) that the engrossed Constitution was "read" to the Convention; rather than read by its members, before signing. Reading clerks certainly do not pronounce punctuation signs or distinguish commas from semicolons to their auditors.

The CHAIRMAN. Let me ask: Does the change of the punctuation now, making a semicolon of the comma, change the meaning of the sentence?

Mr. LEWIS. When the paragraph is read as in the correct Washington copy you have a power to lay taxes. It ends with a semicolon, like all the other specific powers. Following it you have a power to pay debts and to provide for the common defense and general welfare, also followed by a semicolon.

The CHAIRMAN. Yes; I understand that.

Mr. LEWIS. As you read those clauses in section 8 you find that every legislative power clause follows a semicolon attached to the preceding clause.

The CHAIRMAN. But if we take it as it is now printed, a comma, does it follow that the power, for instance, to pay debts and provide for the common defense and general welfare is not equally as great with the power to lay and collect taxes?

Mr. LEWIS. We hear the contention that we cannot use the tax to effectuate "general welfare" objectives. If the clause is disconnected from the tax clause by the semicolon, it is clear then it becomes an independent power under which the lawmaker might proceed by the prescription of justiciable rights and duties, in proper cases as we do, say, under the postal clause.

Mr. Speaker, taken as separate subjects the whole paragraph reads substantively:

> Congress shall have power: (1) to levy taxes; (2) to pay debts; (3) to provide for the common defense and the general welfare.

With the semicolon Congress may "provide for the general welfare" not merely through the levying of a tax but by other logical and legitimate methods, e.g., the prescription of justiciable rights and duties generally. It is true that such a power is applicable to but a limited part of the field of legislative subject matter. But when applicable it possesses characteristics and properties like the postal clause, enabling the lawmaker to fully control the subject matter with a view to remedying the evil involved. The breakdown of the principle of competition in farming and coal mining which calls for a limitation of the production of such products, the equal right of competent men to work and to a share of the Nation's employment, all subjects which the separate State is organically unable to encompass, are examples of interstate subjects, the evils of which may run into catastrophes if an equal interstate power to treat them be denied. The commerce clause, extended to its utmost, may only reach production of those articles designed to enter into interstate commerce. But to save the farm and coal-mining industries, their prices must be rationalized; and this objective requires that the totals of their products, which determine prices, must be controlled. Legislative power to effect such control exists in all the leading countries, most of which have taken some action. Such a legislative power unquestionably existed in the sum total of the legislative powers of the colony and parliament taken together. It was to conserve this necessary legislative power that the welfare provision of the Virginia plan and the general-welfare clause was designed.

INTERPRETATION OF COMMA

Mr. Speaker, with the comma substituted for the semicolon the question of the meaning to be given the comma arises. Does it mean "and", its most frequent use? It is so used twice in this very paragraph, and in four other instances in this section. If so read the "welfare" clause represents a distinct power like the tax clause, that is, the meaning of the clause conforms with its history and is the same as with the semicolon.

The presence of the alien comma forced the contractionist who disliked the false power he set up to introduce an interpolation. Story was driven to interpolate the words "in order." In view of the proved intent of the makers of the Constitution that the clause should carry a power, rather than interpolate, would it not be more reasonable to give the meaning "and" to the comma, its common meaning? Then it would read:

> Congress shall have power to lay and collect taxes, duties, imposts and excises (and) to pay the debts and provide for the common defense and general welfare of the United States.

Reading the paragraph without the semicolon after the word "excises" (and Jefferson probably never saw it with the semicolon) Thomas Jefferson thought:

> They cannot lay taxes for anything they please but only for the common defense and general welfare. * * * They cannot do anything they please for the general welfare but can only lay taxes for that purpose.

And then maintained:

> For in the phrase "to lay taxes, to pay the debts and (to) provide for the general welfare" it is a mere question of syntax whether the two last infinitives are governed by the first or are distinct and coordinate powers.

With only the familiar but erroneous print before him it became a question of syntax, of the interrelation of three infinitives. Not having been a member of the Convention, he did not know the truth about the clause. The Journal was not published until 1819, 32 years after the convention; Madison's notes not until 1840, a half century after. With the actual clause before us, the clause as consciously developed and adopted by the Convention, we can raise no such question of syntax or of governing infinitives. There are two, not three infinitives, and they introduced the coordinate powers, "to pay debts, and (to) provide * * * for the general welfare." The debt- and welfare-clause is grammatically separated from the preceding sentence on taxation by a semicolon in the same manner as all the following 17 power clauses are separated from it. And now may I resume my dialog with the Judiciary Committee of the Senate?

Senator WALSH of Montana. If I understand the question of the chairman right, the idea in his mind is that it is equally as well when you put a comma there, it is equally as well set apart from what goes before, as though there was a semicolon there, and if the clause "to provide for the payment of debts and general welfare" is a modification of what precedes, you should not have either a comma or a semicolon.

Mr. LEWIS. Exactly so. If the comma be read to mean "and", as the history of the subject requires, then a distinct legislative power is carried. The erroneous comma is meaningless as a modifier unless you interpolate some phrase like "in order" a meaning which the comma is never used to express.

INTERPOLATION BY CONTRACTIONIST

The CHAIRMAN. The contention is this, as I understand it, that where you have a comma there it is the same as though it read like this:

Congress shall have power to lay and collect taxes, duties, imposts and excises "in order" to pay the debts.

Mr. LEWIS. Yes. That is the contention that is made by the contractionist.

The CHAIRMAN. "And provide for the common defense and general welfare."

If that were true, then the authority to pay debts, provide for the common defense and general welfare of the United States would be limited to the powers given in the first part of the sentence, to wit, to lay and collect taxes, duties, imposts and excises. Is that the contention?

Mr. LEWIS. That is the contention and the purpose of the interpolation of the contractionists who would destroy this clause as a power.

Senator WALSH of Montana. As I understand you, Mr. Lewis, you contend it should be construed as though Congress had power to lay and collect taxes, imposts and excises, that Congress shall have the power to pay the debts of the United States, that Congress shall have the power to provide for the common defense and the general welfare of the United States?

The other contention is that Congress shall have power to lay and collect taxes, imposts and excises "in order" to pay the debts and provide for——

The CHAIRMAN. It seems to me to get the last construction you would have to take the comma out. What is the use of the comma?

Story, himself a contractionist, resorted to an interpolation for the purpose of contracting the clause. He, too, was in ignorance of the erroneous comma which had replaced the semicolon. I quote from him:

The reading therefor which will be maintained in these commentaries * * *

"The Congress shall have power to lay and collect taxes, duties, imposts, and excises *in order* to pay the debts and provide for the common defense and general welfare of the United States."

that is for the purpose of paying the public debts and providing for the common defense and general welfare.

INTERPOLATION BY DESTRUCTIONIST

Even this interpolation of Story leaves the "welfare" idea still standing as a legislative objective for which Congress can lay taxes as well as appropriate. The destructionists will have none of his milk-and-water contraction. They argue (Henry St. George Tucker) that as:

It is recognized by all authorities that the taxing power of a government, without special limit or specification, extends only to the execution of the functions or powers of that government.

Hence, as the debts, defense, and welfare clause does not carry legislative powers but is only a preamble introductory to the particular powers, the clause should be regarded as surplusage, merely.

The contractionist would give some meaning to the words "provide for the general welfare." The destructionist would eliminate all meaning. To do so, like the contractionist, he must get rid of the comma by interpolation of the words, "in order." His interpolations cannot stop there; for the idea, "general welfare", still remains as an available objective under the taxing clause to raise corresponding "implied legislative power." Now, how can this power also be removed? Only by interpolation of such additional words as, "in manner following, viz." The clause then would read:

Congress shall have power to lay and collect taxes, imposts, and excises (in order) to pay the debts and provide for the common defense and the general welfare (in manner following, viz):

To borrow money, etc.
To regulate commerce, etc.
To establish * * * rules of naturalization.
To etc., etc., etc.

A double set of interpolations into the Constitution in order to read out a now most essential power.

But how shall they justify interpolating the words, "in manner following, viz"? By contending that the expression "common defense and general welfare" performs the office of a mere "introductory" or preamble to the powers which follow. What would be the use of the specifications which follow, they ask, when all these powers could be derived from the plenary power "to provide for the common defense and general welfare"? In truth it is clear that as specialized these powers could not be derived from this clause which is residuary only and not truly plenary like the Hamilton proposal, viz, "Congress shall have power to pass all laws whatsoever." But I shall examine this question later.

If all these interpolations and arguments be granted, then what? The effect is to reduce the meaning of the present paragraph to the meaning which it possessed, August 6, in the first draft of the Constitution, when it contained no expressions as to debts, defense, or welfare, and when it read as follows:

Congress "shall have the power to lay and collect taxes, duties, imposts, and excises;
"To regulate commerce, etc.
"Etc., etc."

For, if the words, "common defense and general welfare", operate only as "introductory", that is, as a videlicet to the specialized powers, then they add nothing to and take nothing from the taxing clause as it stood on August 6. Taxation, by essential and unavoidable implication, of course, is designed to pay debts and expenditures; so the word "debt" added nothing to the text of August 6 on taxation. In fine, the clause by these interpolations and emendations comes to mean that Congress "may lay taxes to defray the expenses which may be incurred in exercising the specialized powers which follow." I protest that this is not an interpretation of the clause but an elimination of the clause. To what an absurdity it reduces the work of the Convention, which spent much time between August 6 and September 12 in formulating this clause.

THE INTERPOLATORS DISAGREE

Judge Story, in his Commentaries, volume I, section 913, notices this very point about the second interpolation which the destructionist demands. I quote him:

It is not said to "provide for the common defense and general welfare, in manner following, viz," which would be the natural expression to indicate such an intention. But it stands entirely disconnected from every subsequent clause, both in sense and punctuation; and is no more a part of them than they are of the power to lay taxes.

The contractionist, Story, must use one interpolation ("in order"); the destructionist must supplement it with a second interpolation ("in manner following, viz"), and "all for the lack of a horseshoe nail", the semicolon which the copyist left out of the enrolled copy of the Constitution. I repeat, it is improbable to the last degree that Story ever saw a correct copy of the clause as adopted. Now, without any semicolon to stand in the way, Story got rid of the expression "common defense and general welfare" by using them as mere words of limitation on the taxing power, but he could only do so by introducing an interpolation. He was willing to do this to get rid of the expression as a grant of an independent power. In order to justify himself, he makes the following misleading statement, than which I am constrained to say there has never been a more mistaken statement in all the works of reputable juris-consults. He says (sec. 909):

If the clause is construed to be an independent and substantive grant of power, it not only renders wholly unimportant and unnecessary the subsequent enumeration of specific powers but it plainly extends far beyond them and creates a general authority in Congress to pass all laws which they may deem for the common defense and general welfare. Under such circumstances the Constitution would practically create an unlimited national government.

"An unlimited national government" is what Hamilton proposed with a grant of power to Congress "to pass all laws whatsoever." This is "stump" talk, wholly unworthy of the commentator.

It contains two vital misstatements:

First, that if the welfare clause be a power then the specific or concrete powers are unnecessary and unimportant.

Second, that an unlimited national government would result. I shall discuss them in order.

WELFARE CLAUSE NOT A PREAMBLE TO PARTICULAR POWERS

Mr. Speaker, why this enumeration, long detailed enumeration of 17 particular legislative powers if all such powers are found in an alleged plenary clause, "to provide for the common defense and general welfare"?

I shall amplify the question, giving its argument as well, in the language of Story (sec. 910):

(1) For what purpose could the enumeration of particular powers be inserted if these and all others were meant to be included in the preceding general power?

Answer: The "general welfare" clause was not intended as a substitute for the particular powers. It did not come first. The particular powers were reported and adopted weeks before. It came last. There was no such clause in the first draft of the Constitution presenting the "particular powers", as they were reported to the Convention on August 6, 4 weeks before the "welfare clause." The draft of the welfare clause was not brought in until September 4, and then only as the result of several actions of the convention demanding it or its equivalent. There were the Madison and Pinckney resolutions, of August 18, the report of the Committee of Five (Rutledge) of August 22, the Convention action of August 23. The Journal and proceedings leave no doubt on this point. The "enumerated particular" powers came first, not last. They were nearly all "corrected and enlarged" revisions of like powers in the Articles of Confederation, to which the welfare power was to be added under the Virginia plan. And after 4 weeks came the "welfare clause", certainly not as a preamble to the "particular powers" but as a further enumerated power, and because the "enumerated particulars" were considered insufficient. It came as a residuary grant of power applicable to other Federal subjects, not mentioned among the concrete subjects enumerated, as the country's well-being might, from time to time, demand—

And now I shall examine Story's argument:

> Nothing is more natural or common than first to use a general phrase and then to qualify it by a recital of particulars.

But it has been shown that the "general phrase" in this case was not used first but came into the Constitution 4 weeks after the report and adoption of the particulars. It was in fact a postscript to the other powers, and (about) the last to be adopted. In its first appearance, August 22, in the Rutledge report it was assigned not to the first paragraph, containing the power of taxation, but "at the end of the sixteenth clause." The chronology of the clause and its history in the Convention discountenance the "introductory" or preamble function, which degrades it into a euphemistic tail to the taxation power. And as to the "enumeration of particulars", the admittedly insufficient Articles of Confederation clearly shows their place of origin. There are few new subjects added by the particular powers to the articles outside of taxation and control of commerce. What the convention did was to put teeth into these old powers. I append them to my remarks for comparison.

WHY THEN THE PARTICULAR POWERS?

And now I shall consider the general question, viz, "For what purpose the particulars?" Says Story:

> But an idea of an enumeration of particulars which neither explain nor qualify the general meaning, and can have no other effect than to confound and mislead, is an absurdity, which no one ought to charge on the enlightened authors of the Constitution. It would be to charge them either with premeditated folly or premeditated fraud.

How could the "enumeration of particulars" be called upon to "explain or qualify" the general meaning of something then unborn. We have seen that the welfare clause was 4 weeks younger than the "particular powers." That is it came as a postcript to the particular powers and was first allocated to follow them all at the end of the section.

Again, he asks—

> For what purpose these particular powers, if they are included in the defense and welfare clause?

Mr. Speaker, the answer is that there were natural, even peremptory reasons. Of current subjects of legislation they had experience, and this experience indicated particular ways in which they wished such current problems to be handled. They wished to limit the discretion of Congress in dealing with them; or they wished to place limitations on the States. In order to state these limitations such subjects had to be particularized.

No one will deny that the words "common defense" carry the military powers. Acting under this clause alone the military powers could be exerted by Congress without any of the qualifications prescribed. But the Convention designed otherwise. Congress should be given the military power, but withal Congress must exert it in a particular way. To state the qualification it was necessary to specify the military subject, for example, Congress shall have power—

> To raise and support armies.

However—

> But no [such] appropriation • • • shall be for a longer term than 2 years.

Again, Congress shall have power—

> To provide and maintain a Navy.

But—

> No State shall without the consent of Congress • • • keep troops or ships of war in time of peace.

Observe that the National Congress could provide troops and Navy at any time. But the States were to be disarmed, except that during war they might arm for the aid of the Nation or in self-defense. It is doubtful whether Congress under the power to act for the "common defense" alone could have constitutionally imposed such peace-time disarmament upon the States. Hence, the special treatment and qualifications in reference to the "common defense" power.

Again, the power to provide for the "general welfare" certainly would include legislative authority to regulate interstate and foreign commerce. Acting under this clause Congress could have regulated interstate commerce without any qualification. The Convention concluded Congress should exert the power, but should exert it subject to particular limitations. So we find this power particularized and the limitations stated. Thus:

> Congress shall have power to regulate interstate and foreign commerce.

But in doing so it—

> Shall give no preference to the ports of one State over those of another, etc.
>
> Shall pass no law prohibiting immigration or emigration before 1808.
>
> Shall lay no tax or duty • • • on articles exported from any State.
>
> No State shall • • • lay any imposts or duties on imports or exports.

Again, Congress may—

> Coin money [and] regulate the value thereof.

But—

> No State shall coin money, emit bills of credit, or make anything but gold or silver coin a tender in payment of debts.

Under this alleged plenary clause Congress could have issued money whether paper or coin. The sad experience with the continental paper money doubtless induced the restriction. But the States must also be restrained, and so the direct prohibition on them against the issue of any kind of money. Experience has shown that had the States retained this power, a successful national currency would have been impossible.

Under the general-welfare clause, taken alone, Congress might have imposed duties on exports, as it does on imports. The Convention did not desire this. Again the States must logically be restrained from levying duties on imports and exports. If the limitation on Congress as to exports were not imposed, its power might be abused; if the restraint on the States as to imports and exports were lacking, the power of Congress over interstate commerce might be frustrated.

WHAT ABOUT FUTURE PROBLEMS?

Mr. Speaker, considering the then known concrete subjects, we see how natural it was to place limitations or qualifications on the national or the State lawmaker, or even upon both. This would be natural enough as to existing social or property subjects of which they had had experience. They knew these subjects. Their experience would suggest the qualifications.



But what of subjects yet unborn, subjects unforeseeable, problems inevitable in the life of a Nation which they planned to live through the centuries? Of these they could only know that they must arise. What particular limitations, if any were desirable, on the power of Congress with respect to them, they could not divine. What of these? Should statesmen ignore them? Here are a few of the many such with which Congress has already found it necessary to deal: Antilottery legislation, the narcotic evil, phosphorous poisoning, contagious diseases, pests, food adulteration.

Of the evils which are afflicting us now they could have had no prescience; for our industrial system was then unborn. The break-down, in farming and mining, of the regulating principle of competition, the monopoly control of local services through general holding companies which mock State laws, the need of blue-sky laws to protect honesty property—could they foresee just what limitations they should place on the legislative power which should have to deal with the above problems, or with industrial break-downs, present unemployment, agriculture, or mining stabilization? They could not foresee what the desirable limitations might be; and so rather than leave a gap in the legislative power and leave a nation helpless under its constitution they conferred the power, subject to those general prohibitions provided elsewhere in the instrument. This is not a new thought I am presenting—I quote from the Federalist (no. 34):

> Constitutions of government are not to be framed upon a calculation of existing exigencies; but on a combination of these with the probable exigencies of ages, according to the natural and tried course of human affairs. There ought to be a capacity to provide for future contingencies as they may happen, * * *.

Now, then, to summarize, why are these particular powers specified and others not? The answer is that as to what the Convention could see them moving on the face of the earth it could be specific and wisely qualify the power; but the Convention also had wisdom enough to realize there would be many subjects arising in the future whose nature they could not foresee, as to which they could not be specific, and qualify. For these, to save us from anarchy, they gave the general-welfare power, where the State is organically incompetent to act.

LIMITATIONS; "GENERAL" MEANS "INTERSTATE" IN CONSTITUTION

Mr. Speaker, first let me say that the word "general" in this clause is misinterpreted by the noncritical to mean that under it the Government might do anything. When used in connection with our Government the word "general" has a special meaning. It is a word of limitation and means "not local"—not intrastate, in character.

Implicit in all State or national laws is the idea of the "public welfare" or the "public good." It is easy for a superficial reader to confuse such expressions with the expression "general welfare."

No interpretation of this clause can be intelligent which neglects this special and limited meaning attached to the word "general" when used in connection with the National Government. It is this oversight which accounts for the interpolations of both the contractionist and the destructionist—reacting in terrorem at the thought that a power to provide for the general welfare meant that Congress could do anything in general, and so would swallow up the powers of the States, they were driven to the interpolations already referred to.

What is meant by the word "general" and "local" is illustrated in the distinctions between interstate and intrastate commerce. The word "interstate" did not come into use until 1845; hence, the use of the word "general." The subject is local in character when its operating cause begins in the State and its controlling effects close within the State as in the case of commerce that moves wholly within State lines. It is "general" in character when its operating cause beginning in one State exerts controlling effects in another State. There is a common-sense agreement as to this among the Fathers. Said Marshall, who sat in the ratifying Convention of Virginia:

> The Government's "action is to be applied * * * to those internal concerns which affect the States generally, but not to those which are completely within a particular State, which do not affect the other States."

Wilson, a member of the Constitutional Convention:

> Whatever object of government is confined in its operation and effect within the bounds of a particular State should be considered as belonging to the government of that State; whatever object of government extends in its operation or effect beyond the bounds of a particular State should be considered as belonging to the Government of the United States.

Jefferson wrote:

> The capital and leading object of the Constitution was to leave with the States:
>
> (1) All authorities which respected their own citizens only.
> (2) To the United States those (authorities) which respected; (a) citizens of foreign (States); (b) or other States.

Certainly they unite on the principle. The State is to act on subjects wholly within its legislative control, the Nation on subjects beyond such control; and no gap was contemplated as beyond the control of either State or national authority.

I have no thought that the clause conveys a power to do all the things that might be thought generally desirable. Congress could not under the welfare clause in my view enact a uniform divorce law for the United States; or legislate as to the law of bills and notes, deeds, mortgages, the whole field of private property. The States can attend to these subjects; they are organically competent in that field. Congress, on the other hand, unless this welfare clause is applicable, would have no power to say that there should be a national language in our country.

Let us go back to the Virginia plan, the mother of the welfare clause.

A statement of "cases in which the separate States are incompetent" certainly does not include cases in which State legislation is merely less desirable. Nor does power to legislate for "the general welfare" imply national power to act in any case of the public welfare. Implicit in the clause is the word "public" it is true. But the clause contemplates two kinds of public welfare, the local and the general, the intrastate and the interstate; in one of which the State is competent, in the other only the General Government. Granted a reasonable observance of this distinction by the national lawmaker, and how could it then be asserted that the exercise of the welfare power must swallow up the State power? Certainly as to the field of interstate welfare the State possesses no power. How then can it be robbed of its power or be swallowed up? But should the field then be left as a vacuum, a gap in government? The Virginia plan was meant to fill this gap, not only as to commerce but as to other fields of interstate causes and effects where the separate States are organically incompetent to act.

If in any act passed the evil to be overcome or the welfare objective to be achieved were in fact only intrastate in their causes and effects, could not the courts declare that fact, as in the *Child Labor cases*, and refuse to give their support to the act?

Does this national community have a problem before it that concerns the general welfare with which the separate State is incompetent to deal? Then only could it be dealt with under the Virginia plan. Now, in what cases of the public welfare is the separate State organically incompetent? Obviously in those cases which require control of the relations of citizens in more than one State, or of a subject whose controlling relations involve control of the citizens of several States. The control of commerce among the States must have been one, for it was a specified cause in the call for the Convention. Yet it was not specified in the Virginia plan. They must have intended that it should come under the "power to legislate in those cases in which the separate States are incompetent" along with other interstate subjects.

This interstate-welfare power was not in fact a new power. The British Parliament possessed it over our intercolonial relations and could and would have exercised it upon occasion of necessity.

The Convention recognized that just as there was an intrastate commerce and there was an interstate commerce, so also there was an intrastate and an interstate welfare. In the case of commerce, commensurate powers were admittedly left with the States and granted the National Government. A like division of powers is suggested by the Virginia plan for other subjects of the public welfare. Why should the word "general" in the welfare clause be given a different interpretation from the words "among the States" in the commerce clause?

In interstate commerce we see commercial causes and effects which involve persons in more than one State which the States are incompetent to control. In the public general welfare do we not also find causes operating in one State with essential controlling effects in other States, which the separate State is incompetent to control.

Why should a national control restricted to such interstate welfare destroy the State any more than such control of commerce among the States? In this argument I contend for no greater legislative authority. What validity then can be accorded to the statement of Story that:

> Under [the welfare clause] the Constitution would practically create an unlimited National Government.

This very essential welfare clause, has been the victim of class antagonism from the beginning. Naturally there will exist in any generation some strong interests which should prefer that the governing authority should have no power it could exert over them. Before the Civil War were some among the slave-owning class who, with other interests, sought to prevent the adoption of the Constitution, and who, far from denying the effectiveness of the welfare clause, argued:

> Have they not the power to provide for the general welfare? * * * May they not pronounce all slaves free, and will they not be warranted by that power?

Having lost the battle to Washington, whom the majority followed in adopting the Constitution, these interests, changed tactics and started the doctrine that the clause meant nothing at all, that is, nothing not carried in the particular powers. The slavery interest has gone, but other class interests have sprung up in other parts which also prefer to "be let alone."

ILLUSTRATIONS OF APPLICATION

Mr. Speaker, in my view, then, the word "general" in the clause was intended to carry the same limitation as in the Virginia clause, viz, that the power was restricted:

> "All cases to which the separate States are incompetent."

This is only to employ the principle affirmed by Wilson, Jefferson, and Marshall.

Let me make some applications. I will take some subjects which are already before the public, say first, the subject of uniform laws on marriage and divorce. With regard to this subject while it certainly involves the public welfare, can it be said that it is a case in which State legislation is incompetent? The marriage laws involve primarily two persons living together within the same State. The causes and effects of such marriage relation commonly are similarly confined within the boundaries of such State.

Another illustration is the child-labor subject. Can it be said that the State legislature is incompetent to consider and act on the welfare of the child? We must trust it to act humanely and wisely; the State Commonwealth must accept its moral responsibility. Unless it could be shown that a great disparity in the employment-age requirement and consequent costs of manufacture resulted, could it be argued that substantial interstate causes and effects were involved?

Now let me make some applications of a positive character, the subject of wheat, for example. The price of wheat is determined at Liverpool, by a complex of production-and-consumption factors world-wide in character. But the price of wheat, if it became chronically inadequate, may wreck a primary and paramount industry of the United States. The causes and effects are obviously interstate in character even within our own country, and beyond all susceptibility of control by State legislation. Control moreover which contemplates restricting the production within the United States and restricting its importations from other countries can be encompassed over such an area only by national authority. Here is a clear case involving the public welfare and in which the State legislature is organically incompetent to act.

A second illustration is found in the coal industry where control of production to balance consumption is indicated as the method of relief. But some twenty-six States are producing coal and are marketing it beyond State boundaries. Who would suggest that a State legislature is competent to act remedially with reference to the coal industry in the United States? Oil is a like example.

A third illustration is equally in point. Society has come to recognize that its most important asset is the employment asset, and that the worker is entitled, in justice, to an equitable share of such employment. But the manufacturing industries, like farming and mining, operate beyond State boundaries and involve such conditions of interstate cause and effect that the legislation of a single State could only work with destructive results. Here again you have a subject where the separate State is not competent to act.

Finally, Mr. Speaker, to be more graphic, let us suppose that we were in a court which had to act on these various subjects. A court can only act through its processes and as far as its processes may reach. Its process may not reach beyond the physical boundaries of its jurisdiction; and so it can act only through process on the person or by proceeding in rem. With respect to child labor, within a State, with respect to the marital relations within the State, the processes of the State court would be effectual. Extend the subject now to cases where the parties interested are scattered through a number of States; and do we not have a case where the State courts are incompetent to act; a case in which if justice is to be done, resort must be given to a tribunal possessing processes which will reach the parties interested over the interstate boundary involved? The makers of the Constitution did not fail to provide for such interstate courts. They left no gap here. Why, then, a gap in the legislative power to provide rules for the courts to apply in this vast field of interstate welfare?

Mr. Speaker, our distinguished colleague, Mr. BECK of Pennsylvania, specifically objected to the "lack of power to deal with agriculture as such, except insofar as its productions go into interstate commerce." He declared that "no one had the audacity to suggest in the Constitutional Convention * * * that there should be a Federal power in respect to" manufacturers or agriculture. Well, I quote in answer. Washington, who presided throughout the Convention, in his very first message to Congress, declared:

> The advancement of agriculture, commerce, and manufactures by all proper means will not, I trust, need recommendation;

Both houses made answer, as was the custom in those days. The Senate said:

> Agriculture, commerce, and manufactures, forming the basis of the wealth and strength of our Confederated Republic, must be the frequent subject of our deliberation, and shall be advanced by all proper means in our power.

And the House of Representatives declared:

> We concur with you in the sentiment that agriculture, commerce, and manufactures are entitled to legislative protection, and that the promotion of science and literature will contribute to the security of a free Government; in the progress of our deliberations we shall not lose sight of objects so worthy of our regards.

Hamilton, a member of the convention, may be quoted directly in answer. In Hamilton's famous report of 1791 on manufacturers we find the following statement which has become classic. Speaking of the phrase, "common defense and general welfare", he said:

> The phrase is as comprehensive as any that could have been used. * * * And there seems to be no room for a doubt that whatever concerns the general interests of learning, of agriculture, of manufacturers, and of commerce, are within the sphere of the national councils, as far as regards an application of money.
>
> The only qualification of the generality of the phrase in question which seems to be admissible is this: That the object to

which an appropriation of money is to be made must be general, and not local; its operation extending in fact or by possibility, throughout the Union, and not being confined to a particular spot.

Governor Randolph I shall quote in another connection—many other members of the Convention could be quoted in answer. Our most recent commentator on the Constitution, Professor Willoughby (Willoughby on the Constitution of the United States, vol. 1, second edition, p. 104), in the light of over a century's experience since the Hamilton declaration, states:

It scarcely needs be pointed out that a considerable number of the administrative services now carried on by the National Government and maintained by Federal appropriations, depend for their constitutionality wholly upon the power of Congress to authorize the expenditure of public moneys for the promotion of the general welfare of the United States. Among such services which are to a very slight, if any, extent concerned with matters directly connected with the exercise of powers specifically or by implication vested in the Federal Government, may be mentioned the Public Health Service, the Bureau of Education, the Geological Survey, the Bureau of Mines, the Department of Agriculture, with its many bureaus, the Bureau of Fisheries, the Bureau of Labor Statistics, the Children's Bureau, the Women's Bureau, the Smithsonian Institution, the National Gallery of Art, the Bureau of American Ethnology, the Astrophysical Observatory, and many of the special services in various of the other administrative departments of the Federal Government.

The drawback is a familiar instrument of Government control in industry which has not been successfully attacked. I discuss it more fully in exhibit C, which I am adding to my remarks.

OPINION AT THE TIME

Mr. Speaker, the enemies who opposed the adoption of the Constitution, whatever their real objections, did not deny that the welfare clause contained a legislative power. It carried so much power, they averred, that the States would be swallowed up. I am quoting from the exhaustive work of Lawson on the General Welfare Clause.

Patrick Henry (p. 187), who opposed:

Have they not the power to provide for the general welfare? May they not think that these call for the abolition of slavery? May they not pronounce all slaves free, and will they not be warranted by that power?

Gerry, of Massachusetts (p. 181), as one of the dozen reasons which constrained him not to sign the Constitution, said that it gave Congress power—

to make what laws they may please to call necessary and proper.

Luther Martin, of Maryland, who also refused to sign, declared (p. 185) that the Constitution gave power to Congress to—

make what laws they please.

Samuel Adams in the Massachusetts Convention (p. 186) characterized it as a—

power * * * to extend to every subject of legislation.

Richard Henry Lee (p. 186) writes:

To judge of what may be the general welfare * * * a power coextensive with every possible object of human legislation.

Mason, of Virginia (p. 187), who nevertheless refused to sign, writing to Jefferson, said:

That Congress should have power to provide for the general welfare I grant. But I wish a clause * * * with regard to all powers not granted that they be retained by the States * * *.

Grayson (p. 187) in Virginia Convention:

They had indefinite power to provide for the general welfare * * *. He thought therefore that there ought to be a bill of rights.

Randolph, of Virginia (p. 188), answering Patrick Henry:

If you mean to have a general government at all, ought it not to be empowered to raise money to pay the debts and advance the prosperity of the United States in the manner that Congress shall think the most eligible?

Williams in the New York Convention (pp. 188–189):

The power is in express words given "to provide for the common defense and the general welfare." It is evident that [Congress] may pass any law which they may think proper.

Lansing in the New York Convention (p. 189) objected to the—

concurrent jurisdiction under control of the General Government.

Smith in the New York Convention (p. 189) declared that—

there was no limit to the discretion of the [Congress].

Jay, also in the New York Convention (p. 190), who did not object to the power, wrote Washington:

Some of the most unpopular and strong parts of it appeared to me to be the most unexceptionable.

The reasonable meaning of the clause was expressed by Wilson, in the Convention of Pennsylvania, who said:

Whatever object of government is confined in its operation and effect within the bounds of a particular State should be considered as belonging to the government of that State; whatever object of government extends in its operation or effect beyond the bounds of a particular State should be considered as belonging to the Government of the United States.

A significant contemporary circumstance is that, in the face of this opposition to the "unlimited" power imputed to this clause, the Constitution was ratified with the clause included.

Even more significant is the fact that while a number of States in their ratification contended that the Union should be restricted in securing its revenue to "requisition on the States", as under the Articles of Confederation, not one took exception to the general-welfare clause in their resolutions.

What I fear is something that has happened before. There was a time in the history of this Republic when our highest court (and I am referring to the Dred Scott decision) declared that there was no power under the flag of the United States that could deal with the slavery question. We know what happened. That decision made a problem already aggravated a vulnus immedicabile. That decision put a sword in every man's hand. Are our lawmakers today entirely sure that we are not facing problems as serious and threatening in character? If we do not have this national welfare power to enact farm legislation; to meet disemployment subjects; to rescue the coal and oil industries, in the same disastrous state; if, where the State is incompetent to act, Congress, too, is made incompetent to act by a destructive interpretation of this welfare clause, then we are the subjects of a vacuum in the American lawmaking power which may be charged with similar disaster.

The references to "Elliot" are to volume I of Elliot's Debates on the Federal Constitution which reproduces the Official Journal of the Convention, first printed by order of Congress in 1819. The references "D.H.C." are to Documentary History of the Constitution.

EXHIBIT A

IN RE LEGISLATIVE POWERS UNDER ARTICLES OF CONFEDERATION	IN RE LEGISLATIVE POWERS UNDER CONSTITUTION
1. Congress not to grant any title of nobility.	No title of nobility shall be granted by the United States.
2. Congress given exclusive power to direct land and naval forces in service of the United States.	Congress to raise and support armies.
3. Congress to have power to build and equip a navy.	Congress to provide and maintain a navy.
4. Congress to agree on number of land forces and to make requisitions from each State for its quota, etc.	Congress to raise and support armies, but no appropriation to be for more than 2 years.
5. Congress to appoint all officers of land and naval forces, and commissioning of officers serving the United States.	States to appoint officers and train militia according to discipline prescribed by Congress.
6. Congress to determine peace and war, etc.	Congress to declare war.
7. Congress to make rules regulating land and naval forces.	Congress to make rules to govern land and naval forces.
8. Congress to establish rules in all cases of capture on land and water and approbation of prizes taken.	Congress to make rules concerning captures on land and water.
9. Congress to grant letters of mark and reprisal in times of peace.	Congress to grant letters of mark and reprisal. No State to grant.
10. Each State to keep a disciplined militia and supplies, etc.	Congress to provide for organizing, arming, and disciplining the militia, etc.

IN RE LEGISLATIVE POWERS UNDER ARTICLES OF CONFEDERATION—continued	IN RE LEGISLATIVE POWERS UNDER CONSTITUTION—continued
11. Congress to publish Journal monthly, except secret matter.	Each House shall keep a journal and publish same, except secret matter.
12. May adjourn to any time within the year and to any place, but not longer than 6 months.	Neither House to adjourn more than 3 days without consent of the other.
13. Congress shall never engage in war, enter into treaties, coin money, etc., etc., unless nine States assent.	No State to enter into any treaty, etc., or grant letters of mark and reprisal.
14. Congress may establish courts to try piracy and felonies on the high seas, and to determine appeals in all cases of captures.	Congress to punish offenses against the law of nations and crimes on the high seas.
15. Congress shall be last resort on appeal in all disputes between two or more States (providing method of considering appeals).	Congress to establish inferior Federal courts. To define appellate jurisdiction, Supreme Court.
16. Freedom of speech in Congress not to be impeached, etc. Members to be protected from arrest, etc., except for treason, felony, breach of the peace.	Freedom of speech in Congress not to be impeached. Privilege from arrest except for treason, felony, and breach of the peace.
17. No person holding office, etc., under United States to accept any present, emolument, office, or title from any king, etc.	No person holding any office for profit or trust to accept any present or title, etc., without the consent of Congress.
18. Congress to receive ambassadors; to enter into treaties and alliances. To name three persons from each State to a list from which interstate court judges shall be drawn.	President to appoint and receive ambassadors. No State shall enter into any treaty, etc. To define appellate jurisdiction of Supreme Court.
19. Congress to ascertain sums of money necessary for the service of the United States. Congress to appropriate same "for defraying the public expenses."	Congress to have power to lay and collect taxes, duties, imposts, and excises.
20. Congress to borrow money or emit bills of credit, reporting same to the citizenship half yearly, of charges of war.	To borrow money on the credit of the United States.
21. Congress to regulate the trade and management of affairs with the Indians, except that within any State.	To regulate commerce with foreign nations and among the several States, and with the Indian tribes.
22. Congress to regulate the alloy and value of coinage authorized by United States or the States.	To coin money and to regulate the value thereof.
23. Congress to have power to fix standards of weights and measures.	To fix a standard of weights and measures.
23. (a) To establish post offices.	To establish post offices and post roads.
24. Confederation court, mode and procedure, and powers of.	Appellate jurisdiction Supreme Court subject to exceptions and regulations of Congress.
25. Inhabitants of each of the States, etc., entitled to all the privileges and emoluments of free citizens in the several States; freedom of ingress and egress privileges of trade, etc.	Citizens of each State entitled to privileges and immunities of citizens in the several States.
26. Officers of land forces raised by States, beneath rank of colonel, to be appointed by State legislatures.	To provide for organizing, arming, and disciplining militia, etc.
27. No treaty to restrain any State from imposing imposts and duties on foreigners, etc., or from prohibiting the exportation or importation of any goods or commodities.	No State without consent of Congress to lay any imposts or duties on exports, etc. No State to lay any duty of tonnage. No preference to be given by regulation of commerce or revenue to ports of any one State.
28. Extradition of criminals between States provided for. Full fact and credit to be given by each State to the records, acts, etc., of other States.	Extradition of criminals found in another State. Full faith and credit to be given by each State to records, etc.
29. No State to send or receive ambassadors.	President to appoint and receive ambassadors.
30. States may not enter into treaties between themselves without consent of Congress.	No State without consent of Congress to enter into any agreement or compact with another State or foreign power.
31. No State to grant title of nobility.	No title of nobility shall be granted by the United States.
32. No vessel of war to be kept during peace by any State, or body of forces, except as approved by Congress.	No State without consent of Congress to keep troops or ships in time of peace.
33. No State to engage in war without the consent of Congress, unless actually invaded, etc.	No State to engage in war unless actually invaded without consent of Congress.
34. No State to lay any imposts or duties which may interfere with any stipulations in treaties of the United States.	No State without consent of Congress to lay any imposts or duties, etc., etc.

It will be noted that the Articles of Confederation make no provision as to patents, bankruptcies, naturalization, or immigration. And, of course, the articles carried no power of direct taxation or authority to regulate commerce between the States. The order of succession of the items above follows the order found in the Articles of Confederation.

In a hearing before a subcommittee of the Senate Judiciary Committee on February 3, 1933, on Senate bill 5267, the following discussion of the "debts" subject took place between Senator Walsh of Montana and myself which may be of interest:

EXHIBIT B

PAY THE DEBTS

Senator WALSH of Montana. I was going to ask you—may I have the attention of the committee—just why should the Convention make a specific provision authorizing Congress to pay the debts of the United States?

Mr. LEWIS. Debts were a very troublesome political subject at the time. Here were a lot of private debts between British and American citizens that had been outlawed by the war but revived by treaty of peace. The State courts were refusing to enforce them. But under the Constitution the Federal courts could. This was a fertile source of antagonism.

These revived debts figured in this debt clause, perhaps not with courthouse logic, but effectively with a lot of debtors who for a dozen years had seemed to be freed from such debts. Here too was the depreciated continental money itself, that had sunk in value almost beyond human recognition. The subject of public debt was a matter of bitter controversy in the Convention. One of the members—I have forgotten his name for the moment—used the expression "bloodthirsty men who had fattened on the distress and misery of others."

Senator WALSH of Montana. Mr. LEWIS, suppose these are all separate. Suppose the correct construction is that Congress shall have power to lay and collect taxes, duties, imposts, and excises; that Congress shall have power to pay the debts and provide for the common defense and general welfare of the United States. Suppose that is correct. Why should the Constitution grant power to Congress to pay the debts of the United States? Now, you spoke about debts being a matter of consequence at that time, but that is taken care of in my estimation by article VI, which provides that all debts contracted and engagements entered into before the adoption of this Constitution shall be as valid against the United States under this Constitution as under the Confederation. Of course Congress has not any power to pay private debts. It would have to have a special grant for that, but this takes care of all debts of the United States, and it is only the debts of the United States that are taken care of in this section 8. This does not take care of any debts except the debts of the United States, and that is taken care of in the first clause of article VI, so that does not, in the construction of the language there to pay the debts of the United States—does not that practically refute the contention that it should read "Congress shall have power to lay and collect taxes, duties, imposts, and excises; Congress shall have power to pay the debts of the United States"? Why on earth should they put in there an independent provision that the Congress shall have power to pay the debts of the United States, when it afterward provides that all these obligations shall be just obligations against the United States.

Mr. LEWIS. The historical explanation will probably be found in the Rutledge report. It carried separate paragraphs on the subject of debts and the subject of general welfare. They were verbose; 14 words in the Constitution take the place of 41 words in the Rutledge report which treated them as two different subjects. One was a special matter outlined in item 1, for taking care of the debts of the United States and paying its expenses from time to time. Another portion was item 3, dealing with this welfare power. The actual report made here, in which the clause now appears, was an answer in the form of a revision of 2 out of 3 different subjects in the Rutledge report.

Postscript: The distinguished and greatly lamented Senator was in error in stating that "debts of the United States [are] taken care of in the first clause of article VI." This article reads as follows:

"All debts contracted and engagements entered into, before the adoption of this Constitution, shall be as valid against the United States under this Constitution as under the Confederation."

Mr. LEWIS. There would, of course, without mention be an implied power to pay debts; in the draft of the Constitution of August 6 it was left to implication. But why leave it to implica-

tion alone? Members did not seem satisfied to do so. On August 18 the draft of August 6 being silent, Madison proposed among many others the following powers:

"To secure the payment of the public debt.

"To secure all creditors under the new Constitution from a violation of the public faith when pledged by the authority of the [Congress]." (Elliot Debates, p. 247–248.)

On August 22 Mr. Rutledge of the committee reported the following recommendations:

"(1) That at the end of the first clause (i.e., the tax clause, sec. 8) there be added the following words 'for payment of the debts and necessary expenses of the United States * * * provided that no law for raising any branch of revenue except what may be specially provided for the payment of interest on debts or loans shall be continued in force for more than — years.'" (Elliot Debates, p. 256.)

It is evident that there was a purpose to specify an obligation on Congress to pay its debts. It had not been paying them. Moreover, the debt duty was completely disassociated in the Rutledge report from the power to provide for the general welfare; they were treated as distinct and independent subjects, and were distributed by the report of the committee to different places in the Constitution. So much for the report of the committee. On August 23 the taxing clause in the draft of the Constitution of August 6, by a unanimous vote of the convention, was amended so as to read:

"The [Congress] shall fulfill the engagements and discharge the debts of the United States and shall have the power to lay and collect taxes, duties, imposts and excises." (Elliot Debates, p. 260; 1 D.H.C., p. 150.)

Later, on August 25, Randolph proposed the following:

"And debts contracted and engagements entered into, by or under the authority of Congress, shall be as valid against the United States under this Constitution as under the Confederation." (Elliot Debates, p. 264.)

The Randolph motion was adopted; and was the parent of the first paragraph of article V, as modified later. In fine, the Convention for the first time on August 23 voted that Congress must pay its debts as incurred, and similarly on August 25 that it must respect the debts contracted under the Confederation. These decisions, as revised, found their places respectively in section 8 of article I and the first paragraph of article VI.

It does not seem possible, in the light of the distinct and separate histories attached to these three subjects, taxation, debts, and general welfare so thrown together by different acts and at different times in the history of the Convention to regard them as representing but a single thought. Even if the draftsman had neglected to insert the semicolon after the word "excises" history would have done so.

EXHIBIT C

CONSTITUTIONALITY OF DRAWBACK

That Congress can levy such a tax is quite certain. There have been innumerable instances of acts of Congress designed to protect and assist industry by the imposition of taxes on production and commerce so graduated or differentiated as to effect this object. These instances began with the organization of the Government, and had long preceded it. The question which is alone suggested is as to whether Congress, having levied a tax, can grant a drawback.

The drawback of 99 percent, or in fact a bounty of that amount now granted domestic manufacturers, of the customs duty paid by them on importations of the raw material entering into their manufactures, is a full precedent. This discrimination or bounty in their favor, designed to encourage American industries—that is, "provide for the general welfare"—is not contested as a violation of the Constitution.

The practice of the bounty and drawback goes back to the very foundations of the American Government. Hamilton favored "pecuniary bounties" as a most efficacious means of encouraging manufactures.

If any doubt as to the validity of such legislation has existed, it is answered by the recent decision of the Supreme Court sustaining the flexible provision of the tariff law under which the United States Tariff Commission and the President are empowered to lower or raise tariff rates for "protective purposes."

Bounties to the fishing industry appeared in the very first tariff acts. (See sec. 4, act of 1789, on p. 15, Tariff Acts, 1790 to 1909; also *U.S.* v. *Nickerson,* 17 How. 204.) The bounty to fishing was long continued. The drawback system is but another illustration of the bounty. The drawback, an old method in the practice of protection, is found in the act of 1789 and continues to this day. (See Dictionary of Tariff Information, p. 272, as to its use in the different countries.)

The McKinley Tariff Act of October 1, 1890 (par. 231) provided for bounties on sugar "grown" and "produced" within the United States. Some $30,000,000 were paid sugar producers "within the United States" under the bounty provided by the McKinley Act, which remained in operation about 4 years. The validity of the sugar bounty in that act was not passed on by the Supreme Court before its repeal. But that Court did sustain a later act of March 2, 1895, granting a bounty to producers of sugar under the McKinley Act who had complied with its provisions but who had not been paid their bounties at the time the McKinley Act expired.

TAXES MAY BE IMPOSED TO ENCOURAGE DOMESTIC INDUSTRY

By an odd turn in our judicial history, even those doubts about the constitutionality of a protective tariff, which were raised by Daniel Webster, were not disposed of by the Supreme Court until its October term in 1928. In passing on the constitutionality of the flexible provisions of the Tariff Act of 1922, by which the President, in conjunction with the Tariff Commission, is empowered to reduce or increase certain tariff rates, the Supreme Court said:

"It is contended that the only power of Congress in the levying of customs duties is to create revenue and that it is unconstitutional to frame the customs duties with any other view than that of revenue raising. * * * It is enough to point out that the second act adopted by the Congress of the United States July 4, 1789 (ch. 2, 1 Stat. 24), contained the following recital:

"'SECTION 1. Whereas it is necessary for the support of government, for the discharge of the debts of the United States, and the encouragement and protection of manufactures, that duties be laid on goods, wares, and merchandises imported.'

"In this First Congress sat many members of the Constitutional Convention of 1787. This Court has repeatedly laid down the principle that a contemporaneous legislative exposition of the Constitution when the founders of our Government and framers of our Constitution were actively participating in public affairs long acquiesced in, fixes the construction to be given its provisions.

"*J. W. Hampton, Jr., & Co.* v. *the United States,* decided April 9, 1928 (276 U.S. 394)."

The act of 1789, referred to by the Court, not only carries a "bounty" by name to the fishing industry in section 4 but a discriminating drawback in section 5 under the name of a "discount" to American-built ships of 10 percent of the duties on merchandise carried by them. (Tariff Acts, 1789 to 1909, p. 15.)

THE 10-PERCENT TAX ON STATE-BANK CIRCULATION

An important illustration of the power of Congress to discriminate in the imposition of an excise tax is found in the tax of 10 percent imposed on the circulation of private State banks. The tax was not imposed on the similar circulation of the equally private national banks, although the circulation of neither the State nor the national banks was legal tender, but resembled each other perfectly in their exchange characteristics. The Court sustained this discriminatory tax in the celebrated case of *Veazie Bank* v. *Fenno* (8 Wall. 533).

OTHER INSTANCES OF LEGISLATIVE DISCRIMINATION

The history of the levy of taxes and the imposition of duties is replete with instances of legislative "welfare" discriminations. Until recently taxes imposed on corporation net incomes were remitted on net incomes derived from foreign sources. In the case of inheritance taxes and income taxes, the rates of the tax are obviously discriminatory. There is a discrimination of 20 percent in our tariff in favor of Cuba. Accident-compensation laws exempt employers whose employees number less than a prescribed number. In fact, it may be said that revenue legislation is not likely to be intelligent or just, which does not discriminate in order to recognize some special "general welfare" considerations in its applications.

Other references to relevant decisions by the courts are as follows:

Oleomargarine case: *McCray* v. *United States* (195 U.S. p. 27); *Kelly* v. *Lewellyn* (274 Fed. Rep. 108).

Discriminating not unconstitutional: *American Sugar Refining Co.* v. *Louisiana* (179 U.S. 89; 45 L.Ed. 102); *Williams* v. *Fears* (179 U.S. 270; 45 L.Ed. 186).

(See generally Cooley's Constitutional Lim., p. 825–N–3, 8th ed., 221 U.S. 660; 65 L.Ed. 899.)

Phosphorus matches, Willoughby on the Constitution of the United States (2d ed., vol. 2, p. 674).

Narcotic drugs, Willoughby on the Constitution of the United States (2d ed., vol. 2, p. 674).

Cotton futures, Willoughby on the Constitution of the United States (2d ed., vol. 2, p. 679).

Opium, Willoughby on the Constitution of the United States (2d ed., vol. 2, p. 679).

One cannot read the phosphorus, narcotic, or opium acts and the decisions of the courts in relation thereto without the conviction that Congress may legislate to accomplish certain national "welfare" objectives not specifically named in the Constitution. One naturally expects this, since Congress is authorized by the Constitution "to lay and collect taxes * * * to provide for the general welfare." In the narcotic acts we find a full-fledged prohibition law not distinguishable in its features from the Volstead Act.

Under both the Volstead and the Narcotic Acts the privilege of sale is restricted to a particular class of persons, and the sale itself is permissible only on a doctor's prescription. The decisions of the Supreme Court justify the statement that the welfare clause in the past has always proved sufficient authority for legislation when the "welfare" objective represented a paramount necessity and when the desirability of the legislative restraint was generally admitted and the means employed were not unreasonable.

For a full discussion of the meaning of the "welfare clause" reference is given to the statements of James F. Lawson, Esq., dated February 2, 3, 1933, before the Senate Judiciary Committee on Senate bill 5480. It is believed that these studies will leave the student in little, if any, doubt that the clause in section 8, article I, known as the "general welfare clause", was intended to give Congress a real power.

CALENDAR WEDNESDAY BUSINESS

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that business in order tomorrow, Calendar Wednesday, be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

PRESIDENT'S DAY

Mr. KOPPLEMANN. Mr. President, I ask unanimous consent to have printed in the RECORD an address made by me before the joint services of 11 congregations on the occasion of the observance of President's Day, April 30, 1933, at the Adas Israel Synagogue, Washington, D.C., at services held in observance of President's Day.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

My dear friends, throughout the whole Nation today men and women of all creeds are gathered for a common purpose. Jew and Christian have united to offer special prayers for our President.

The thought behind this observance is to my mind noble in the highest sense of the word. During these days of economic and social distress when starvation and mental torture dominate the world, leadership must be reassured. That reassurance must come from the people themselves.

How significant it is that Jews everywhere were quick to respond to the call for this prayer. The answer is not hard to find. The observance today centers about a venerating appreciation of courage, truth, and freedom, qualities which our President has displayed admirably since he took office.

Jews especially have been quick to appreciate the daring of this leader, realizing that through him we, as a Nation, will speedily attain the living ideals of justice, freedom, and truth.

These three concepts of justice, freedom, and truth are inborn with the traditions of Judaism. The passion of the prophets was justice for the forgotten and the disinherited. The passion for liberty is instinctive with the Jew.

Persecution, which has stalked its tragic way through the pages of Jewish history, has made the Jew keenly sympathetic with the downtrodden and suffering. The passion for liberty, instinctive with the Jew, has earmarked our history from time immemorial. With what a sense of triumph we celebrate the Feast of Passover, in commemoration of our freedom from the bondage of Egypt. With what a glow of victory do we kindle the lights during the Feast of Chanuka, remembering the Maccabean champions of Jewish liberty. With what a sense of reverence in a few weeks, as Jewry has done for thousands of years, will we observe the Feast of Shevuoth, when the law was handed us to preserve for generations yet unborn.

"Pray for the prosperity of the government and for the peace of the land!" was the injunction of the prophet Jeremiah. This morning, as we ask the kindly guidance of the Almighty for the leader of the American people, we unconsciously follow the dictates of Jeremiah and pray, indeed, for the prosperity and peace not only of this land but of the world!

As a people we have ever lent ourselves to the concepts of liberalism and always have championed the cause of peace. The first court was a Jewish court. The laws of the nations of the world are based upon and derived from the laws of the Torah. The aim of Judaism has ever been to realize the ideals of justice, freedom, and truth through the instrumentality of law.

It is impossible to mention justice and freedom without at the same time shuddering because these concepts, so fundamental to civilization, are being violated in Germany today. It is perhaps sorry consolation at this moment to say that no nation can long endure which discriminates against racial, economic, and social differences. Yet history has repeatedly shown this to be a fact. Justice, truth, and freedom must prevail. Whatever is hurtful and destructive to any group, whatever is hurtful and destructive to the Jews, is equally hurtful and destructive to mankind at large.

And yet it is perhaps natural that crime as heinous as the violation of justice should be an outcome of chaos such as the world has witnessed during the past 19 years, with nations warring, mankind disregarded, lands destroyed. How long was it to endure? Were the Jews of Germany destined to be the final straw that broke the camel's back? So that at last an entire world, horrified and aghast that such atrocities could be committed in peace time, frightened at the dissension and mistrust that exists between nations, is making ready to send its emissaries to counsel one with another. This in order to restore some semblance of economic peace to the world. And surely, my friends, when economic peace has been given back to us social peace must follow.

With what pride do we, as Americans, point to the fact that the one who called together the World Economic Conference, which is to take place in June, was the man whom a mighty Nation elected to lead it out of the mire, our own President, Franklin Delano Roosevelt. Already the wheels toward economic peace have started to turn. Those were important conferences that were held here in Washington last week. They were the first steps toward that ultimate goal, peace among nations, trust among nations, liberty for all.

I anticipate eagerly the activities of the coming world conference. Of one thing I am assured—the crime perpetrated against our brethren in Germany, a crime so insidious as to strike terror into the hearts of all men, will be denounced in such terms that a chastened Germany, nay, a repentant Germany, will quickly try to atone for the wrong she has done not only to the Jews but to herself.

America cannot take a back seat in dealing with the barbarities of Hitlerism. Did she not go to Leviticus when she inscribed on her liberty bell, "Ye shall proclaim liberty throughout the land and to all the inhabitants thereof"?

Jewry is especially happy to observe President's Day. Prayer on behalf of leadership is in keeping with our ideals. We have always recognized the value of great leadership, and have always demonstrated such recognition by our willingness to cooperate.

To my mind, President Roosevelt represents a new kind of leadership—a leadership such as we in the past knew, a man who places his seat of leadership among the people instead of merely at the head of the people. He thus becomes not merely a representative of the particular party which carried him to office but rather a servant of the people.

Our president has surprised the world in his ability to understand and recognize situations and in the measures he has offered to bring about relief. He has shown such bigness and courage and vision that he has gathered unto himself the cooperation of all regardless of faith or political affiliation. Nor has his leadership been confined to any group. American Jewry has just cause to be proud of the recognition our President has given it in the appointments he has made of Jews to high office, demonstrating thus the tradition and ideals of Judaism, that recognition and justice be meted to all alike.

The entire world is standing on a threshold. The door, so long closed, is now open. Through it America, leading her sister nations, will pass along the road to lasting prosperity, tolerance, and real peace, led by a man who is inspired with the ideals of justice, peace, and truth.

CURRENCY INFLATION

Mr. McFARLANE. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD by inserting a speech delivered by my colleague, the gentleman from Texas [Mr. PATMAN], over the Columbia network on Saturday evening, on the expansion of the currency.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. McFARLANE. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following speech by my colleague Mr. PATMAN:

RADIO ADDRESS OF HON. WRIGHT PATMAN, OF TEXAS, APRIL 29, 1933

In connection with the subject "currency inflation", I desire to confine my remarks to restoring the honest dollar. Before I conclude, I expect to comment on a statement made by the Honorable Ogden Mills last night and also to say a word to veterans who are encouraging a march on Washington. We are not asking for an undue inflation of currency and prices. We are asking for a reflation of the circulating medium. It cannot be accomplished by an increase in the amount of currency alone; the velocity or turn-over must also be increased; this can best be accomplished by placing money and credits at the disposal of people who will use them—put them in circulation. We have a currency famine. Are we savages that we should sink to barter? If one person in a city is furnished $10,000, the circulating medium in that city is increased very little, but if 1,000 people are furnished $10 each, most of it will go immediately into the channels of trade and everybody in the city will be benefited. In 1929, money and bank deposits were turning over about 25 times a year. Now, the velocity is slowed down to about 10 times a year. Although Treasury reports show that we have at this time about a billion dollars more money in circulation than we had in 1929, there is only about one third of the business being transacted because the outstanding money, presumed to be in circulation, is not in circulation at all; it is hoarded and concentrated in the hands of people who are spending only a small portion of it to satisfy their desires. If there was distribution as there was in 1929, velocity would be restored. Money is the blood of business.

In asking for reflation of the currency, we are asking that the honest dollar be restored.

Remember this: No country has ever got out of a depression without some kind of expansion of the currency.

DISHONEST DOLLARS

The dollar that is now collected on a debt contracted between 1917 and 1929 is a dishonest dollar. It is worth from 50 percent to 400 percent more than it was worth then. It is an economic fact that deflation cheats the man in debt just as much as undue inflation cheats the creditor. We are not asking to cheat the creditors, but we are asking to give the debtor a square deal by restoring the value of the dollar to its 1928–29 purchasing power.

REFLATION, REPUDIATION, OR REVOLUTION

The three R's used to be referred to as "'reading,, 'riting, and 'rithmetic." Now they refer to reflation, repudiation, or revolution. We may as well face the facts. The country is facing reflation of the currency, repudiation of debts by bankruptcy, scaling down, or otherwise, or some sort of a revolution.

The cotton and wheat farmers voted bonds against their property for building schoolhouses, highways, and making other improvements when wheat was worth $1 a bushel and cotton 20 cents a pound. Deflation has caused the price of wheat to decrease to 25 cents a bushel and cotton to 5 cents a pound, thereby forcing these farmers to pay the equivalent of $4 for every dollar borrowed; instead of paying 6-percent interest on the bonds they are now paying the equivalent of 24-percent interest, based on the present price of farm products. The farmers' debts, interest, taxes, and other fixed charges are four times harder to pay than when the debts were contracted. The wage earner who has had his wages reduced 50 percent is now paying the equivalent of $2 for every dollar he borrowed. Also, by reason of the reduction in wages he has suffered, cost of his taxes, rent, electricity, gas, water, and other fixed charges have doubled. Based upon and by reason of the increased value of money, debts owed by the American people, aggregating $200,000,000,000 in 1929, have mounted to the equivalent of more than $400,000,000,000 in 1932. Do not be deceived; these debts can never be paid under present conditions.

GOOD WAGES AND GOOD PRICES

We must have good wages and good prices. One is not possible without the other. It will be better for a creditor to accept the honest dollar, one that will not purchase so much in a few commodities, than not to be able to collect any dollar at all. Most creditors are also debtors. The same dollar they collect, they can use to liquidate a dollar of their own debts. The honest dollar will permit people to pay their debts with approximately the same amount of labor, securities, or products as were necessary when the debts were contracted.

POOR PEOPLE ARE THE MARKET

The farmers, wage earners, and people who work for salaries are purchasers of 80 percent of all goods and services. They still have the consuming power but do not have the buying power on account of low prices of certain commodities, which has resulted in unemployment and reduced wages. If these classes are helped, the country is helped. As the price of gold increases, the price of commodities and everything else decreases, except certain fixed charges. Gold is not scarce; we have a reserve of $4,500,000,000, which is sufficient coverage to authorize the issuance of more than $4,000,000,000 of additional money without decreasing our gold reserve below 40 percent; gold is high because of the scarcity of paper money. The price level may be raised by putting more money in circulation. A higher price level will restore buying power.

MONEY REDEEMABLE IN SERVICES

In addition to the gold reserve, which we have but do not need to support an issue of domestic currency, of four or five billion dollars, any currency that is issued may be redeemable in services rendered by the United States Government which will keep it constantly moving. There is no thought of issuing any kind of money different from the money that is now in daily use. There will be a demand for it, and it may be redeemed in services at the post office or other Government service-rendering institutions, or it may be used to pay taxes, including income, inheritance, gasoline, check, electricity, tobacco, cosmetics, theater, beer, and other miscellaneous taxes, or it may be used by the banks, insurance companies, and the railroad companies to pay the Reconstruction Finance Corporation. It will be lawful money.

GERMAN INFLATION AND CONTINENTAL CURRENCY

We are constantly reminded that currency expansion is dangerous and much is said about this "not-worth-a-continental" money, the Civil War greenbacks, and the German inflation.

Continental currency of "not-worth-a-continental" fame was no good because it was only redeemable in what was found in the hat after it was passed around. The Government had no power at that time to levy taxes to redeem it.

Civil War greenbacks had no gold coverage; they were issued solely on the credit of the Nation. When the Confederate General Early and his troops were about to take Washington City and the Government was about to fall, the security behind the paper money was less valuable, and the greenbacks went down to 35 cents on the dollar. At the same time there was a corner of gold. When the war was over, the credit of the Nation restored, a gold reserve set aside, and the money made good for payments of all debts, they went back to 100 cents on the dollar. We now have $346,000,000 of them outstanding, and I should like to know who would refuse to take one.

Germany issued money without a gold reserve and without reference to national wealth, national income, or ability to redeem. It was issued in huge quantities for the deliberate purpose of destroying their currency in order that the poor people may take the cheap money and pay all their debts, which they did.

HON. OGDEN MILLS

Currency issued by our Government is just as good as a Government bond. The only difference is the bond bears interest and the currency does not. Each represents a Government obligation. The bankers can purchase Government bonds, deposit them with the Government, and obtain new money in return. They loan the money to the people receiving interest for it, and at the same time they receive interest on the Government bonds deposited to secure the money. They cannot be expected to favor a direct issue of money by the Government. That would deprive them of a big bonus.

Mr. Ogden Mills, former Secretary of the Treasury, in a speech at Indianapolis, Ind., last night while explaining the difference between Government bonds and currency, stated: "Bonds do not furnish a basis for an expansion of bank credit more than 10 times their face value; currency does."

Further, he said: "If there is no difference between a Government bond and unsecured paper currency, why not retire the entire Government debt in paper currency and save the interest?"

I have no right to speak for the Democratic Party, but I will express my personal opinion of that statement.

The entire national debt of $21,000,000,000 can be retired with new currency—a circulating Government obligation—and the Government be saved $725,000,000 a year in interest charges. Undue inflation may be prevented by raising the reserve requirements of banks from 10 to 25 or 33⅓ percent. This simple change will remove every objection urged by Mr. Mills to currency expansion.

Higher reserve requirements will make the banks safe, a guaranty of deposits unnecessary, and give a few powerful bankers less authority to inflate and deflate at will. I do not recommend that this change in Government policy be made quickly; it should be made gradually.

INFLATION

Money is high because it is scarce. If the amount of money is increased, it will became cheaper. As money goes down in price, cotton, wheat, other raw materials, real estate, and common stocks increase in price. The honest dollar will still buy just as much railroad freight and passenger service, electricity, telephone, gas, water, and all commodities and services that are now selling at a fixed price. The honest dollar can also be used to pay, dollar for dollar, all debts, taxes, and interest. Inflation will help the farmer because of a sharp rise in his crop prices; he will not have to pay so much in terms of wheat and cotton to settle his obligations, and his buying power will be increased. Labor will be helped by an increase in total employment. Wages go up more slowly than the cost of living, but labor as a class tends to benefit in that local pay rolls are increased. Business men will be helped because sales will increase in dollars faster than costs; profit margins will expand; inventories rise in value; expansion be encouraged. The Government will be helped because of bigger tax collections as business improves. The general welfare of the people will be promoted because the buying power of the masses will be restored.

Who will get hurt? No one really, because the present dollar is not an honest dollar. However, the creditor class—bankers, bondholders, mortgage holders—claim they will be hurt, because the dollars they will collect in interest and on the principal will not buy so much cotton, wheat, and other raw materials as the present dollar. It will be better for a creditor to accept the honest dollar, one that will not purchase so much in a few commodities than not to be able to collect any dollar at all. It is better to cheapen the dollar than it is to cheapen the people. It is better for the wage earner to receive a dollar that will not purchase so much in certain commodities than not to be able to get a job that would enable him to earn a dollar.

DEFLATION IS ALSO BAD

Reactionary Members of Congress and international bankers are claiming that the adoption of the President's expansion program will put prices through the roof. They overlook the fact that there has been a deflation of several times as much in money and credits as now proposed in the form of expansion. They are against any sort of expansion; they want the panic to run its course. If it does, a few creditors will own all the property; all the debtors will be destroyed. Inflation carried to its limit will wipe out all debts; money would be so cheap that all debts would be quickly paid. There is a middle ground. Neither the creditors nor the debtors should be destroyed, but the honest dollar should be restored so people can pay their debts.

People do not lose their homes during inflation; they lose them during deflation. No one is advocating or desiring the wild inflation experienced in Germany. However, with all of its evils, the people of Germany during inflation paid their debts and saved their homes and other property, although it amounted to repudiation of debts.

WHAT IS WORSE THAN DEFLATION?

Deflation has brought poverty, starvation, bankruptcy, unemployment, and suicide to our people in the best country on earth, in a land of plenty. Reflation will restore the country.

The people who build our country in time of peace and save it in time of war are suffering the most by reason of this panic. They will receive the most benefit from reflation. Therefore let us live and let live by restoring the honest dollar.

The country does not owe anyone a living but it does owe everyone an opportunity to make a living.

IDLE DOLLARS

More idle box cars placed on the railroad tracks will not increase car loadings, neither will more idle dollars placed in the large banks, that are not functioning in the interest of producers or borrowers, help the people. It is highly essential that money reach the pockets of the masses of the people in every city and community. They cannot borrow money; they do not have the security to offer, and besides the banks are continuing to hoard and declining to make loans. We should send money to the banks by the people instead of sending money to the people by the banks.

MARCH ON WASHINGTON

I am receiving letters daily from veterans who want to know what I think about a march on Washington. I am opposed to such a proposal. No one can accuse me of being unfriendly to veterans. I have, for 3 years, urged the payment in full of the

adjusted-service certificates; was given considerable credit for causing the 50 percent payment to be made on these certificates, and still believe and never miss an opportunity to urge my views that the payment of the remainder will help the country more than any other plan for distribution of money that has been proposed. I spoke against and voted against the so-called "economy bill."

Such a march would not help the veterans; it would harm their cause. I want to appeal to all veterans to discourage such an undertaking. Benefits and good results for themselves and their dependents cannot be obtained in that manner. I plead with them not to participate in or encourage a march on Washington.

SUPPORT ADMINISTRATION'S EXPANSION PROGRAM

Regardless of the economy bill and the so-called "bonus", it is in the interest of all the people, including the veterans, that the currency be expanded in order that this panic may be broken so that the unemployed can get jobs and so the people can pay their debts and earn a livelihood. The veterans have done more than any other class to arouse the people on the question of currency expansion; they have exposed the manner in which a few powerful bankers have controlled the monetary system of our country. Out of their efforts in this direction, much and lasting good will come to the country. Let us finish the job by causing legislation to be passed restoring the honest dollar.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. HAMILTON, for today, on account of important business.

To Mr. BROWN of Michigan, for the week of May 1, that he may attend to his duties as a member of the State Board of Law Examiners.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 25 minutes p.m.) the House adjourned until tomorrow, Wednesday, May 3, 1933, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were take from the Speaker's table and referred as follows:

34. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated April 18, 1933, submitting a report, together with accompanying papers and illustrations, on a preliminary examination and survey of and review of report on Connecticut River between Hartford, Conn., and Springfield and Holyoke, Mass., authorized by the River and Harbor Act approved July 3, 1930 (H.Doc. No. 27); to the Committee on Rivers and Harbors and ordered to be printed.

35. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated April 15, 1933, submitting a report, together with accompanying papers and illustrations, on a preliminary examination and survey of Black Rock Channel and Tonawanda Harbor, N.Y., authorized by the River and Harbor Act approved July 3, 1930 (H.Doc. No. 28); to the Committee on Rivers and Harbors and ordered to be printed, with an illustration.

36. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated April 19, 1933, submitting a report, together with accompanying papers and illustrations, on a preliminary examination and survey of Pawtucket (Seekonk) River, R.I., authorized by the River and Harbor Act approved July 3, 1930 (H.Doc. No. 29); to the Committee on Rivers and Harbors and ordered to be printed.

37. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated April 25, 1933, submitting a report, together with accompanying papers, on a preliminary examination and survey of Craig Harbor, Alaska, authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

38. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated April 24, 1933, submitting a report, together with accompanying papers, on a preliminary examination of Intracoastal Waterway from the mouth of Columbia River to Puget Sound, Wash., authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

39. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated April 29, 1933, submitting a report, together with accompanying papers, on a preliminary examination of waterway from Coloma, Ill., to the Mississippi River at Moline Pool, authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

40. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated April 25, 1933, submitting a report, together with accompanying papers, on a preliminary examination of Mystic River, Mass., authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

41. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated April 29, 1933, submitting a report, together with accompanying papers, on a preliminary examination of Nagai Island, Alaska, authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. WOODRUM: Committee on Appropriations. H.R. 5389. A bill making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes; without amendment (Rept. No. 61). Referred to the Committee of the Whole House on the state of the Union.

Mr. BUCHANAN: Committee on Appropriations. H.R. 5390. A bill making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes; without amendment (Rept. No. 62). Referred to the Committee of the Whole House on the state of the Union.

Mr. O'CONNOR: Committee on Rules. House Resolution 128. Resolution providing for the consideration of H.R. 5389, a bill making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes; without amendment (Rept. No. 63). Referred to the House Calendar.

Mr. McSWAIN: Committee on Military Affairs. H.R. 2834. A bill to confer the degree of bachelor of science upon graduates of the Naval, the Military, and the Coast Guard Academies; without amendment (Rept. No. 64). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. COFFIN: Committee on Military Affairs. H.R. 3050. A bill for the relief of William H. Stroud; without amendment (Rept. No. 65). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. WOODRUM: A bill (H.R. 5389) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes; to the Committee of the Whole House on the state of the Union.

By Mr. BUCHANAN: A bill (H.R. 5390) making appropriations to supply deficiencies in certain appropriations for

the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes; to the Committee of the Whole House on the state of the Union.

By Mr. PRALL: A bill (H.R. 5391) to amend section 13 of the Federal Reserve Act, as amended, with respect to rediscount powers of Federal Reserve banks; to the Committee on Banking and Currency.

By Mr. SANDERS: A bill (H.R. 5392) to amend sections 4884 and 4886 of the Revised Statutes as amended by Public Act No. 245, Seventy-first Congress, entitled "An act to provide for plant patents"; to the Committee on Patents.

By Mr. LUNDEEN: A bill (H.R. 5393) to repeal the Economy Act approved March 20, 1933, and for other purposes; to the Committee on Expenditures in the Executive Departments.

By Mr. BRUNNER: A bill (H.R. 5394) authorizing Charles V. Bossert, his heirs and assigns, to construct, maintain, and operate a bridge across the East River between Bronx and Whitestone Landing; to the Committee on Interstate and Foreign Commerce.

By Mr. SUTPHIN: A bill (H.R. 5395) relating to pensions with respect to officers and enlisted men on board the *Akron* at the time of its destruction and their widows and dependent relatives; to the Committee on Pensions.

By Mr. BIERMANN: A bill (H.R. 5396) to discontinue the prosecution of the project for a 9-foot channel depth in the upper Mississippi River, and for other purposes; to the Committee on Rivers and Harbors.

By Mr. CHAVEZ: A bill (H.R. 5397) to authorize the exchange of the use of certain Government land within the Carlsbad Caverns National Park for certain privately owned land therein; to the Committee on the Public Lands.

By Mr. COLDEN: A bill (H.R. 5398) extending the provisions of the act of January 15, 1909 (ch. 22, 35 Stat. 586); to the Committee on Interstate and Foreign Commerce.

By Mr. McSWAIN: A bill (H.R. 5399) to regulate interstate commerce; to the Committee on Interstate and Foreign Commerce.

By Mr. O'CONNOR: Resolution (H.Res. 128) providing for the consideration of H.R. 5389, a bill making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes; to the Committee on Rules.

By Mr. ROGERS of New Hampshire: Joint Resolution (H.J.Res. 170) consenting that certain States may sue the United States, and providing for trial on the merits in any suit brought hereunder by a State to recover direct taxes alleged to have been illegally collected by the United States during the fiscal years ending June 30, 1866, 1867, and 1868, and vesting the right in each State to sue in its own name; to the Committee on the Judiciary.

By Mr. JOHNSON of Oklahoma: Concurrent resolution (H.Con.Res. 17) giving preference to veterans who are disabled and unemployed; to the Committee on Labor.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Oklahoma, memorializing Congress to provide relief for the oil industry, the farmers, the unemployed, business, and the people in general by providing an adequate tariff or tax on oil that will place the domestic oil industry on a competitive basis with imported oil as shown by reports of the Tariff Commission; to the Committee on Ways and Means.

Also, memorial of the Legislature of the State of Rhode Island, memorializing Congress to request the President not to cut the pensions or compensation of any veteran of any war or the allowance to their widows and orphans where the disability of the veteran is traceable to service or presumptively service-connected; to the Committee on World War Veterans' Legislation.

Also, memorial of the Legislature of the State of Wisconsin, memorializing Congress to enact the Black bill into law; to the Committee on Labor.

Also, memorial of the Legislature of the State of Wisconsin, memorializing Congress relative to the ratification of the treaty between the United States and Canada for the construction of the St. Lawrence waterway and appropriation of money by Congress for the completion of said project; to the Committee on Foreign Affairs.

Also, memorial of the Legislature of the State of Wisconsin, memorializing Congress relative to a reduction in the expenditures for prohibition enforcement; to the Committee on Appropriations.

Also, memorial of the Legislature of the State of Wisconsin, memorializing Congress to pass an act permitting cities, counties, and States to deposit their bonds with the Federal Government in exchange for currency; to the Committee on Banking and Currency.

Also, memorial of the Legislature of Puerto Rico, memorializing Congress to amend Senate bill no. 5251 in the sense of expressly extending to Puerto Rico the benefits of such proposed legislation; to the Committee on Banking and Currency.

Also, memorial of the Legislature of the State of Wisconsin, memorializing Congress relative to an increase in the currency of the United States through calling in all Liberty and Victory bonds; to the Committee on Banking and Currency.

Also, memorial of the Legislature of the State of Oklahoma, memorializing Congress to enact into law Senate bill no. 3074, introduced in the Seventy-second Congress; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLACK: A bill (H.R. 5400) for the relief of Thomas F. Olsen; to the Committee on Claims.

Also, a bill (H.R. 5401) for the relief of certain officers and employees of the Foreign Service of the United States who, while in the course of their respective duties, suffered losses of personal property by reason of catastrophes of nature and other causes; to the Committee on Claims.

Also, a bill (H.R. 5402) for the relief of Capt. L. P. Worrall, Finance Department, United States Army; to the Committee on Claims.

Also, a bill (H.R. 5403) for the relief of Korber Realty, Inc.; to the Committee on Claims.

Also, a bill (H.R. 5404) for the relief of White Bros. & Co., a partnership composed of John W. White, Jr., Will J. White, A. P. White, and Madison White; to the Committee on Claims.

Also, a bill (H.R. 5405) for the relief of Nicola Valerio; to the Committee on Claims.

Also, a bill (H.R. 5406) for the relief of Charles E. Molster, disbursing clerk, Department of Commerce, and Dr. Louis H. Bauer, a former employee; to the Committee on Claims.

Also, a bill (H.R. 5407) for the relief of Ransome Cooyate; to the Committee on Claims.

Also, a bill (H.R. 5408) to provide for the reimbursement of personnel of the Navy and Marine Corps for personal property lost, damaged, or destroyed as a result of the earthquake which occurred at Managua, Nicaragua, on March 31, 1931; to the Committee on Claims.

Also, a bill (H.R. 5409) for the relief of Lawrence S. Copeland; to the Committee on Claims.

Also, a bill (H.R. 5410) for the relief of John J. Galvin; to the Committee on Military Affairs.

Also, a bill (H.R. 5411) to provide for the reimbursement of certain enlisted men and former enlisted men of the Navy for the value of personal effects lost, damaged, or destroyed by fire at the Naval Training Station, Hampton Roads, Va., on February 21, 1927; to the Committee on Claims.

Also, a bill (H.R. 5412) for the relief of certain disbursing officers of the Army of the United States and for the

settlement of an individual claim approved by the War Department; to the Committee on Claims.

Also, a bill (H.R. 5413) to authorize settlement, allowance, and payment of certain claims; to the Committee on Claims.

Also, a bill (H.R. 5414) to provide for the reimbursement of certain enlisted men and former enlisted men of the Navy for the value of personal effects lost, damaged, or destroyed by fire at the Naval Radio Station, Eureka, Calif., on January 17, 1930; to the Committee on Claims.

Also, a bill (H.R. 5415) for the relief of Giuglio Zarella; to the Committee on Claims.

Also, a bill (H.R. 5416) for the relief of Joseph Ricco; to the Committee on Claims.

Also, a bill (H.R. 5417) to reimburse Dominic Fracapane for injuries sustained in an accident with a Government-owned motor truck; to the Committee on Claims.

By Mr. COFFIN: A bill (H.R. 5418) for the relief of Lawrence J. Kessinger; to the Committee on Claims.

Also, a bill (H.R. 5419) for the relief of Robert Rayl; to the Committee on the Public Lands.

By Mr. FIESINGER: A bill (H.R. 5420) granting a pension to Elizabeth Davis; to the Committee on Invalid Pensions.

By Mr. FOCHT: A bill (H.R. 5421) granting a pension to Mary C. Simon; to the Committee on Pensions.

By Mr. GAMBRILL: A bill (H.R. 5422) for the relief of Bertha W. Lamphear; to the Committee on Claims.

By Mr. McREYNOLDS: A bill (H.R. 5423) for the relief of Jack C. Allen; to the Committee on Claims.

By Mr. MULDOWNEY: A bill (H.R. 5424) for the relief of Harry Gordon; to the Committee on Military Affairs.

Also, a bill (H.R. 5425) for the relief of John A. Downey; to the Committee on Claims.

By Mr. REECE: A bill (H.R. 5426) granting a pension to James Oscar Donnelly; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5427) granting a pension to Ernest Elmer Edwards; to the Committee on Pensions.

By Mr. SWANK: A bill (H.R. 5428) for the relief of Thomas L. Essex; to the Committee on Military Affairs.

By Mr. TABER: A bill (H.R. 5429) granting a pension to Louise C. Jones; to the Committee on Pensions.

By Mr. VINSON of Georgia: A bill (H.R. 5430) granting a pension to Lonie Pearson; to the Committee on Pensions.

By Mr. VINSON of Kentucky: A bill (H.R. 5431) granting pension to Louie B. Reibold and Louis Reibold, Jr.; to the Committee on Pensions.

Also, a bill (H.R. 5432) granting a pension to Pharis Johnson; to the Committee on Pensions.

Also, a bill (H.R. 5433) granting an increase of pension to William O. Scott; to the Committee on Pensions.

Also, a bill (H.R. 5434) granting a pension to Jesse Johnson; to the Committee on Pensions.

Also, a bill (H.R. 5435) granting pension to Addie Hall; to the Committee on Pensions.

Also, a bill (H.R. 5436) granting an increase of pension to William Hays; to the Committee on Pensions.

Also, a bill (H.R. 5437) granting an increase of pension to Lona B. Porter; to the Committee on Pensions.

Also, a bill (H.R. 5438) granting a pension to Robert Noble; to the Committee on Pensions.

Also, a bill (H.R. 5439) granting an increase of pension to Willie Williams; to the Committee on Pensions.

Also, a bill (H.R. 5440) granting a pension to Earl F. Alexander; to the Committee on Pensions.

Also, a bill (H.R. 5441) granting a pension to Fannie Shields; to the Committee on Pensions.

Also, a bill (H.R. 5442) directing the Secretary of the Treasury to pay the sum of $10,000 to Mr. and Mrs. Jerome Wate Stewart; to the Committee on Claims.

Also, a bill (H.R. 5443) for the relief of John Henry Tackett; to the Committee on Claims.

Also, a bill (H.R. 5444) for the relief of Loraine K. Scott; to the Committee on Military Affairs.

Also, a bill (H.R. 5445) for the relief of Robert Fraley; to the Committee on Military Affairs.

Also, a bill (H.R. 5446) extending the time for the consideration of application for retirement of John W. Stephenson under the Emergency Officers' Retirement Act; to the Committee on Military Affairs.

Also, a bill (H.R. 5447) for the relief of John Barnett; to the Committee on Military Affairs.

Also, a bill (H.R. 5448) for the relief of Marion Ray; to the Committee on Military Affairs.

Also, a bill (H.R. 5449) for the relief of William Adkins; to the Committee on Military Affairs.

Also, a bill (H.R. 5450) for the relief of Charles D. Waldeck; to the Committee on Military Affairs.

Also, a bill (H.R. 5451) for the relief of Floyd Carpenter; to the Committee on Military Affairs.

Also, a bill (H.R. 5452) granting a pension to Nancy Jane Branham; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5453) granting a pension to Minnie Allen Lacy; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5454) granting a pension to Sarah Cordelia Adkins; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5455) granting a pension to Dora McCallister; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5456) granting a pension to Alameda Jarrell; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5457) granting a pension to Edgar F. Bradley; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5458) granting a pension to Josephene Johns; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5459) granting a pension to Ned Johnston; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5460) granting a pension to Carrie Stidham; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5461) granting a pension to Mayme Heilman; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5462) granting a pension to Thomas Johnston; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5463) granting a pension to Mima Turner; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5464) granting a pension to Lewis Stamper; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5465) granting a pension to Mima White; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5466) granting a pension to Sallie Deaton; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5467) granting a pension to Dicey Terry; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5468) granting a pension to Ollie Hamilton; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5469) granting a pension to Cynthia Ramey; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5470) granting a pension to Thomas McGuire; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5471) granting a pension to Sallie A. Mann; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5472) granting a pension to Louise Workman; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5473) granting a pension to Cordie Brandenburg; to the Committee on Invalid Pensions.

By Mr. WILCOX: A bill (H.R. 5474) for the relief of Emma Retzer; to the Committee on War Claims.

Also, a bill (H.R. 5475) for the relief of Harry Flanery; to the Committee on Military Affairs.

PETITIONS, ETC.

Under clause 1 of the rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

841. By Mr. CRAVENS: Petition of the State legislative representative, Brotherhood of Railroad Trainmen, Little Rock, Ark., approving Senate bill 158 and House bill 4876; to the Committee on Labor.

842. Also, petition of A. W. Sharp, general manager Fort Smith plant, Long-Bell Lumber Co., Fort Smith, Ark., relative to Senate bill 158 and House bill 4557; to the Committee on Labor.

843. By Mr. CORNING: Petition of the Paper Makers' Felt Association, protesting against the passage of the 30-hour week bill; to the Committee on Labor.

844. By Mr. DINGELL: Memorial of Common Council of the city of Detroit, Mich., requesting the President to maintain the National Guard and Naval Reserve and the efficiency thereof by continuing the appropriations heretofore made for said organizations; to the Committee on Appropriations.

845. By Mr. GOODWIN: Resolution of the Catskill Post, No. 110, American Legion, Catskill, Greene County, N.Y., unanimously pledging its support to the President of the United States, and unalterably opposing any public demonstration by any veterans' organization or group of veterans that would hinder or work harm to the President in his efforts to place the Naticn on a sound economic basis, and will do their part to prevent such demonstration, and so forth; to the Committee on Ways and Means.

846. Also, petition of the First National Bank & Trust Co., Roscoe; National Bank of Liberty, Liberty; Tanners National Bank of Catskill; First National Bank & Trust Co., Saugerties; Farmers & Merchants Bank, Cobleskill; Livingston Manor National Bank, Livingston Manor; Catskill National Bank & Trust Co., Catskill; and Otsego-Schohaire Bankers Association, Middleburgh, located in the Twenty-seventh Congressional District of New York State, desiring to register their belief that publicity which has been given to loans made to banks by the Reconstruction Finance Corporation has proved harmful to the banks; to the Committee on Banking and Currency.

847. By Mr. GRANFIELD: Memorial of Massachusetts House of Representatives, urging reasonable tariff protection for the fishing industry in the United States; to the Committee on Ways and Means.

848. Also, petition of Waltham (Mass.) Post, No. 156, the American Legion, protesting against further cuts in veterans' appropriations which would eliminate all Veterans' Bureau regional offices; to the Committee on World War Veterans' Legislation.

849. By Mr. JOHNSON of Texas: Telegram from Texas Theater Owners, Roy L. Walker, president, opposing Sirovich resolution to investigate motion-picture business; to the Committee on Rules.

850. Also, petition of C. W. Byrd, cashier, C. F. Borg, superintendent Corsicana Grader & Machine Co., Corsicana, Tex., opposing House bill 4557 and Senate bill 158; to the Committee on Labor.

851. By Mr. LESINSKI: Petition of Central Cooperative Wholesalers, Superior, Wis., advocating 5-day workweek, 6 hours per day; to the Committee on Labor.

852. Also, petition of Common Council of the City of Detroit, urging continuance of appropriations for the maintenance of the National Guard and Naval Reserve forces; to the Committee on Appropriations.

853. By Mr. LINDSAY: Petition of Central Trades and Labor Council of Greater New York and vicinity, urging reconsideration of reduction of salaries of Federal employees; to the Committee on Ways and Means.

854. Also, petition of Brooklyn Chamber of Commerce, Brooklyn, N.Y., opposing House bill 4681, introduced by Mr. DISNEY; to the Committee on Interstate and Foreign Commerce.

855. Also, petition of Vick Chemical Co., manufacturing chemists, New York City, opposing House Joint Resolution No. 161; to the Committee on Ways and Means.

856. Also, petition of Brooklyn Chamber of Commerce, Brooklyn, N.Y., favoring House bill 4677, the Sutphin bill; to the Committee on Rivers and Harbors.

857. By Mr. McCLINTIC: Resolution memorializing Congress to urge the passage by Congress of an act appropriating funds for Federal-aid highway construction, to be distributed among the various States of the Union for the relief and to provide work for the unemployed; to the Committee on Roads.

858. Also, concurrent resolution memorializing Congress to provide relief for the oil industry, the farmers, the unemployed, business, and the people generally by providing an adequate tariff or tax on oil that will place the domestic oil industry on a competitive basis with imported oil as shown by the reports of the Tariff Commission; to the Committee on Ways and Means.

859. By Mr. RUDD: Petition of the Vick Chemical Co., New York City, opposing the passage of House Joint Resolution No. 161; to the Committee on Ways and Means.

860. Also, petition of Central Trades and Labor Council of Greater New York, protesting against the 15 percent reduction in pay of Federal employees, and urging a reconsideration of this reduction; to the Committee on Appropriations.

861. By Mr. TINKHAM: Resolutions endorsed by the Massachusetts State Union of Women's Clubs; to the Committee on the Judiciary.

862. By the SPEAKER: Petition of the Interdenominational Churchmen's Committee in Philadelphia, submitting a plan for the banishment of poverty; to the Committee on Ways and Means.

863. Also, petition of the Reserve and National Guard Officers' mess of Los Angeles, Calif., relative to the national defense; to the Committee on Military Affairs.

864. Also, petition of the city of Los Angeles, urging that the necessity of persons' taking the pauper's oath in order to obtain relief from the Government be eliminated; to the Committee on Ways and Means.

865. Also, petition of the county of Los Angeles, relative to the establishment of the 5-day 30-hour week; to the Committee on Labor.

SENATE

WEDNESDAY, MAY 3, 1933

(Legislative day of Monday, May 1, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Keyes	Robinson, Ark.
Ashurst	Cutting	King	Robinson, Ind.
Austin	Dale	La Follette	Russell
Bachman	Dickinson	Logan	Sheppard
Bankhead	Dill	Lonergan	Shipstead
Barbour	Duffy	Long	Smith
Barkley	Erickson	McAdoo	Steiwer
Black	Fess	McCarran	Stephens
Bone	Fletcher	McGill	Thomas, Okla.
Borah	Frazier	McKellar	Thomas, Utah
Bratton	George	McNary	Townsend
Brown	Glass	Metcalf	Trammell
Bulkley	Goldsborough	Murphy	Tydings
Bulow	Gore	Neely	Vandenberg
Byrd	Hale	Norbeck	Van Nuys
Byrnes	Harrison	Norris	Wagner
Capper	Hastings	Nye	Walcott
Caraway	Hatfield	Overton	Walsh
Clark	Hayden	Patterson	Wheeler
Connally	Hebert	Pittman	White
Coolidge	Johnson	Pope	
Copeland	Kean	Reed	
Costigan	Kendrick	Reynolds	

Mr. REED. I wish to announce that my colleague the junior Senator from Pennsylvania [Mr. DAVIS] is absent on account of illness.

Mr. KENDRICK. I wish to announce that the senior Senator from Illinois [Mr. LEWIS], the junior Senator from Illinois [Mr. DIETERICH], and the Senator from North Carolina [Mr. BAILEY] are necessarily detained from the Senate. I ask that this announcement may stand for the day.

The VICE PRESIDENT. Eighty-nine Senators have answered to their names. A quorum is present.

FUNCTIONS OF THE CIVIL SERVICE COMMISSION (S.DOC. NO. 55)

The VICE PRESIDENT laid before the Senate a letter from the secretary of the United States Civil Service Commission, submitting, pursuant to Senate Resolution 351, Seventy-second Congress, a detailed report as to the func-

tions of the Commission, including accounting, disbursing, collecting, purchasing, and personnel, together with citations of the authority for the performance of such functions and the annual cost thereof based on the fiscal year ended June 30, 1932, also a list of employees receiving compensation at the rate of $5,000 or more per annum, which, with the accompanying papers, was ordered to lie on the table and to be printed.

FUNCTIONS OF THE BUREAU OF EFFICIENCY (S.DOC. NO. 54)

The VICE PRESIDENT laid before the Senate a letter from the Chief of the United States Bureau of Efficiency, submitting, pursuant to Senate Resolution 351, Seventy-second Congress, a report as to the functions of the Bureau of Efficiency, the statutory authority therefor, and the total annual expenditures thereon, etc., also a list of employees receiving compensation at the rate of $5,000 or more per annum, which was ordered to lie on the table and to be printed.

(NOTE.—Under section 409 of the 1934 Treasury and Post Office Departments Appropriation Act of March 3, 1933, the Bureau of Efficiency will cease to exist on May 31, 1933.)

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following concurrent resolution of the Legislature of the State of Pennsylvania, which was referred to the Committee on Manufactures:

IN THE SENATE OF PENNSYLVANIA,
April 26, 1933.

Whereas the Commonwealth of Pennsylvania now taxes gasoline 3 cents per gallon, and exacts special registration fees on all motor vehicles, while the Federal Government also taxes gasoline, motor vehicles, and accessories; and

Whereas there is demand from certain special interests for legislation to compel blending of alcohol with gasoline; and

Whereas such blending would increase the price of gasoline about 3 cents per gallon, amounting to a special tax on the already overburdened motorist; and

Whereas the only beneficiaries would be the manufacturers of alcohol: Therefore be it

Resolved (*if the house of representatives concur*), That Congress of the United States is requested to reject any legislation to compel blending alcohol with gasoline.

Resolved, That certified copies of this resolution be forwarded by the chief clerk of the house of representatives to each branch of the Congress and to each Senator and Representative from Pennsylvania in Congress of the United States.

The foregoing is a true and correct copy of the resolution adopted by the senate the 26th day of April 1933 and concurred in by the house of representatives the 26th day of April 1933.

[SEAL]

JOHN E. MCKIRDY,
Chief Clerk, Senate.
E. F. WHITE,
Chief Clerk, House of Representatives.
E. C. SHANNON,
President, Senate of Pennsylvania.

The VICE PRESIDENT also laid before the Senate a resolution adopted by Colonel John Jacob Astor Camp, No. 6, United Spanish War Veterans, United States Soldiers' Home, Washington, D.C., endorsing the provisions of the National Defense Act of 1916, and favoring the full-strength maintenance of the Army and Navy, which was referred to the Committee on Appropriations.

He also laid before the Senate resolutions adopted by the Reserve and National Guard Officers' Mess, of Los Angeles, Calif., favoring the maintenance of the national defense and the making of adequate appropriations for the support of the Army and Navy and all auxiliaries, which were referred to the Committee on Appropriations.

He also laid before the Senate the petition of the Alumni Association of the Central High School, of Washington, D.C. (by its advisory board), praying for the full maintenance of the instrumentalities for instruction in all the graded and high schools of the city of Washington, and protesting against reductions in salaries of the teaching forces, which was ordered to lie on the table.

He also laid before the Senate a memorial and several letters and telegrams in the nature of memorials from sundry citizens of the State of Louisiana, endorsing Hon. HUEY P. LONG, a Senator from the State of Louisiana, condemning attacks made upon him, and remonstrating against a senatorial investigation of his alleged acts and conduct, which were referred to the Committee on the Judiciary.

Mr. TYDINGS presented a concurrent resolution adopted by the Legislature of Puerto Rico, favoring amendment of pending legislation, authorizing the Reconstruction Finance Corporation to make loans to certain hospitals by extending the benefits of such legislation to Puerto Rico, which was referred to the Committee on Banking and Currency.

(See concurrent resolution printed in full when laid before the Senate by the Vice President on the 2d instant, p. 2654, CONGRESSIONAL RECORD.)

Mr. TYDINGS also presented a resolution adopted by the Leaf Tobacco Association, of Baltimore, Md., favoring the reestablishment of international trade in all commodities through reciprocal tariff-and-trade agreements, by which a horizontal reduction of schedules in all countries will be effected, trade restrictions modified, and barter agreements abolished, which was referred to the Committee on Foreign Relations.

He also presented a resolution adopted by the Chamber of Commerce of Honolulu, Hawaii, protesting against the proposed transfer of the United States Hydrographic Office from the Navy Department to the Department of Commerce, which was referred to the Committee on Naval Affairs.

PERSECUTION OF THE JEWS IN GERMANY

Mr. ASHURST. Mr. President, I present an important petition in the nature of a memorial signed by a large number of representative worthy citizens of Douglas, Ariz., protesting the action of the Hitler government against Jews in Germany. I ask that the memorial be referred to the Committee on Foreign Relations for early consideration.

The VICE PRESIDENT. Without objection, the memorial will be referred as requested.

REPORTS OF COMMITTEES

Mr. KENDRICK, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 324) to provide for the establishment of the Everglades National Park in the State of Florida, and for other purposes, reported it without amendment and submitted a report (No. 50) thereon.

Mr. STEIWER, from the Committee on Indian Affairs, to which was referred the bill (S. 1513) to amend Public Act No. 435 of the Seventy-second Congress, relating to sales of timber on Indian land, reported it without amendment.

Mr. THOMAS of Oklahoma, from the Committee on Indian Affairs, to which was referred the bill (S. 555) to authorize the acquisition by the United States of the land upon which the Seneca Indian School, Wyandotte, Okla., is located, reported it without amendment.

EXECUTIVE REPORT OF THE FINANCE COMMITTEE

As in executive session,

Mr. CONNALLY, from the Committee on Finance, reported favorably the nomination of Jed C. Adams, of Texas, to be a member of the Board of Tax Appeals for the unexpired portion of a term of 12 years from June 2, 1932, which was ordered to be placed on the Executive Calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. FRAZIER (for Mr. SCHALL):

A bill (S. 1561) providing for payment of $100 to each enrolled Chippewa Indian of the Red Lake Band of Minnesota from the timber funds standing to their credit in the Treasury of the United States; to the Committee on Indian Affairs.

By Mr. TOWNSEND:

A bill (S. 1562) granting the consent of Congress to the Levy Court of Sussex County, Del., to reconstruct a bridge across the Deeps Creek at Cherry Tree Landing, Sussex County, Del.; to the Committee on Commerce.

By Mr. MCNARY:

A bill (S. 1563) providing for the purchase of a site and the erection thereon of a public building for the use of station "A", a station of the post office at Portland, Oreg.; to the Committee on Public Buildings and Grounds.

By Mr. TYDINGS:

A bill (S. 1564) to revive and reenact the act entitled "An act authorizing the Great Falls Bridge Co. to construct, maintain, and operate a bridge across the Potomac River at or near Great Falls", approved April 21, 1928; to the Committee on Commerce.

By Mr. SHEPPARD:

A bill (S. 1565) for the relief of Rene Hooge, a minor; to the Committee on Claims.

A bill (S. 1566) for the payment of the claims of citizens of the United States against the Republic of Mexico; to the Committee on Foreign Relations.

A bill (S. 1567) for the relief of Claude W. Shelton; and

A bill (S. 1568) to repeal certain provisions of the act of February 25, 1929, entitled "An act to authorize appropriations for construction at military posts, and for other purposes", and the act of July 3, 1930, entitled "An act making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1930, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1930, and June 30, 1931, and for other purposes"; to the Committee on Military Affairs.

By Mr. REED:

A bill (S. 1569) for the relief of several trust companies; and

A bill (S. 1570) for the relief of the Liberty Title & Trust Co., successors to German American Title & Trust Co., of Philadelphia, Pa.; to the Committee on Claims.

A bill (S. 1571) granting an increase of pension to Helen G. Mercur; to the Committee on Pensions.

By Mr. BORAH:

A bill (S. 1572) for the relief of Berle C. Palmer; to the Committee on Military Affairs.

By Mr. JOHNSON:

A bill (S. 1573) for the relief of Joseph Duncan Smedberg; to the Committee on Military Affairs.

AMENDMENT TO DISTRICT OF COLUMBIA APPROPRIATION BILL

Mr. COUZENS submitted amendments intended to be proposed by him to House bill 4589, the District of Columbia appropriation bill, which were ordered to lie on the table, as follows:

On page 8, line 14, to strike out "installation and modification of electric traffic lights, signals, and control."

On page 8, line 18, to strike out "$45,000" and insert "$10,000."

PRODUCTION COSTS OF GOAT, KID, AND CABRETTA LEATHERS

Mr. REED submitted a resolution (S.Res. 68), which was ordered to lie over under the rule, as follows:

Resolved, That the United States Tariff Commission is hereby directed to investigate, for the purpose of section 336 of the Tariff Act of 1930, the differences in the cost of production between the domestic article and the foreign article, and to report at the earliest date practicable, upon goat, kid, and cabretta leathers.

REMONETIZATION OF SILVER

Mr. WHEELER. I ask unanimous consent to submit a resolution stating in substance that it is the sense of the Senate of the United States that the delegates appointed by the President to the international economic conference shall work unceasingly for the remonetization of silver. I ask that the resolution lie on the table temporarily, and I desire to state now that at the first opportunity I shall ask that it be brought up.

I also ask that there be inserted in the CONGRESSIONAL RECORD a statement by about 100 Members of the House of Representatives, directed to the President of the United States, stating that they favor the remonetization of silver.

I ask that both the resolution which I have introduced and also this statement may be printed in full in the CONGRESSIONAL RECORD.

The PRESIDING OFFICER (Mr. POPE in the chair). Without objection, that order will be made.

The resolution (S.Res. 67) is as follows:

Whereas the whole world, including the United States of America, is suffering from an unprecedented depression, resulting in unemployment, starvation, falling commodity prices, and the collapse of the financial structure which in turn threatens to destroy our present social and economic system; and

Whereas all thoughtful students of economics and finance are agreed that one of the chief causes of this depression is due to the shortage and maldistribution of gold which is today the primary money of the world, seven creditor nations having $9,000,000,000 of gold out of a total world supply of about $11,000,000,000, which in turn leaves only $2,000,000,000 of gold for all the debtor nations of the world; and

Whereas increasing the value of gold held by these seven creditor nations will not increase the purchasing power of the rest of the world, nor give them primary money on which to base credit and with which to carry on their domestic and foreign trade; and

Whereas more than 40 countries are off the gold standard, including England and the United States of America, and 60 percent of the population of the world use silver as their monetary yardstick, and will continue to use it regardless of all efforts to place them on a gold or managed currency basis; and

Whereas the stabilization of currency exchange and the removal of trade barriers between nations is essential in order to successfully conduct foreign trade and commerce; and

Whereas this stabilization of exchanges of world currencies can best be accomplished by fixing the ratio of value between the two metals, silver and gold, upon which world currencies are based; and

Whereas the depreciated currencies of silver-using nations, due to the low price of silver, gives silver-using nations a lower cost of production than gold-using nations, which in turn makes it impossible for gold-using nations to successfully compete with silver-using nations in the markets of the world; and

Whereas the remonetization of silver at its historic ratio with gold would raise world commodity prices upon which our surplus products of farm and factory are sold, increase the purchasing power of silver-using countries in the United States, increase production costs in silver-using countries so that the American farmer and manufacturer would not be so handicapped by their depreciated currencies; and

Whereas the remonetization of silver would end the present uncertainty relative to inflation; and

Whereas both Democratic and Republican national platforms have favored the international remonetization of silver, and Republican and Democratic leaders in the United States Congress have repeatedly stated that they favored bimetallism if it could be on an international basis; and

Whereas the President is about to appoint delegates to attend an international conference to be held in London in June of this year of our Lord, 1933, which has for its purpose the stabilization of international exchange, etc.: Now, therefore, be it

Resolved, That it is the sense of the Senate of the United States that the delegates so appointed by the President of the United States of America shall work unceasingly for an international agreement to remonetize silver on a basis of a definite fixed ratio of not to exceed 16 fine ounces of silver to 1 fine ounce of gold.

The statement submitted by Mr. WHEELER is as follows:

To the PRESIDENT,

White House, Washington, D.C.:

We favor the remonetization of silver to raise commodity prices back to the 1926 level, restore the purchasing power of the American people, and bring back the prosperity of the world.

Edward T. Taylor, Colorado; Lawrence Lewis, First District Colorado; J. G. Scrugham, Nevada; Joseph P. Monaghan, Montana; Fred Cummings, Second Colorado; Roy E. Ayers, Second Montana; Abe Murdock, First Utah; John A. Martin, Third Colorado; Dennis Chavez, New Mexico; M. A. Zioncheck, Washington; Kent E. Keller, Twenty-fifth Illinois; Theo. B. Werner, Second South Dakota; J. W. Robinson, Second Utah; Fred H. Hildebrandt, First South Dakota; Tom D. McKeown, Oklahoma; F. B. Swank, Oklahoma; E. W. Marland, Oklahoma; Will Rogers, Oklahoma; Jed Johnson, Oklahoma; Wilburn Cartwright, Oklahoma; W. E. Disney, Oklahoma; J. V. McClintic, Oklahoma; J. H. Hoeppel, Twelfth California; Gardner R. Withrow, Wisconsin; Ernest Lundeen, Minnesota; Warren J. Duffey, Ohio; John Lesinski, Sixteenth Michigan; Carl M. Weideman, Fourteenth Michigan; John D. Dingell, Fifteenth Michigan; F. H. Shoemaker, Minnesota; Thomas O'Malley, Fifth Wisconsin; Wm. T. Schulte, First Indiana; Harry W. Musselwhite, Ninth Michigan; Knute Hill, Fourth Washington; Compton I. White, First Idaho; G. J. Boileau, Seventh Wisconsin; William Lemke, North Dakota; M. C. Wallgren, Second Washington; Terry M. Carpenter, Nebraska; W. P. Lambertson, Kansas; Edgar Howard, Nebraska; Martin Dies, Texas; Lloyd Thurston, Iowa; J. J. Mansfield, Texas; Martin F. Smith, Third Washington; J. N. Sandlin, Louisiana; John Y. Brown, Kentucky; Henry E. Stubbs, Tenth California; W. D. McFarlane, Texas; Henry Arens, Minnesota; Magnus Johnson, Minnesota; C. H. Martin, Oregon; C. V. Parsons, Illinois; A. H. Gasque, South Carolina; Glenn Griswold, Indiana; M. C. Allgood, Alabama; E. M. Dirksen, Illinois; Jennings Randolph, West Virginia; A. C. Shallenberger, Nebraska; R. T. Wood, Missouri; Geo. B. Terrell, Texas; Paul J. Kvale, Minnesota; Randolph Carpenter, Kansas; O. H. Cross, Texas; Ross A. Collins, Mississippi; Jeff Busby, Mississippi; J. E. Rankin, Mississippi; Roy E. Ayers, Montana; C. W. Turner, Tennessee; Harold Knutson, Minnesota; Sam B. Hill, Washington; Geo. G.

Sadowski, Michigan; Wright Patman, Texas; W. M. Pierce, Oregon; Charles Kramer, Thirteenth California; J. O. Fernandez, Louisiana; Numa F. Montet, Louisiana; Martin L. Sweeney, Ohio; Robert T. Secrest, Ohio; Frank C. Kniffin, Ohio; Byron B. Harlan, Ohio; Wm. L. Fiesinger, Ohio; A. P. Lamneck, Ohio; Frank L. Kloeb, Ohio; Vincent Carter, Wyoming; A. J. May, Kentucky; R. M. Duncan, Missouri; Glover H. Cary, Kentucky; W. V. Gregory, Kentucky; Thomas F. Ford, California; John F. Dockweiler, California; Frank H. Lee, Missouri; Russell Elzey, Mississippi; James Hughes, Wisconsin; Charles I. Faddis, Pennsylvania.

Mr. McNARY. Mr. President, is the resolution a Senate resolution or a joint resolution of the two Houses?

Mr. WHEELER. It is a Senate resolution.

Mr. McNARY. Will the Senator repeat his statement as to its purpose?

Mr. WHEELER. It is a Senate resolution stating that it is the sense of the Senate of the United States that the delegates who are appointed to the International Economic Conference shall work unceasingly for an international agreement for the remonetization of silver.

I may say to the Senator from Oregon that since 1896 both the Democratic Party and the Republican Party have been promising the people of this country that they were going to do this. I want to find out whether or not the Senate of the United States is willing to go on record now that it is the sense of the Senate that the delegates who go to that conference shall fight for the thing that both parties have been promising the people in their platforms.

Mr. FESS. Mr. President, I understand that the resolution calls upon the delegates to strive to bring about an international agreement on some ratio.

Mr. WHEELER. Yes; that is correct.

The PRESIDING OFFICER. The resolution will lie on the table and be printed.

RELIEF OF AGRICULTURE—ADDRESS BY SECRETARY WALLACE

Mr. DILL. Mr. President, I ask permission to have inserted in the RECORD excerpts from an address by Hon. Henry A. Wallace, Secretary of Agriculture, over a network of the National Broadcasting Co., delivered on May 1, 1933, on the subject of Relief of Agriculture.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

It was for the purpose of putting science to work in agriculture that this Federal Department of Agriculture was established by act of Congress 71 years ago. Washington, Jefferson, and Franklin saw the need for it even back in their day. The Department was created primarily for scientific research; its main job always has been a research job; and I hope research will always remain a principal duty.

Of course, it is not enough to discover facts: a public institution has also the obligation to see that the facts are made available to all who can profit by them.

When a plant breeder in the Department develops a variety of wheat that is highly resistant to rust, the job of the Department has not ended with that discovery. The new variety has to be tried out in various regions in the field. Next, the results of those trials have to be made known to wheat growers. That involves publications, both technical and popular, and articles for the press and radio broadcasting. Then the seed of the new variety has to be made available to farmers. The county extension agent may step into the picture at this point and suggest that the interested wheat grower sow some of the new seed in a test plot alongside some of the seed he and his neighbors have been using in the past, and when the old and the new varieties of wheat are up and harvested, let the neighbors for miles around come in to compare them and decide whether or not the new variety is better than the old and worth investing in.

That is a thumb-nail sketch of the way science is applied to agriculture in this country, and it portrays a system that is the envy of many another nation. Sir Horace Plunkett, Ireland's great authority on agriculture, in 1926 was moved to describe the Department of Agriculture as "the most widely useful department in the world." * * *

One of the most famous examples was the discovery, by scientists in the Department of Agriculture some 40 years ago, that a microorganism found in the blood of cattle is the cause of splenetic fever, and that the disease is transmitted by the cattle tick.

During the years 1888 to 1893, four men spent most of their time trying to make that discovery. Splenetic fever had become a costly disease of cattle throughout the South. Home-made remedies, treatment by skilled veterinarians, alike proved futile. The disease was costing the livestock industry, and ultimately the consumer of meat, many millions of dollars.

The four Department of Agriculture scientists, in the employ of the Government because they wanted to pursue scientific research without interruption, and at salaries sadly out of line with their worth to the Nation—these men kept doggedly on the job despite all sorts of obstacles and disappointments. The joy of achievement was their chief reward. And their achievement proved to be of lasting benefit not only to the livestock industry but to all mankind, for their research was the first demonstration that a microbial disease can be transmitted exclusively by an insect host or carrier.

From that came the knowledge, at the hands of other scientists, that yellow fever, malaria, sleeping sickness, and other maladies are similarly transmitted. From that flowed the successful control of yellow fever, for instance, which in turn made possible the building of the Panama Canal. So it can truthfully be said that the success of four Department of Agriculture scientists in discovering the cause of a cattle disease was a first step in the construction of the Panama Canal.

These scientists—by name Theobald Smith, Curtice, Kilgore, and Salmon—of course had no idea of the far-reaching consequences of their discovery. They were intent on finding the cause of a cattle disease, not in discovering a fundamental principle in medicine. But that happens often in scientific research.

And at other times, a scientist may fail to solve one problem, only to solve another unexpectedly. Not long ago some chemists in the Department of Agriculture were examining molds—fungous growths, that is—to find one that would produce tartaric acid. Patiently they tested one after another, until they had exhausted the possibilities of 149 different molds. Finally the 150th rewarded their long search with success—but not the success they were expecting. Instead of producing tartaric acid, the 150th mold unexpectedly produced gluconic acid. This is now used in making calcium gluconate, the only calcium salt that can be injected between the muscles, without causing abscesses, in treating certain human diseases. This salt used to cost $150 a pound. As a result of this research it may now be had for 50 cents a pound.

Much of the scientific work of the Department, however, calls for more than the ordinary equipment of a scientist. I am thinking of the plant explorers, the men who cut their way through treacherous jungles, or press on across the forbidding deserts of Mongolia in search of plants that we need here at home. Whenever you eat bread made from durum wheat, or enjoy a choice steak or pork chops from cattle or hogs fed on alfalfa and soybeans, or sample a package of dates or a crate of navel oranges from California, or the new Satsuma oranges from Florida—whenever you enjoy any of these things, you are reaping the benefit of the work done by a handful of explorers employed by the Department of Agriculture.

If time and your patience permitted, it would be possible to cite instances to show how research has affected all of our major farm crops and classes of livestock, how the patience, the skill, and the informed imagination of scientists employed by the Department of Agriculture have altered the agricultural map of this country and modified the farm practices of every farmer in the land. Many farmers are not aware of this, for the results of research reach the individual farm by an intricate, devious path, but they get there just the same.

If you will agree with me on that, I suspect you are at the same moment questioning whether this research has proved to be an unmixed blessing. For science and invention, you will say, have not only made it possible for us to produce enough to go around; they have made it possible for us to pile up towering surpluses, which in turn seem capable of bringing our whole economic system crashing down around our ears.

We cannot deny that. When scientists in the Department of Agriculture develop a variety of wheat that produces 5 bushels more per acre than the variety commonly grown, one result may be, and often is, too much wheat. When our modern knowledge of nutrition enables 1 bushel of corn to go as far as 2 bushels did in the pioneer days in feeding livestock, one result may be too much pork and lard.

Of late years the Department of Agriculture and the colleges have been aware of the problem. They have tried to meet it by helping the individual farmer adjust his own production to changing market needs. They have hoped that advice and complete information on supply and demand would suffice.

Where they have been remiss, in my judgment, is in declining to face the fact that the individual farmer cannot adjust his production intelligently unless he knows, with some degree of certainty, that his neighbors will do likewise. And it is to face that fact realistically that the new farm bill has been drafted. The essence of it is collective action by all the producers to accommodate their production to the market that actually exists.

Our expenditures for science, our efforts at increasing productive efficiency, have in no sense been unwise. Certainly no thoughtful person could approve the abandonment of scientific research or the relegation of our machines to the ash heap. To do that would be like abandoning the use of automobiles because we have automobile accidents. As a rule, the fault is not with the automobile, but with the driver.

It is not the fault of science that we have unused piles of wheat on Nebraska farms and tragic breadlines in New York City at one and the same moment. Rather it is because we have refused to apply science to the development of social machinery, machinery that will regulate our economic system to the end that what we produce can be equitably divided.

I am not one to ask for less efficiency. I want more, and I know that we can get far more. But I want the efficiency to be controlled in such a way that it does more good than harm. I want to see the farmers of the South grow 300 pounds of cotton

per acre instead of 150 pounds, and the farmers of the North 50 bushels of corn per acre instead of 35 bushels. I want to see the average milch cow yield 400 pounds of butterfat per year instead of 200. And I see no reason why our hogs eventually should not produce 100 pounds of pork on the average from 6 bushels of corn instead of from 9 bushels.

These things can all be done. The research now going on will make it possible and will pave the way for countless new agricultural achievements as well.

Only the other day I learned that research now in progress indicates that crops grown in some regions of the Nation have a higher nutritional value than do apparently similar crops grown in other areas. If further study bears this out, the consequences will certainly be far-reaching. We may have a new agricultural map a decade from now.

The research job, far from being done, is only well begun. We shall need new varieties of cereals and grasses, to resist diseases, better than those we now have. We shall have to keep cutting costs of production by increasing yields per acre. Methods of cultivation, like methods of feeding and managing livestock, must be subject to continuing investigation if we are to keep abreast of the continually changing economic world about us.

When our chemists, not long ago, discovered an economical method by which bagasse, a sugarcane waste, could be made into high-quality cellulose suitable for rayon, we patted ourselves on the back for an achievement of considerable importance. But over in the Bureau of Chemistry and Soils is a small bottle of a brownish cellulose substance called "lignin", which was derived from the corn plant after many years of experimentation. The chemist will tell you that lignin is one of the principal parts of woody plant tissues; that it can therefore be obtained in abundance; and that it may yield a startling new collection of products. Already he has discovered in lignin such compounds as phenol and creosol. Lignin may yet rank, in its rich potentialities, in its influence on disposing of farm wastes, with our major chemical discoveries.

No, the job of scientific research in agriculture is not over, nor will it ever be. But today we have a new job, a new field for experimenting—that of social control. Research to increase productive efficiency, to widen markets, must continue. Eliminate the less important research activities, in deference to the need for economy; get rid of the deadwood in our scientific organizations, but keep the men of science at the tasks which will always need doing. And add to the old job, the one that has been begun so well, this new job of developing the machinery of social control.

Can we, do you suppose, become as efficient in our social experimenting as we have already proved ourselves in scientific experimenting? If this can be done, we can go ahead into one triumph after another in the scientific world. If it is not done, I fear for the future of our civilization.

The farm bill is an effort in the direction of such social inventiveness. In some ways it is perhaps as crude as the first automobile. But I believe it is profoundly right in purpose, for it attempts a reconciliation between science and social justice; and I believe it can be made to work if the rank and file of the people of the United States—the men who grow our food, the men who handle and distribute it, the men and women who consume it—the new machine will work if all these people are genuinely hungry to distribute the fruits of science in a just way.

For that is our great modern problem. Having conquered the fear of famine, with the aid of science, having been brought into an age of abundance, we now have to learn how to live with abundance. Sometimes I think it requires stronger characters, greater hearts, and keener minds to endure abundance than it takes to endure penury. Certainly it requires a new degree of tolerance among competing economic groups and a willingness to subordinate the will of the few to the welfare of the many.

Personally, I think the last 12 years have imprinted this lesson deeply on all of us. I think we are ready now to reach out toward a new order. I believe we are ready to attempt to plan our economic life in return for stability and security. If this is true, then we have reached a great moment in the history of mankind. We have determined to become the masters rather than the victims of destiny. We are daring to bring the economic interests of men under conscious human control.

We may make mistakes along the way; we may have difficulty in mastering all the intricacies of an economic system that is full of puzzling contradictions; but if we operate our new social machinery with the spirit of social justice in all our hearts, I believe that it will work.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 4606) to provide for cooperation by the Federal Government with the several States and Territories and the District of Columbia in relieving the hardship and suffering caused by unemployment, and for other purposes; asked a conference with the Senate on the disagreeing votes of the two Houses thereon; and that Mr. STEAGALL, Mr. GOLDSBOROUGH, and Mr. LUCE were appointed managers on the part of the House at the conference.

The message also announced that the House had agreed to the amendment of the Senate numbered 85 to the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power, to raise revenue for extraordinary purposes incurred by reason of such emergency, to provide emergency relief with respect to agricultural indebtedness, to provide for the orderly liquidation of joint-stock land banks, and for other purposes; that the House had disagreed to the amendments of the Senate numbered 1 to 84, inclusive, to the bill; that the House had agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. JONES, Mr. FULMER, Mr. DOXEY, Mr. CLARKE of New York, and Mr. HOPE were appointed managers on the part of the House at the conference.

MUSCLE SHOALS

The Senate resumed the consideration of the bill (S. 1272) to improve the navigability and to provide for the flood control of the Tennessee River, to provide for reforestation and the proper use of marginal lands in the Tennessee Valley; to provide for the agricultural and industrial development of said valley; to provide for the national defense by the creation of a corporation for the operation of Government properties at and near Muscle Shoals in the State of Alabama; and for other purposes.

The VICE PRESIDENT. The question is on the engrossment and third reading of the bill.

Mr. BANKHEAD. Mr. President, I wish to call up an amendment that I presented some days ago relating to the fertilizer provisions of the bill. The amendment has been printed and is on the desks of Senators. Before proceeding I want to make two changes in it. I send one of them to the desk.

The VICE PRESIDENT. The Senator from Alabama modifies his amendment.

Mr. BANKHEAD. On page 3 of my amendment, just preceding subsection (k), I want to add the following words:

Instead of exercising the powers granted by subsections (d) and (j), the Board is authorized.

The VICE PRESIDENT. The clerk will state the amendment, as modified.

The LEGISLATIVE CLERK. The Senator from Alabama proposes the following amendment:

On page 6, strike out section (d) and insert in lieu thereof the following:

"(d) The Board shall manufacture fixed nitrogen and/or other fertilizer ingredients at Muscle Shoals by the employment of existing facilities (by modernizing existing plants), or by any other process or processes that in its judgment shall appear wise and profitable for the fixation of atmospheric nitrogen, and/or other fertilizer ingredients for agricultural and military uses."

Mr. BANKHEAD. Mr. President, in explanation of this amendment, permit me to say that section (d) in the Norris bill, the pending bill, authorizes the board to manufacture nitrogen, which is one of the ingredients of fertilizer. I have offered in lieu of that section a section from the Hill bill, passed by the House of Representatives, to authorize the manufacture of nitrogen or fertilizer ingredients.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER (Mr. DUFFY in the chair). Does the Senator from Alabama yield to the Senator from Nebraska?

Mr. BANKHEAD. I yield.

Mr. NORRIS. I am trying to locate the place in the bill where the Senator's amendment applies. The Senator's amendment is not printed, is it?

Mr. BANKHEAD. The original amendment is printed. The one I have just sent up is in addition to the one I have heretofore presented.

Mr. NORRIS. I have on my desk two printed amendments of considerable length which the Senator proposes to offer and has had printed. Is it one of those that the Senator has offered?

Mr. BANKHEAD. It is the fertilizer amendment. It begins with:

It shall be the duty of the Board to operate the nitrate plants—

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Arkansas?

Mr. BANKHEAD. I yield.

Mr. ROBINSON of Arkansas. The amendment which the Senator has just sent to the desk and had read is the amendment which he has incorporated in his fertilizer amendment?

Mr. BANKHEAD. That is correct; it adds to it.

Mr. ROBINSON of Arkansas. And where is it proposed to be inserted?

Mr. BANKHEAD. The amendment proposes to strike out subsection (d) of the pending bill and in lieu thereof to insert the words incorporated in my amendment, which I have taken from the bill which was passed by the House of Representatives.

Mr. NORRIS. Mr. President, if the Senator will yield further, the pending amendment which he has offered is not an amendment to his amendment?

Mr. BANKHEAD. I am adding it to my amendment.

Mr. NORRIS. The Senator does not need to get consent to do that.

Mr. BANKHEAD. I am explaining it; that is all.

Mr. NORRIS. It says here "on page 6." Does that mean page 6 of the Senator's amendment?

Mr. BANKHEAD. No, sir; that strikes out subsection (d) on page 6 of the bill of the Senator from Nebraska.

Mr. NORRIS. I do not see how the Senator can incorporate that with the other amendment pending. Of course, the Senator can change his amendment as he sees fit; he does not need to offer it as an amendment to his amendment.

Mr. BANKHEAD. I have just changed my amendment so as to include that provision.

Mr. NORRIS. What I am trying to find out is what is now the pending amendment. The one which I have and which the clerk has sent to me is simply a change of subsection (d), page 6 of the Senate bill.

Mr. BANKHEAD. I have changed the printed amendment by adding that to it, so that both together constitute the pending amendment.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Utah?

Mr. BANKHEAD. I yield.

Mr. KING. I am greatly interested in this matter, but I confess, perhaps due to my own lack of understanding, that I do not grasp the situation. As I understood the Senator from Alabama, he intended to offer a substitute for the so-called "Norris bill" which would take the place of the entire Norris bill textually.

Mr. BANKHEAD. No; that is not the situation. The amendment relates solely to the fertilizer provision.

Mr. KING. The amendment the Senator proposes to discuss attacks only subdivision (i) of section 5 of the Norris bill?

Mr. BANKHEAD. Oh, no. It adds further provisions to the amendment. It does not attack in any way the Norris bill as it relates to fertilizer except by the substitution of the House section for subsection (d) and then provides additional powers for the board.

Mr. KING. Does the Senator propose to leave in the bill as it shall finally pass, even if his amendment shall be adopted, subsection (i) of section 5 of the Norris bill?

Mr. BANKHEAD. Yes.

Mr. KING. Then the Senator is not challenging subsection (i) at all?

Mr. BANKHEAD. No.

Mr. President, in order that it may be understood what is involved, permit me to make a brief explanation of the addition which the amendment tendered by me makes to the Norris bill. Of course, it is well understood, as the author of the Norris bill stated on the floor of the Senate, that he does not believe the production of fertilizer at the nitrate plant at Muscle Shoals is an economical proposition. For that reason his bill makes very few provisions on the subject except for experimentation. With that phase of it I am in the very fullest accord. The bill contains the following provision:

(d) The Board shall manufacture fixed nitrogen at Muscle Shoals by the employment of existing facilities, by modernizing existing plants, or by any process or processes that in its judgment shall appear wise and profitable for the fixation of atmospheric nitrogen.

My amendment proposes to add to that an authorization to the board for the manufacture of all elements and ingredients of fertilizer in addition to nitrogen, which is alone provided for in the pending bill.

Mr. SMITH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from South Carolina?

Mr. BANKHEAD. I yield.

Mr. SMITH. That language would be inserted right after the word "nitrogen" in the Norris bill? The Senator wishes to add "and other fertilizer ingredients for agricultural and military uses"?

Mr. BANKHEAD. That is the effect of it.

Mr. NORRIS. Mr. President, I do not understand that to be the case at all. I do not want any misapprehension. If that is all there is to it, it would be a different matter; but if the Senator will examine the amendment, he will find that it goes much further than he has just stated.

Mr. SMITH. I mean the amendment just now offered by the Senator from Alabama. I presume the Senator from Alabama will offer an amendment to subsection (e) as well?

Mr. BANKHEAD. Yes.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Arkansas?

Mr. BANKHEAD. Certainly.

Mr. ROBINSON of Arkansas. May I point out to the Senator that confusion has arisen as to the last amendment which he has proposed? He indicated that he intended to modify the original fertilizer amendment offered by himself.

Mr. BANKHEAD. Yes; by adding this language to it.

Mr. ROBINSON of Arkansas. The language that he has offered is an amendment to the text of the bill rather than a modification of his own amendment.

Mr. BANKHEAD. I want to put it in shape, if the Senator from Arkansas will help me, so as to add it to my amendment substituting the House section for subsection (d) of the pending bill.

Mr. ROBINSON of Arkansas. When the Senator first offered the language, which he said was a modification of his own amendment, I asked him then the question in what part of the fertilizer amendment it should be incorporated. As everybody concedes, he has a perfect right to modify his amendment, but the language of his amendment last offered is "amendment intended to be proposed" to the Senator's own amendment. However, upon reading the language, it clearly indicates that it is an amendment to the text of the bill. If the Senator would change it to indicate what part of his own amendment is to be modified, it would clarify and simplify the matter.

Mr. SMITH. May I not suggest to the Senator from Alabama that he just add his amendment to subsection (d) by inserting the desired language at the end of subsection (d). Then it fits in exactly with his proposed modification of subsection (e).

Mr. BANKHEAD. I will do that a little later, although I think it is clear what my purpose is, which is to substitute the language of the House bill in that regard for subsection (d) of the Norris bill. Whatever may be the proper parliamentary way of presenting it, I shall be very glad to pursue that course as soon as I have an opportunity to adjust the language accordingly.

Mr. President, on the subject of fertilizer the pending bill requires the board to operate the nitrate plants or either of them by employment of existing facilities or the modernizing of existing plants and facilities for the production of nitrog-





enous plant food of the kind and quality indicated, and so forth. Then it is provided, in addition, that instead of exercising the powers granted to the board to produce fertilizer either voluntarily as provided in the original amendment or under the compulsory provision contained in the House bill, the board may lease the nitrate plant upon terms and conditions set out in the proposed amendment. That amendment requires the production of a certain quantity of nitrate, 10,000 tons. In addition to that it authorizes the manufacture of phosphoric acid. As we all know, these are the two elements of fertilizer which are manufactured—nitrogen and phosphoric acid. Potash is the third element. We get our supply of potash from Germany, though we have some small deposits in New Mexico.

The original bill limits the use of the plant at Muscle Shoals to the production of one of the elements of fertilizer. My amendment proposes to extend that authority to include the production of the other element, phosphoric acid, so that in the production of complete fertilizer ready for application to the soil there is no limitation either upon the board, if it sees fit to conduct the operations itself, or upon a lessee, if a lease is secured, which would prevent the manufacture in the existing plant or in the additional facilities of the two essential elements of fertilizer.

Mr. President, as a basis for present consideration of the question, let us look to that great plant built there at a cost of many millions of dollars. Are we going to utilize that plant to its full capacity and get all the beneficial results from it that were intended, or is it simply to be used as a place for experimentation? I do not mean by that statement to minimize in any way the advantages of experimentation, but in addition to expermentation I hope to see the plant put into operation and use for the benefit of agriculture as was intended when the original law was enacted authorizing its construction.

I see sitting in front of me the distinguished senior Senator from South Carolina [Mr. SMITH], who is always diligent and effective when the interests of agriculture are concerned. He was a Member of the Senate when the program was originated during the crisis of our war times, when there was apprehension by the Government that possibly the supply of Chilean nitrate absolutely essential for the manufacture of explosives might be cut off. The Congress and the administration decided to build here in our country, remote from the seacoast and danger of destruction from that source, a plant for the production of fertilizers, to prevent a catastrophe to this country in the event that during the war period our supply of nitrate should be cut off. Provision was made for the construction of the plant for the manufacture of nitrate to be used in time of war.

But, Mr. President, everybody connected with that program realized that war would probably not last many years. Everybody realized that we were making a great investment there in the construction of the Wilson Dam for the creation of power and in the construction of the great nitrate plant. Naturally their thoughts turned to the question, What disposition are we going to make of that plant when peace comes? What use are we going to make of it rather than let it stand idle until, forsooth, at some future day we may again become engaged in war? The Senator from South Carolina, interested in agriculture, proposed this plan:

> The President * * * is further authorized to construct—

I am reading from section 124 of the National Defense Act of June 2, 1916—

> The President * * * is further authorized to construct, maintain, and operate, at or on any site or sites so designated, dams, locks, improvements to navigation, power houses, and other plants and equipment or other means than water power, as in his judgment is the best and cheapest, necessary or convenient for the generation of electrical or other power and for the production of nitrates or other products needed for munitions of war and useful—

Mark this—

> and useful in the manufacture of fertilizers and other useful products.

So I submit that it was contemplated by the authors of this legislation, by those responsible for our great investment there, that when the war ended, when the period expired during which explosives were needed for war purposes, the investment should be used for the benefit of agriculture in America.

I regret the necessity of differing from my friend from Nebraska [Mr. NORRIS] upon this subject. We have a different viewpoint and judgment about whether or not this plant can be economically used for the production of fertilizer. While I am referring to the Senator from Nebraska, I desire to take this opportunity to tender my modest tribute to his great vision, to his resourcefulness and perseverance, to his overcoming over a long period of years all the obstacles that have been thrown in the way, of bringing this legislation almost to completion. I appreciate his services. I value them, and I know he is interested in agriculture. I have served with him for the last 2 years upon the Committee on Agriculture and Forestry, and I have never seen a time when the Senator's heart and mind were not with the struggling farmers of the country. I am glad to say that. I know that it is true from contact and association with him, and I shall be rejoiced when this entire program is put into effect. Of course we all know that it is due to the energy and perseverance of the senior Senator from Nebraska; and I really hope that when the Senator gets tired of his public duties, he will come down and live in that great Tennessee Valley, and watch the unfolding of his splendid ideals for the welfare and for the benefit of the plain people of this country. He could go to no section of America where he would be more welcome; and I say it with entire sincerity.

Upon this subject, however, we have a different understanding. Our objectives are the same; but I hope now to indicate to the Senate the reasons why fertilizer can be produced at Muscle Shoals.

I know that if the Senator from Nebraska were so convinced, he would be delighted. He said so here a few days ago. We must, however, settle this difference of understanding and of viewpoint and judgment upon that question. No question of principle is involved. There is no difference in principle. We would all like to help the farmer with this great project if we felt that it was feasible and practical.

As I have indicated many times, ever since I first made any declaration upon the subject of Muscle Shoals, my preference has been for a lease of this plant, if a lessee satisfactory to the Government could be secured. This amendment authorizes—it does not require—the board to make a lease upon terms specified in the amendment involving the production of at least 10,000 tons of nitrogen a year as a minimum, and then to be stepped up to meet the requirements of the market.

For the information of those who have not given study to the subject, permit me to say that the great difficulty in the present fertilizer situation is the small proportion of plant food contained in a ton of mixed commercial fertilizer. In 1928 the total mixed fertilizer produced in this country amounted to 4,485,350 tons. The plant food included in that amounted to only 715,841 tons, leaving only 16.42 percent of plant food in that great quantity of fertilizer, which involved a tremendous loss in the payment especially of freight charges on filler and inert matter.

It is our hope that at Muscle Shoals concentrated fertilizer may be produced, and we have reason to believe that it can be produced, so that instead of the present mixed fertilizer, containing such a small percentage of plant food, a ton of concentrated fertilizer will be equal to 4 or more tons of the present mixed fertilizer.

Experiments have been conducted down in Anniston with the electrical-furnace process, and I have here a bottle containing the results in the form of concentrated fertilizer which we hope will develop from the operation of this great plant at Muscle Shoals. If that form of fertilizer can be produced there, it will revolutionize the commercial fer-

tilizer industry. It will bring results to the farmer that at present seem almost impossible under the present operating conditions of the fertilizer industry.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Nebraska?

Mr. BANKHEAD. I yield.

Mr. NORRIS. I take it from what the Senator has said today and from what he has said on other occasions, and from what he has said to me privately, that he is of the opinion that nitrate plant no. 2, located at Muscle Shoals, can be operated for the purpose of getting nitrogen out of the atmosphere and to produce fertilizer in a way that would reduce its cost to the farmer. I should like to ask the Senator if that is correct.

Mr. BANKHEAD. Yes; that is my viewpoint.

Mr. NORRIS. The Senator believes that nitrate plant no. 2 is a proper method and as scientific as any other method of securing nitrogen from the atmosphere. Is that correct?

Mr. BANKHEAD. I cannot say, Mr. President, that I think it is the most scientific method. I am not enough of a technician to say that.

Mr. NORRIS. Well, regardless of that, I am just trying to get the Senator's view.

Mr. BANKHEAD. Yes; I think that nitrogen alone can be produced at Muscle Shoals at a saving to the farmer under the present price of commercial fertilizer.

Mr. NORRIS. Exactly. The Senator also believes that the best way to secure results—I think he said that in the beginning of his address today—would be to have the plant operated by a lessee, and have the Government lease it.

Mr. BANKHEAD. That is my judgment; that better results usually can be obtained from those interested primarily in initiative, and who are not restricted in the operation of a business in such a way as the Government possibly would be.

Mr. NORRIS. I will say to the Senator on that score—I want to elucidate it somewhat when the Senator finishes—that I have no objection to a lease of nitrate plant no. 2; and if the Senator's amendment is not agreed to, I propose to offer an amendment myself that will authorize the leasing of nitrate plant no. 2.

Mr. BANKHEAD. I am happy to hear that statement; and I do not know that there is much difference between us.

Mr. NORRIS. Oh, yes; there will be considerable difference.

Mr. BANKHEAD. Of course, the Senator may put in restrictions.

Mr. NORRIS. The only restriction I want to put in is that the lessee shall make fertilizer.

Mr. BANKHEAD. I shall be glad to see the Senator's amendment, because my interest is entirely from the standpoint of getting better fertilizer results for the farmer.

Mr. NORRIS. I understand that.

Mr. BANKHEAD. I am sure the Senator does.

Mr. NORRIS. I do not want the Senator to think that any interruption or any disagreement I have with his views in any way impugns his motives.

Mr. BANKHEAD. I do not consider that. I say—and the statement I made was designed simply to bring that out—that I have no pride of opinion about my amendment. In fact, it is not mine. I simply offered the amendment that received thorough consideration, I assume, at the other end of the Capitol, and it was adopted there.

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Tennessee?

Mr. BANKHEAD. I do.

Mr. McKELLAR. If it should be found by experimentation that the method now set up at Muscle Shoals for making nitrogen is not the cheapest and most scientific way of producing nitrogen from the air, the Senator would not want the Government either to lease or to run that plant, would he?

Mr. BANKHEAD. I certainly would not.

Mr. McKELLAR. It seems to me that we ought to find the best method before we undertake to set up a plant there for making fertilizer.

Mr. BANKHEAD. If the Senator will permit me, I do not think we can find it by legislation. We are going to have a board there, I am sure, that we can trust. My judgment is that various options should be allowed the board, so that in the course of investigation, in the course of efforts—experiments, if you please—if, after operation for a reasonable time, it develops that there will not be a saving to the farmer, they may either abandon or shift their course of action. I am in thorough accord with the idea that we must get benefits for the farmer under this program or we should not adopt it; and, of course, I do not advocate the operation of a plant at the cost of the taxpayers.

On the subject of costs, permit me to invite attention of those who are interested in that subject to a statement contained in the Senate hearings of last year. A statement was submitted by the Muscle Shoals Commission to the Bureau of Chemistry of the Government, setting up a complete itemized statement of costs for the production of nitrogen alone at Muscle Shoals, and a request was made of the Bureau of Chemistry for their opinion on the subject. In their reply, dated September 26, 1931, they say:

> The two outstanding figures of this statement are believed to be essentially correct; that is, the price of cyanamid and the cost of production at plant no. 2. This Bureau does not, however, agree with the conclusion that the operation of the plant can afford relief to our farmers. It is true that nitrogen can be fixed cheaper in the form of cyanamid. The difficulty has been that cyanamid is not a popular material with American farmers and does not fit in well with American fertilizer practice.

In other words, the Bureau of Chemistry, which is not friendly to this program, reports that nitrogen can be produced cheaper, but its objection is based upon the ground of sales resistance upon the part of the farmer.

Mr. President, all of these great developments in their inception have met with sales resistance.

Mr. LONG. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. LONG. I had understood that the President wanted the Norris bill. That is my understanding, as I read the papers, that President Roosevelt wants the Norris Muscle Shoals bill. Am I right about that or not? Does the Senator know?

Mr. BANKHEAD. I have had no communication from the President on the subject.

Mr. LONG. I have been looking for an opportunity to admonish my colleagues, as they have admonished me, to stand by the President.

Mr. BANKHEAD. The Senator has not very faithfully observed it, though, has he?

Mr. LONG. I want to get on the line. It is my understanding that the President wants the Norris bill. If that is so, I want to drop that note of warning that it has become popular to stand by the President. That is what I want to do, to stand by the President. If he is for the Senator's plan, I am for it. If he is not, I am for the Norris plan.

Mr. BANKHEAD. As I have seen stated on the floor of the other House, or have read, I take it that the President does not presume to be an umpire between the two provisions—the bill which passed the House and the Senate committee bill.

Mr. NORRIS. Mr. President, will the Senator yield to me again?

Mr. BANKHEAD. Certainly.

Mr. NORRIS. Of course, the Senator was present at the conference with the President and heard what he said. Does the Senator think it is possible to construe what the President said into an approval of this amendment, which would compel the board to go into the manufacture of fertilizer on a commercial basis? Is there any reason for thinking that the President favors that kind of a proposition?

Mr. BANKHEAD. Mr. President, I must say that I did not get that impression, though I do say, and I think the

Senator will recognize, that there was uncertainty in what did take place.

Mr. NORRIS. The Senator will remember that what the President said was that if we were going to do that at Muscle Shoals, we would be called upon to do it everywhere else in the United States.

Mr. BANKHEAD. I recognize that; but the Senator will also recognize the fact that it was the insistence of everyone else in that conference, including the senior Senator from South Carolina [Mr. SMITH], the senior Senator from Alabama [Mr. BLACK]—I will not say that the Senator from Tennessee engaged in it—but the Chairman of the Military Affairs Committee of the House, and the ranking member of the Military Affairs Committee of the House, that fertilizer could be and should be produced at Muscle Shoals, and the Chairman of the Committee on Military Affairs of the House had with him a prepared amendment, or provision, on that subject, which he understood was agreeable to the President, according to his statement.

Mr. LONG. Mr. President, will the Senator yield again?

Mr. BANKHEAD. I yield.

Mr. LONG. Over in the House they passed one bill. That bill did have fertilizer in it.

Mr. BANKHEAD. I am offering exactly the plan presented in the House bill. I have clipped it from the House bill and put it onto the bill now pending as an amendment. The chairman of the House committee stated, since the question has been raised on the floor, and it will be found in the debate, that the secretary of the President, the day before the bill was up for consideration, called him and said the President had confidence in the judgment of the Committee on Military Affairs, which had reported the bill which was then pending for consideration.

I think surely the Senator from Louisiana and everyone else recognizes that I have been as close and as ardent a follower of the President as any Senator on this floor since the very time he was inaugurated. No one can point to a single vote that has been cast here by me that was not in line, as I understood it, with what the President really, as a matter of principle, wanted done.

Mr. NORRIS. Mr. President, I am sure the Senator will agree with me that it would hardly be proper for us to engage in a controversy here over what the President wanted; although it is proper, if someone knows, to show it. I am not disputing that. I am not going to quote the President. I have great respect for the man who, even though he respects the President as much as I do, will not vote for a thing which he does not believe in, even if the President does. I believe, myself, that we ought to follow our own convictions. But since the matter has come up I should like to say to the Senator that I did not submit to the President subdivision (d), already agreed to by the Senate, but it happens, I think I can say, that I agree with the President on every proposition in the bill, particularly in the broad vision and scope which I think the President has in his mind—a national vision.

The President made some suggestion before he was inaugurated in regard to enlarging somewhat the scope of the bill. I am not claiming any credit for myself, but it just happened that the enlargements suggested were things which I had never put into the bill but which I had openly, many times in the Senate and a great many times elsewhere, publicly advocated. I was glad that we were going to have a President who would make it possible to add something to the bill which would broaden its scope and, in my judgment, in the end, especially for future generations, be of very material value to the happiness and comfort of the people.

There are some things in the bill which have been put in from time to time as we have had different controversies over different bills for the last 10 years, which went in as a matter of compromise. Some of them I did not like in the form in which they were in the bill, but I compromised and put them in.

One of the main compromises occurs in the particular section which the Senator would strike out of the bill, and for which he would insert the language of the House bill. Following the conference that was had with the President, I suggested the amendment which the Senate has agreed to, subdivision (d), on page 6, which I thought carried out 100 percent the ideas of the President. I would not have advocated these amendments if I had not agreed with the President, but they corresponded exactly with what I had tried to do for 10 years.

This subsection read, to begin with, nearly like the House provision, but we put into it an amendment day before yesterday so as to have the subdivision begin with these words, "In order to improve and cheapen the production of fertilizer." Then we struck out the word "shall" in line 24 and inserted in lieu thereof the words "is authorized to", so that as the bill stands now in its amended form it reads in this way:

"In order to improve and cheapen the production of fertilizer the board is authorized", and so forth. The Senator's amendment makes it compulsory, instead of giving them a simple authorization.

Mr. BLACK. Mr. President, will the Senator read the rest of it, as it is now?

Mr. NORRIS. It reads:

> In order to improve and cheapen the production of fertilizer the board is authorized to manufacture fixed nitrogen at Muscle Shoals by the employment of existing facilities, by modernizing existing plants, or by any other process or processes that in its judgment shall appear wise and profitable for the fixation of atmospheric nitrogen.

That is as it stands now in the bill. That is the language which the amendment of the Senator from Alabama would strike out.

Mr. BANKHEAD. Yes; because I want to include more than nitrogen.

Mr. NORRIS. I have no objection to the Senator's including something besides nitrogen, and I think the Senator understands my position clearly. If the Senator's amendment is agreed to, then the board will have no discretion; it will have to use nitrate plant no. 2 for the manufacture of fertilizer, even though it is done at a loss.

Mr. BLACK. Mr. President, will my colleague yield for a question there?

Mr. BANKHEAD. I yield.

Mr. BLACK. I understood the Senator from Nebraska to say that he would not object to authorizing the board, not making it compulsory, but authorizing the board to do something more than manufacture simply nitrogen.

Mr. NORRIS. Yes; I would have no objection to that.

Mr. BLACK. Would the Senator object to having an amendment at that point authorizing the manufacture of nitrogen or other fertilizer ingredients?

Mr. NORRIS. Not at all. I have no objection to that.

Mr. BLACK. I think that would greatly improve it and more nearly meet with the ideas we have.

Mr. McKELLAR. Mr. President, will the Senator from Alabama yield?

Mr. BANKHEAD. I yield.

Mr. McKELLAR. The Senator has just heard the colloquy between the senior Senator from Alabama and the Senator from Nebraska. Why would not the suggestion provide everything that we want to provide for the farmers in this connection?

Mr. BANKHEAD. Because I want to know they are going to get it.

Mr. McKELLAR. This would authorize the board to act. If it is a success, we all know that the board is going to manufacture and sell these ingredients to the farmers, and if it is not a success we all know that they are not going to do it anyway, and they ought not to do it if it cannot be made a success. So it seems to me that with the amendment which the Senator from Nebraska has suggested he would agree to, there ought not to be any difference between us. That seems to me to be full and ample. If we are going to manufacture and sell fertilizer and fertilizer ingredients, that should be as much as we could possibly put into the bill at this time.

I call the attention of the Senator from Alabama to the fact that subsection (e), on page 7, reads as follows:

(e) Under the authority of this act the board may make donations or sales of the total product of the plant or plants operated by it to be fairly and equitably distributed through the agency of county demonstration agents, agricultural colleges, or otherwise as the board may direct, for experimentation, education, and introduction of the use of such products in cooperation with practical farmers so as to obtain information as to the value, effect, and best methods of use of same.

It seems to me that, with the amendment suggested by the senior Senator from Alabama [Mr. BLACK] and agreed to be accepted by the Senator from Nebraska [Mr. NORRIS], it provides just what we desire to provide for the farmers of the country.

Mr. BANKHEAD. My view about what we desire to provide is very different from that of the Senator from Tennessee as he has just stated it.

Mr. ROBINSON of Arkansas. May I ask the Senator a question?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Arkansas?

Mr. BANKHEAD. Yes, sir.

Mr. ROBINSON of Arkansas. The principal difference between the Senator's pending amendment and the provision of the bill is, as I understand, that his amendment would require the manufacture of fertilizer for sale, whereas the provision of the bill contemplates experimentation in the production of fertilizer.

Mr. BANKHEAD. That is correct, sir.

Mr. ROBINSON of Arkansas. If the experiment should not prove successful, would the Senator insist upon the manufacture of fertilizer for sale, even though it could not be economically produced?

Mr. BANKHEAD. I would not, Mr. President, after a fair trial.

Mr. ROBINSON of Arkansas. Very well. What I am interested in is knowing why the authorization would not be sufficient.

Mr. BANKHEAD. My view is that the project is not really intended, under the present program, for the production of fertilizer. My view is—and it has been the view of the House since this program was originated all the way through—that we should provide for the compulsory production of fertilizer.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator pardon me further?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Arkansas?

Mr. BANKHEAD. Yes.

Mr. ROBINSON of Arkansas. Think of what would happen if the experiment should prove a failure; if it were found, as many contend will be the case, that fertilizer material could not be produced there on an economical basis or such a basis as would make it merchantable in competition with present methods elsewhere employed in the production of fertilizer! It would be a regrettable situation if the experiment should fail and at the same time the law should require the production of fertilizer for market purposes. What would be the advantage to the Government or to the public in having such a provision in the law? I am asking for information.

Mr. BANKHEAD. I could ask the Senator the same question about other provisions of the bill; for instance, the power provisions.

Mr. ROBINSON of Arkansas. But that would not answer the question which I have asked.

Mr. BANKHEAD. I know; but the same principle exactly is involved.

Mr. ROBINSON of Arkansas. I might not be able to answer the Senator's question.

Mr. BANKHEAD. I think that both parts of the program will work.

Mr. ROBINSON of Arkansas. But assuming that the fertilizer experiment fails. I know that there are some so-called "scientists" who insist that under the conditions that prevail there fertilizer cannot be economically produced.

Mr. BANKHEAD. If the Senator will let me interrupt him there, he does not mean "fertilizer"; he means "nitrogen."

Mr. ROBINSON of Arkansas. I mean the elements of fertilizer.

Mr. BANKHEAD. Nitrogen is one element only of fertilizer.

Mr. ROBINSON of Arkansas. It is one element only of fertilizer. I accept the Senator's correction. But would the Senator insist, if that theory should be borne out by the experiment, that we should go ahead producing nitrogen, in spite of the fact that it could not be produced in competition with other places and other agencies?

Mr. BANKHEAD. Of course I concede, as I said before, that in that case it should be abandoned, which Congress can do, but we ought to have a declaration in the bill of the policy and purpose of Congress to bring about a fair trial and a fair effort to demonstrate whether or not the Muscle Shoals plant can be used for the benefit of agriculture.

Mr. ROBINSON of Arkansas. I am in accord with that idea and I am perfectly ready to support any amendment that may be found necessary to carry it out; but what I am wondering is why, in view of the controversy that exists as to whether the experiment may or may not succeed, we should commit the Government to an unprofitable, unsuccessful undertaking in the manufacture of fertilizer and why that cannot be determined by future legislation if the experiment shall succeed. I am asking that question for information. It seems to me it is pertinent.

Mr. BANKHEAD. Very well. I shall be glad to undertake to answer the question, which I recognize is a fair one.

Mr. NORRIS. I have interrupted the Senator so often——

Mr. BANKHEAD. Will the Senator from Nebraska let me answer the question of the Senator from Arkansas?

Mr. NORRIS. I wanted to make a suggestion as to what I intended to do with regard to the matter.

Mr. ROBINSON of Arkansas. The suggestion of the Senator from Nebraska may shorten the discussion.

Mr. BANKHEAD. Very well; I yield to the Senator from Nebraska.

Mr. NORRIS. I am going to offer an amendment which will take precedence over the Senator's motion, and if he will yield I will offer it now, and I think he will have no objection to it.

Mr. BANKHEAD. Yes; I will do that.

Mr. NORRIS. Then on page 6, line 21, after the word "nitrogen" and the comma, I move to insert the words "fertilizer and fertilizer ingredients."

Mr. BANKHEAD. Mr. President, will the Senator give me the page and line again?

Mr. NORRIS. Page 6, line 21, after the word "nitrogen", insert "fertilizer and fertilizer ingredients."

Mr. FLETCHER. Mr. President, may I ask the Senator would it not be necessary to change the wording also in line 25?

Mr. McKELLAR. Mr. President, I was just going to call the attention of the Senator from Nebraska to the fact that similar words should be added in line 25 after the word "nitrogen."

Mr. NORRIS. After the word "nitrogen", in line 25, I move to strike out the period and insert a comma and the words "or the cheapening of the production of fertilizer."

Mr. McKELLAR. That will be entirely acceptable.

Mr. BANKHEAD. Mr. President, with that wording in—because the other points are otherwise provided for—I withdraw the substitute offered for subsection (d) about which we had some confusion here; but that does not dispose of the principle.

Mr. COOLIDGE. Mr. President, will the Senator from Alabama yield to me for a moment?

Mr. BANKHEAD. If the Senator from Massachusetts desires to address himself to some other thought, I should like first to answer the Senator from Arkansas before we get away from his question, because he asked me a fair question.

Mr. COOLIDGE. I merely wish to say that the Muscle Shoals plant was originally built by the Government as an

emergency undertaking. Muscle Shoals was a good site and it was a good business proposition for the Government to build the plant.

Mr. NORRIS. Mr. President, I should like to make a parliamentary inquiry. I do not know whether the amendment offered by me was formally agreed to. I will ask the Presiding Officer if it has been agreed to?

The PRESIDING OFFICER. It has not been agreed to.

Mr. NORRIS. Of course, it takes precedence over a motion to strike out. I will ask that the amendment be agreed to, on page 6, line 25, after the word "nitrogen", to strike out the period and insert a comma and the words "or the cheapening of the production of fertilizer."

Mr. GEORGE. Mr. President, may the words which the Senator proposes to add be reported again to the Senate?

Mr. NORRIS. I will state them. I propose to add the words "or the cheapening of the production of fertilizer."

Mr. FLETCHER. Mr. President, has the first amendment offered by the Senator been agreed to? I refer to the amendment in line 21.

Mr. NORRIS. I think that was agreed to.

Mr. McKELLAR. I do not think it was. May I inquire of the Chair whether the amendment offered by the Senator from Nebraska to come in in line 21 was agreed to?

The PRESIDING OFFICER. That amendment has not been stated from the desk and has not been agreed to.

Mr. McKELLAR. May it be stated from the desk and acted upon? I hope it may be put in the bill.

The PRESIDING OFFICER. The Secretary will state the amendment.

The LEGISLATIVE CLERK. On page 6, line 21, after the word "nitrogen", it is proposed to insert the words "fertilizer and fertilizer ingredients"; and on the same page, in line 25, after the word "nitrogen", to strike out the period and insert a comma and the words "or the cheapening of the production of fertilizer."

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Nebraska.

The amendment was agreed to.

The PRESIDING OFFICER. May the Chair inquire whether the Senator from Alabama withdrew his amendment?

Mr. BANKHEAD. I withdraw the part offered as a substitute for subsection (d) which I sent up this morning.

Mr. COOLIDGE. Mr. President——

Mr. BANKHEAD. I yield to the Senator from Massachusetts.

Mr. COOLIDGE. Mr. President, the Government apparently found it necessary to build a plant somewhere in order to make nitrates. The plant at Muscle Shoals was never intended, I believe, for anything except the production of chemicals, for the production of nitrates, which the Government needed and did not know of any other source from which it could get them.

I have watched for some years the proposed legislation in regard to Muscle Shoals. I have always believed that the Government should continue to own and maintain the plant there. I do not think it should lease that plant to anybody. The Government now needs it as an emergency plant, the same as when it built it. There is a power plant there and considerable water during a portion of the year, and that power plant is supplemented by a steam plant. It ought to be a chemical plant for the use of the Government at such times as the Government may need it.

Mr. BANKHEAD. I do not yield to the Senator for an argument; I myself am not through; I thought the Senator wanted to ask me a question.

Mr. COOLIDGE. What I am trying to set forth is my belief that this is a chemical plant and should be maintained by the Government as a chemical plant. It was never intended that the Government should build dams numbered 2, 3, and 4, involving a tremendous outlay of money, for any purpose except to provide a chemical plant, and there is no reason why the Government at Muscle Shoals should go into the business of producing electric power and sending it thousands of miles from the Tennessee Valley.

Mr. BANKHEAD. Mr. President, to answer briefly the Senator from Massachusetts, I think the best evidence of the purpose of the construction of the plant at Muscle Shoals is the declaration contained in the law authorizing the appropriation. That declaration is—

> For the production of nitrates or other products needed for munitions of war and useful in the manufacture of fertilizers—

It does not say nitrates, but—

> fertilizers and other useful products.

Mr. President, I regret the Senator from Arkansas [Mr. ROBINSON] has been called from the Chamber, because I wanted to answer his inquiry. Of course, I will be forced to proceed in his absence, though I am particularly anxious to have his attention to that subject. He inquired if it would be advisable to proceed with the requirement for the manufacture of fertilizer at the Muscle Shoals plant without knowing in advance that it would be profitable.

There are several answers to that suggestion, Mr. President. In the first place, one must make up his judgment as to any product in which he intends to place his money, before putting it there, whether that project will be profitable. Here is a subject which has received the most careful consideration over a period of more than 10 long years. The committee at the other end of the Capitol has given it faithful attention; it has gone into every phase of the subject as to whether or not fertilizer can be produced profitably at Muscle Shoals.

I admit that since I have been a member of the Committee on Agriculture and Forestry of the Senate no consideration has really been given to that subject by any hearings or any discussion in that committee except by one witness who set out in the hearings, as will be found therein, tables and statements and letters, including one from the Bureau of Chemistry, that nitrogen could be produced at Muscle Shoals at $5 a ton less than the farmers in that section were paying for it. So far as I know, that is the only evidence that has been before the committee since I have been a member of it which dealt with the subject of the cost of production there and with a detailed itemized statement of cost, submitted to an unfriendly bureau of the Government, which stated the figures in the letter were correct. The correspondence is in the hearings. As the result of the investigations at the other end of the Capitol they have always insisted in incorporating in the Muscle Shoals bills a provision for the compulsory production of fertilizer at Muscle Shoals.

Mr. President, I want to bring to the attention of the Senator from Arkansas [Mr. ROBINSON], if I may, a further consideration in addition to the statement of the investigations heretofore had and the judgment of those who investigated at the other end of the Capitol. I invite his attention and the attention of other Senators to the fact that nitrate is only one of the necessary elements of fertilizer. I will give the proportion, for the information of Senators, based upon the average of fertilizer sold during 1931–32, as follows: Nitrogen, 3.31 percent; phosphoric acid, 9.25 percent; potash, 3.87 percent, which shows that really the largest element in the production of fertilizer is not nitrogen, but phosphoric acid.

Here are the prices per unit for the three elements: Nitrogen, $2.60 per unit of 20 pounds; phosphoric acid, $1.30; potash, $1.09. Here is the cost of the three elements by units: Nitrogen, $8.62; phosphoric acid, $12.10; potash, $4.22.

It will be seen that the cost of phosphoric acid in the average fertilizer used throughout the country was almost as high in 1931–32 as both nitrogen and potash combined. So I say it is not fair to base this question solely upon the cost of production of nitrogen at that plant in the manufacture of fertilizer. Here we have evidence submitted by the Bureau of Chemistry, an unfriendly Bureau, showing that we can produce even nitrogen itself at $5 a ton less than it is being sold to the farmers of Alabama.

I submit further the statement that the American Cyanamid Co. at Niagara Falls, with exactly the same process, is

making nitrogen there and shipping it into all the Southern States as well as into various other sections of the country. If a plant of the same type is in successful operation, if it is taking business a thousand miles away from its location, what right have we to assume here, in enacting legislation relative to a plant of exactly the same kind, that we should not declare that the plant should be put to use in the interest of the farmers of the country?

There is a provision in the amendment authorizing the production of phosphoric acid in addition to nitrogen. Let us see about phosphoric acid. There within 50 miles on the Tennessee River, offering cheap water transportation, are the phosphate-rock beds of the State of Tennessee with unlimited quantities of phosphate rock which could be brought down the river to this plant for the production of concentrated fertilizer. I submit that in addition to phosphoric rock there is also available limestone, one of the other necessary elements, in a quarry owned by the Government, formerly operated and ready to operate again. There within 100 miles are the coal and coke which are large elements in the production of both phosphoric acid and nitrogen through the electric process.

Adjacent to the location of this great Government plant, built for the use of the farmers in time of peace, are all of the available elements except potash, and that must be imported. Everything needed for the production of nitrogen and phosphoric acid is right there in the immediate vicinity. For the benefit of the farmers, in order to get a good price for them if possible, the amendment provides that if any one of the elements of fertilizer can be bought cheaper than it can be produced at this plant, then the purchase of that one element is authorized. That gives to the operation, whether by the board or by a lessee, every latitude to bring together at the very lowest price all the necessary elements, the phosphoric acid as well as the nitrogen.

So I submit, Mr. President, that there should be no reluctance upon the part of the Congress in going ahead and declaring the purpose and the policy of the Congress to use this nitrate plant for the benefit of the farmers. We are all interested in the benefits to accrue to the people of the towns and rural communities where cheap electricity can be carried. Having in mind the long struggle by those who believe that the farmers can be benefited from the operation of this plant, I feel earnestly that we should provide not only for the town people and others as contemplated under the power provisions of the bill but for the farmers as well. I welcome the benefits for the town people; I want them to have the lowest possible price for their electricity; but I do believe that we should also give every possible benefit from that great investment directly to agriculture.

Some Senators may have an idea that the distribution of the fertilizer is purely a local matter. I am not going to take the time to read the hearings on that point, but it was shown that the concentrated fertilizer can be shipped a thousand miles, as far away as Wisconsin, showing that by reason of the great saving in freight rates we can ship 1 ton of the concentrated fertilizer as against 4¼ tons of mixed fertilizer. I am basing this argument upon the belief that concentrated fertilizers can be produced at Muscle Shoals. The fertilizer industry contends that fertilizer ought to be more concentrated; that it is economical to pursue that course of manufacture. Their reason for not doing it is based solely upon the sales resistance by the farmer. But with the Government behind a great project like this, with all its agents scattered everywhere to teach the farmers the value of the use of concentrated fertilizer, with nobody arguing successfully against the economy and value of concentrated fertilizer—I say with all those agencies available to inform the farmers of the savings involved in this program—and even without it as time passes on and they come to know of the saving in the use of concentrated fertilizer and how to apply concentrated fertilizer—I submit, Mr. President, that before many years the use of this form of highly concentrated fertilizer will spread all over the country.

No one needs to argue about the necessity for fertilizer. Since 1919 the production of wheat has decreased in the East about 20,000,000 acres and the production has moved to the West. As time goes on, as the result of erosion and exhaustion of the soil, the productivity of the land becomes less and less and the whole trend is toward a new country, toward new and fresh lands. Any thoughtful student of the program must realize that year after year the question of more and cheaper and better fertilizer is an increasingly important one. No subject before American agriculture is of greater importance. We all recognize that no subject is of more importance to all the people of the country.

If we can ship this fertilizer a thousand miles, as is estimated in a statement in the hearings, at 40 percent below what we have to pay now for mixed fertilizers, which contain nearly 80 percent of the inert matter and filler upon which we must pay the same freight rates—if there is any reasonable hope of accomplishing that result, we certainly should try it. Many of us firmly believe that it can be done, whether we can produce nitrogen with this process or not. If we cannot produce it as cheaply, then we authorize the board to buy it. No one can deny that phosphoric acid, the chief element in weight, the chief element in price, with all the elements for its production, can be produced cheaper at Muscle Shoals probably than at any other location in the entire United States, with the river being opened to navigation, and low rates, with the concentration of all of these natural resources, and with that plant put there to be used in peace times for this specific purpose—the production of the elements of fertilizer. The other House year after year has stood for that program; and the Senate, in acting on the last two bills that went to the President and were vetoed, has incorporated in them this very compulsory plan for production of fertilizer, not in the language of this bill, but calling for the production of a fixed and minimum quantity of nitrogen.

I am not going to take any more of the time of the Senate. I sincerely hope, however, that the farmers will be given an opportunity to benefit not only by the distribution of electricity in such rural communities as can afford it, but also by giving to them the opportunity that we believe is there for securing cheaper fertilizers, for a reduction in their cost of production. I hope the Senate will see its way clear to agree with the House upon this subject, and let us dispose of it once for all.

Mr. NORRIS obtained the floor.

Mr. WHEELER. Mr. President, if the Senator from Nebraska will yield for that purpose, I suggest the absence of a quorum.

Mr. NORRIS. I yield.

The PRESIDING OFFICER (Mr. POPE in the chair). The absence of a quorum being suggested, the clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Keyes	Robinson, Ark.
Ashurst	Cutting	King	Robinson, Ind.
Austin	Dale	La Follette	Russell
Bachman	Dickinson	Logan	Sheppard
Bankhead	Dill	Lonergan	Shipstead
Barbour	Duffy	Long	Smith
Barkley	Erickson	McAdoo	Steiwer
Black	Fess	McCarran	Stephens
Bone	Fletcher	McGill	Thomas, Okla.
Borah	Frazier	McKellar	Thomas, Utah
Bratton	George	McNary	Townsend
Brown	Glass	Metcalf	Trammell
Bulkley	Goldsborough	Murphy	Tydings
Bulow	Gore	Neely	Vandenberg
Byrd	Hale	Norbeck	Van Nuys
Byrnes	Harrison	Norris	Wagner
Capper	Hastings	Nye	Walcott
Caraway	Hatfield	Overton	Walsh
Clark	Hayden	Patterson	Wheeler
Connally	Hebert	Pittman	White
Coolidge	Johnson	Pope	
Copeland	Kean	Reed	
Costigan	Kendrick	Reynolds	

The PRESIDING OFFICER. Eighty-nine Senators having answered to their names, a quorum is present. The question is on the amendment of the Senator from Alabama [Mr. BANKHEAD].

Mr. NORRIS. Mr. President, I do not desire to detain the Senate any longer than is absolutely necessary to have them understand what would happen if the amendment of the Senator from Alabama were agreed to.

The part of the amendment that the Senator withdrew is still, in another form, in the amendment, as I read it.

Everything that it seems to me we are justified in doing is to authorize this board, in carrying out its experiments, to use any facility, any instrumentality, that is possible to cheapen the production of fertilizer. If, however, we compel the board to operate plant no. 2 at Muscle Shoals to produce nitrogen, which is all it is fit for without remodeling, and is all it was designed for, we will find—the testimony to this effect is almost unanimous, and I think it is unanimous when it comes from disinterested sources—that we shall have to produce every pound of it at a pecuniary loss over a more modern process.

Originally, when we commenced to get nitrogen from the atmosphere, it was done by the arc process. That is the oldest process. Nitrogen can be produced yet by the arc process, but it is exceedingly expensive. It can only be done economically where power, of which it requires a vast amount, is practically worthless for other purposes and has no market value. But that is the only process that was known originally. Time passed, and the cyanamide process was invented. That is the process utilized at nitrate plant no. 1 at Muscle Shoals.

At the beginning of the World War we did not know anything about the Haber process, or, as it is almost always called, the synthetic process. That was not known. The most modern way known of getting nitrogen from the atmosphere was through the cyanamide process, and that was the state of the knowledge when we built nitrate plant no. 2 and undertook the improvement at Muscle Shoals. That plant was designed to produce 40,000 tons of nitrogen per annum. It will do that. It fulfills all the calculations made for it.

We got into the war and it became common knowledge among all our allies and ourselves that Germany had some cheaper way of making nitrogen because by the fleets of the allied nations she was shut off from Chile, the world's source of supply of nitrogen at that time. We did not know about that German process until the war was over. When the war had ended our scientists went all through the plants in Germany, and immediately the newer process, the Haber process, began to be developed all over the world. I think the first plant in this country was at Syracuse.

The cyanamide process, a big improvement over the arc process, required still a large amount of power, but not nearly as much power as the arc process. The Haber process required still less power. In fact power is not considered an important item in the cost of production under that process. About all that is needed is power to operate the machinery. There has to be some steam used in that process. They use low-pressure steam; and the raw material, instead of being power, is coke. Cheap coke is necessary in order to get cheap nitrogen from the atmosphere by the synthetic process.

Since the close of the war, the synthetic process has been developing, gradually increasing, and improving. Men have gone into the business all over the world, including our own country, of getting nitrogen from the atmosphere, and of course they proceed on a business basis. I think it is safe to follow them. They would not do it for fun. They did not have to do it as the Government had to do it in time of war in order to get explosives. So they took the process that was the cheapest, and the most scientific, and they have improved that. There have been various modifications of it, and it has been very much improved.

We have at Muscle Shoals nitrate plant no. 2, which gets nitrogen out of the atmosphere by the cyanamide process. It is out-of-date, and, let me repeat, I am not blaming anybody for urging that we build it. Our Government did the best it could. It feared that it might be short of explosives and have to have nitrogen, and it devised that plant, the most modern we knew anything about at that time. I should be glad if it were still a good plant. I am not making these assertions because I am glad these conditions have come about. I regret that that nitrate plant is out-of-date. I wish it were a modern plant and could be cheapened; but we must face the scientific facts.

Mr. President, I did not expect to go into this matter, but the Senator's amendment has made it necessary that I produce the facts. I regret exceedingly that the Senator has offered his amendment. Yesterday we prevented the adoption of an amendment which would have stricken out of the bill section 13, if it had been agreed to. I did everything I could to keep that section in the bill. Some Senators were in favor of striking it out, and I concede that everyone who voted for the amendment voted in good faith. It is a question which has two sides. But if there is any advantage between States, Alabama and Tennessee get the advantage. I opposed the amendment because it seemed to me it was fair that something should be paid in lieu of taxes. But almost any State would be glad to have this great improvement within its borders.

I do not question anybody's good faith, but it seems to me that Representatives from Alabama and Tennessee ought to think a long while before they try to put an amendment onto this bill which would compel the Government of the United States to manufacture fertilizer and produce nitrogen from the atmosphere by that antiquated system at Muscle Shoals, which I think I will be able to demonstrate would mean a loss on every ton ever produced. Yet if the pending amendment is agreed to, we are going to compel the taxpayers of the United States to contribute their hard-earned taxes to pay the expenses of this losing proposition for the benefit of the farmers within shipping distance of Muscle Shoals. That is not fair. I think the farmers of Alabama and of Tennessee, if they considered it in an unbiased manner, would realize that it was not fair. The taxpayers of Maine and New York and California and Kansas have their money in that investment down there.

In my judgment, we are not justified in using it to go into the fertilizer business for the assistance of farmers within a radius of two or three hundred miles of nitrate plant no. 2, even though I should be glad to assist them. That is doubly so when I think it can be demonstrated as a scientific fact that we cannot by that system produce fertilizer at such a cost that it will be able to undersell fertilizer which has been on the market at any time since that great plant was constructed. Yet that is what the amendment means. It means more than that, but that would be the effect.

Mr. President, a large part of the power generated there would be used to produce nitrogen by an antiquated system. The modern system would require no power, except the power necessary to operate the machinery, but to operate cyanamide plant no. 2 would require, as I remember it, somewhere in the neighborhood of 80,000 horsepower to operate it at capacity, producing a product which we would have to sell at a loss, making it impossible to use the power anywhere else.

Mr. President, can Senators see where the Power Trust is interested in this amendment? Is it not a fact that the Power Trust—while they would rather have the power themselves—if they cannot get it, would like to see the Government utilize it where it would not do anybody any good and do them no harm?

Mr. President, I have an abundance of scientific testimony running through the hearings of many years, all to the effect that nitrate plant no. 2 has been superseded by a newer system. Since we constructed that plant, since the synthetic process has been known, not a single nitrate plant to operate under the cyanamide process has been constructed in the United States, not one. We own the only one there is. On the other hand, eight synthetic-process plants have been established, and some others have been considered as business ventures, so that there are produced by the synthetic process in the United States, in round numbers, 190,000 tons of nitrates a year. That

is 190,000 tons more than we had capacity for under any process before we went into the war.

Mr. President, those plants are operating on a business basis, so that we would not be confronted, even in case of war, with the danger with which we were confronted when we entered the World War, because we have a possible production in privately owned plants in the United States that would more than supply all the uses of the Army and the Navy even in time of war. We built nitrate plant no. 2, with 40,000 tons capacity, with a view to taking care of the needs of our Army and Navy for explosives.

Mr. President, I want to show the Senate just how these various systems have developed. I want to read now from Dr. P. E. Howard, of the Bureau of Chemistry and Soils, in our own Department of Agriculture, right here in Washington. In the 41 countries listed by Dr. Howard, there was a total world consumption during 1928 of 7,770,000 tons of plant food, which would amount to 43,000,000 tons of fertilizer, assuming the average plant-food content to be 18 percent.

Germany, the United States, and France, with one tenth of the world population, use more than one half of the world's supply of fertilizer. The total value of world production is estimated at $592,000,000.

The world production of fixed nitrogen has increased during the 20-year period from 1909–29 from 239,250 tons to 1,785,300 tons. About 87 percent of the nitrogen is used in agriculture. At the end of 1929 there were 121 nitrogen-fixation plants in 16 countries with a total capacity of 2,203,900 tons.

There were seven nitrogen-fixation plants in operation in the United States during 1929.

There are eight now.

A new plant began producing in 1930. All of these plants use the direct ammonia synthetic process.

Not a single one of them uses the cyanamide process.

Muscle Shoals nitrate plant no. 1 was the first direct synthetic ammonia-fixation plant built in the United States, and although it was a failure—

I told the Senate about that yesterday. When we did not know how to proceed, we did the best we could, but we could not get behind the German armies and find out how they were making nitrogen, and at nitrate plant no. 1 we made a failure.

Nitrate plant no. 2, under the cyanamide process, that we knew all about, was not a failure. Although nitrate plant no. 1 was a failure, it served as a forerunner for the great industry that has developed here in the last few years.

During 1929 the consumption of inorganic nitrogen in the United States amounted to approximately 452,261 tons. Domestic production was 271,600 tons.

I have a table here, if anyone is interested in it, showing in detail the production all over the world, but I do not believe it is necessary to read it. I want to show how these three systems of obtaining nitrogen from the air have been developed. As I said, the old arc process is still used but is going down. The cyanamide process, developed later and requiring less power, went up and up for a good many years until the synthetic process was developed. Then the synthetic process gradually climbed up until it is now away in the lead all over the civilized world.

The arc process in 1909 produced 3,300 tons of nitrogen. That was not very much for the world. The cyanamide process, then just starting, was second. It produced 2,750 tons. The synthetic process produced nothing; it was unknown in 1909.

In 1913 let us see how production progressed. The arc process produced 19,800 tons; the cyanamide process increased its production to 66,000 tons; and the synthetic process, then in its infancy, produced 7,700 tons. It was third, it will be observed.

Take the next table, for 1917. The arc process produced 33,000 tons; the cyanamide process increased rapidly over its previous production, and in 1917 produced 220,000 tons; and the new process, the synthetic process, made the greatest percentage of increase of all, producing 121,000 tons.

Now, coming to the year 1924, in that year the arc process produced 33,000 tons, the same as before; the cyanamide process produced 136,400 tons. It will be noted that production under that process fell off nearly 100,000 tons. Why? Because the new process was taking the place of all the others, and in that year the synthetic process produced 275,100 tons.

In 1929 the arc process produced still the same amount, 33,000 tons; the cyanamide process produced 264,000 tons; and the synthetic process produced 1,018,000 tons. So it took the lead, and it has maintained it ever since.

No chemist on earth would now think of building a plant like nitrate plant no. 2. I had a conference this morning with one of the leading chemical engineers of the United States. I welcomed the opportunity to confer with him because I knew this amendment was coming up. I asked him about it. I asked, "How much more does it cost to produce nitrogen by the cyanamide process than by the synthetic process?" He said, "It costs more than 50 percent more." Now we are asked to vote for an amendment that would compel the board to manufacture fertilizer the nitrogen content of which would be produced at nitrate plant no. 2 at a cost that would be more than 50 percent of what the Government could go out and buy the nitrogen for in the market. Is that proper business? Is that what we desire to put the Government of the United States into? The Government can go out today and buy in the open market all the nitrogen that nitrate plant no. 2 will produce, and save 50 percent in cash. That is the proposition which is before the Senate; that is what we are going to be called on to vote for. I cannot understand how a man from a State which will get great benefit out of this great improvement, a State which is in the great Tennessee Valley where the agencies to be set up are going to try to improve navigation and forestation, to reclaim land and apply it to useful purposes, and to insure the development of large amounts of electricity for use in the home and in the factories—I cannot understand how a man coming from such a State should deliberately ask Senators to vote for an amendment that will take 80,000 horsepower of that which will be produced at Muscle Shoals and devote it to the purpose of producing nitrogen which the Government can go out and buy for 50 cents as against every dollar it will cost to produce a unit. Mr. President, it does not seem to me to be reasonable; it does not seem to me that we ought to do it.

The Senator spoke of the cost of nitrogen in the production of agricultural fertilizer. I want to call the attention of the Senate to just how the cost of a ton of fertilizer may be divided. One of the common forms of fertilizer which is used by the farmer is what is known as "4–8–4." That means that there are 4 units of nitrogen, 8 units of phosphorus, and 4 units of potash in the fertilizer. Those are the three constituents of a certain grade of agricultural fertilizer; they represent the quantity of plant food. There is a lot of dirt in it with which it is necessary to mix the fertilizer and increase freight, and so forth, but the plant food that is in it is known by the formula "4–8–4."

Now, let us take a ton of fertilizer and assume that it cost $17.60 and is made up of nitrogen, phosphorus, and potash, and let us see where we come out. The potash in such a ton of fertilizer would cost $3.20; the phosphoric acid would cost $4; the nitrogen would cost $10.40. So, when the Senator says that phosphoric acid is the cheap product under present prices, I think he has another guess coming.

The greatest possibility for a reduction in the cost of fertilizer is the cheapening of nitrogen. It would help to cheapen the potash ingredient and to cheapen the phosphorous ingredient, but the greatest help that could come would be to cheapen the product of the fertilizer which costs the most, and the nitrogen cost is greater than the cost of the other two ingredients put together. We have a plant at Muscle Shoals that will produce nitrogen by the cyanamid process at a cost at least twice as great as we know it can now be produced by the synthetic process. I know that over this broad country propaganda has been circulated for 12 years that if we would just start up nitrate plant no. 2 we could make fertilizer almost for nothing. Millions of honest farmers have been made to believe that statement. It is not

true now, and it never was true. A man may believe it to be true, and he may be honest and conscientious about it until he knows the facts; but I cannot see, when he faces the record, how he can believe any such thing.

Mr. President, if I had any prejudice about it, I never knew it. I have had no personal interest in it. This project has no direct application to the section of the country from which I come. I certainly cannot be charged with having a selfish interest. I know that in every campaign I have been in since I have been connected with Muscle Shoals legislation I have been condemned over the prairies of Nebraska by partisans and by partisan newspapers because I took an interest in Muscle Shoals, because they said I was not doing something for my own State. I have tried from the very beginning, as I am trying now, to carry out a program in connection with this matter which will benefit the farmers of America as a whole. I am interested in the farmers of Alabama, but I am no more interested in them than I am in the farmers of New York, or than I am in the farmers of Tennessee or Nebraska or Iowa. I thought there was an opportunity here to do something for all the farmers of America. I do not believe we can do that if we take their money and put it into a losing venture and sell fertilizer at a loss. Even though it may help a few farmers, we are not justified in doing it. No honest man will expect us to do it. All we have got to do is to proclaim the truth and nothing else.

The bill as it now stands—and as I hope it will remain—will employ Government funds for experimentation on a large practical scale. I know that things are brought forth from the laboratory which do not work when it comes to bulk production. I have seen chemists testifying before the Agricultural Committee show their little bottles of concentrated fertilizer, but the farmers are not using that on their crops. I hope they will be able to do so at some time; I hope by our experimentation we may enable them to do that and save freight, because 80 percent of the freight is paid on the worthless dirt that is used to mix with the fertilizers.

I believe we are justified in cheapening the cost of fertilizer. It is a broad world to enter; it has wonderful possibilities. I know that chemists and chemical engineers have been working on it all over the world for years, but nobody except the Government is able to make the experimentation on a large scale. I have no connection—nobody has ever charged that I have had—with any fertilizer corporation; but I can see how a fertilizer company is not justified in making experiments such as this bill provides the Government shall make. Everybody knows that probably nine tenths of experiments fail; we do not expect them always to succeed. Sometimes, as I said a moment ago, chemists are able to produce in a laboratory something that seems to be perfect, and yet it takes years of experimentation before the article thus brought forth produces any practical benefit to anybody.

I want to ask the Senator from Tennessee [Mr. McKELLAR], who honors me with his presence, if he represented a corporation in which the stock was held by the various Members of this body who had contributed their money for use in the fertilizer business, if he were managing it, whether he would feel justified in taking our money and entering upon an experiment that might cost hundreds of thousands of dollars? He might believe it would succeed. If he tried it, it might succeed, but the chances are it would fail. But he would not try it—of course he would not, because he is an honest man.

Men and women who put their money into that kind of an institution cannot afford to have experiments made, but the Government, in behalf of all the people of the United States, can afford to make such experiments. We have been expending public money for all kinds of experiments ever since I have been in public life. Since I have been a member of the Committee on Agriculture and Forestry we have taken volumes of testimony on the cost of potash, one of the elements of fertilizer, indeed a necessary element. We get it mostly from Germany. It is a sad thought that we have to go to a foreign country to get this necessary element. I would be willing to spend millions of public money in order to discover potash in the United States and make us independent of the world in that regard, as well as independent of corporations and trusts that combine and have in the past and will in the future combine to raise the price to our farmers.

The Committee on Agriculture and Forestry have reported measures authorizing the expenditure of thousands and hundreds of thousands of dollars in the effort to find potash beds in various sections of the United States. We have spent the money and discovered some potash beds. During the war, when we were cut off from Germany and could not get potash from that source, we obtained potash from lakes in my own State, lakes in sand hills impregnated with potash. The water was pumped out and potash obtained. It was thought for a while that there was a great bonanza there. Fertilizer went almost to the sky in price. The Nebraska potash was sold for a good price; but when the war ended and potash began to come in again from foreign countries, that Nebraska institution failed.

There again I met with my own people and had a controversy with them. Some of my friends lost all the money they had invested in those potash beds. If they could have gotten the prices they received during the war, they would have been millionaires. The first thing that many of them did was to ask for an enormous tariff to be levied on the importation of potash. I had many a bitter controversy with my own constituents. I refused to stand for a tariff on potash. Indeed, I was in favor of putting potash on the free list, because it seemed to me we were not justified, in order to help a few good, honest people in my own State, in levying a tribute upon every farmer in the United States. So the potash works there have ceased to exist and the money invested is all gone.

Public money has been spent in Texas, in Utah, in Nevada, and other sections of the West and South trying to discover potash beds, all for the benefit of the farmer, and incidentally for the benefit of the consumer as well, because the consumer has to pay, and ought to pay, the farmer for his food products, together with a profit, which unfortunately he is not getting at this time.

If we could cheapen fertilizer, we would help everybody. Here is a plan which may fail. We must honestly admit that. I have no doubt that most of the experiments will fail; but, if we can cheapen the production of nitrogen from the atmosphere, we will help every farmer in the United States who has to use fertilizer and we will help every consumer who has to buy the products of the farm. Therefore it is a national question. I have been considering it as a national question from the beginning. It hurts me to think we might have a proposition here that would compel the use of the taxpayers' money in an experiment which we know in advance is going to fail.

I have no objection to the leasing of nitrate plant no. 2. I realize, however certain I may be from my studies of 10 years, that we cannot produce nitrogen there to compete with nitrogen which can be produced by the synthetic process; but I hear Senators and others say that we can. However, I believe they are biased; I believe they are prejudiced; I believe they have been deceived by the national propaganda which the American Farm Bureau Federation for 10 years has spread over the country. But Senators and others who make that statement are honest about it. I realize after all, with all the evidence I have in my possession and all the studies I have made, that I may be mistaken. So I am willing to authorize the board to lease nitrate plant no 2. It may be that some new invention will come along which will improve the cyanamide process. I would be very happy if it could be developed. It would make nitrate plant no. 2 of some value.

In the bill we have authorized the board in its discretion to get nitrogen out of the atmosphere by the use of any method on earth, and that, of course, includes the cyanamide process. But if I am wrong, if nitrate plant no. 2 can produce nitrogen cheaper than by any other method, of course I want it utilized. The Farm Bureau Federation never advocated that the Government should do it. Even the Sena-

tor from Alabama [Mr. BANKHEAD], who has offered the amendment that directs the Government to do it, says he thinks it could better be done by private parties.

I have on my desk an amendment which I have prepared, which would authorize the President of the United States to lease nitrate plant no. 2 to the American Farm Bureau Federation or to any corporation it might organize. Under the terms of the amendment he could make such a lease at $1 a year, and we would agree to furnish power as cheaply as we furnish it to anybody else, in like quantity and of the same quality. When the pending amendment shall be disposed of, if it shall be defeated, as I sincerly hope it will be, I am going to offer that amendment. Personally I do not anticipate anything occurring under it, but I would like to call the bluff of the American Farm Bureau Federation, if it is a bluff. If it is not a bluff, if they are in earnest, then for God's sake let them lease it, and if they succeed no one in the world will be more delighted than I.

Mr. President, I hope the amendment of the Senator from Alabama will be defeated.

Mr. SMITH. Mr. President, I have been very much interested in the debate that has gone on in reference to the use of the Muscle Shoals plant.

Mr. LONG. Mr. President——

The PRESIDING OFFICER (Mr. DUFFY in the chair). Does the Senator from South Carolina yield to the Senator from Louisiana?

Mr. SMITH. I yield.

Mr. LONG. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Keyes	Robinson, Ark.
Ashurst	Cutting	King	Robinson, Ind.
Austin	Dale	La Follette	Russell
Bachman	Dickinson	Logan	Sheppard
Bankhead	Dill	Lonergan	Shipstead
Barbour	Duffy	Long	Smith
Barkley	Erickson	McAdoo	Steiwer
Black	Fess	McCarran	Stephens
Bone	Fletcher	McGill	Thomas, Okla.
Borah	Frazier	McKellar	Thomas, Utah
Bratton	George	McNary	Townsend
Brown	Glass	Metcalf	Trammell
Bulkley	Goldsborough	Murphy	Tydings
Bulow	Gore	Neely	Vandenberg
Byrd	Hale	Norbeck	Van Nuys
Byrnes	Harrison	Norris	Wagner
Capper	Hastings	Nye	Walcott
Caraway	Hatfield	Overton	Walsh
Clark	Hayden	Patterson	Wheeler
Connally	Hebert	Pittman	White
Coolidge	Johnson	Pope	
Copeland	Kean	Reed	
Costigan	Kendrick	Reynolds	

The PRESIDING OFFICER. Eighty-nine Senators having answered to their names, a quorum is present.

Mr. SMITH. Mr. President, as I said, I was very much interested in this discussion about Muscle Shoals and the use of the power there for the production of nitrogen or for the production of hydroelectric power.

I have been amazed to hear the discussion as to the use of the cyanamide plant. I presume there are very few in this body who are interested in the production of fertilizer, judging from the discussion I have heard on this floor, and the importance it has assumed. Only those are interested who are dependent upon the use of it for the production of a crop and the fertilization of their soil, who know the absolute necessity of using artificial chemical fertilizer from the coast of Maine to Florida and back into the interior as far as the mountain range.

When I introduced the first bill that became law for the establishment of a plant or plants for the extraction of nitrogen from the air, there were two reasons why it seemed absolutely essential that this should be done. One has been discussed here very freely—the necessity of our Government to have nitrogen, which is the basis of all high-power explosives. The other was the necessity of agriculture in every form to have artificial fertilizer, not alone on the Atlantic seaboard, but to a rapidly increasing extent in the more or less depleted soil of the Middle West and the West. The problem was how to furnish the people of this country with an artificial fertilizer, which is now so very essential, as population has increased and we are becoming more or less standardized, and the land in cultivation cannot be diversified as it was during our colonial period. Then, when a piece of land was worn out, it was thrown out of use, and a new piece was brought under cultivation. Now the same land has to be cultivated from year to year; and the question was, how to take from the soil every year millions of tons of fertilization in the form of the finished product without depleting the soil; how to put back in the soil the elements essential to growth.

For years and years we have been rotating, planting the legumes and turning them under, for the purpose of fertilization. That is not practicable throughout the Atlantic seaboard. Therefore the great problem has been how we could chemically keep these soils up to a high state of production at the least possible cost.

All of you know, or should know, that the prime essential in all plant food is nitrogen, or its convertible feature, ammonia. Ammonia is readily convertible in chemical terms into nitrogen. When I introduced this bill, it was introduced for the purpose of ending our dependence upon Chile for our supply of that essential feature in explosives, which meant the public defense. During the World War we were absolutely dependent upon our importations of Chilean nitrates for the explosives we made. It was an experimental time. There had been discovered a process by which nitrogen could be taken from the air, but it was in the empirical or experimental stage; and the first successful one—that is, the first one that produced nitrogen in such quantities and at such a price as to compete with the imported Chilean nitrate—was the cyanamide process at Niagara Falls. Like all scientific experimentation, however, the mind of genius was excited, and began to seek a solution of the problem of how to drive the nitrogen away from the oxygen of the air, how to get it in such a form that it could be held and bound and then made available for crop purposes.

The experimenters first took lime, and, after using tremendous heats in an electric furnace, in order by the very power of heat to drive off, in the absence of a more acceptable method, the nitrate from the oxygen, they found that they could combine nitrogen in this lime form and produce what was known as "cyanamide." That being the best process with which our scientists at that time were acquainted, we constructed the cyanamide plant at Muscle Shoals. Then the war came to an end; and immediately, just as soon as this great power had been developed and dedicated, as the original bill did dedicate it, to the production of nitrogen to defend this country in time of war and to aid farmers in time of peace, just as soon as the war was over and the driving necessity for this ingredient in time of war disappeared, the battle began as to whether or not the Government would carry out its solemn pledge and promise to the American people, which promise, I maintain, is as imperative now as it was the day of the passage of the bill.

Upon whom are we dependent now for explosives? What plant has the Government that it could utilize in time of war for the purpose of manufacturing enough nitrogen for the use of the Army and Navy and our home defense?

Before I go into that, however, the argument has been made here that because we cannot use nitrate plant no. 2, because it is obsolete, because it is out of date by reason of the rapid progress of the discoveries of science, therefore we must not produce any nitrogen at Muscle Shoals.

Suppose the Government had kept faith with the American people, had developed that plant, and had kept pace with the development of the various processes of extracting nitrogen from the air. Would we have been today in a position to say that our investment there was obsolete? As a matter of course, we would have kept step with the discoveries of science and the modern method of extracting nitrogen from the air through the use of a catalyst. That is some form of chemical which, it has been discovered, has the power of breaking down the combination of oxygen and nitrogen in an amazingly, miraculously cheap way. To such an extent has this process been improved that within the

past 12 years it has reduced the cost of this ingredient 50 percent.

Ammonium phosphate, one of the forms in which nitrogen is used for the purpose of aiding agriculture, has reduced almost by half the price of nitrate of soda that has been imported from Chile and that is used by all the farmers throughout this country from Maine to Florida. The process of extracting nitrogen from the air and producing ammonium phosphate has been carried so far that it has almost cut in two the price to the farmer; and yet that process is owned, used, and controlled today by those who have invested their money and done the "dead work", who are doing it for a profit to themselves, and who knows what the cost is?

This process, as all the figures here will show, has reduced the cost of production of this ingredient to a point where the use of inorganic atmospheric nitrogen has risen from one half of 1 percent in 1918 to 60 percent today of all the nitrogen used in fertilizing processes. That gives you some idea of the progress of the art, and the consequent relief to agriculture; and yet we stand on this floor and argue about the use of a plant that was as good as any when it was constructed but is completely obsolete and out of date now!

What is the obvious duty of this Government? If we are to carry out the pledge of the original and basic law, we can easily avail ourselves of the processes by which private individuals have practically cut in two the price of this ingredient; and if we do not want to go any farther, we can by the installation of these simple devices determine what is the cost of fertilizer as well as dedicating this bill to determining the cost of power.

The process of extracting nitrogen from the air has passed the empirical stage. I think all chemists will agree that we cannot go farther than the discovery of a catalyst which breaks down the oxygen and the nitrogen of the air, and in the presence of certain steam preparations produces ammonia, which is the hydrated form of nitrogen. It has passed the empirical stage; and in a granulated form as beautiful as pearl grits it is being shipped throughout the country to the absolute lowering of the price of all forms of ammonium or nitrogen-carrying fertilizers.

What is the use of standing on this floor and arguing about the utilization of an obsolete plant? If it is obsolete, what is our duty? To get the up-to-date method and determine for the farmers what is the real cost.

Mr. President, just last spring the fertilizer people of this country were petitioning Members of Congress to invoke the antidumping law because foreign countries were pouring this form of ammonia into this country at a cost that gave to those who were dependent upon fertilizer at least some hope of fertilizing their land without mortgaging their lives to the fertilizer producers. I have here from the Department of Agriculture a statement that 18 percent of the cost of producing crops in the South Atlantic States is due to the cost of the fertilizer.

Mr. President, as a matter of course, I understand that very few men in the Senate know anything about the fertilizer problem, and they do not care, because they have not personally felt the intolerable burden of having to buy the ingredients necessary to fertilize the soil or abandon their farms. It is a curious fact that along the South Atlantic, without artificial fertilizer, the lands are worthless, and that with fertilizer they are the highest producing spots in the United States. With the use of this very element of nitrogen, Jerry Moore, in my State, on a "black jack" bottom, made 230 bushels of corn on 1 acre. Mr. Drake, of Marlboro, S.C., with the use of this very ingredient, made 250 bushels of corn on 1 acre. With the use of phosphoric acid, potash, and ammonia or nitrogen, the last two being interchangeable terms, from 4 to 5 bales of cotton have been produced on 1 acre of sandy soil in the Carolinas. I dare submit today that any practical farmer—I do not mean economists, or experts, or professors, but I mean a real, true-to-God dirt farmer—will testify that you can take this ingredient and, on a sand hill, which has only the power by capillary attraction of keeping the moisture there, make a crop with nitrogen.

Mr. President, gentlemen talk about experimentation. I claim that not only should there be still further governmental experimentation but, if we are to produce, transmit, and sell power, we should produce, transmit, and sell fertilizer. The principles are identically the same, and, in the name of God, if the Government is to go into the business of helping anybody, it is that class who are dependent upon fertilizer for their living, for more than 15,000,000 homesteads who should be helped.

There has been much talk about nitrate plant no. 1 and nitrate plant no. 2. They are both obsolete and out of date, but I claim that by the catalyst method fertilizer can be produced with a minimum of power and a maximum of results. Therefore, what is the logic? If under the old process it would take practically all of the power of Muscle Shoals to produce an amount of nitrogen not sufficient to meet the needs of the United States, and if today, by the production of the power necessary to produce a unit of nitrogen, Muscle Shoals can be geared up under the new synthetic process to produce enough nitrogen to meet all the needs of America, and it can do it, and all the needs of the Army and Navy, what right have we to say that, because the process is so cheap, it would be produced anywhere? That is a greater argument why we should not use all this power which the people have contributed their money to develop for the specific purpose of furnishing our Army and Navy with an abundance of explosives, and, under the testimony of our own experts, this very nitrogen used under the synthetic process can be used for the manufacture of explosives as readily as or more readily than we have been using it for all these years.

Chile has charged us from eight to eleven dollars a ton export duty, and we were dependent upon that source. Today, with Muscle Shoals in operation producing nitrogen under the synthetic process and using it in the manufacture of modern explosives, who is here to say that we would not be justified in doing what is proposed?

I am not going to discuss the question of the obsolescence of nitrate plant no. 1 or nitrate plant no. 2. It is our duty, if they are out of date, to scrap them and use the modern process.

Mr. BLACK. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. BLACK. I do not want to have any argument at this point, except to state that I have before me the fertilizer yearbook for 1932, and, instead of the cyanamid process being wholly obsolete in 1931, there were shipped into this country, according to this book, 51,314 tons, and the capacity of the plant at Muscle Shoals is only 40,000 tons.

Mr. SMITH. Mr. President, I was just saying that that was the argument. If they have modified the cyanamid process so that there can be competition with the synthetic process, I have not a word to say; but I have risen for the purpose of pointing out to this body wherein lies the difference in principle between producing power, transmitting and selling it, and manufacturing fertilizer, and transmitting and selling it.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the junior Senator from Alabama [Mr. BANKHEAD].

Mr. LONG. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk called the roll.

Mr. DALE. On this question I am paired with the junior Senator from California [Mr. MCADOO].

Mr. HEBERT. On this vote I have a general pair with the Senator from Illinois [Mr. LEWIS]. I am informed that if he were present he would vote as I intend to vote, and therefore I am free to vote. I vote "nay."

I wish to announce, further, that the Senator from Minnesota [Mr. SCHALL] has a general pair with the Senator from Illinois [Mr. DIETERICH]. I am not advised as to how either Senator would vote if present and voting.

Mr. KENDRICK. I desire to announce the necessary absence of the Senator from Illinois [Mr. DIETERICH]. If present, he would vote "nay" on this amendment.

I also wish to announce the necessary absence of the Senator from North Carolina [Mr. BAILEY] and the Senator from Ohio [Mr. BULKLEY].

I also wish to announce that the Senator from Nevada [Mr. PITTMAN] has a general pair with the Senator from Pennsylvania [Mr. DAVIS].

The result was announced—yeas 12, nays 73, as follows:

YEAS—12

Bankhead	Fletcher	Overton	Sheppard
Black	Kendrick	Reynolds	Smith
Byrnes	McGill	Russell	Stephens

NAYS—73

Adams	Costigan	Johnson	Reed
Ashurst	Couzens	Kean	Robinson, Ark.
Austin	Cutting	Keyes	Robinson, Ind.
Bachman	Dickinson	King	Shipstead
Barbour	Dill	La Follette	Steiwer
Barkley	Duffy	Logan	Thomas, Okla.
Bone	Erickson	Lonergan	Thomas, Utah
Borah	Fess	Long	Townsend
Bratton	Frazier	McCarran	Tydings
Brown	George	McKellar	Vandenberg
Bulow	Glass	McNary	Van Nuys
Byrd	Goldsborough	Metcalf	Wagner
Capper	Gore	Murphy	Walcott
Caraway	Hale	Neely	Walsh
Carey	Harrison	Norbeck	Wheeler
Clark	Hastings	Norris	White
Connally	Hatfield	Nye	
Coolidge	Hayden	Patterson	
Copeland	Hebert	Pope	

NOT VOTING—10

Bailey	Davis	McAdoo	Schall
Bulkley	Dieterich	Pittman	Trammell
Dale	Lewis		

So Mr. BANKHEAD's amendment was rejected.

RELIEF OF UNEMPLOYMENT

The PRESIDING OFFICER laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H.R. 4606) to provide for cooperation by the Federal Government with the several States and Territories and the District of Columbia in relieving the hardship and suffering caused by unemployment, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. WAGNER. I move that the Senate insist upon its amendments, agree to the conference asked by the House, and that the Chair appoint the conferees on the part of the Senate.

The PRESIDING OFFICER. The question is on the motion of the Senator from New York.

The motion was agreed to; and the Presiding Officer appointed Mr. FLETCHER, Mr. WAGNER, and Mr. NORBECK conferees on the part of the Senate.

MUSCLE SHOALS

The Senate resumed consideration of the bill (S. 1272) to improve the navigability and to provide for the flood control of the Tennessee River, to provide for reforestation and the proper use of marginal lands in the Tennessee Valley; to provide for the agricultural and industrial development of said valley; to provide for the national defense by the creation of a corporation for the operation of Government properties at and near Muscle Shoals, in the State of Alabama; and for other purposes.

Mr. NORRIS. I send to the desk an amendment to the pending bill, which I ask may be read.

The PRESIDING OFFICER. The amendment submitted by the Senator from Nebraska will be stated.

The CHIEF CLERK. On page 8, after line 17, it is proposed to insert the following:

(m) The President is authorized, within 4 months after the passage of this act, to lease to the American Farm Bureau Federation, or to any corporation organized by said corporation, nitrate plant no. 2 and Waco Quarry, together with the railroad connecting said quarry with nitrate plant no. 2, for a term not exceeding 50 years, at a rental of not less than $1 per year; but such authority shall be subject to the express condition that the lessee shall use said property during the term of said lease exclusively for the manufacture of fertilizer and fertilizer ingredients to be used only in the manufacture of fertilizer by said lessee and sold for use as fertilizer. The said lessee shall covenant to keep said property in first-class condition, but the lessee shall be authorized to modernize said plant no. 2 by the installation of such machinery as may be necessary, and is authorized to amortize the cost of said machinery and improvements over the term of said lease or any part thereof. Said lease shall provide that during the second and third years of the same said nitrate plant no. 2 shall be operated to at least 25 percent of its capacity, and that during the remainder of said lease the same shall be operated at least to 50 percent of its capacity; and said lease shall also provide that during any year of the period covered by said lease, if the lessee operates said plant to 75 percent of its capacity, then the rental for such year shall be remitted. Said lease shall also provide that the board shall sell to the lessee power for the operation of said plant at the same price that it charges all other customers for power of the same class and quantity. Said lease shall also provide that if the said lessee does not desire to buy power of the publicly owned plant, it shall have the right to purchase its power for the operation of said plant of the Alabama Power Co. or any other privately owned corporation engaged in the generation and sale of electric power, and in such case the lease shall provide further that the said lessee shall have a free right of way to build a transmission line over Government property to said plant. Said lease shall also provide that the said lessee shall covenant that during the term of said lease the said lessee shall not enter into any illegal monopoly, combination, or trust with any privately owned corporation engaged in the manufacture, production, and sale of fertilizer with the object or effect of increasing the price of fertilizer to the farmer.

Mr. NORRIS. Mr. President, I am offering this amendment, as I said in the debate on the amendment offered by the Senator from Alabama [Mr. BANKHEAD], for the purpose of leasing nitrate plant no. 2. To be of any value, nitrate plant no. 2 must have with it Waco Quarry, the limestone quarry, and that is included in the authorization. It also must have the railroad which is owned by the Government connecting Waco Quarry with nitrate plant no. 2.

Mr. President, as I said today in the debate on the amendment we have just voted on, and to some extent on yesterday, the propaganda that has been going over the country for 10 years has been fathered more by the American Farm Bureau Federation than any other organization, although it always seemed to me that there was a good deal of doubt as to whether that organization was really paying the expenses of what was, in a great many instances, a very expensive propaganda based on two things: First, that nitrate plant no. 2 at Muscle Shoals could produce nitrogen cheaper than any other plant on earth could produce it; and, second, that in order to get effective results from it, it must be operated by a private corporation, and that the dead hand of the Government must be removed; that there must not be any semblance of public ownership anywhere.

The recommendation made by the commission appointed by Mr. Hoover, after he had vetoed the Muscle Shoals bill that went to him during the last Congress, was that Muscle Shoals be leased, preferably to a farmer-owned corporation.

Mr. President, if these people are right, then here is their opportunity to make good on the boasting in which they have been indulging for 12 years. No one will be more delighted than I to have it prove a great success. I am, therefore, asking the Senate to add this amendment to the bill and to give the President the authority to make such a lease.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. McKELLAR. Under this amendment could the Farm Bureau Federation, if the property should be leased to them, use it for any other purpose except for the manufacture of nitrates?

Mr. NORRIS. Yes; they could manufacture fertilizer and ingredients of fertilizer to be used as fertilizer, but they could not go outside that.

Mr. McKELLAR. They could not go outside of fertilizer?

Mr. NORRIS. No. Mr. President, I do not have anything further to say.

SEVERAL SENATORS. Vote!

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Nebraska [Mr. NORRIS].

The amendment was agreed to.

Mr. BACHMAN. Mr. President, I am in receipt of a telegram in connection with this bill, which I desire to have

incorporated in the RECORD. I ask unanimous consent that that may be done.

The PRESIDING OFFICER. Without objection, it is so ordered.

The telegram is as follows:

CHATTANOOGA, TENN., *May 2, 1933.*

Senator NATHAN L. BACHMAN,
Senate Office Building:

With reference to Government's proposed building of Cove Creek-Muscle Shoals transmission line at estimated cost of $6,000,000, please advise Senate that at hearing before Military Affairs Committee of House, April 14, Mr. Willkie, speaking for this company, stated that if the Government will furnish us the power at Muscle Shoals, we will deliver an equal amount at Cove Creek at reasonable cost to be fixed by the Government, or this company will sell Government all its requirements of power at Cove Creek for construction work. Based upon Government's estimates of power requirements, in our judgment, the total cost of power for entire construction of Cove Creek Dam furnished under either proposal will be less than 1 year's interest on cost of construction of proposed transmission line, and that building of transmission line in any event wholly useless and wasteful, as entire territory more than adequately served with existing transmission lines.

THE TENNESSEE ELECTRIC POWER CO.,
By JAMES A. LONGLEY, *Vice President.*

Mr. FESS. Mr. President, I will delay a vote on this bill only long enough to state very briefly why I cannot support it; and, if the debate shall then be over, we will be able to have a vote on the passage of the bill.

The question of Muscle Shoals is one that has been before the Senate and House for many years. The first speech that I heard made by the late distinguished and beloved Oscar Underwood, of Alabama, was in the House of Representatives, back in 1913, when he called the attention of the country to the valuable potential power possibilities at Muscle Shoals. When I made inquiry I was told by a colleague of mine, later the Speaker of the House of Representatives, Mr. Longworth, that Muscle Shoals was a hoary-headed subject and had been discussed in Congress for many years.

At that time Mr. Underwood asked for an appropriation of only $10,000,000 for the development of the property. It is an old story that, the project having been defeated over and over again, it was finally brought up under the stress of the World War, when provision was made for the erection of a nitrate plant, the initial authorized appropriation for which was $20,000,000. Later the appropriation was increased, and still later further additions were made to the appropriations, until now I do not know just how much the Government has already invested, if not sunk, in Muscle Shoals; but I do know that the initial cost of the Wilson Dam was $47,000,000, of the steam plant $12,000,000 more, and the nitrate plant and the development of facilities for procuring raw material, such as quarries, and so forth, involved an expenditure of $68,000,000 more, not including $9,000,000 in additions to the electrical plant. It is now proposed in the pending bill to construct Cove Creek Dam and to install an electric transmission line, the cost of which is generally estimated at about $41,000,000. We have, Mr. President, an investment of at least $127,000,000 already made; and it is now estimated by various authorities, including the Army engineers, that it will require an expenditure of at least $100,000,000 more new money before the whole project shall be completed.

The argument is that, having invested so much, we must invest the remainder in order not to lose it all. I recognize the force of that argument; but it is the old story; when an undertaking is once entered upon, although it is of doubtful wisdom, it cannot be stopped. Nobody can tell just how far this charge on the Treasury will go. There are some limitations provided, but nobody can be certain. I need not go farther than to state that the authorization of the appropriation is indeterminate and without limit, except to carry out the proposals of the bill, which of themselves are quite indefinite. The language of the authorization is broad as language can make it:

All appropriations necessary to carry out the provisions of this act are hereby authorized.

The operating costs of the proposal will reach at least $9,000,000 per annum, including interest on the investment already made, to say nothing of what is proposed to spend in addition.

When we go over the details of the bill and see what is to be the charge upon the Treasury, we find that it is all indeterminate and that no living person can tell what will be the cost of the project to the Federal Government.

I want to do something with Muscle Shoals. I have been in favor of it from the beginning. I felt that if we ventured upon it we ought to make final and definite decision about it. There have been proposals that we should junk the whole thing, that the entire investment would be better lost than to go on and suffer losses which may result in an endeavor to develop it. I do not share that idea at all. I do not think there is any basis for it.

Another proposal was made to sell Muscle Shoals. Up to date we have found no buyer except Henry Ford, whose proposal was not satisfactory. The only thing left is for the Government to operate it as a Government project with all the eventualities that may flow from it, or else to lease it. I have always been in favor of the leasing plan. I followed former Senator Oscar Underwood in his efforts in this body to have that accomplished, but we failed. I would, of course, want to lease it under limitations so that the Government could at a definite time recapture it. But up to date we have not succeeded in leasing it. I would now very gladly vote in this very hour to turn it over to the States of Alabama and Tennessee to be used by those States for the benefit of the localities there and the people who live there, of course exempting the Federal Government from further expenditure in the matter, but turning over this "Jonah" to the people who are clamoring for it under Government management and letting them develop it as best they can, assuming all the risks. I think there is some sentiment in this body and the body at the other end of the Capitol for such a proposal, but not sufficient, it seems, to be effective.

Mr. President, I am opposed to the Government going into the power business as it is here proposed. I have voted, of course, under certain conditions for the Government to do a certain amount of development in the matter of power. I did it in connection with the Boulder Canyon project. Primarily I voted for the Boulder Canyon project on the basis of flood control, with a by-product in the nature of irrigation and the development of power, a power that could be leased by the Government, and I think probably that should be done. I would do that same thing in the case of Muscle Shoals.

Now comes the suggestion of flood control in connection with the new dam to be built. I would be willing to vote for an item of flood control which would include not more than about $5,000,000 out of the $41,000,000, but we here are using flood control as a basis upon which to bring the Federal Government into the further development of this great project.

Mr. President, I stated yesterday that I think we are operating on the wrong angle with reference to the emergency situation with which we are dealing. It is true that the Muscle Shoals project will employ a lot of labor, but in contrast with the normal employment in the normal processes of private business, this project as unemployment remedy becomes pitiable. There will not be a very large amount of labor employed. In the second place, if it is not reproductive, it will be a useless waste, which I am fearful is going to be the result.

We cannot hope to come out of the depression in which we must employ unemployed labor unless we make it possible for business in a normal way of productive industry to enter into the employment of labor. Here we are further embarrassing the channels of the employment of labor, which must be through private enterprise, by putting into competition with private employment an unfair competitor, the Government, with the power of monopoly that easily could drive out of existence its rival in the form of private enterprise. In the degree that we take away from the current of private investment in the employment of labor, by Government operation of what should be carried on by private enterprise,

just to that degree we not only reduce income to the Government in the form of taxes but we increase the charge on the Treasury and thus enlarge upon the deficit and increase the tax burden.

Mr. President, if we go over the authorizations for expenditures from the Treasury that we have made recently, especially in the last 2 months when we have been making an effort to balance the Budget, it simply bewilders us. It leaves us dizzy. We are constantly making new demands on the Treasury. Here in this bill is an indefinite one. No one knows how large it will be. In our recent legislation it will be $500,000,000, in one bill another time it will be $3,000,000,000, another time it is this authorization and then that authorization, until we have increased the public debt to such an extent that even the interest charge upon the increased public debt is going to be staggering.

We are doing it on the theory of those now in charge of affairs that the proper thing to do is to spend. That is the slogan now. It is no longer our business to save. Our business now is to spend, and we are told from the very highest authority that it is the business of the Government to spend, and thus start in circulation the money in the country. Under that aegis we have woefully enlarged the demands upon the Federal Treasury at the very moment that the most commanding demand upon us is to reduce expenditures so that we can be assured that the taxing burden is not going to prevent resumption of business. Let me assure my colleagues that there will be no resumption of business so long as that sword is held over the head of business. Every day we are making new demands that are further embarrassing the Treasury, and in turn the employment of labor, and we do it in the hope that through this spending orgy we are going to spend ourselves out of the depression.

Mr. President, I have issued this warning over and over again that there is no hope of getting out of the depression except by making it possible for business to resume and employ the unemployed. Every move we have made in recent days, instead of giving opportunity to business to take this course, we have been throwing more obstacles in the way, making demands for greater taxes which must come from business and at the same time reducing the ability of business to pay revenue. The deficit now facing us for 1934 will reach $812,000,000. We cannot get on in that way. There will be a day of reckoning, and it will not be long deferred if we continue this program.

Of course, this bill is only one item, and it is not the most offensive item in the program. I admit that. However, there is an indeterminate amount of money demanded. While we ought to dispose of Muscle Shoals, now that we were induced to enter upon the project, it would be very much better for us not to undertake the expensive task to operate it as a Government proposition. We ought to lease it either to groups that will be able to operate it on terms satisfactory to the Government or else to turn it over to the States of Alabama and Tennessee.

For these reasons I shall vote against the proposal, as I do not want to commit myself to the policy of the Government of the United States further impinging upon the sources of revenue which must come from private enterprise.

Mr. LONG. Mr. President, I do not wonder that my good friend from Ohio [Mr. FESS] and others sometimes fall into the error into which the Senator clearly has fallen at this time. I understand the Senator from Ohio is in favor of the St. Lawrence waterway treaty, which would take $600,000,000 or possibly more of the people's money and spend it to build a waterway for Canada. With that kind of an idea in mind, I do not see how the Senator or anyone else hesitate to vote to give a little something to the United States. But here my friend from Ohio and I are both living in the Mississippi Valley, and naturally I felt if there was any money outside of the Budget or within the Budget that was going to be spent it should be spent to develop the Mississippi Valley, the Ohio River, and the Mississippi River; but it seems that my friend from Ohio is in favor of taking all of our money and spending it for the benefit of Canada and not doing anything for our fellow citizens here in the United States.

Mr. FESS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Ohio?

Mr. LONG. Certainly.

Mr. FESS. The St. Lawrence waterway to which the Senator from Louisiana has referred will in time be a reproductive agency through which we will get returns, and it will certainly be a great outlet for the farmer who will ship his products from the port of entry and they will not be unloaded until they reach their destination in a foreign country. To me that is rather a convincing argument, although I am not at all overly enthusiastic about the St. Lawrence waterway.

Mr. LONG. Well, Mr. President, we are sinking our money in various projects, and a lot of it is going to be spent on the sapling program, contrary to what we thought was going to be done. I refer to the "sapling program," though I doubt very much whether there will ever be a sapling. I never expect to see a tree come from the program. I understand now there is a little effort being made to slow up the rivers and harbors program and the development of flood control and navigation and taking even that money and putting it into the tree-planting business. We see a picture of 8 or 10 men in a little square of ground about 6 feet wide planting saplings. If they were doing any work, they would have one man planting half an acre in a day. The money is to be taken away from flood control and from navigation and from rivers and harbors and from inland waterways generally and used in this kind of a way. We are going to suspend the work that we have had every right to expect to be carried on; and then, after they have left us subject to the waters of the North and from 32 or 34 States, and we look around, lo and behold, when they are telling us that we will have to stand the floods which are washing away our houses and washing away our homes and drowning our people and destroying our lands and taking everything from one end of the country to the other, they say they have not any money for that purpose, that the Budget is not balanced, and our friend from Illinois wants the Budget balanced; and lo and behold, we hear him say they are going to take $600,000,000 to build a port for Montreal.

I never knew that there was such brotherly love in the Senate and in Congress; but we have to go across the international boundary line to find somebody upon whom to spend the brotherly love. We cannot talk about balancing the Budget except when it comes to the expenses of the American people. If it is food for the American people that is involved, we have to bear in mind the necessity of balancing the Budget. If it is clothes for the American people that are concerned, we have to bear in mind the necessity first of balancing the Budget. If it is a question of jobs for the soldiers who have gone to fight our wars, we must remember that it is necessary to balance the Budget; but if it is money for Canada, to build a port for Montreal, with $600,000,000 to be spent, we are not worrying about balancing the Budget. So why hesitate on a thing of this kind? [Laughter.]

Mr. BANKHEAD. Mr. President, I desire to offer the amendment relative to transmission lines which was submitted a few days ago. I have made certain modifications in the amendment since it was printed. I send the modified amendment to the desk and ask to have it stated.

The PRESIDING OFFICER. The modified amendment will be stated.

The CHIEF CLERK. On page 11, beginning with line 14, it is proposed to strike out all of sections 10, 11, and 12 and to insert in lieu thereof the following:

SEC. 10. The board is hereby empowered and authorized to sell the surplus power not used in its operations and for operation of locks and other works to States, counties, municipalities, corporations, partnerships, or individuals, according to the policies hereinafter set forth, and to carry out said authority the board is authorized to enter into contracts for such sale for a term not exceeding 20 years and in the sale of such current by the Board it shall give preference to States, counties, municipalities, or

cooperative organizations of citizens or farmers, not organized or doing business for profit, but primarily for the purpose of supplying electricity to their own citizens or members: *Provided*, That all contracts made with private companies or individuals for the sale of power, which power is to be resold for a profit, shall contain a provision authorizing the board to cancel said contract upon 5 years' notice in writing, if the board needs said power to supply the demands of States, counties, or municipalities.

SEC. 11. It is hereby declared to be the policy of the Government, so far as practical, to transmit or sell all the surplus power generated by the authority at Muscle Shoals equitably among the States, counties, and municipalities within transmission distance.

SEC. 12. In event the Board is unable to make satisfactory contracts with persons, firms, or corporations engaged in the distribution and resale of electricity as in this act provided, or for the use or purchase of such transmission lines, it is hereby expressly authorized, either from appropriations made by Congress or from funds secured from the sale of such power or from proceeds from the sale of bonds as herein authorized, with the approval of the President, to construct, lease, or authorize the construction of transmission lines within transmission distance not to exceed 400 miles from the place where the power is generated, if, after investigation, the board shall find that such transmission lines are economically justified and necessary to carry out the purposes of this act. The finding of the board shall be conclusive and shall not be reviewed by any court: *Provided*, That the project herein provided for shall be considered primarily as for the benefit of the people of the section as a whole, and particularly the domestic and rural consumers, to whom the power can economically be made available, and accordingly that sale to and use by industry shall be a secondary purpose, to be utilized principally to secure a sufficiently high load factor and revenue returns which will permit domestic and rural use at the lowest possible rates and in such manner as to encourage increased domestic and rural use of electricity: *Provided*, That if any State, county, municipality, or other public or cooperative organization of citizens or farmers, not organized or doing business for profit, but primarily for the purpose of supplying electricity to its own citizens or members, or any two or more of such municipalities or organizations, shall construct or agree to construct a transmission line to the place of generation, or to the Government reservation on which is located a power-generating plant operated by the Authority, or to some place along or at the end of a transmission line, the board is hereby authorized to contract with such State, county, municipality, or other organization, or two or more of them, for the sale of electricity for a term not exceeding 30 years, and in any such case the board shall give to such State, county, municipality, or other organization ample time to fully comply with any local law now in existence or hereafter enacted providing for the necessary legal authority for such State, county, municipality, or other organization to contract with the board for such power: *Provided further*, That all contracts entered into between the authority and any municipality or other political subdivision or cooperative association shall provide that the electric power shall be sold and distributed to the ultimate consumer without discrimination as between consumers of the same class, and such contract shall be voidable at the election of the authority if a discriminatory rate, rebate, or other special concession is made or given to any consumer or user by the municipality or other political subdivision: *And provided further*, That as to any surplus power not so sold as above provided to States, counties, municipalities, or other said organizations, before the Authority shall sell the same to any person or corporation engaged in the distribution and resale of electricity for profit, it shall require said person or corporation to agree that any resale of such electric power by said person or corporation shall be sold to the ultimate consumer of such electric power at a price that shall not exceed an amount found to be reasonable, just, and fair by the Federal Power Commission, or its successor as a Federal regulatory body having similar jurisdiction; and in case of any such sale if an amount is charged the ultimate consumer which is in excess of the price so deemed to be just, reasonable, and fair by the Federal Power Commission, or its successor as aforesaid, the contract for such sale between the board and such distributor of electricity shall by the authority be voidable at the election of the authority.

On page 17, beginning with line 23, it is proposed to strike out section 18, and to insert in lieu thereof the following:

SEC. 18. The Secretary of War is hereby authorized, with appropriations hereafter to be made available by the Congress or from funds arising from the sale of bonds, to construct, either directly or by contract to the lowest responsible bidder or bidders, after due advertisement, a dam which has by long usage become known and designated as the Cove Creek Dam in and across the Clinch River in the State of Tennessee, together with a transmission line to Muscle Shoals interconnecting with any intermediate power plants: *Provided*, That such transmission line may be constructed only if the board is unable to make contracts satisfactory to the Authority with owners of privately owned lines for the transmission of power, or for the use or the purchase of transmission lines, and if, after investigation, the Board shall find that such transmission line is economically justified and necessary to carry out the purposes of this act. The findings of the board shall be conclusive and shall not be reviewed by any court. Such construction shall be according to the latest and most approved designs of the Chief of Engineers, including power house and hydroelectric installations and equipment for the generation of electric power in order that the waters of the said Clinch River may be impounded and stored above said dam for the purpose of promoting navigation by increasing and regulating the flow of the Clinch River and the Tennessee River below, so that the maximum amount of primary power may be developed at Dam No. 2 and at any other dams below the said Cove Creek Dam.

Mr. BANKHEAD. Mr. President, the amendment as originally offered is a copy of the House bill on the subject. The difference between the two bills, in short, is that the pending bill, the Norris bill, authorizes the board, without consideration of any other subject, to build transmission lines, giving them absolute power to do so. The House bill, which is covered by this amendment, requires that before building such transmission lines the board shall endeavor to make contracts with existing utility companies to bring about satisfactory transmission of the power, and to procure the same contemplated benefits for the consumers.

Mr. President, while there is really no broad difference between the two plans, it seems to me that the provisions of the House bill are more in line with similar transactions that would be undertaken by individuals, and more consistent with orderly business procedure, and fairer to those now engaged in the same service. So far as I am concerned, I am unwilling to incorporate in the bill, and would not vote for, any amendment which deprives the board of the absolute power to make that decision. For that reason I have offered the amendment incorporating the provision of the House bill to meet the suggestion made by the Senator from Nebraska that if left in its original form the provision might result in litigation and delay.

While I did not agree with the Senator's conclusion that an injunction could be based upon the language of the original bill, because it seemed to me rather clear that an effort to make contracts and to decide that the project is economically feasible is purely an administrative duty, still, in order to avoid any possibility of delay on account of an effort by anyone to review the action of the board, I have offered the suggested amendment that the decision of the board shall be final and not subject to review by any court.

If even stronger language is desired, it will be entirely acceptable to me, because I am as anxious as the Senator from Nebraska that there should be no improper delay in this program. It comes down, then, as I see it, to a declaration of policy by Congress on the subject, not only to deal with the procedure during the immediate months ahead of us, but a declaration at least to guide the board that may hereafter be entrusted with the administration of this law.

It seems to me that the provision is a thoroughly sound one; and I understand it is really contemplated that the board will first undertake this very program, to make contracts, if possible, for the transmission of power without destroying by direct competition present investments and without the necessity of building competing lines, thereby involving a double burden of earnings upon invested capital.

Mr. BONE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Washington?

Mr. BANKHEAD. I do.

Mr. BONE. As I read section 12 of the Norris bill, it would seem clearly to cover the matter about which the Senator speaks.

Mr. BANKHEAD. I think there is very little difference in principle between the two bills.

Mr. BONE. Section 12 provides:

In order to place the board upon a fair basis for making such contracts and for receiving bids for the sale of such power, it is hereby expressly authorized, either from appropriations made by Congress or from funds secured from the sale of such power or from funds secured by the sale of bonds hereafter provided for, to construct, lease, or authorize the construction of transmission lines within transmission distance from the place where generated.

The language seems extremely broad. It probably is as broad as it is possible to make it; and I am wondering wherein the Senator finds the language insufficient to cover what he is discussing.

Mr. BANKHEAD. I do not find it insufficient; and I say that in principle, and really in operation by the board, there

is very little difference, except that the House provision provides, as included in the amendment I have offered here, that the board shall undertake to make such contracts before they are authorized to build transmission lines.

Mr. COPELAND. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from New York?

Mr. BANKHEAD. Yes.

Mr. COPELAND. Is not this the difference: In the Norris bill provision is made really for holding a club over these private concerns, while in the amendment offered by the Senator from Alabama, before the board engages in building transmission lines, there is a definite declaration that first there shall be negotiations for private lines, to see whether or not they can be purchased.

It is that particular feature that commends the Senator's amendment to me. It is made clear under the law that there shall first be an opportunity for the private investors who have invested millions of money in transmission lines to dispose of their holdings. Then, as the Senator has well said, if there is a failure of these negotiations, under the Bankhead amendment the board is authorized to proceed to do the things which are more directly set out by the Norris proposal.

Mr. BANKHEAD. That is correct, sir. It simply requires an effort to be made to acquire the existing lines before building others. The language of the amendment, to which I call the Senator's attention is that "in event the board is unable to make satisfactory contracts", it is authorized to build whatever lines it deems necessary.

Mr. BONE. Mr. President, is not the matter the Senator suggests a mere distinction without a difference?

Mr. BANKHEAD. I will say to the Senator that it is in one sense; but in another and an important sense it is not entirely the same, because it clearly defines what I understand to be everybody's purpose and spirit about this program. It defines the policy on that subject for the guidance and instruction of the board, who have absolute power in the matter; the policy defined being that it is not intended, unless it is necessary, to proceed with the investment of additional capital and the construction of competing lines if the same results can be otherwise obtained.

Mr. BONE. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. BONE. I am sure the Senator realizes that when the Government goes into that section and builds a plant for the purpose of producing, transmitting, and selling power it is not going to meet with an enthusiastic welcome at the hands of the private power interests located there. I feel that the Senator will agree with me as to that.

Mr. BANKHEAD. I think there will not be any great enthusiasm about it; but I really believe that rather than have competing lines built they would enter into contracts.

Mr. BONE. Having in mind the fact that these power companies—the Alabama Power Co. and the Tennessee Electric Power Co.—are not going to enthusiastically welcome this public-ownership competitor, does the Senator feel that we ought to take from the hands of the proposed power authority the power to build a transmission line or acquire the use of the other at some reasonable rate?

Mr. BANKHEAD. I am not advocating any such plan. The Senator has just stated he could see no objection.

Mr. BONE. That is what I am just suggesting to the Senator; there is nothing in the Norris bill as it is drawn, with the amendment suggested by the Senator from Nebraska, which deprives the power authority of the right to either purchase or lease. Every single avenue for negotiation is open; and I am sure the Senator would not assume that the power authority under this measure would deliberately go in and build a transmission line when they might make some economical arrangement to transmit over a private company's line. That would be a piece of folly I am sure they would not be guilty of.

Mr. BANKHEAD. What is the objection to the amendment, then?

Mr. BONE. The objection is that I think that the matter is fully covered, and, further, because I would not in the remotest degree take from the hands of the power authority full power to do just exactly what the Senator from New York suggested—to use compulsion if it were necessary to secure a square deal.

I asked the Senator whether he thought it was necessary that the power authority be given the fullest power, because we know the private companies will certainly be stubborn. I would not want to strike from the power authority this right to deal at arm's length.

Mr. BANKHEAD. Mr. President, I am sure it is clear that no power is sought to be stricken from the power authority or the board. It is simply a declaration that contracts would be made, if they could be made, before proceeding to the building of competitive transmission lines. Whether they can be made or not is entirely, of course, with the board. It is a declaration that it is preferable to have them made if the board can make such contracts to their satisfaction. But the amendment which I have offered here absolves the board from any responsibility to anybody in the discharge of the duty and power which this amendment places upon them.

My thought is that this idea is entirely in line with the views which President Roosevelt has entertained on the subject, and while, of course, I am not referring to that in the sense that it binds anybody, I think it is appropriate to point out that this program as outlined in the amendment offered is in strict accord with the expressions heretofore made upon this subject by the President in the development of his views upon the subject of utility companies.

I now want to call attention to the power authority act of the State of New York, which was passed under the President's guidance and approval. I read section 5:

5. To develop, maintain, manage, and operate that part of the project owned or controlled by it in such manner as to give effect to the policy hereby declared (and all plans and acts, and all contracts for the use, sale, transmission, and distribution of the power generated by the project, shall be made in the light of, consistent with, and subject to this policy), namely, that the said project shall be in all respects for the aid, improvement, and benefit of commerce and navigation in, through, along, and past the St. Lawrence River and the International Rapids section thereof, and that in the development of hydroelectric power therefrom the said project shall be considered primarily as for the benefit of the people of the State as a whole and particularly the domestic and rural consumers to whom the power can economically be made available, and accordingly that sale to and use by industry shall be a secondary purpose, to be utilized principally to secure a sufficiently high load factor and revenue returns which will permit domestic and rural use at the lowest possible rates and in such manner as to encourage increased domestic and rural use of electricity. In furtherance of this policy and to secure a wider distribution of the said power and use of the greatest value to the general public of the State, the power authority shall, in addition to other methods which it may find advantageous, make provision so that municipalities and other political subdivisions of the State now or hereafter authorized by law to engage in the distribution of electrical current may secure a reasonable share of the power generated at the project, and shall sell the same or cause the same to be sold to such municipalities and political subdivisions at prices representing cost of generation, plus capital and operating charges, plus a fair cost of transmission, all as determined by the trustees, and subject to conditions which shall assure the resale of such power to domestic and rural consumers at the lowest possible price. To that end the power authority may provide in any contract or contracts which it may make for the sale, transmission, and distribution of the said power that the purchaser, transmitter, or distributor shall construct, maintain, and operate, on such terms as the power authority may deem proper, such connecting lines as may be necessary for transmission of the power from main transmission lines to such municipalities or political subdivisions.

6. To negotiate in the manner hereinafter provided a contract or contracts for the sale, transmission, and distribution of the power generated under the project, which by the terms thereof will provide—

It sets out the provisions. Now I want to read briefly another section:

10. In the event that the power authority shall be unable to agree upon the terms of a contract or contracts in accordance with the provisions of subparagraph 6 of section 5 above, it shall report to the governor and legislature the circumstances and the reasons for such inability to agree. It shall also report a plan or plans for the disposal of the power through some other method or methods, which in its judgment will effectuate the policy and



purposes of this act, including the building of transmission lines, steam plants, and/or distributing systems by it, if it finds the same practicable, together with estimates of the cost of such additional facilities and the revenues to be derived therefrom. In the event of such inability to agree upon the terms of a contract or contracts as herein provided, or upon the governor's disapproval of the proposed contracts, none of the powers herein granted by section 5, subparagraph 7, to own, build, operate, and maintain dams, power houses, and other instrumentalities and things incidental to or connected with the development and sale of hydroelectric power shall be exercised until the legislature and the governor shall have approved the plan or plans reported by the power authority.

It will be observed that the amendment, like the House plan, follows very closely the power authority act of New York, but in fact goes a step farther. It does not require, as does the New York law, which was the child of President Roosevelt, that there shall be a report back to the legislature and to the governor for authority, as the New York law provides. The advanced step is taken in the House, following out the general lines of this plan, simply of requiring that efforts should be made to contract for the transmission of the power before building transmission lines, and that it should be found that the lines are practicable. Then, as provided in the New York act, if those things are not found by the power authority, they go back to the legislature for new power.

Mr. President, that is not required here, and I am glad it is not required. It is simply left to the board to make its efforts to find contracts and make contracts if it can do so for the transmission of the power on terms equally beneficial to the public and to the consumers. Failing in that, then the board, without coming back to Congress, is authorized to proceed with the construction of such transmission lines as it finds are economically feasible, and of course no one wants a line built that is not economically feasible. The decision of that question is left with the board, and it is provided in the amendment I have submitted that that decision is not subject to review by any court. It is simply a rule, I submit, for the guidance of the board which is to operate this great project over a long period of years.

Mr. President, I now want to read from the address of the President while he was Governor of New York to the governors' conference at French Lick. After discussing some of the court decisions on the subject and discussing the New York act, he said:

In other words, the new commission for the actual process of development has been appointed. We hope this new commission will be able, in order to prevent duplication of existing lines, to make a fair contract with existing utility companies, under which contract the utility companies will receive the actual cost of transmission, the actual cost of distribution, plus a reasonable profit on that transmission and distribution.

Now, if such a contract cannot be made, the State is not going to be left with 1,250,000 horsepower on its hands. We propose to take the next step. The next step will be to make an effort to find some other private agency which will be willing to transmit throughout the upper part of the State and to distribute to the people of that part of the State on the terms and principles laid down in the law itself. Failing in that, there is but one alternative, obviously, and that is for the State itself to undertake transmission and/or distribution.

On the question of where this power is going, it is expressly stated in the law that the primary use of the power shall not be for the large manufacturing companies which take bulk power, but must use the principle of distributing it to the homes, the farms, and the smaller businesses throughout the State. This can be done at rates certainly far more reasonable, far lower than are being paid by these individual householders at the present time, in part through the profit which will be made on the distribution of a certain proportion of that power to the larger manufacturing interests.

Also, we are taking one further step which has been taken by public service commissions in several States, and that is the principle of not penalizing a man because he happens to live a fairly long distance from a main transmission line.

I welcome most thoroughly that principle, because I represent all the people of my State, and I want those in the southern end to have the benefits, as well as those in the nothern end. I read further:

The best example of that I know of is down in Alabama.

This is largely what attracted my attention to this statement:

The best example of that I know is down in Alabama. The Alabama Public Service Commission realized some 2 years ago, I think it was, that in nothern Alabama they have all the power in the world at very cheap cost. They have plenty of coal and have plenty of water power, and the actual cost of transmitting and distributing that power to the rural dwellers in nothern Alabama would be extremely low. On the other hand, in southern Alabama, down on the Gulf (I think a distance of something like 400 miles—isn't that right, Dr. Hardman?)—there is no coal and there is no water power.

Therefore, the Alabama Public Service Commission laid down the rule that just because a man happened to have been born and brought up on a farm in southern Alabama was no reason for penalizing him greatly over his cousin or neighbor who happened to have been brought up in the northern part of the State, 400 miles away. The result is that the rates laid down for rural electrification in the State of Alabama provide substantially the same rate in the southern part of the State as in the northern part of the State. That is saying, in effect, that the farmer in northern Alabama is paying, frankly, a part of the cost of transmitting power 400 miles away for his fellow citizens of the same State. I believe that principle is being fairly well recognized today not only among Government agencies but also among the more intelligent and more progressive of the utility people.

I find in President Roosevelt's recent book entitled "Looking Forward" this declaration upon the subject now under consideration:

State-owned or Federal-owned power sites can and should promptly be developed by Government itself. When so developed, private capital should be given the first opportunity to transmit and distribute the power on the basis of the best service and the lowest rates to give a reasonable profit only.

That is the last declaration on this subject of which I know.

Mr. President, I ask permission to have published at the conclusion of my remarks the Power Authority Act of New York, from which I have quoted.

The VICE PRESIDENT. Without objection, it is so ordered.

(See exhibit A.)

Mr. BANKHEAD. Mr. President, I do not at present care to take any more of the time of the Senate. I believe that the House provision really expresses the attitude of everybody connected with this legislation and that the only controversy is whether that declaration of policy which we all, I think, believe to be the correct policy to pursue should be written into the law or left merely to the unbridled, undirected discretion of the board. We put no limitations on their power by this amendment. We simply lay down a policy which is in line with the declaration of the President, which is consistent with orderly procedure, as I have said, and which will not in any way hinder, delay, or prevent the beneficial results which we all anticipate under this bill when it shall have been enacted into law.

EXHIBIT A

CHAPTER 772

To declare the policy of the State of New York in respect to the use of the St. Lawrence River for the improvement and furtherance of commerce and navigation and the protection and development of the water-power resources thereof, and providing for the creation of "The Power Authority of the State of New York", to effectuate the same, and making an appropriation for the purposes of the act

(Effective Apr. 27, 1931)

The people of the State of New York, represented in senate and assembly, do enact as follows:

SECTION 1. That part of the St. Lawrence River within the boundaries of the State of New York is hereby declared to be a natural resource of the State for the use and development of commerce and navigation in the interest of the people of this State and of the United States, and for the creation and development of hydroelectric power in the interests of the people of this State, and such natural resources, including the bed and waters of the river as instrumentalities of commerce and navigation, and the bed, waters, power, and power sites in, upon, or adjacent to or within the watershed of the said river, owned or controlled by the people of the State, or which may hereafter be recovered by or come within their ownership, possession, and control, shall always remain inalienable to, and ownership, possession, and control thereof shall always be vested in, the people of the State.

SEC. 2. For the purpose of effectuating the policy declared in section 1 and of improving the St. Lawrence River as an instrumentality of commerce and navigation and developing the hydroelectric-power resources thereof, there is hereby created a corporate municipal instrumentality of the State to be known as "The Power Authority of the State of New York", hereinafter referred

to as the "power authority", which shall be a body corporate and politic, a political subdivision of the State, exercising governmental and public powers, perpetual in duration, capable of suing and being sued, and having a seal, and which shall have the powers and duties hereinafter enumerated, together with such others as may hereafter be conferred upon it by law.

SEC. 3. Such power authority shall consist of five trustees, who shall serve, respectively, for terms of 1, 2, 3, 4, and 5 years, to be appointed by the Governor, by and with the advice and consent of the senate. Each trustee shall hold office until his successor has been appointed and qualified. At the expiration of the term of each trustee and of each succeeding trustee the Governor shall, by and with the advice and consent of the senate, appoint a successor, who shall hold office for a term of 5 years, or until his successor has been appointed and qualified. In the event of a vacancy occurring in the office of a trustee by death, resignation, or otherwise, the Governor shall, by and with the advice and consent of the senate, appoint his successor, who shall hold office for the unexpired term. Three trustees shall constitute a quorum for the purpose of organizing the power authority and conducting the business thereof.

SEC. 4. The trustees shall choose from among their own number a chairman and vice chairman. They shall take over such part of the staff of the St. Lawrence Power Development Commission, organized under chapter 207 of the laws of 1930, as they deem necessary and convenient, and from time to time shall select such employees, including engineering, marketing, and legal skill, as they may require for the performance of their duties and shall prescribe the duties and compensation of each officer and employee. They shall adopt bylaws and rules and regulations suitable to the purposes of the act. As long as and to the extent that the power authority is dependent upon appropriations for the payment of its expenses, it shall incur no obligations for salary, office, or other expenses prior to the making of appropriations adequate to meet the same. It shall report annually to the Governor and the legislature upon its operations and transactions.

SEC. 5. Forthwith upon the appointment and organization of the trustees and subject to the conditions and limitations in this act contained, the power authority, in cooperation with the proper Canadian authorities and those of the United States as hereinafter directed, shall proceed with the improvement and development of the international rapids section of the St. Lawrence River (which is defined as that part of the said river from Ogdensburg to the point where it leaves the territory of this State) for the aid and benefit of commerce and navigation and for the development of the hydroelectric power inherent therein, generally in accordance with the report and plan submitted under date of January 15, 1931, by the majority of the St. Lawrence Power Development Commission, appointed under chapter 207 of the laws of 1930, and in accordance with the provisions of this act.

The power authority is authorized and directed:

1. To cooperate with the appropriate agencies and officials of the United States Government to the end that any project undertaken under the authority of this act shall be consistent with and in aid of the plans of the United States for the improvement of commerce and navigation along the St. Lawrence River, and shall be so planned and constructed as to be adaptable to the plans of the United States therefor, so that the necessary channels, locks, canals, and other navigational facilities may be constructed and installed by the United States in, through, and as part of the said project.

2. To negotiate with the appropriate Canadian authorities and agencies respecting the improvement and development of the International Rapids section of the St. Lawrence River for the aid and benefit of commerce and navigation and the development of hydroelectric power therefrom and to plan and agree with them upon cooperative action to that end including any shifting of international boundary lines between Canada and the United States and upon the use, control, and disposition of the facilities to be created and the hydroelectric power to be developed by the project. Such negotiations and agreements shall be conducted and concluded with due regard to the position of the United States in respect to international agreements, and any such agreements as may be reached with Canadian authorities or agencies may be submitted by the power authority to Congress for its approval, if it be advised that such approval is necessary or desirable.

3. To apply to the appropriate agencies and officials of the United States Government and/or of the Dominion of Canada or its Provinces, including the International Joint Commission, for such licenses, permits, or approval of its plans or projects as it may deem necessary or advisable: *Provided*, That neither the said power authority nor any trustee, officer, or agent thereof shall have any power to waive or surrender for any purpose whatsoever any right of the State of New York, whether sovereign or proprietary in character, in and to the St. Lawrence River, its waters, power, channel, bed, or uses, or the right of the said State to assert such rights at any future time: *And provided further*, That if for any reason the power authority shall fail to secure any such license, permit, or approval as it may deem necessary or advisable, or shall decide not to make application therefor, it is authorized to institute suit, or to apply to Congress for legislation, or take such other action in the premises as it may deem necessary or advisable, in the furtherance of the project and for the protection of its rights and those of the State.

4. To study the desirability and means of attracting industry to the State of New York consistent with and in effectuation of the policy declared in subparagraph 5 immediately following.

5. To develop, maintain, manage, and operate that part of the project owned or controlled by it in such manner as to give effect to the policy hereby declared (and all plans and acts, and all contracts for the use, sale, transmission, and distribution of the power generated by the project, shall be made in the light of, consistent with, and subject to this policy), namely, that the said project shall be in all respects for the aid, improvement, and benefit of commerce and navigation in, through, along, and past the St. Lawrence River and the International Rapids section thereof, and that in the development of hydroelectric power therefrom the said project shall be considered primarily as for the benefit of the people of the State as a whole and particularly the domestic and rural consumers to whom the power can economically be made available, and accordingly that sale to and use by industry shall be a secondary purpose, to be utilized principally to secure a sufficiently high load factor and revenue returns which will permit domestic and rural use at the lowest possible rates and in such manner as to encourage increased domestic and rural use of electricity. In furtherance of this policy and to secure a wider distribution of the said power and use of the greatest value to the general public of the State, the power authority shall in addition to other methods which it may find advantageous make provision so that municipalities and other political subdivisions of the State now or hereafter authorized by law to engage in the distribution of electrical current may secure a reasonable share of the power generated at the project, and shall sell the same or cause the same to be sold to such municipalities and political subdivisions at prices representing cost of generation, plus capital and operating charges, plus a fair cost of transmission, all as determined by the trustees, and subject to conditions which shall assure the resale of such power to domestic and rural consumers at the lowest possible price. To that end the power authority may provide in any contract or contracts which it may make for the sale, transmission, and distribution of the said power that the purchaser, transmitter, or distributor shall construct, maintain, and operate, on such terms as the power authority may deem proper, such connecting lines as may be necessary for transmission of the power from main transmission lines to such municipalities or political subdivisions.

6. To negotiate in the manner hereinafter provided a contract or contracts for the sale, transmission, and distribution of the power generated under the project, which by the terms thereof will provide:

(a) Payment of all operating and maintenance expenses of the project.

(b) Interest on and amortization and reserve charges sufficient within 50 years of the date of issuance to retire the bonds of the power authority issued for the project.

(c) Continuous control and operation of the project by the power authority.

(d) The effectuation of the policy declared in subparagraph 5 above.

(e) Full and complete disclosure to the power authority of all factors of cost in the transmission and distribution of power, so that rates to consumers may be fixed initially in the contract and may be adjusted from time to time on the basis of true-cost data, provided that in fixing such cost of transmission and distribution no account shall be given to any franchise value, going value, or goodwill based upon the existence of the contract and the availability of the power for sale by the transmitting or distributing company or any company associated therewith.

(f) Periodic revisions of the service and rates to consumers on the basis of accurate cost data obtained by such accounting methods and systems as shall be approved by the trustees and in furtherance and effectuation of the policy declared in subparagraph 5 above.

(g) That the rates, services, and practices of the purchasing, transmitting, and/or distributing companies in respect to the power generated by this project shall be governed by the provisions and principles established in the contract and not by regulations of the public-service commission or by general principles of public service law regulating rates, services, and practices.

(h) The rate structures agreed upon in the said contract may provide different rates for different localities, classes of consumers, and amounts of current consumed, and for changes in the rates resulting from variation in operating costs and fixed charges.

(i) For the cancelation and termination of any such contract upon violation of the terms thereof by the purchasing, transmitting, or distributing company or any subsidiary or associate thereof.

(j) For such security for performance as the power authority may deem practicable and advisable, including provisions assuring the continuance of service by the purchasing, transmitting, and/or distributing companies, and/or the use of their facilities for such service and/or the continuance of an outlet and adequate market for the power generated under the project.

(k) Such other terms not inconsistent with the provisions and policy of this act as the power authority may deem advisable.

7. Upon the completion of the necessary contract or contracts as provided for in subparagraph 6 immediately preceding, to proceed with the physical construction of the project authorized by this act, including the erection of the necessary dams, power houses, and other facilities, instrumentalities and things necessary or convenient to that end, and including also the erection of transmission lines designed to conduct electricity to industrial and other users located at or near the site; and thereafter to maintain and operate the said project in accordance with the provisions and policy of this act. The power authority shall

follow the plan reported by the majority of the St. Lawrence Power Development Commission above mentioned, but it shall have power to make such changes in the engineering plans as shall be necessary for agreement with the proper Canadian and United States authorities, or as it may itself find desirable upon further study. The power authority is specifically authorized to undertake the construction of the said project in one or more steps as it may find economically desirable or advantageous, and as it may agree with the appropriate Canadian and United States authorities. Whenever in this act reference is made to the "project", it shall be understood to refer to such part of the entire project as may from time to time be in existence or immediately projected.

8. To exercise all the powers necessary or convenient to carry out and effectuate the purposes and provisions of this act and, as incidental thereto, to own, lease, build, operate, maintain, and dispose of real and personal property of every kind and character, to acquire real property and any or every interest therein for its lawful purposes by purchase or by condemnation as hereinafter provided, to borrow money and secure the same by bonds or liens upon revenue from any property or contracts held or to be held by it, to sell water or electric power, and generally to do any and every thing necessary or convenient to carry out the purposes of this act, provided that the power authority shall have no power at any time to pledge the credit of the State nor shall any of the obligations or securities be deemed to be obligations of the State nor shall the power authority have the power to lease or sell any dam or power house at the site.

9. Notwithstanding any limitations hereinbefore expressed, the power authority is authorized and directed forthwith or from time to time, as it shall deem advisable and within the limitations of the appropriations made available for it to initiate and prosecute all inquiries, investigations, surveys, and studies which it may deem necessary or desirable as preliminary to the effectuation of the other powers and duties conferred upon it by this act.

SEC. 6. The State of New York hereby consents to the occupation and use by the power authority of any and all property of the State of whatever kind or character within the International Rapids section of the St. Lawrence River and hereby vests the power authority with and delegates to it the right to exercise any and every right and power of the State in connection therewith, whether proprietary or sovereign in character, which the State itself might exercise, provided that such consent and delegation of power shall not permit the impairment or limit or prevent the future improvement of the navigability of the International Rapids section of the said river, consistent with the maintenance of this project, but on the contrary the project shall be such as will improve and benefit commerce and navigation therein and provided further that the power authority shall have no power to limit, waive, or surrender any right or interest of the State of New York in the said river or the use thereof. The State of New York does hereby pledge to and agree with those subscribing to the obligations to be issued by the power authority for the construction of such project, and with those parties who may enter into contracts with the power authority pursuant to the provisions in subparagraph six above, that the State will not limit or alter the rights hereby vested in the power authority until the said obligations together with the interest thereon are fully met and discharged and/or the said contracts are fully performed on the part of the power authority, provided that nothing herein contained shall preclude such limitation or alteration if and when adequate provision shall be made by law for the protection of those advancing money on such obligations of the power authority or those entering into such contracts with the power authority. The power authority as agent for the State is authorized to include this pledge and undertaking for the State in such obligations or contracts.

SEC. 7. It is hereby found and declared that the project authorized by this act is for the aid and improvement of commerce and navigation, and that such aid and improvement of commerce and navigation and the development, sale, and distribution of hydroelectric power is in all respects for the benefit of the people of the State of New York, for the improvement of their health and welfare and material prosperity, and is a public purpose, and the power authority shall be regarded as performing a governmental function in undertaking the said project and in carrying out the provisions of this statute, and shall be required to pay no taxes or assessments upon any of the property acquired by it for this project or upon its activities in the operation and maintenance thereof. The securities and other obligations issued by the power authority, their transfer and the income therefrom, shall at all times be free from taxation within this State. It is furthermore declared that the object and purpose of this statute is that the said project should be in all respects self-supporting.

SEC. 8. No bonds or other obligations of the power authority shall be issued until firm contracts for the sale of power shall have been made by it sufficient to insure payment of all operating and maintenance expenses of the project, and interest on, and amortization and reserve charges sufficient to retire, the bonds of the power authority issued for the project in not more than 50 years from the date of issue thereof.

SEC. 9. Contracts negotiated by the power authority as provided in subparagraph 6 of section 5 of this act shall be entered into and executed as follows:

1. After agreement upon the terms of any such contracts shall have been reached by the power authority and its co-party or coparties, the power authority shall hold a public hearing or hearings upon the terms thereof. At least 30 days' notice of such hearing shall be given by publication once in each week during such period in each of six newspapers within the State to be selected by the power authority. Copies of the proposed contracts shall be available for public inspection during such period of 30 days at the office or offices of the power authority and at such other places throughout the State as it may designate.

2. Following such public hearing the power authority shall reconsider the terms of the proposed contract or contracts and shall negotiate such changes and modifications in the contract or contracts as it then deems necessary or advisable.

3. When such contract or contracts are finally agreed upon in terms satisfactory to the power authority and its coparty or coparties, and which the power authority believes to be in the public interest, the power authority shall thereupon report the proposed contract or contracts, together with its recommendations and the record of the public hearings thereon to the Governor of the State, who shall within 60 days thereafter indicate his approval or disapproval thereof and give his reasons therefor. For the purpose of supplementary investigation of such contract by the Governor, $25,000 is hereby appropriated, out of any moneys in the State treasury not otherwise appropriated, to be expended by him for such investigation and the retention of such expert assistance thereof as he may desire. The said $25,000 so appropriated shall be paid out of the State treasury on the audit and warrant of the comptroller upon vouchers signed by the Governor.

4. If the Governor shall approve such contract, then the same shall be executed by the chairman and secretary of the power authority, and it shall thereupon come into full force and effect and be binding upon the power authority and all other parties thereto in accordance with its terms.

SEC. 10. In the event that the power authority shall be unable to agree upon the terms of a contract or contracts in accordance with the provisions of subparagraph 6 of section 5, it shall report to the Governor and legislature the circumstances and the reasons for such inability to agree. It shall also report a plan or plans for the disposal of the power through some other method or methods which in its judgment will effectuate the policy and purposes of this act, including the building of transmission lines, steam plants, and/or distributing systems by it, if it finds the same practicable, together with estimates of the cost of such additional facilities and the revenues to be derived therefrom. In the event of such inability to agree upon the terms of a contract or contracts as herein provided, or upon the Governor's disapproval of the proposed contracts, none of the powers herein granted by section 5, subparagraph 7, to own, build, operate, and maintain dams, power houses, and other instrumentalities and things incidental to or connected with the development and sale of hydroelectric power shall be exercised until the legislature and the Governor shall have approved the plan or plans reported by the power authority.

SEC. 11. For the purpose of exercising its powers and performing its duties hereunder and of securing such information as it may deem necessary hereunder, the power authority shall have the power to compel the attendance of witnesses and the production of documents in the manner provided for in the Civil Practice Act for the subpenaing of witnesses and production of documents before a referee or special master, and if a person subpenaed to attend before it shall fail to obey the command of such subpena without reasonable cause, or refuse to be sworn or examined, or to answer a pertinent question or produce a pertinent book or paper, the power authority may apply to the supreme court or any judge thereof for an order requiring such person to show cause why he should not comply with the subpena or direction of the power authority. The court, or a justice before whom such order shall be returnable shall examine such person, determine whether or not the testimony or evidence is relevant or pertinent, and if it be so determined, shall order such person to comply accordingly forthwith, and in the event of refusal may commit the offender to jail, there to remain until he submits to the order of the court or such justice, or is discharged according to law. The power hereby conferred from the power authority may be exercised by any one or more of the trustees if he or they are authorized so to act on behalf of the power authority by resolution or by law.

SEC. 12. If, for any of the purposes hereunder, including temporary construction purposes and the making of additions or improvements, the power authority shall find it necessary or convenient for it to acquire any real property as herein defined, whether for immediate or future use, then the power authority may find and determine that such property is required for a public use, and upon such due determination, the said property shall be and shall be deemed to be required for such public use until otherwise determined by the power authority and with the exceptions hereinafter specifically noted the said determination of fact shall not be affected by the fact that such property has theretofore been taken for, or is then devoted to, a public use; but the public use in the hands or under the control of the power authority shall be deemed superior to the public use in the hands of any other person, association, or corporation. If the power authority is unable to agree for the acquirement of any such property, or if the owner thereof shall be incapable of disposing of the same, or if, after diligent search and inquiry, the name and residence of any such owner cannot be ascertained, or if any such property has been acquired or attempted to be acquired and title or other rights therein have been found to be invalid or defective, the power authority may acquire such property by condemnation under and pursuant to the provisions of this act.

1. When any real property within this State is sought to be acquired by condemnation, the power authority shall cause a survey and map to be made thereof, and shall cause such survey

and map to be filed in its office. There shall be annexed to such survey and map a certificate executed by the chief engineer of the power authority, or by such other officer or employee as may be designated by the trustees, stating that the property or interest therein described in such survey and map are necessary for its purposes.

2. Upon filing such survey and map the power authority shall petition a special term of the supreme court held in the judicial district in which the property is located, or the county court of any county where such property is located, for the condemnation of such property or interest therein, as have not been otherwise acquired. The said petition shall be generally in the form prescribed by section 4 of the condemnation law, so far as consistent herewith. Such petition, together with a notice of pendency of the proceeding, shall be filed in the office of the county clerk of the said county and shall be indexed and recorded as provided by law. A copy of the said petition together with a notice of the presentation thereof to such special term of the supreme court or to the county court shall be served upon the owners as provided in sections 5 and 6 of the condemnation law. The power authority may cause a duplicate original affidavit of the service thereof to be recorded in the books used for recording deeds in the office of the county clerk of the county wherein the said property described in such notice is situated, and the recording of such affidavit shall be prima-facie evidence of due service thereof.

3. At any time after the recording of the petition and notice as above provided the power authority may enter upon and use and occupy all the parcels of real estate described in the proceedings for the condemnation thereof, provided that it shall first deposit with the court a sum equal to the assessed valuation of such real property, or in the event that the assessed valuation thereof cannot readily be ascertained, such sum as in its judgment shall be sufficient as compensation for the real property acquired. The sum so deposited shall be applied as provided in section 24 of the condemnation law. Upon the recording of the petition and notice and the making of the deposit, the owner or person in possession of such real property shall deliver possession thereof to the power authority upon demand, and in case possession is not delivered when demanded, or demand is not convenient because of absence of the owner or inability to locate or determine the owner, the power authority may apply to the court without notice for an order requiring the sheriff to put it into possession of such real property. Such an order must be executed as if it were an execution for the delivery of the possession of the property.

4. The proceedings thereafter shall be in the manner prescribed by the condemnation law so far as consistent herewith.

5. The commissioners appointed to ascertain and determine the compensation which ought justly to be made to the owners of property or interests therein appraised by them as provided in section 13 of the condemnation law shall make their report of the value thereof to the supreme court within 100 days from the date of their qualification.

6. The persons or corporations whose property shall have been taken by condemnation and who shall have agreed upon the compensation to be paid therefor in settlement of the proceeding, or to whom an award of compensation shall have been made by the court, shall be entitled to payment of the agreed or awarded compensation within 3 calendar months after the date of the agreement upon the amount of the compensation or of the entry of the order confirming the report of the commissioners of appraisal, together with interest upon the amount of such compensation from the time of the entry and appropriation thereof by the power authority, to the date of payment of such compensation; but such interest shall cease upon the service by the power authority, upon the person or corporation entitled thereto, of a 15 days' notice that the power authority is ready and willing to pay the amount of such compensation upon the presentation of proper proofs and vouchers. Such notice shall be served personally or by registered mail and publication thereof at least once a week for 3 successive weeks in a daily newspaper, having a general circulation in the county where such property or any part thereof is located.

7. The power authority may, at its option, acquire such real property within the State of New York, under the general condemnation law.

8. The power authority and its duly authorized agents and employees may enter upon any real property for the purpose of making the surveys or maps mentioned in this section, or for such other surveys or examinations of real property as may be necessary or convenient for the purposes of this act.

9. The term "real property" as used in this act is defined to include lands, structures, franchises, and interests in land, including lands under water and riparian rights, and any and all other things and rights usually included within the said term, and includes also any and all interests in such property less than full title, such as easements, rights of way, uses, leases, licenses, and all other incorporeal hereditaments and every estate, interest or right, legal or equitable, including terms for years and liens thereon by way of judgments, mortgages, or otherwise, and also all claims for damages for such real estate.

SEC. 13. Forthwith upon their organization the trustees shall receive and take over the furniture, fixtures, books, maps, plans, records, reports, and other papers and property of whatsoever kind pertaining or belonging to or in the custody of the members of the St. Lawrence Power Development Commission, appointed under and pursuant to chapter 207 of the laws of New York for 1930, or in their possession or under their control as such commissioners, or held by them or for which they are responsible in their official capacity, together with such members of their administrative, engineering, marketing, and legal staffs as the trustees shall deem necessary or convenient for them to carry out and perform their duties. They shall take up, study, and consider the majority report of the said St. Lawrence Power Development Commission and more especially the policies and recommendations therein contained. Immediately upon the organization of the power authority after appointment and qualification of a quorum of the trustees thereof, and upon completing the transfer above prescribed, the members of the St. Lawrence Power Development Commission shall be discharged from the performance of all further duties; except that the chairman or in his absence the vice chairman shall be authorized to sign all vouchers for payment of obligations theretofore incurred until all such obligations are paid.

SEC. 14. The trustees shall receive no salary, but each trustee shall be paid his reasonable expenses in the performance of his duties hereunder, together with a per-diem allowance of $100 when traveling or rendering services as trustee, provided that the aggregate of such per-diem allowance to any one trustee in any one year shall not exceed the sum of $10,000.

SEC. 15. Three hundred thousand dollars is hereby appropriated out of any moneys in the State treasury not otherwise appropriated for the expenses of the power authority. The said sum so appropriated shall be paid out of the State treasury on the warrant of the comptroller upon vouchers signed by the chairman of the said power authority.

SEC. 16. All appropriations made by the State to the power authority shall be treated as advances by the State to the said power authority, and shall be repaid to it without interest either out of the proceeds of securities, or other obligations issued by the power authority for the construction of the project pursuant to the provisions of this act, or out of excess revenues from such project.

SEC. 17. If any term or provision of this act shall be declared unconstitutional or ineffective in whole or in part by a court of competent jurisdiction, then to the extent that it is not unconstitutional or ineffective such term or provisions shall be enforced and effectuated, nor shall such determination be deemed to invalidate the remaining terms or provisions hereof.

SEC. 18. The rates, services, and practices relating to the generation, transmission, distribution and sale of power to be generated from the project authorized by this act shall not be subject to the provisions of the public service law nor to regulation by, nor the jurisdiction of the department of public service, but shall be regulated and determined under the provisions of the contracts entered into by the power authority as provided in subparagraph 6 of section 5 of this act. The provisions of the public service law and of the conservation law and every other law relating to the department of public service or the public service commission or to the conservation department or commission or to the functions, powers or duties assigned to the division of water power and control by chapter 619, of the laws of 1926, shall, so far as is necessary to make this act effective in accordance with its terms and purposes be deemed to be superseded, and wherever any provision of law shall be found in conflict with the provisions of this act or inconsistent with the purposes thereof, it shall be deemed to be superseded, modified or repealed as the case may require. Sections 6, 7, 8, and 9 of chapter 207 of the laws of 1930 are hereby repealed.

SEC. 19. This act shall take effect immediately.

(Taken from book containing General Laws of New York, 1931.)

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from Alabama [Mr. BANKHEAD].

Mr. NORRIS. Mr. President, I almost feel like apologizing for taking any further time of the Senate, because the pending question was fully discussed yesterday. However, the amendment proposed by the Senator from Alabama, if agreed to, will seriously and very materially interfere with the board in carrying out the provisions of this measure.

The Senator himself has stated that all the authority they need is already contained in the bill. Then why in the name of common sense put a whole lot of provisions in and attach conditions with which the board must comply before they have a right to build a transmission line?

The Senator has stated that his amendment, as now modified to meet the objection I made to it yesterday, will leave the findings of the board final; and he says on that account they will not get into court, that there will be no danger of an injunction, but, Mr. President, every Senator knows that one cannot keep a man from going into court by enacting a statute which provides that he cannot go into court. The very first objection raised will be a constitutional one. If we require the board to get on their knees to the Power Trust before they may build a transmission line, it will be alleged—and they will make a good case on paper—that the board is taking property without due process of law, and that is forbidden by a provision in the

Constitution of the United States. They can go to the Supreme Court of the United States; probably they will be defeated there; but suppose the board wanted to build a transmission line connecting 2 generating plants of the Government, 1 at Muscle Shoals and 1 at Cove Creek, is there any man who does not believe that the Government, owning those 2 generating plants, should not connect them by a transmission line? If the amendment should be agreed to, they could not do it unless they should go to the Power Trust and negotiate. Their hands would be tied by an act of Congress, while the hands of the Power Trust, with whom they would be dealing, would not be tied. Why not leave the board also free?

The Senator from Alabama has devoted a good deal of time to the Power Authority Act of New York, but any man who is familiar with that act and knows what has been done under it and knows the commission Roosevelt appointed under that law knows that the law was a compromise; that Roosevelt could not get what he wanted of the New York Legislature; it was controlled by the Power Trust to some extent; and he had to take what he could get.

I am not claiming and I do not want to claim and would not claim it if I knew it were true that Roosevelt is for the dotting of this "i" or the crossing of that "t". I am not trying to travel on anybody's coat tails; and when the Senator from Alabama is trying to get the Senate to vote an amendment in the bill because somebody has said it is Roosevelt's amendment, I say now, on my word of honor, here in the presence of the Senate, that if the Senator from Alabama can bring a statement from Roosevelt that——

Mr. BANKHEAD. I did not make the statement the Senator suggests.

Mr. NORRIS. I know the Senator did not, but he left the impression that it was Roosevelt's amendment.

Mr. BANKHEAD. No; I did not.

Mr. NORRIS. Let me finish. If the Senator from Alabama or anybody else can bring a statement from Roosevelt that he favors that amendment to this bill, I will promise to wire my resignation as a Member of the Senate to the Governor of my State within 10 minutes after it is produced. I am not claiming or trying to travel on the theory that I am doing just as the President wants, although I think I am. I would do what I thought it was my duty to do if he were going the other way; I am not boasting of that; but when it comes to the making of contracts with one of the greatest trusts that have ever been organized by mortal hands, I do not want to tie the hands of our agents so that they cannot connect Government property even with a line that the Government owns until they get down on their bended knees and secure permission from this trust, which has robbed more widows and orphans and other American citizens than any other trust which was ever formed in the history of the civilized world. Shall we go to them with our hands tied and manacled and ask, "Will you let us build a transmission line?" and when they reply "We will do it on this condition and that condition", and we say, "We cannot stand that; we are going to build it anyway", have them go into court?

The Supreme Court probably will finally decide against them under the Senator's amendment; I concede that; but Cove Creek Dam has been built during the intervening years, and we have paid several million dollars to the Power Trust for power with which to build that dam, when we have the power going to waste every minute right at Muscle Shoals. All we have to do is to build a transmission line to connect it and get that power for nothing.

Mr. NORRIS subsequently said: Mr. President, I ask unanimous consent that at the conclusion of my remarks on the last amendment offered by the Senator from Alabama there may be inserted in the RECORD the testimony on the bill given by the Senator from Washington [Mr. BONE] before the Committee on Military Affairs of the House of Representatives.

The VICE PRESIDENT. Is there objection?

There being no objection, the testimony was ordered to be printed in the RECORD, as follows:

STATEMENT OF HON. HOMER T. BONE, A UNITED STATES SENATOR FROM THE STATE OF WASHINGTON

Senator BONE. Mr. Chairman and gentlemen of the committee, I did not come down here this morning for the purpose of making a general statement. It had occurred to me that some of the gentlemen of your committee might desire to ask me some questions about the experience of my own city of Tacoma in the power business, because I understand that some allusion was made to Tacoma yesterday by private-power representatives. Having lived out there for over a third of a century, and having been very active in connection with building and developing our big municipal power system, as well as public power systems of the State, I thought I might with some advantage to your committee address myself to some of those questions.

The CHAIRMAN. What have been your contacts, please, Senator, with the public-utility enterprise of the city of Tacoma, and your opportunities for knowing?

Senator BONE. I have practiced law there for a quarter of a century, and have participated in all the campaigns that led to the creation of most of our present power system. I have represented communities in power inquiries, and have organized a number of mutual power companies in my State, among farmers that handled distribution problems. The last connection I had actively with the legal side of this question was representing the city of Centralia in the development of its municipal power system.

I have made some study of the legal and political aspects of the power question, and also some inquiry into the mechanical and physical aspects of it. In fact, I had to know something of that in order to participate in these campaigns.

The CHAIRMAN. It has been suggested here that there was a serious break-down at a certain time in the service rendered by the Tacoma municipally owned public utilities, and the suggestion, at least, was made that that fact is some argument against the municipal ownership of public utilities.

Senator BONE. Mr. Chairman, may I ask you a question? Was the suggestion made that that was attributable to municipal ownership, or was the intimation made that it was?

The CHAIRMAN. The intimation was at least this—I may not have caught it all—that a municipal utility is of necessity a unit operation, and since it is a unit, a derangement of the source of power for a unit would mean a complete derangement for the city affected.

Mr. MONTET. In all fairness, Mr. Chairman, I think the facts were stated, and I do not think there was any argument made about it.

The CHAIRMAN. I beg the gentleman's pardon, but I thought there were certain suggestions offered as a deduction from the facts. I say that in order that the Senator may understand the issue made.

Mr. MONTET. The Tacoma situation was first brought in by Mr. HILL as an example—I do not remember what.

The CHAIRMAN. It is irrelevant who brought it in, I think. That is entirely irrelevant. We will proceed.

Senator BONE. Perhaps I can give the answer.

In the winter of 1929 the Pacific coast suffered the greatest drought in its history. It was without parallel. The wells in that country that had never been dry within the memory of man, went dry. The water table lowered very materially on the entire Pacific coast. Streams went dry that had never been dry within the history of the Weather Bureau or Government authorities. The rainfall in that section was so low as to be without parallel. It went for months. Vast forest fires raged in the mountains in Washington and Oregon in the middle of the winter—a thing also without parallel in the history of this country; a phenomenon that was startling, to say the least. As a result all the hydroelectric power systems in the West, including those of the private companies, suffered a tremendous slump in power output.

The city of Tacoma, contrary to the idea that some folks have, is connected with the power system of the city of Seattle, and will subsequently be connected with the power system of the city of Centralia, in a big superpower system, publicly owned, in western Washington, and will ultimately have a pool of power of anywhere from a million and a half to two million horsepower, which is more, probably, than at present is developed by all the private power systems in that State.

Current is floated on the line now between the cities of Seattle and Tacoma in an intertie system, so that Tacoma in a pinch can draw on the Skagit plant, which is 100 miles north of Seattle, and Seattle can draw on Tacoma's Cushman and Nisqually hydro developments miles away, one of them 50 miles by airline, in the mountains. It constitutes a superpower system, quite as efficient, quite as effective, and in some respects, in my judgment, superior to that created by the private power companies in that section. It was built by capable engineers, and I have never heard a challenge against the efficiency of Tacoma's hydro system. It is said by competent engineers to be one of the finest in the world.

Prior to this water shortage and during the early period of it the city of Tacoma had a tie-in with a private company serving that section, called the Puget Sound Power & Light Co. We had been giving that company a considerable amount of current, more current than we had been getting from them, and while this drought was becoming worse and worse we were uti-

lizing the water stored in our great Cushman basin in the Olympic Mountains, translating it into power, and sending it over our wires to this private power company, which was employing it to carry part of its load. But when this crisis came on, the Puget Sound Power & Light Co.—I want to write that name into the record, so that there will be no question about it—was finding itself hampered by this power shortage.

It was compelled then to build a big steam plant at Shelton in order to meet future contingencies of this kind, but it was unprepared to meet this situation. It was compelled to call on its customers to shift their power loads to keep its system from breaking down. It tied on great steam plants operated by private mills—for example, the Snoqualmie mills in Washington, operated by the Weyerhaeuser Timber Co., which gave it a substantial amount of current. It was compelled to, and did, tie on the power-generating equipment of a large number of sawmills in the State of Washington, at Everett and other places, and then when it became apparent that even that aid would not be sufficient to handle its load we found that it was drawing on another source of power which the public did not know it possessed.

Tacoma in the meantime had been aiding Seattle, and had been aiding this private power company, which was also importing power from eastern Washington. We asked—we were not compelled to, but did ask—for the use of the *Lexington*, which, as this committee knows, has tremendously powerful generating equipment on board. By cutting off approximately 9 percent of our power load, which would have meant merely the shifting of 1 or 2 big business enterprises in Tacoma, we could have ridden through that water shortage very nicely, but we did not want to cut off one single customer in Tacoma.

So we asked the Government to send the *Lexington* there for a little while to carry a small fraction of the load; about 3,000,000 kilowatt-hours, I think, was all they gave us; and she was there for 30 days. That permitted the somewhat limited supply of water in the Skykomish River to flood into the Cushman Basin and raise the volume of water in that basin a little so as to give us a greater margin of safety.

At that time the private power companies of the country sent broadcasts all over the country—including spokesmen who assume to speak generally for the power companies whose representatives testified here yesterday—that the city of Tacoma had been compelled to call on a Government agency to prevent a break-down. But the peculiar thing was that at that very moment the Puget Sound Power & Light Co. had a quiet, not known tie-in with the Government steam plant in the Bremerton Navy Yard at Bremerton, Wash., a large Government-owned steam plant that was pouring thousands of horsepower of energy into its broken-down system. It was using that agency of the Navy, which was exactly the same as using a battleship, to carry its power system, and it was not letting anybody know about it; and when we asked about it we could get no information about it.

I wired Senator DILL and asked how it was that the Puget Sound Power & Light Co. could use the Navy, while such a rumpus was being raised about Tacoma's utilizing another agency or another arm of the Navy. And in that inquiry I had occasion to look up the records of that company, and I found that the then Secretary of the Navy, Mr. Charles Francis Adams, was a director in every Stone & Webster power organization in this country, and the Puget Sound Power & Light Co. was a Stone & Webster power company; that Mr. Charles Francis Adams, the then Secretary of the Navy, was a director in that company and in the Old Colony Trust Co., fiscal agent of the company.

After I raised a question about it, we found that Mr. Adams had severed his connection with that company, but before doing that he had arranged for a company in which he was interested to carry on with the aid of the Navy. That fact was not made known to your committee, was it?

The CHAIRMAN. No; this is the first time I have ever heard it. I do not know whether any other member of the committee heard it or not, but I had not heard of it.

Mr. MAY. Do you mean his navy or our Navy? [Laughter.]

Senator BONE. I do not wish to use the possessive case. If I did, it was an inadvertence. But, nevertheless, the Secretary of the Navy had a monetary interest in the company that the Navy was serving in this crisis, and that fact was apparently very carefully concealed from the country.

Let me elaborate that statement a little further. By reason of and during this water shortage the Puget Sound Power & Light Co., a private company, up to a few years ago enjoying almost a practical monopoly in western Washington, was compelled to buy $900,000 worth of current outside, thereby very seriously curtailing its ability to continue dividends on its stock issues; and that year the Engineers Public Service Co. made a report that the company did spend that much in power purchases outside.

At that same time the private power company operating in Vancouver, British Columbia, a large city to the north of Tacoma, was so badly affected by the water shortage, it apparently lacking a steam stand-by plant, that the streets of that large city were darkened to save current; the street-car service was curtailed; interurban cars were pulled by steam locomotives; extra policemen were put on by the city of Vancouver to patrol its darkened streets; patrons of the company were urged to curtail domestic service, loads were shifted, and heating units were cut off; and it finally became so bad that a prominent official of that company in Vancouver issued this statement:

"Each day makes the situation more serious. The time has arrived when, in the public interest, we must request the cooperation of citizens toward conserving our power supply."

The Puget Sound Power & Light Co. issued a statement requesting its customers to shift their loads at various hours during the day so as to conserve its supply.

The CHAIRMAN. To stagger their loads?

Senator BONE. To stagger their loads. And had that water shortage continued very much longer, even the United States Government, with its big steam plant at the Bremerton Navy Yard, probably could not have saved Stone & Webster during this crisis, because this company was madly tying on every mill it could get in northwestern Washington.

That is a picture of what occurred out there, from the records. I have such a volume of records here that I would not burden the committee with further citations.

Tacoma now has developed and available for immediate use 202,000 horsepower of energy, with a maximum demand, I think, most of the time, of around 90,000 horsepower. The city has about half a million horsepower of hydroelectric energy available in sites filed on and open to develop. The city of Seattle is now developing a hydroelectric project on the Skagit River that will ultimately be able to deliver a million horsepower. That is aside from the 50,000-horsepower steam plant—50,000-kilowatt steam plant, I believe—owned by the city of Seattle, a 32,000-horsepower hydroelectric plant on the Cedar River. And Centralia, a small city to the south of Tacoma, has a small but efficient hydro plant of 7,500 horsepower ultimate development.

That will give the committee some idea of the power set-up in those three cities that lie within a few miles of one another.

The CHAIRMAN. What do you mean by "within a few miles of one another"?

Senator BONE. Seattle is 30 miles north of Tacoma—28 by airline. Centralia is about 50 miles south of Tacoma. Centralia's power plant is on the Nisqually River a few miles below Tacoma's Nisqually power plant; and those plants are all going to be tied together, which will give them the ultimate opportunity of serving all western Washington with feeder lines.

Around the city of Tacoma, a few years ago, were created a number of farmer companies, organized by farmers to serve themselves with power, and they have given to this country what I believe is a very complete demonstration of the ability of the farmer not only to create a power system but to effectually serve himself with very cheap power. I think there are some 10 or 12 of those companies operating. I organized one at Gig Harbor in 1925 that has a thousand farm homes tied on.

Mr. COCHRAN. Senator, could you give us any idea of the cost to the farmers in those mutual companies?

Senator BONE. Yes; I am going to tell you that now.

These are corporate organizations of a mutual and cooperative character. They issue no stock. They give the farmer-member a membership certificate, for which he pays $75 or $100. That goes into a common fund out of which the system is built. Out of revenues they maintain the system in operating efficiency. They buy their power from the city of Tacoma, and they tap our power lines anywhere they can find them, in the city limits or out in the country. The city sells them power at the wholesale power rate, which begins at 2 cents per kilowatt-hour and drops down to 3 mills per kilowatt-hour. That is the lowest rate made by the city of Tacoma to anyone.

Mr. MAY. Three mills?

Senator BONE. Three mills.

The average rate the city was charging this company I mentioned, at a place called Gig Harbor—the Peninsula Light Co.—has run about 7 mills per kilowatt-hour. That current is distributed from their little granger line to their members, and they split the cost among themselves. It is a purely cooperative activity. Some of those little companies serve their members as far as 50 or 60 miles from Tacoma, out in the mountain regions, in the "sticks", and I have in mind one company, the Elmhurst Mutual, which makes this rate to its farmer-members—and you can contrast this with the rural rate of the Alabama Power Co. The little company in question makes this rate: 5 cents per kilowatt-hour for the first 20 kilowatt-hours and then 1 cent per kilowatt-hour for all additional consumption.

One farmer out there, Captain Waldwick, had the largest chicken ranch in America. He used in 1 month 13,000 kilowatt-hours of current. That cost him $130.80. I suggest to members of this committee that they get the Alabama Power Co.'s lowest schedule and find out what a farmer or a little business man would pay for 13,000 kilowatt-hours of current, and then contrast it with that price—$130.80 for 13,000 kilowatt-hours.

That charge on a competing private line in the State of Washington at the time this service was rendered would have cost the farmer over $600. The difference between $600 and $130.80 is about $469; and it cost Captain Waldwick $75 to join that company. So he saved in 1 month on the operation of his chicken ranch several times what it cost him to become a member of that company.

The result has been that the city of Tacoma has made it possible, by this generous attitude toward these farmers, for them to belong to little distribution systems all through Pierce County, and 3,000 little farm homes are now enjoying city power. Of course, the power companies did not like it, proclaiming it to be bolshevism and un-Americanism. Of course, I can understand that. But it was very profitable for the farmer who was raising

chickens out there, and he regarded it as a perfectly legitimate example of self-help. It was exactly in line with advice being given him by the Government.

When these companies were started—and I think Mr. Murray will verify that; he has practiced law for a quarter of a century at Tacoma, and he was general counsel of my city for years while much of this was being done—these little farmer lines, when they were first built, were built by farmers who knew little or nothing about this business, and they joined and put up their little pole lines and got franchises from the county. Engineers were called in who gave them some help. A lot of these lines were built for about $600 per mile. They are generally 6,600-volt lines, built to conform to the State safety standards. The city of Tacoma not only was willing to have them do this, but in the early stages had city engineers go out and check the lines to see that they were built right, without any charge to the farmer; and in the early stages, in order to help those farmers, the city sold them cross-arms and hardware at wholesale prices. The city sold them these cross-arms and hardware at wholesale prices, so that the farmer might not be stuck by any private company.

That, in general, is a picture of the farmer lines. They are operating very successfully in Pierce County today. The day I left the State the legislature passed a bill to permit cities to freely sell power anywhere; and today there is being built in Washington a public superpower system.

The city of Tacoma has a debt today of about $38 per horsepower represented by outstanding utility-bond issues, with average maturities, I should say, of about 9 years; possibly 10 years. In a few years every dollar of that debt will be extinguished by the process of paying it off year by year, because the debt is in the form of serial bonds. The private company which is the chief competitor of the cities of Seattle and Tacoma in that district has outstanding about $425 per horsepower in stocks, bonds, notes, and debentures, all debts that constitute a never-ending burden and lien on the earnings of that system, and when Tacoma has her debt fully discharged and has no dollars per horsepower, to put it in curbstone English, invested in our plant there, the private company out there will be compelled to pay interest and dividends on $425 per horsepower. Now, members of this committee are too good business men not to understand what that sort of financial set-up means. It means that we will be able in Tacoma, without this burden of interest and dividends, to give the people in that section the cheapest light and power in the world; and Tacoma for years has been giving that city the cheapest light and power in this country.

The CHAIRMAN. Hydroelectric power?

Senator BONE. Partly steam, but mostly hydro.

I have in my files statement after statement, some supplied by Insull companies operating very efficient generating systems, to the effect that they had built and were building and developing steam plants that were infinitely more efficient than the best hydro plant in the United States.

So, if it be asserted that the hydro plant is more efficient than the steam plant, the answer is found in the statement of the private companies themselves. So, if there is any advantage, it is in favor of steam. I do not agree with the conclusion of private companies.

One other suggestion. If the city of Tacoma should continue to sell the amount of current it does now, and for that current it received the same average price that is received by private power companies in many big eastern cities, the city of Tacoma would be a city without taxes. The profits would run the city without levying one dollar of tax for any purpose.

Let me illustrate that specifically. In my home, in 1 month, I used, for all purposes, 2,249 kilowatt-hours of current. For that amount of current I paid my city $16.55.

I went to the city of Chicago in 1931 to speak before a public body there on the power question, and I checked that charge with the Commonwealth Edison of Chicago, to see what their charge would be for the same service. I not only checked it up with them, but I checked it up and compared it with the records of the department of that State which regulates the service charges of that utility, and also with the records available to me in my own office.

For the service for which my city charged me $16.55 Sam Insull's company would have charged me $98 in Chicago. The difference between $16.55 and $98 represents the reason the Insull Co. went on the rocks. It represents flagrant racketeering in the power business. It makes it easily understandable why Insull could give $20,000,000 to build a fine opera house in Chicago. The people there thought the charges were perfectly proper, because some department of the State had said that that was a perfectly proper charge. The Chicago company claims to possess the most efficient steam-generating plants in the country.

The CHAIRMAN. It was stated here by at least two gentlemen who have appeared before the committee that the bookkeeping methods of the municipalities that operate utilities are such as to not make a fair comparison between the privately owned and the publicly owned and operated utilities in this, that the municipally owned concerns do not show by their figures, among other things, adequate replacement reserves, so that after a while the municipally owned plant will be worn out and completely gone, and it will require a total initial investment to replace the whole thing.

Senator BONE. That is as accurate as the other statements made by private power propaganda agencies.

The city of Tacoma has been in the power business 40 years, and the system today is better than at any time in its history. Forty years' experience demonstrates the falsity of that statement, and it is not necessary to go beyond that.

The laws of the State of Washington require cities to set up a certain type of accounting in the handling of their power utilities. These regulations require the very thing that private companies say is not done. It is done.

The city of Tacoma takes from its gross revenues 7½ percent as a tax contribution to the city, and the power system is actually carrying a greater tax burden than the private companies there. Their average taxes paid to the State and its subdivisions amount to about 5 percent.

The CHAIRMAN. Do you mean that from the proceeds of the sale of current to your citizens, when you sell that current as cheaply as you do, 7 mills——

Senator BONE (interposing). That rate is in one particular case.

The CHAIRMAN. That is one class of rate?

Senator BONE. Yes.

The CHAIRMAN. But you claim that in all classes the rates are lower than those of the privately owned utilities?

Senator BONE. I think so, with perhaps one exception in the country.

The CHAIRMAN. If you are using 7½ percent of your gross revenues to help discharge the expenses of government and are retiring the initial investment in your utility plants, you now owe about how many dollars per horsepower?

Senator BONE. About $38.

The CHAIRMAN. How many years will it take to retire that investment?

Senator BONE. The average life of these bonds is about 9 years. The great bulk of that bond indebtedness will be retired in the next decade.

Mr. HILL. Not refunded?

Senator BONE. Not refunded; no. It will be extinguished.

Mr. HILL. Paid off?

Senator BONE. Paid off. The capital will be written out and amortized completely.

Let me give you one illustration. I have often been on the platform with men representing private companies, and there is no answer to this principle of amortizing debt, and none is attempted.

I can give you a practical illustration of stock manipulation out West which is utterly indefensible and which is making the people turn to public ownership.

I will cite one or two instances to show the difference in public and private financing.

In 1908 the city of Tacoma authorized the building of a hydroelectric plant on the Nisqually River, about 35 miles from Tacoma.

The plant and the transmission line into the city of Tacoma cost $2,000,000. In 12 years, out of the earnings of that plant, giving our people the cheapest light and power rates in this country, we paid off and discharged every dollar of that capital debt, so that at the end of 12 years the city of Tacoma owned a $2,000,000 hydro plant without a dollar of investment left in the capital structure. It was ours just as much as though another Aladdin had rubbed another lamp and said, "Here is your power plant."

That plant has saved consumers millions of dollars.

One other illustration, to show you the nature of manipulation indulged in by power companies. And I will use names.

In my State, as in other States, unfortunately, private power companies are permitted to file on streams and control the stream flow.

Water is one of the greatest natural resources the people have.

A company called Northwestern Electric Co., which now is a wing of the American Power & Light Co., filed on a stream called the White Salmon River in southern Washington. They built a plant there to handle the stream flow. That plant cost that company $1,230,000. I want you gentlemen of the committee to remember that figure. That is the cost of a 15,000-horsepower hydroelectric plant.

The company floated securities for the purpose of financing that plant.

Then, against the bare water right which cost nothing except a tiny filing fee, a negligible amount, against that water right this company issued $10,424,000 in securities. That issue was based on a water right that cost nothing. That load of wind was practically eight times the capital cost of the plant itself, and was loaded on top of that capital cost.

That watered stock has been outstanding ever since that occurred, and for years this company has been paying 12 or 13 percent every year on this phantom value. That was tolerated under a system of so-called "State regulations", which did not "regulate."

If there is any system of regulation of private utilities that has ever been devised that regulates them, I have never run across it in studies I have made. The stock-jobbing swindle I have described was accomplished in a State which possesses a good regulatory system, as such systems go.

I think we are going to have a change out there. Mr. Murray, my associate, is now the chief of the State regulatory body, and some new laws were put on the statute books by the last legislature that may prevent such financial perversions in the future.

Those crimes have been tolerated by law, and the people tied into the lines of that private company have for years had to pay 12- or 13-percent interest on 10½ million dollars of wind which did not exist. That fraud was written into the capital structure of that company.

This illustrates why the people out there are getting weary of that sort of thing. That is why Tacoma can sell at the price that we do and make a million-dollar net profit in 1 year, and rapidly amortize the capital that was put into our plant. There is no water in the Tacoma power system.

Suppose we do not keep the same sort of bookkeeping set-up as the private company? We will in a few years have a $30,000,000 plant with not a dollar of debt against it.

There is no answer to the proposition of amortization of capital structure; I have never yet found a reputable lawyer who has been able to successfully challenge the soundness of this principle. It is unanswerable. In a few years a city will own its plant; it will write out the capital. It will eliminate interest and dividends. That permits a very simple rate structure.

If you pick up a rate card of a private concern, including the companies of any of the gentlemen who testified before you, you will find that some of these companies have many different schedules of a highly involved nature.

If you were to ask them to produce their rate schedules, you would find that there are so many different schedules that it would take a Philadelphia lawyer to figure out what they might charge you under certain conditions.

I was 3 hours with the Edison Commonwealth Co. in Chicago trying to find out what they should charge me for 2,249 kilowatt-hours of service for domestic use. They wanted to know how many hours we were going to use one appliance and another, and how many hours we were going to use the water heater, and so on. The inquisition became tiresome.

In Tacoma all of that is made so simple that a child can understand our rate structure.

I went into Pendleton, Oreg., to make some speeches a few years ago, and while I was there a farmer brought in a rate card, and I looked at it. He was charged on rate no. 74, and the farmer was unable to explain the basis of the charge. He could not understand it. Contrast that with the bill which the farmer pays, when he is charged 5 cents per kilowatt-hour for the first 20 kilowatt-hours and an additional 1 cent for each kilowatt-hour of additional service such as the farmer pays in Pierce County, Wash., on a mutual line.

The rate structures of the private companies are so complicated that few men understand them. Professor Ripley once told me that no living man could understand the involved set-up of a company like the Midwest Utility. Professor Ripley was one of the most brilliant men America has ever produced. The financial structures of private power combines have become so involved that the men who created them do not know what it all means. Witness the Insull mess and the Foshay smash.

The ramifications of the Insull company are typical of many of these power companies.

I fear, Mr. Chairman, that I have taken too much of your time, but it is a very interesting topic.

Mr. JAMES. Senator, several years ago 5 or 6 power companies were interested in getting the Cove Creek Dam and 7 or 8 other dams on the Tennessee River.

Yesterday and the day before, representatives of the same companies appeared before this committee and said that now that they had an opportunity to get the Cove Creek and other dams it would be far cheaper for them to put up their own steam plants. What do you think of that?

Senator BONE. Well, it is difficult to answer a question of that kind. I am not an electrical engineer.

Perhaps I could answer that, Mr. JAMES, by saying that out in our country 3 or 4 years ago, in the heat of one of these battles, the power companies suddenly announced that they did not think much of hydroelectric development; that perhaps it was not very efficient.

Then I made a statement, urging them to abandon their filings on all our streams. They said, "Oh, no."

My private opinion is that hydroelectric power as a primary source of power cannot be challenged.

I agree with their engineers that power can be made very cheaply in a modern high-pressure steam plant by the use of powdered coal or oil, and the new superheating devices now in use. These new types of machinery permit them to turn out power very cheaply.

But I do not believe that the best steam plan on earth, in the long run, can be anything more than just an ordinary competitor of a hydro plant, because the factor of depreciation in a good hydro plant is exceedingly small.

The Cushman plant in Tacoma will be there when my grandchildren are old men. It is built in solid rock, and if anything goes wrong with the turbines it can be corrected at a comparatively small expense.

In the steam plant the depreciation is a marked factor at best.

Then again the steam plant requires what a hydro plant does not require. At best it requires more men.

If you go to our big Cushman plant near Tacoma, you will see that because of the use of improved machinery and the simpler operation we are operating that huge hydro plant with a handful of men.

There is a plant representing a $12,000,000 investment, with only a little handful of men to operate it.

The plant is almost automatic. The flow of water can be automatically stopped. Then if the city wants power, some fellow in the city hall can push a button, and a man in the plant pushes a button and the current starts flowing again.

An efficient hydro plant is one of the marvels of this age of industrial marvels. I do not believe that the best steam plant on earth can compete with it.

When the private power companies say they do not want the hydro resources of this country, they misinform everybody.

In our State the private power companies have filed on every second-foot of water power in the State, and they are going to hang on to it until we take it away from them by the competition of publicly owned plants.

Mr. GOSS. Is there any place on the Skagit River that can be used for a publicly operated plant?

Senator BONE. The city of Seattle is building a big plant on that river.

Mr. HILL. What is your answer to the proposition made by the private power companies that the fact that the private power companies have to pay taxes, whereas a municipal power plant does not, gives the municipal plant a great advantage.

Senator BONE. That is not true. In the first place, the private power companies do not pay taxes. They merely collect taxes in additional rates and pass them on to the State. Taxes are allowed as an operating cost; the owners of private power companies do not pay taxes.

In the State of Washington, so that this record may be clear, the average amount of taxes paid by private companies in 1929 and 1930 to the State and its subdivisions was about 5 percent of their gross receipts.

Let me give the committee a practical illustration of this tax business.

The power gentlemen who have discussed the tax question in our State have largely quit talking about it. In 1924 we had a big power battle in the State. The private power companies distributed a million or more of the pamphlet I show you to the voters of the State, in which they said that public ownership of power would remove from the tax rolls $300,000,000 of power property privately owned.

Then their spokesmen went all over the State proclaiming that they had $300,000,000 worth of property on the tax rolls.

I prodded them and got them to say that a thousand times. I got every newspaper in the State to repeat this assertion, so that it is now in the record and cannot be removed.

The average tax rate that year in the State of Washington was 70 mills. Every other citizen was being assessed 70 mills on 50 percent of his property value. The total tax paid by all the private power companies on all their power properties was $661,569.90. That represented a 70-mill tax on a total value of $9,450,000.

In other words, these men had told the public they were being taxed on a $300,000,000 value. They went to the public in that power battle with that statement as the foundation of their defense. It was utterly false. The company had able lawyers, men whom the people had a right to believe were telling them the truth. Over their own signature they said they had $300,000,000 of property on the tax rolls, and yet they paid taxes on $9,450,000, or less than one thirtieth of what they said they had on the tax rolls.

In 1930 we had another power fight. That year I had helped draw a measure known as "the Grange power bill." We had another power fight in Washington that year, and some of the newspapers said that between 1924 and 1930, $100,000,000 had been added to the tax rolls by the private power companies, making a total tax value of $400,000,000 in 1930.

The average tax that year was 70 mills. All of the private power companies in Washington paid that year $1,174,678.79 in taxes to the State and its political subdivisions.

On the basis of a 70-mill tax the power companies were paying taxes on a total value of $16,781,000. The ratio still continued, about one thirtieth of claimed value.

In other words, these private power companies have practically all of their property values off the tax rolls in the State of Washington. I found that that is largely true in many other places.

In my own county of Pierce, in a period of 7 years, by some peculiar manipulation, the values of properties of the Puget Sound Power Co. were reduced 40 percent for taxation purposes, while in the same 7 years the values on every little home in the county were increased 40 percent for taxation purposes.

As these companies were getting this tremendously valuable property off the tax rolls, every little home was being assessed more and more to take up the growing burden of government.

I might give you one or two more illustrations. This is a very practical thing, and you have a right to know some of the practical aspects of it.

If by competition from publicly owned plants in the State of Washington we could have reduced the average price of current to the consumer one tenth of 1 cent per kilowatt-hour, that reduction in itself would have saved consumers far more than all of the taxes paid by all of the private companies in the State of Washington. That saving alone would be more than all the taxes that they paid to the State and its subdivisions. That is, 1 mill per kilowatt-hour saving on the power and light rate would have more than offset all the taxes paid by the companies to the State.

In the State of Washington the tremendous driving force of public competition has reduced power rates until the Puget Sound Power Co. claims that its rates are the cheapest of any private power company in the United States.

Why does that power company give that cheap rate? Public competition, actual and potential, is the answer.

Why should the Insull Co. in Chicago charge more to the home owner in Chicago, in a large congested center where, according to all power spokesmen, distribution is cheapened, than do we when we have to send the power out over a line which serves the farmer far out in the "sticks"?

The answer is this, because where there is this public competition the power company gives the farmer a better rate. Our private power companies give the farmer a better rate than the people get in Chicago, where they ought to have the cheapest power and light in the world, and where Sam Insull told the people he was producing power at the cheapest rate in the country.

The Chicago Insull Co. has claimed that their plant is the best in the country. That may be true. They should give the benefit of this efficiency to the consumers instead of looting their pocketbooks in excessive rates.

Mr. HILL. When was this shortage of water that you speak about?

Senator BONE. In the winter of 1929.

Mr. MONTET. What capital outlay has the Tacoma project in its construction that you say produces one and one half to two million horsepower?

Senator BONE. That is not Tacoma. That is the combined ultimate output of the Seattle, Tacoma, and Centralia plants.

Mr. MONTET. Do you know what capital outlay would be involved?

Senator BONE. Tacoma's Cushman system, when completed, will cost about $72 per horsepower. I would rather have you ask Mr. Murray those questions relating to cost. He handled the legal end of that work.

The Tacoma system now, measured by private power standards of value, would be worth at least $30,000,000, and we have about $8,000,000 debt standing out against it, and that will soon be amortized.

Mr. COCHRAN. What are the principal private power companies operating in the State of Washington?

Senator BONE. We have the Northwestern Electric Co., which is a subsidiary of the American Power & Light Co., operating in southwestern Washington and in Portland, Oreg.

In the middle and southern part of the State an organization known as the "Pacific Power & Light Co.", which is another subsidiary of the American Power & Light Co., enjoys a monopoly. In eastern Washington the Washington Eastern Power Co., another wing of the American Power & Light Co., operates with a similar monopoly.

In the western and northwestern part of the State the Puget Sound Power & Light Co., a Stone & Webster corporation, occupies the field.

These are the 4 major private power organizations in the State, and 3 of them are controlled by 1 outfit.

Mr. COCHRAN. Then Stone & Webster and the American Power & Light are the two holding companies?

Senator BONE. That is right. The Engineers Public Service Corporation of Boston is the parent company of the Puget Sound Power & Light Co.

Mr. COCHRAN. Will you answer similarly as to the power companies operating in the State of Oregon?

Senator BONE. In the south is what is called the "Copco" (California-Oregon Power Co.), in that part of the State around Grants Pass, Medford, and Ashland.

In the central part of the State are small units owned by larger companies. The Yamhill Electric Co. and some other smaller organizations are controlled by other companies whose identify I am not familiar with. In the northern part of the State is the Portland Electric Power Co., called the "Pepco", having the same initials as the local company here.

The Pacific Power & Light Co. also operates in Oregon.

Mr. COCHRAN. Are the operating companies in Oregon owned by the holding companies?

Senator BONE. Yes.

Mr. COCHRAN. What are the holding companies?

Senator BONE. The Portland Electric Power Co. was taken over some time ago by an eastern concern; there was a shift in the stock. In this transaction there was an exchange of stock at around $62 per share, with a subsequent drop in value to about $3 a share. There was a loss of millions to the people in Portland who were unfortunate enough to buy that trash. Such a clamor followed that efforts are being made to prevent another scandal; and some hope is entertained that losses may be avoided.

Mr. COCHRAN. Are holding companies superimposed upon holding companies in those two States, in the financial set-up of those companies, or is there simply one holding company holding the stock of the operating companies out there?

Senator BONE. I cannot give you any information about that that would be of any value to you. The American Power & Light Co. is a holding company. The operations of the California & Oregon Power Co. are tied in with some southern company. They have a most elaborate set-up, but just what it is, I do not know. That seems to be a thing that possesses a fatal fascination for them—that is, to try to get as highly involved a capital set-up as possible.

Mr. COCHRAN. In your view of the matter, where there is one holding company holding the stock of various operating companies, is that capital set-up justified from the economic standpoint?

Senator BONE. Invariably, there is a temptation to inflate the capital structure. It is very easy for any holding company to do that. It can juggle its properties between subsidiaries as the Insull outfit did. The thing that I dislike about it is the lack of simplicity, and the manipulation made possible by a capital structure so highly involved. I would condemn them for their abuse of stock manipulation and the juggling of properties.

Mr. COCHRAN. Do you think that a holding company is justified where the various operating companies operate in different States, under different utility laws?

Senator BONE. Congressman, I am sorry that I cannot answer you in a way that will give you much enlightenment. I must content myself by saying that if the men operating these companies were content to make a fair and reasonable return on their legitimate investment, much of the criticism that I and others have directed at them would fall of its own weight, because there would be no ground for criticism. But they are not content to do this. Just a short time ago, a high official, I think it was the Chancellor of the Exchequer of England, delivered a speech in Chicago before a large audience, in which he proclaimed Samuel Insull to be one of the greatest citizens of the world. I am not attempting to quote him except in substance. He said that it was an unfortunate thing that we did not have more men like Mr. Insull to guide us in the paths of glory with their transcendent genius. He thought it would be a marvelous thing for every country to have men like Mr. Insull at the head of public and private enterprises.

Now, at that very moment, the Insull debacle was impending and that was the worst mess that this country ever experienced. The South Sea bubble was nothing in comparison to it.

Mr. COCHRAN. I have asked these questions in view of the questions that were asked Mr. Owen D. Young and others before the Norbeck committee, and their answers justifying the existence of one holding company holding the stock of operating companies that operated in different States.

Mr. MAY. Senator, in view of the fact that you are a Member of the United States Senate and in view of the fact that myself and these other gentlemen who are considering this matter are Members of the House of Representatives, where these questions are pending for solution, I want to see if I can agree with you upon some fundamental principles involved in the legislation, as it is proposed, and whether or not, if we agree upon those things, you have some good suggestion that you can make to this committee looking to a solution of the problem. Now, first of all, Senator, do you agree with me that the water-power resources of this country are a natural inheritance of the people and should be preserved as nearly as possible for the use and benefit of all the people?

Senator BONE. I do, thoroughly.

Mr. MAY. Do you agree with me that, upon the principles of equity, in approaching this question the question ought to be solved by some form of legislation, with a guaranty of absolute protection to the interests of the Government and of the public and with as little injury as possible to the investments of others who are concerned?

Senator BONE. I think that would naturally follow.

Mr. MAY. You agree with me, no doubt, that we, as members of this committee, and you, as a member of committees of the United States Senate, should approach this question absolutely fairly and impartially, with a view to determining the right thing to be done.

Senator BONE. Yes.

Mr. MAY. Now, with those fundamentals agreed upon, I should like to ask you, Senator, if you have read the report of the St. Lawrence Power Development Commission in connection with the proposed improvement of the St. Lawrence waterway?

Senator BONE. I am preparing to go into that very thing. I am not exactly familiar with that set-up, but I have taken the subject up, and I intend to inform myself in regard to it. Therefore, I would prefer not to be interrogated with regard to that, with a view to obtaining any definite figures and information, until I am thoroughly advised as to what is intended to be done.

Mr. MAY. In view of that answer I will not go into the details of that matter with you now, but I want to call your attention to the letter of transmittal, dated January 15, 1931, of the New York State Power Authority, transmitting the report to the Governor and Legislature of New York.

There are 20 different findings set out in the letter, together with 15 or 20 recommendations made. At this time I want to call your attention to the thirteenth, fourteenth, and fifteenth findings of the commission, and will ask you for an expression of your views on them.

Mr. HILL. At what page?

Mr. MAY. Page 10. Finding no. 13 seems to me to fit right in with the situation at Muscle Shoals, and I should like to call your attention to it and ask an expression of your views on it. It reads as follows:

"It is practicable to encourage certain types of industry to locate at or near the site of the power house, and a demand from such industries can be assured within a reasonable time, sufficiently substantial to finance the project, if a public power or authority be created and authorized to solicit and make contracts."

The fourteenth finding reads as follows:

"However, in order to bring the benefit to the domestic and rural consumer, and in view of the fact that elaborate facilities are already in existence, the best solution of the problem of marketing St. Lawrence power involves the utilization of existing transmission and distribution systems under a contract with operating companies which will, at the same time, assure the companies affected remuneration for the service they perform and assure to the consumers to the largest extent the development by the public power authority of this low-cost power."

Do you agree with that statement?

Senator BONE. As I understand the reading of it, that simply means that the lines of the companies shall be used to carry the current. That is a purely mechanical process, and they might transmit energy over one of those lines, for which they could be

paid proper transmission charges. I would not want to quarrel with them if they wanted to do that, but if it is to their interest to build a transmission line alongside an existing one, they should have the power to do so. Let me suggest that my idea is, and always has been, that there should be no restriction on any public agency to deliver power at any point at which they want to deliver it. The mechanism by which the delivery is accomplished is not of such vital importance as that the power be reserved under which to make the delivery. Do I make myself plain?

Mr. MAY. Quite so. I call your attention to the fifteenth finding, which is as follows:

"It is not economically wise to parallel existing transmission or distribution systems, except as a possible solution in the event of failure of the private utility company to enter into a contract with the power authority on a fair and equitable basis."

Now, what do you think of that finding, in view of the pending legislation?

Senator BONE. Well, if the power authority that is set up has the power reserved, but cannot build transmission lines, then, in the event it might not be able to enter into such arrangements with private companies to transmit the power for it, it would face a very serious situation. That would be a serious objection. I would want the power reserved to build lines, and then, with the power reserved, private companies could buy power, and private concerns could deliver power for the authority on the basis of a proper carrying charge.

Mr. MAY. Being a lawyer, you are no doubt familiar with the rule that before condemnation proceedings can be resorted to for the purpose of acquiring the property of an individual by a corporation for public use, it is essential that an effort be made to contract for the property.

Senator BONE. That is not the rule in the State of Washington. You may condemn property for any public purpose.

Mr. MAY. But do you not have to make an effort to contract for it before instituting condemnation proceedings?

Senator BONE. No; not under our constitution and laws. I have condemned a million dollars' worth of property that was desired by a public client of mine. We did attempt to buy it first, but they would not sell it. But it is not a requirement under our law that offers be first made.

The CHAIRMAN. In other words, that is not a legal prerequisite?

Senator BONE. No; not in my State. I do not know what may be the law as to that in other States, but that is not the rule of law that obtains in the State of Washington.

Mr. MAY. As a principle governing the dealings of one man with another, would you be in favor of a provision in this bill providing that, where transmission lines already existed, or any other property existed that the Government would want to acquire for the furtherance of its purposes, the property be sought to be acquired through agreement with the owner before condemnation?

Senator BONE. Certainly; I believe, in the first place, that it is economically unsound to have two railroads paralleling each other, or two power lines paralleling one another. That is a fundamental economic error; but, on the other hand, I would not consciously, and I certainly hope that the committee would not consciously, report out a bill which in any wise ties the hands of that power system, because, if you do, you crucify that authority at the start. I would confer all the rights and powers upon the public body that other bodies have. I want the public body to have every power that the private concern has in this field. I think the public body should be placed in the same position as the other body, and that anything short of that would be a betrayal of the public interest.

Mr. MAY. The public body should have more authority.

Senator BONE. I would give it unlimited power. If this Government is not entitled to that power, then it is not worth preserving. We must have faith in something, and if we do not have faith in our own Government, we have nothing left. We are witnessing all over the world today the breakdown of parliamentary systems, and I do not want to see that occur in this country. My own boy may, at some day, be called upon to put a gun on his shoulder and fight for the country, and I want to have faith in the Government that he may be called upon to defend.

Mr. MAY. That is the very reason I asked you if you did not think the public authority should have a little leeway.

Senator BONE. I would give it every power that it should have. I know that if I were the public official charged with operation of such a system I would want every power to dicker with private concerns. Then, if they would not listen to reason, I would want power to club them into a spirit of decency and fair play. The private companies now have the power of condemnation. One of those Wall Street combines can come into my State and, under the laws of the State of Washington, if you had a piece of property there that they wanted to utilize for a private power plant, they would not have to say one word to you. The first thing that you know you would be presented with a summons to appear in court. The jury or the court would fix the price of the land. A preliminary offer is not necessary.

Mr. MAY. Do you mean to say that your State laws are so lame and inefficient that they allow a private corporation to take the property of a private citizen without seeing if they could agree with him as to the amount that should be paid?

Senator BONE. Exactly that.

Mr. MAY. Then that law should be amended. You are an advocate of public ownership, are you not?

Senator BONE. For electric power, yes; very completely and thoroughly.

Mr. MAY. Assuming that you are an expert, which I think you have manifested in your statement, and that your long years of practice as a lawyer makes you thoroughly familiar with the basis or reason for hypothetical questions, I should like to ask you this question: Assuming that down around Muscle Shoals, in Alabama, Tennessee, and Georgia, there is already invested about $400,000,000 of people's money, distributed widely among individuals, corporations, and private interests of those three States; and, assuming further that the record here shows, or that the evidence shows, that since the 1st day of last January, or about that time, there has been a heavy depression in the value of the stocks and bonds of those companies, based upon a rumor or report that Muscle Shoals power would be utilized over transmission lines to be provided for the distribution and sale of electricity, and assuming further that the statement here, so far uncontradicted, discloses that this investment, involving the sum of $400,000,000, would be practically destroyed, would you say that it would be proper and right for this committee to report out a bill authorizing the Government board or authority to approach that subject arbitrarily, without making an effort to deal with any of those 3, 4, 5, or 6 private power companies, with this investment held by women, children, trust companies, insurance companies, banks, and so forth, and without making some effort to use them in the proper utilization of this natural resource?

Senator BONE. No; I think that the power authority should be given the same power that private power companies have—that is, the power to negotiate and the power to condemn. I would give this power authority in this instance the same power that the State of Washington, or my own State, gives to the Puget Sound Power & Light Co. A company in my State can come to me and say, "Mr. BONE, you have a piece of land that we want to utilize. How much will you take for it? We will give you $1,000 for it." Then I may say, "I think my land is worth $5,000"; and they may say, "We will not pay that much for it." Then the next day I am served with a summons in a condemnation suit. Now, I would give the public authority that same power. I say that because that power resides not only in public and private power corporations, but it extends to almost every form of utility organization in the United States. I would give them the power to negotiate and to dicker. We have no more right to assume that the United States Government, through its properly constituted agencies, would go into those States and try to rob anyone than we would to assume that a private power company would do it. I think we could trust the Government agency to treat people fairly under this system. However, I would accept with a great deal of salt the statement that they have an investment of $400,000,000. They usually magnify such investments, or that has been my experience. However, that is neither here nor there, because the man with $10 is as much entitled to protection as the man with 10 cents.

Mr. MAY. You will agree with me that a lot of the public condemnation of power companies in this country is attributable, perhaps, to some of their sharp practices and to some of their methods of financing.

Senator BONE. It is due to the fact that they are trying to earn a return on wind and water that has been written into their rate structures. That is a trouble that cannot be gotten at except through competition; so-called "regulation" has utterly failed to do it.

Mr. MAY. Of course, you want that wind and water taken out of them, and their earnings based only on their legitimate investment.

Senator BONE. Yes. However, under our system of law, that form of private ownership is only entitled to the protection that the law gives to other forms of private ownership; and that protection of private rights, or the recognition of that right of protection, certainly should not be coupled with any right of recognition of earnings on something that does not exist. Men should not be allowed to earn return on phantom dollars or have such practices validated by law or regulation.

Mr. MAY. You do not believe that the Government should take a farmer's piece of land, nor that a power company should take a piece of land and make use of it, without first making just compensation therefor, do you?

Senator BONE. That cannot be done under the Constitution.

Mr. MAY. You do not believe that should be done, do you?

Senator BONE. No. Even if you wrote such a provision into law, it would be a nullity.

Mr. MAY. Assuming that the evidence here shows that in order to develop the additional power facilities that would be created by the construction and operation of the Cove Creek Dam, and to build Dam No. 2 or Dam No. 3, whichever it is, would cost some $55,000,000 to $60,000,000, leaving entirely out of consideration the question of flood control and navigation, do you believe that the Government of the United States would be justified, in order to utilize the power at Muscle Shoals, to expend that much money, rather than to undertake to determine what should be done through some public tribunal established by the Government, like the Federal Power Commission, or some other public tribunal that would be supposed to have the Government's interest at heart?

Senator BONE. I will answer that question by saying this: That, in my experience, I know of no system of regulation that has been effective. I am not asserting by that that it cannot possibly be done, because that would be to assert something which might not be true. But, in my judgment, it has never yet been accomplished.

Mr. MAY. That would be taking back what you said about having faith in the Government.

Senator BONE. Yes. I know of no system of regulation that has ever been successful. We have a regulatory law in the State of Washington, and I think ours was based largely on that of Massachusetts, where the power companies were in the saddle. We adopted that law in 1911, and up to this time we have had a commission. We thought we would have a new deal in Washington under that law, but under this so-called "regulation", this White Salmon River monstrosity that I referred to was accomplished. A bare water right was written into the capital stock of the company for eight times the cost of the power plant. That thing occurred under a system of State regulation which we regarded as second to none. I do not believe it is possible to regulate rates successfully under the present system. I think we are all sufficiently practical to understand just what I mean by that. From the very moment a system of public regulation was adopted, the companies that were to be regulated went into politics in order to regulate their regulators, and they have done a fine job of regulating themselves. In my State, at every session of the legislature, there has been a power lobby at Olympia, and a lot of whisky and a lot of money have been in evidence.

Mr. MAY. I gather from your entire statement that there has been a lot of unusual abuse by public utilities out there, and that you have been in a battle with them for some 20 years on the side of the people; and, doubtless, as a result of that you are in the United States Senate. If I am correct about that, I should like to know if you feel that this committee should act entirely upon the prejudices which may have been formed because of those abuses, or should we approach the subject with a view of trying to do equity as between all of the parties concerned?

Senator BONE. With the worst of our experience in Washington, our rates were not as high as they were in Chicago. I am endeavoring to speak about protection, not only to the Public Treasury, but to the pocketbooks of the people who pay these excessive rates. By these excessive rates there has been taken out of the pocketbooks of the people enough in excessive charges to pay the tax bills of those people. These abuses are not confined to Washington State. They are part and parcel of private ownership of a highly profitable business.

I have seen the profits from a power system pay the entire operating costs of a local government. There are little cities in Washington today that have no city taxes at all, because they own their lighting systems and run the city out of light revenues. Yet their rates are cheaper than those of the surrounding communities served by private companies. I know that most people do not understand the relation between light and power rates and the cost of government. If Tacoma charged the ungodly rates that are exacted by the Insull outfit in Chicago, we would have no city taxes at all in Tacoma. In other words, my own city of Tacoma, with its population of 107,000, would be free of municipal taxes. Now, that is full of meaning to me as a lawyer who has represented taxing bodies for many years. It is a very practical proposition. I have people coming to me saying, "This terrific tax burden is crushing us," and I tell them as a lawyer representing a public body that I am going to try to find some way to remove that burden.

When we know that progress makes possible the removal of some of this tax burden there is only one answer to it: The only way by which we will ever get at this thing is not by the regulation of these companies, because they have built up a capital structure of stocks and bonds which frequently bears no relation to actual investment. You speak of the stocks and bonds issued by these southern companies, and I ask you, Shall the people forever carry the burden of those stocks and bonds? I know that a lot of this stuff has been sold to innocent investors, but that is no reason why society should forever carry that burden.

Mr. MAY. Following all those things, do you think it good policy for the Government to approach this subject of Muscle Shoals development in the Tennessee River Valley, with an expenditure of about $60,000,000, before making some other effort, in honest good faith, to work out a solution without the expenditure of that money?

Senator BONE. I do not see how the Government could go into the field of intrastate rates effectively, or at all.

Mr. MAY. You realize that it can acquire property by contract, if it needs it?

Senator BONE. Yes, sir; but I understood you to suggest the propriety of regulation.

Mr. MAY. I am leaving that for the moment.

Senator BONE. I do not see how the Government, by any system that we can create, can have any effective check on intrastate rates.

Mr. MAY. Let me get right down to my question, if I understand you, and I think I can: Do you believe that the Government ought first to lay out an expenditure down there amounting to approximately $60,000,000, before we adopt some plan, or should we try to solve the problem before making that expenditure of money?

Senator BONE. I will answer that in this way: I do not see how we can adopt any other course than that laid out in the Muscle Shoals bill, because that, in my judgment, is the most effective regulator that we can have.

Mr. MAY. Would you direct that board or authority, as one of these bills implies, to undertake to work out a solution of the distribution of power in the Tennessee River Valley through contracts or agreements with private power companies that already have systems of transmission and distribution, or would you go out and start up full competition with them in the distribution of power by providing competing transmission lines, to begin with?

Senator BONE. I think it would be perfectly proper to have a provision in the bill authorizing the power authority to enter into arrangements or agreements with the private companies to transmit over their lines. That power might well be conferred in the bill as one of the powers of the commission.

Mr. LLOYD. We have been told here by the representatives of the power interests, it may be assumed, that there were outstanding securities amounting to some $400,000,000 that are going to be vitally affected by this bill, if passed. We are told, too, that not only is it immoral to destroy all of that wealth that they say will be destroyed by the passage of the bill, but we are threatened with further trouble in our national financial structure by the lack of security that will remain in investments. Have you any particular thought on that question? In other words, they say that it will wipe out $400,000,000 of investments which will bring a further calamity to our national economic life.

Senator BONE. I do not agree with that. In the first place, that charge is based on the assumption that you are going to wipe it all out. It has wiped itself out largely. Insull's outfit wiped out a billion of that sort of thing in a section of the country where there was no public competition.

Manifestly, there is something inherently vicious in a financial set-up that destroys itself. It is, I think, a wrong assumption to indulge in, to assume that because the Government goes in there that you are going to destroy that investment. After all, that is not true. It seems to me that that assertion is based on the assumption that you are going in there and seize something; that just cannot be done. Private power companies out in my country boast that they can compete with public plants.

Mr. LLOYD. That is all, Mr. Chairman.

The CHAIRMAN. Let me interpolate at this point that one answer comes in from a letter which was just handed me written by a Mr. Ross B. Mateer, of 1869 Wynnewood Road, Philadelphia, Pa., and dated April 14. Mr. Mateer addresses this to me and says:

"This clipping in the Philadelphia Evening Ledger of April 14 is amazing, and you might ask Mr. Wilkie if this $400,000,000 is the value he places on the outstanding 31,000,000 shares of common stock of Commonwealth & Southern Corporation? If so, it might be wise to wipe out the $400,000,000, which represents water-multiple shares of stock issued in exchange for split-up stock of Southeastern Power & Light Corporation and Commonwealth Power Corporation.

"The writer is a stockholder, one of the many stung by this Morgan-Bonbright pyramiding. The writer still owns his stock and would welcome any program which would outlaw this corporation, even though it means an absolute loss. The general effect, preventing repyramiding of holding corporations, would be beneficial. Mr. Wilkie and his associates would also be interested in this statement."

Mr. MAY. Mr. Chairman, if you will allow me, I should like to ask the Senator a question on a matter that is in my mind, at this time.

The CHAIRMAN. Very well.

Mr. MAY. Senator, in your recital of conditions prevailing in the State of Washington and the accomplishments of your public operation and ownership system of Tacoma out there, and in the course of your narration of what the approximately 3,000 farmers did, you made the statement that the private power companies are simply going broke; that these private company organizations out there are going broke; is that correct?

Senator BONE. Yes; they are going broke; that is, in my judgment.

Mr. MAY. Is it due to Government operation and control?

Senator BONE. No. It is due to the very thing that made Insull go broke, that has made a lot of these companies go broke, where there was no public competition.

I do not know whether you gentlemen follow the press reports, but you will notice, if you do, that a great many of these power companies are in the hands of receivers right now in sections of the United States where there is no active public competition.

As you know also, there was really no competition with Insull. A lot of power combines will go broke for the reason that they are trying to accomplish the impossible. They have flooded their capital structures with huge flotations of wind and water, upon which they try to pay interest and dividends at a time when the public is practicing thrift and using less and less current. Revenues are dropping while the racket of stock selling is coming to an end.

The Puget Sound Power & Light Co. now has ceased to pay dividends on its preferred stock. It is not paying dividends on its common stock, and if this depression continues, they may not be able to pay necessary interest on their bonds.

Mr. MAY. Then the public ownership competition, taking their trade and business away from them, has not had anything to do with it?

Senator BONE. It has not had such a material effect as some would think, although it has done this: it has forced the Puget Sound Power & Light Co. to make rate reduction after rate reduction——

Mr. MAY. Does not that bring about a reduction in revenue?

Senator BONE. Surely; very material reduction.

Mr. MAY. Thereby helping to eliminate their dividends.

Senator BONE. That is true.

Mr. MAY. All right, then, would not competition by the Government down in Alabama destroy the stocks of the Alabama Power Co. in that way?

Senator BONE. It might affect the market value of their stocks, probably considerably; for a time.

Mr. MAY. That is the point I had in mind.

Senator BONE. Just as the intrusion of a chain-store organization into any community destroys the value of the business of any local independent merchants in that community, which is a perfectly legal piece of business, and so recognized.

Mr. FADDIS. Senator, with reference to this matter of the wiping out of the value of these stocks, if a citizen of the United States were to go down the street and someone asked him if he would change a $50 bill, let us say, and he receives a $50 counterfeit bill, he has no recourse from the Government for that exchange. If he can prove the transaction, the Government will, of course, prosecute the case.

Take the case of these stocks that the public generally believed to be composed largely of wind and water. Are they not in the same position as the person holding a counterfeit bill?

Senator BONE. These companies simply sold the people counterfeits; the prior preference, pluperfect, superheterodyne stock they unloaded was counterfeit. Insull's graft is a fine example. Foshay is another. I used to be in a prosecutor's office when I was a young fellow, and while I was a deputy there I saw lots of fellows put behind the bars for taking a loaf of bread or for some other minor offense. I say that these big fellows have gone unwhipped, while they were unloading billions of dollars of worthless trash on the country. I am beginning to wonder where our standards of justice in the United States are going.

We have been very tender in handling these fellows. Our solicitude for them has been one of the outstanding facts of recent political history.

Mr. FADDIS. That is exactly my point. In your opinion, then, does the Government owe any obligation to protect someone who has blindly bought a lot of worthless stock, which the public is paying for over and over again year after year?

Senator BONE. I know of no other field in which the Government is doing that. Perhaps some member around the table can suggest where the Government is protecting other groups who are doing that.

Mr. MAY. Will the gentleman yield?

Mr. FADDIS. Yes.

Mr. MAY. In line of your question, do you know how and can you tell this committee how to protect these widows and orphans, women and children in this country, who have these investments, and, at the same time, get the wind and water out of these power companies' stocks?

Senator BONE. It is one of the inherent defects of our system that men who are almost criminals at heart are permitted to do this sort of thing and Congress year after year fails to create a protective device that will stop such operations.

Mr. MAY. Then you are for the securities bill that is pending in Congress?

Senator BONE. Well, I do not want to answer that. But year after year these abuses have grown. They have become a Frankenstein monster, and now the question, as I view it, is this: Shall we sacrifice public interest now? We are at the parting of the ways. We have either got to take one route or the other. We have now got to correct these abuses. Of course, somebody may have to suffer. I am sorry that that is true. I am as sorry as anyone can be that someone has to suffer. Widows and orphans do not own so much of this stock as you think. Some pretty healthy male adults own this stock. I have heard this widows-and-orphans business ever since it was first suggested that we have any kind of social legislation. Since then the cry of "widows and orphans" has been raised when any intrenched wrong was challenged by those with social vision.

Possibly some widows and orphans do own some of this stock. I know of widows who were induced to buy $5,000 worth of stock in a power company and it has practically no value now.

Mr. MAY. Will you let me ask you a question right there?

Senator BONE. Yes.

Mr. MAY. In view of that outrageous and unjustifiable abuse of the power company in selling a widow that $5,000 worth of stock, do you think that the Government of the United States ought to become a party to that transaction and destroy that stock for her?

Senator BONE. I answered that by making another assertion; that is, I know of no instance where the Government of the United States has stepped in and prevented the chain-store combine from ruining all the individual business men of a community. Do you know of any instance of that kind?

Mr. MAY. No; and I am opposed to chain stores, too.

Senator BONE. I frankly confess to you I cannot understand why all our solicitude shall be for the power companies and not for other forms of business. For years I have represented many different forms of business, but I have never found any of this tender solicitude expressed in many quarters for any outfit except the power companies.

Mr. MAY. Have you ever heard of the railroads, as well as insurance companies, having stock securities all over the country—and they are about to go broke—and the Reconstruction Finance Corporation lending them millions and hundreds of millions to protect those investments?

Senator BONE. That is right, and we have done it. But the power companies have been granted special privileges. There has been incorporated into our laws those things known as "certificates of necessity and convenience", acts which gave them absolute monopolies which are, in my judgment, contrary to the very spirit of our people. Private monopoly is indefensible.

Mr. MAY. I believe that some of them ought to be indicted and prosecuted. That is all, Mr. Chairman.

The CHAIRMAN. Mr. KVALE——

Mr. KVALE. Senator, when you referred in your statement to the power companies some years ago paying taxes upon a valuation of $300,000,000; what did they base those figures on? Is that the value of their securities?

Senator BONE. No. They did not base it on anything except that upon which most of their statements are based, and that is a figment of the imagination; anything that will capture public imagination and can be utilized as an argument for their purposes.

Mr. KVALE. The reason I ask the question is because I tried to adduce similar testimony at the time the power executives from Alabama and Georgia were on the stand. I tried to get specific comparisons of definite property sites and locations on the one hand for taxing purposes and on the other hand for the purpose of issuing securities and for rate-making purposes.

Senator BONE. Were you successful?

Mr. KVALE. Not at all.

Senator BONE. And you will not be.

Mr. KVALE. I wondered if you could add anything for the record in that regard?

Senator BONE. I am sorry, Congressman; I cannot with respect to the Alabama companies. I am not familiar with their set-up.

Mr. KVALE. In the State of Washington you must know of some county or some locality where they placed a certain valuation upon properties and the customers of that company paid rates on that basis, and on that basis securities were issued, but when it came to the State or county taxing agency making an appraisal, and levying taxes thereon, I think you would be able to say to the committee that the discrepancy between those two sets of figures would be astounding, even to members who think they are informed.

Senator BONE. Let me give the committee one illustration of that. We will write this right into the record, so that you can check against it if you desire.

A year or so ago the city of Puyallup, near Tacoma, hired my good friend Mr. Murray as its attorney to condemn the distribution system of the Puget Sound Power & Light Co. in that city, with a view of taking it over and buying power from my own city of Tacoma.

In the trial of that action witnesses on behalf of the company testified that its distribution system in that city was worth $450,000 and they were earning a very nice return, a very handsome return, on that value of $450,000. Now, here is a concrete case. It is a concrete example of the thing Congressman KVALE refers to.

The vice president of Puget Sound Power & Light Co., a gentleman by the name of McGrath, went on the witness stand. I happened to be in court at the time he was testifying, and he swore that the system was worth $450,000, and his engineers supported that testimony.

I wanted to know what taxes they were paying on this $450,000 system, so I went to the assessor's office and found that it was paying taxes on a value of $15,000, which was exactly one thirtieth of the value that the officers of that company were giving to it in sworn testimony.

That thing is true not only in Washington, it is true everywhere; and the unhappy picture presented by the tax evasion of power companies in my State is duplicated in every State in this Union.

Mr. MONTET. What value was placed on that in the condemnation proceeding?

Senator BONE. The jury gave the company $216,000 for the system.

Mr. KVALE. Mr. Chairman, I have finished, except that I would like to add this, in connection with this controversy, that we have urged protection of the victims of these fake stocks, that the Government should undertake to guarantee those either at their par value or their market value as of a certain date. If that were done, would not the Government, in effect, as has been suggested, actually be in the position of underwriting and fostering and nurturing that sort of criminal practice?

Senator BONE. I cannot conceive of a Congress, a body of men representing a civilized Nation, validating all the fakery and all the fraud of the past.

Again I want to say to you, Congressman, that if there is any man in this room or in this country who is sorry that somebody must pay the price for all this sort of thing, because ultimately they are going to have to pay it, I am that man. I am sorry the people are going to lose money in these things. But they are going to lose money, not because there are men like myself in this country who want public ownership of power, but they are going to lose it because the very system in which they invested is financially unhealthy and cannot survive. The practices of the power companies in this country have been un-American. These practices have hammered at the very foundation stones of this Republic. In my judgment, they have done things that were unconscionable, and unfortunately the people will have to pay the price, whether you or I act or not as Members of this Congress.

Many power combines are now in receiverships and their little stockholders will be washed out. A little bunch of bondholders will ultimately own these systems. Again I call attention to Foshay and Insull.

Whether we go ahead with this Muscle Shoals development or not, private power companies cannot continue to pay interest and

dividends on the huge flotations of bonds and stocks they have outstanding.

It may be that the passage of the Muscle Shoals bill would merely hasten that result, Congressman. But if it does there is nothing morally wrong in that. This thing is going to happen with a lot of companies in time, because most of them have indulged in that practice.

That is why Congress faces the necessity of passing laws to get at these situations.

Mr. MONTET. May I ask the witness another question? I am sure that there is not a member on this committee or a Member of Congress who believes in or who supports this practice of issuing fictitious issues of stock in any corporation or in any business. For myself I am just trying to get your general attitude in connection with such matters. Do you not know that when it comes to fictitious stocks that the railroads of this country have probably sold their share of that kind of stock? Do you not think so?

Senator BONE. Oh, there have been so many abuses in our economic system that I am sure you can appreciate my reluctance in expressing conclusions on all of those things. They present unhappy pictures. You have asked me about the railroad companies——

Mr. MONTET. Do you not know that that is a fact?

Senator BONE. Yes; that is true. But let us go back. The Government of the United States, represented by its Congress, gave the men who built the Union Pacific Railroad Co. enough money out of the Public Treasury to build that road. They gave Uncle Sam a second mortgage. You remember that?

Mr. MONTET. Yes.

Senator BONE. Uncle Sam should have had a first mortgage—as a matter of fact, he should have built and kept the road.

Mr. MAY. Always.

Senator BONE. Yes; men loyal to this Government would have insisted on at least a first mortgage instead of a second mortgage, which was given, so that a bunch of manipulators could not go out and flood Europe with a lot of fake bonds that brought disaster to everybody and that resulted in a great scandal.

Mr. MONTET. Do you think it is proper for this Government to come to the rescue of the railroads, as it has through the Reconstruction Finance Corporation?

Senator BONE. Of course, transportation is such a vital thing that——

Mr. MONTET. It is no more vital than power, is it?

Senator BONE. That is true; power, transportation, communication—those things are so vital to the people that to allow them to remain in private hands without any effective control over those agencies, and to allow these men to flood this country with billions of dollars worth of trash, which investors buy on the strength of assertions of such men as Mr. Insull, who held themselves out as public servants—to allow that is a reproach to our people and a reproach to this Government.

These are some of the things that breed contempt for and a fear of government, and a contempt for parliamentary government, if you please.

That is one of the reasons why, in Germany today, we are witnessing a sad and somber thing—the breakdown of parliamentary government—people fleeing to an autocracy because they feel that parliamentary government has broken down, is not functioning on behalf of the people.

We do not want that sort of thing to come about in this country.

Mr. MONTET. I do not want you to get away from my question, Senator, whether or not you approve of the Government coming to the rescue of the railroads, as it has in the last year or two, through the operations of the Reconstruction Finance Corporation?

Senator BONE. Well, I was not in Congress to vote on it.

Mr. MONTET. I am just asking whether you approve that or not.

Senator BONE. You are asking me to approve in a blanket sort of way, a law; I might approve some portion of it and not approve all of it.

Mr. MONTET. Do you approve of the principle of the Government going to their rescue?

Senator BONE. I believe this: If the Government comes to the rescue of one of those organizations, it should fortify itself with a first-mortgage lien on it so that, if it has to, it can take it over and write out all of this fictitious value, and then go ahead with operations under public ownership.

Mr. MONTET. Are you going to leave the impression with the committee that you have no opinion on the particular proposition that I have submitted to you?

Senator BONE. I think the Government in a great crisis probably would have to support many of those institutions, and could do it very legitimately.

Mr. MONTET. Do you approve of the support of the railroads by the Government?

Senator BONE. I think it were better to do this than to have the railroads absolutely crash—that is, better to support them in the crisis.

Mr. MONTET. In spite of the fact that it is well known and has been well known for many decades that if there are any institutions in this country that are loaded down with watered stock, it is the railroads.

Senator BONE. They have been grave offenders in the past, but they were tyros, kids, kindergarten operators, compared with the power companies.

Mr. MONTET. It may be because of the fact that the power companies' activities are fresher in the public's mind.

Senator BONE. No; it is true that the railroads have written into the capital structure of their companies lots of wind and water in times past and have never amortized it, and have staggered along year after year trying to pay interest and dividends on that which should have been written out long ago. That is the hard and fast price of private ownership of a utility.

Public ownership does a thing which must appeal to every lawyer, to every thinking man; it writes out the capital cost of a system. It eliminates the problem that presents itself to you now, "What shall we do with this stock?" Do you not see that? We write that problem out with public ownership—write it out for all time.

Mr. MONTET. What are we going to do with all this railroad stock?

Senator BONE. I confess that these abuses have been with us long enough and the time has come when they present a very terrifying problem to the Government. That problem is confronting us today, and therefore what I might feel is a logical step to take, I might be compelled to abandon temporarily in the face of a great crisis, and for the moment do something that might not seem really logical. The financial blunders of the past are exacting a bitter price.

In a great crisis I am not going to indulge in a lot of niceties; I am going to try to save the structure from collapsing, if I can, and I am going to concede a lot of things. I am willing to abandon a lot of things that appeal to me in order, for the moment, to buttress and bolster this thing and keep it from collapsing.

But that is not going to prevent for one moment my drive for the ultimate solution of this problem along logical lines. Intellectual honesty dictates that course.

I think the answer to this does not lie in allowing these private companies to continue their abuses. I may temporarily support them, on the one hand, to prevent a total collapse; but, on the other hand, set about, as I believe we should, to prevent a recurrence of these abuses in the future.

Mr. MONTET. Senator, do you subscribe to the principle of chain-store operation?

The CHAIRMAN. Gentlemen, if you will pardon me, we have one problem that is confronting us, and though we would like to allow a great deal of latitude, I think it would be the will of the committee that we do not continue with a purely academic discussion.

Mr. MONTET. Mr. Chairman, perhaps you do not appreciate the analogy between railroads and chain-store operation, but I do.

The CHAIRMAN. Let us proceed, then.

Senator BONE. May I answer that by saying this: I think I referred to chain stores a moment ago.

Mr. MONTET. And that is the reason I am bringing it up now.

Senator BONE. I say, I know of no other Government agency that has ever been used or invoked to protect the little business man from the encroachment of the chain stores. As a result of present economic forces, some half million individual business men have gone down and out in this country in a comparatively short space of time. Antitrust statutes appear futile.

Mr. MONTET. That is true.

Senator BONE. The competition of the chain store has made it impossible for the little fellow to survive. The Government has not attempted to protect the little business man from the encroachments of the big combinations. That is why I do not see why there should be so much concern over protecting the power companies. They are now being merged into the most gigantic trust on earth.

Mr. THOMPSON. Do you favor Government ownership of railroads, telephone, and telegraph lines?

Senator BONE. I think we are going to have to come to it.

Mr. MAY. Mr. Chairman, may I ask one question right on this issue here?

The CHAIRMAN. Very well.

Mr. MAY. Senator, according to the proof submitted by the power company representatives in behalf of the Alabama Power Co., as I remember it, they are serving 384 communities in Alabama, embracing about 640,000 square miles, and giving an average domestic consumers' rate of 1.28 cents per kilowatt-hour.

Mr. KVALE. That is not the average domestic rate.

Senator BONE. The average domestic rate is over 4 cents, according to figures in my possession.

Mr. MAY. I thought that was the domestic rate.

Senator BONE. Oh, no.

Mr. KVALE. That is the over-all rate.

Mr. MAY. Assuming, then, that it is an average over all, do you think with the present development that that is probably a reasonably fair rate for efficient service or not?

Senator BONE. In the first place——

Mr. MAY. For that many communities?

Senator BONE. In the first place, I want to deny most emphatically that they are giving that kind of a domestic rate of an average of a little over 1 cent. If they assert that, I would want to see the figures. I have in my files the findings of the last organization meeting of the public utilities commissions of the United States, and the average domestic rate is over 4 cents.

Mr. RANSLEY. That is an average rate over all.

Mr. KVALE. Mr. Chairman, the manager of the company to which I have referred promised that he would try to insert in the record the average and also the percentage of each class of consumer power. Do you recall that?

The CHAIRMAN. Yes, sir; and I believe he will. I have no doubt that he will comply with that promise. It has not come in yet, so far as I know.

Senator, I wanted to state in your presence that the Honorable MILES ALLGOOD, a Represetative from the State of Alabama, who has long been a very loyal supporter of the proposition of the operation of the Muscle Shoals properties in the interest of the people, has just handed me a telegram signed by some 9 or 10 people, from Albertville, Ala., and the telegram reads as follows:

ALBERTVILLE, ALA., *April 14, 1933.*

Hon. MILES C. ALLGOOD,
House of Representatives:

Regardless Alabama Power Co. clandestine propaganda, people of this section, and we believe 90 percent throughout the State, are whole-heartedly in favor of Roosevelt's Muscle Shoals development, including the building of transmission lines.

Thos. E. Orr, A. B. Hooper, Jr., J. Pat Colvin, J. W. Walker, W. S. Hewitt, R. E. Dunson, E. L. Roberts, B. C. Scarborough, C. J. Walker, Hogan Jackson, I. C. Hubbard, L. S. Thompson, C. W. Long, T. D. Thompson, G. D. Wells, First National Bank, M. F. Irvin, Joe C. Wakefield.

That is a voice from Alabama.

Mr. JUDSON KING. Mr. Chairman, may I make one statement to Mr. May?

The CHAIRMAN. Very well.

Mr. KING. Mr. May, if you are under the impression that you are quoting a document of the New York Power Authority there—and that is what you told the committee—you are quite mistaken. That document that you have was a document of the development commission. The impression is, as you gave it, that that was by the New York Power Authority, and that this is Governor Roosevelt's proposition. That is not true. The men who made this report failed of appointment by Governor Roosevelt on the New York Power Authority, which is now headed by Frank P. Walsh.

Senator BONE. Mr. Chairman, may I make one further statement? A member of the press has asked me about my reference to Mr. Charles Francis Adams. Let me say that in December 1929, when this controversy over the *Lexington* coming to Tacoma was before us, I had occasion to wire Senator DILL, and at that time I examined Moody's Manual and other statistical works in order to determine the connection of Mr. Adams with the Puget Sound Power & Light Co. and other Stone & Webster organizations. Those manuals showed that Mr. Adams was a director in practically all of the Stone & Webster power companies scattered all over the United States. It was later announced that Mr. Adams had severed his connection with them. Whether he retained any stock interest is not apparent from this record. But it was a fact that Mr. Adams, while Secretary of the Navy, made it possible for the Puget Sound Power & Light Co. to utilize the great Government steam plant at Bremerton Navy Yard to carry it through this power shortage in the winter of 1929.

The CHAIRMAN. Thank you, Senator.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Alabama, as modified.

Mr. BANKHEAD. Mr. President, let us have a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Johnson	Reynolds
Ashurst	Costigan	Kean	Robinson, Ark.
Austin	Couzens	Kendrick	Robinson, Ind.
Bachman	Cutting	La Follette	Russell
Bankhead	Dale	Logan	Sheppard
Barbour	Dickinson	Lonergan	Shipstead
Barkley	Dill	Long	Smith
Black	Duffy	McAdoo	Steiwer
Bone	Erickson	McCarran	Stephens
Borah	Fess	McGill	Thomas, Okla.
Bratton	Fletcher	McKellar	Thomas, Utah
Brown	Frazier	McNary	Townsend
Bulkley	George	Metcalf	Trammell
Bulow	Glass	Murphy	Tydings
Byrd	Goldsborough	Neely	Vandenberg
Byrnes	Gore	Norbeck	Van Nuys
Capper	Hale	Norris	Wagner
Caraway	Harrison	Nye	Walcott
Carey	Hastings	Overton	Wheeler
Clark	Hatfield	Patterson	White
Connally	Hayden	Pope	
Coolidge	Hebert	Reed	

The VICE PRESIDENT. Eighty-six Senators have answered to their names. A quorum is present. The question is on agreeing to the amendment of the Senator from Alabama [Mr. BANKHEAD], as modified.

Mr. BANKHEAD. On that I ask for the yeas and nays.

The yeas and nays were not ordered.

The amendment was rejected.

The VICE PRESIDENT. The question is, Shall the bill be engrossed and read a third time?

Mr. NORRIS. Mr. President, I want Senators to know that there is a House bill on this subject on the desk, and I ask unanimous consent that the Senate now take up the House bill.

The VICE PRESIDENT. Is there objection?

There being no objection, the Senate proceeded to consider the bill (H.R. 5081) to provide for the common defense, to aid interstate commerce by navigation, to provide flood control, to promote the general welfare by creating the Tennessee Valley Authority, to operate the Muscle Shoals properties, and to encourage agricultural, industrial, and economic development.

Mr. NORRIS. I move to strike out all after the enacting clause of the House bill and to insert the Senate bill as we have perfected it.

The VICE PRESIDENT. The question is on the motion of the Senator from Nebraska to strike out all after the enacting clause and to insert the Senate bill as perfected.

The motion was agreed to.

The VICE PRESIDENT. The question is, Shall the amendment be engrossed and the bill be read a third time?

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The VICE PRESIDENT. The question is, Shall the bill pass?

Mr. McNARY. On the passage of the bill I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. LOGAN (when his name was called). I have a general pair with the junior Senator from Pennsylvania [Mr. DAVIS]. I transfer that paid to the senior Senator from Nevada [Mr. PITTMAN] and vote "yea."

Mr. McNARY (when his name was called). On this vote I have a pair with the senior Senator from Mississippi [Mr. HARRISON]. I am advised that if he were present he would vote as I intend to vote, and I am, therefore, permitted to vote. I vote "yea."

The roll call was concluded.

Mr. HEBERT. On this vote I am paired with the senior Senator from Illinois [Mr. LEWIS]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I should vote "nay."

Mr. BORAH. Upon this question I have a pair with the senior Senator from New Hampshire [Mr. KEYES], who, if present, would vote "nay." I transfer that pair to the Senator from Massachusetts [Mr. WALSH] and vote "yea." If the Senator from Massachusetts were present, he would vote "yea."

Mr. KENDRICK. I desire to announce that the Senator from New York [Mr. COPELAND] and the Senator from Utah [Mr. KING] are detained on official business and are paired.

I desire further to announce that the Senator from North Carolina [Mr. BAILEY] is necessarily detained.

I also wish to announce the necessary absence of the Senator from Illinois [Mr. LEWIS].

I wish further to announce a general pair between the Senator from Illinois [Mr. DIETERICH] and the Senator from Minnesota [Mr. SCHALL].

Mr. ROBINSON of Arkansas. I wish to announce that the senior Senator from Mississippi [Mr. HARRISON] is necessarily detained on official business.

The result was announced—yeas 63, nays 20, as follows:

YEAS—63

Adams	Clark	La Follette	Reynolds
Ashurst	Connally	Logan	Robinson, Ark.
Bachman	Costigan	Lonergan	Robinson, Ind.
Bankhead	Couzens	Long	Russell
Barkley	Cutting	McAdoo	Sheppard
Black	Dickinson	McCarran	Shipstead
Bone	Dill	McGill	Smith
Borah	Duffy	McKellar	Steiwer
Bratton	Erickson	McNary	Stephens
Brown	Fletcher	Murphy	Thomas, Okla.
Bulkley	Frazier	Neely	Thomas, Utah
Bulow	George	Norbeck	Trammell
Byrd	Glass	Norris	Van Nuys
Byrnes	Hayden	Nye	Wagner
Capper	Johnson	Overton	Wheeler
Caraway	Kendrick	Pope	

NAYS—20

Austin	Fess	Hatfield	Townsend
Barbour	Goldsborough	Kean	Tydings
Carey	Gore	Metcalf	Vandenberg
Coolidge	Hale	Patterson	Walcott
Dale	Hastings	Reed	White

NOT VOTING—12

Bailey	Dieterich	Keyes	Pittman
Copeland	Harrison	King	Schall
Davis	Hebert	Lewis	Walsh

So the bill was passed.

The title was amended so as to read: "A bill to improve the navigability and to provide for the flood control of the Tennessee River, to provide for reforestation and the proper use of marginal lands in the Tennessee Valley; to provide for the agricultural and industrial development of said valley; to provide for the national defense by the creation of a corporation for the operation of Government properties at and near Muscle Shoals in the State of Alabama, and for other purposes."

The VICE PRESIDENT. Without objection, the Senate bill 1272 will be indefinitely postponed.

DISTRICT OF COLUMBIA APPROPRIATIONS

Mr. THOMAS of Oklahoma. Mr. President, I move that the Senate proceed to the consideration of House bill 4589, the District of Columbia appropriation bill.

The motion was agreed to; and the Senate proceeded to the consideration of the bill (H.R. 4589) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1934, and for other purposes, which had been reported from the Committee on Appropriations with amendments.

Mr. THOMAS of Oklahoma. Mr. President, I ask unanimous consent that the formal reading of the bill may be dispensed with and that the bill be read for amendment, the amendments of the committee to be first considered.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered. The clerk will state the first amendment.

The first amendment of the Committee on Appropriations was, on page 2, line 6, before the word "is", to strike out "$5,700,000" and insert "$6,250,000", so as to read:

That in order to defray the expenses of the District of Columbia for the fiscal year ending June 30, 1934, any revenue (not including the proportionate share of the United States in any revenue arising as the result of the expenditure of appropriations made for the fiscal year 1924 and prior fiscal years) now required by law to be credited to the District of Columbia and the United States in the same proportion that each contributed to the activity or source from whence such revenue was derived shall be credited wholly to the District of Columbia, and, in addition, $6,250,000 is appropriated, out of any money in the Treasury not otherwise appropriated, to be advanced July 1, 1933, and all the remainder out of the combined revenues of the District of Columbia, namely:

The amendment was agreed to.

The next amendment was, under the subhead "Free Public Library", on page 9, line 5, after the name "librarian", to strike out "$260,000" and insert "$265,000", so as to read:

For personal services, and for substitutes and other special and temporary services, including extra services on Sundays, holidays, and Saturday half holidays, at the discretion of the librarian, $265,000.

The amendment was agreed to.

The next amendment was, under the subhead "Register of wills", on page 9, line 25, to increase the appropriation for personal services under the register of wills from $60,000 to $63,509.

The amendment was agreed to.

The next amendment was, under the subhead "Gasoline tax, road and street improvements and repairs", on page 19, line 9, before the word "may", to strike out "President" and insert "Commissioners"; and in line 14, after the word "aggregate", to strike out "$1,040,000" and insert "$1,500,000", so as to read:

For additional street and road improvements and repairs to aid in the relief of unemployment, to be allotted for such projects and purposes and in such amounts as the Commissioners may approve (including the allocation of additional sums to any or all of the general items herein chargeable to the gasoline tax fund), there is hereby appropriated out of the gasoline tax fund and to be immediately available, such sums (not to exceed in the aggregate $1,500,000) as may be deemed surplus in such fund.

The amendment was agreed to.

The next amendment was, on page 19, line 15, after the word "fund", to insert a colon and the following proviso:

Provided, That of said amount the sum of $575,000 is hereby made available for the construction of a bridge to replace the Calvert Street Bridge over Rock Creek, including necessary changes in water and sewer mains, and including the employment of engineering or other professional services by contract or otherwise, without reference to section 3709 of the Revised Statutes (U.S.C., title 41, sec. 5), or the Classification Act of 1923, as amended, and engineering and incidental expenses, and the Commissioners are authorized to enter into contract or contracts for construction of said bridge at a cost not to exceed $1,250,000; but no part of said sum shall be available for expenditure in connection with the construction of said Calvert Street Bridge until the Commissioners of the District of Columbia shall have made a restudy and reinvestigation to determine which particular type of bridge is most economical and servceable, and best suited to the proposed location; and the Commission of Fine Arts shall have approved the type of bridge decided upon, and any street railway company using said bridge shall install thereon, at its own expense, an approved underground system of street-car propulsion and, at its own expense, shall thereafter maintain such underground construction, and bear the cost of surfacing and resurfacing and maintaining in good condition the space between the railway tracks and 2 feet exterior thereto as provided by law, and shall defray the cost of excess construction occasioned by such use including the relocation and construction of closed plow pits at the west approach to the bridge in accordance with plans to be approved by the Commissioners of the District of Columbia.

The amendment was agreed to.

The next amendment was, on page 20, line 21, to insert a colon and the following additional proviso:

Provided further, That of said amount of $1,500,000, the sum of $45,741 is hereby made available for widening to 73 feet and repaving the roadway of Constitution Avenue NW., North Capitol to First Street, and for widening to 80 feet and repaving the roadway of Constitution Avenue NW., First Street to Second Street, in accordance with plans therefor to be jointly approved by the National Capitol Park and Planning Commission and the Commissioners of the District of Columbia, including the necessary reconstruction, relocation, changes, and adjustments of all water mains, sewers in advance of paving, trees, sidewalks, lampposts, fire hydrants or other structures affected, and including personal services and all necessary incidental expenses, and the total cost of said work shall not exceed $76,235, of which sum not to exceed $30,494 shall be transferred from and in accordance with the appropriation in the Independent Offices Appropriation Act, 1934, for the construction of the Arlington Memorial Bridge.

The amendment was agreed to.

The next amendment was, on page 23, after line 5, strike out:

No part of the appropriations contained in this act shall be used for the operation of a testing laboratory of the highways department for making tests of materials in connection with any activity of the District government.

The amendment was agreed to.

The next amendment was, under the heading "Collection and disposal of refuse", on page 26, after line 13, to strike out:

No part of the funds appropriated in this act shall be available for the operation of a high-temperature incinerator for the disposal of combustible refuse in the southeast section of the District of Columbia.

The amendment was agreed to.

The next amendment was, under the heading "Public playgrounds", on page 26, line 19, after the word "services", to strike out "$95,000" and insert "$97,167", so as to read:

For personal services, $97,167: *Provided*, That employments hereunder, except directors who shall be employed for 12 months, shall be distributed as to duration in accordance with corresponding employments provided for in the District of Columbia appropriation act for the fiscal year 1924.

The amendment was agreed to.

The next amendment was, on page 27, after line 14, to insert:

Bathing pools: For superintendence, $510; for temporary services, supplies, and maintenance, $3,500; for repairs to buildings, pools, and upkeep of grounds, $1,215; in all, $5,225.

The amendment was agreed to.

The next amendment was, under the heading "Public schools", on page 30, line 15, after the words "class 12", to strike out "$5,427,360" and insert "$5,432,760", so as to read:

For personal services of teachers and librarians in accordance with the act approved June 4, 1924 (43 Stat. pp. 367–375), including for teachers colleges assistant professors in salary class 11, and professors in salary class 12, $5,432,760: *Provided*, That as teacher vacancies occur during the fiscal year 1934 in grades 1 to 4, inclusive, of the elementary schools, such vacancies may be filled by the assignment of teachers now employed in kindergartens, and teachers employed in kindergartens are hereby made eligible to teach in the said grade.

The amendment was agreed to.

The next amendment was, on page 30, line 20, after the word "grades", to insert a colon and the following additional provisos:

Provided further, That teaching vacancies that occur during the fiscal year 1934 wherever found may be filled by the assignment of teacners of special subjects and teachers not now assigned to classroom instruction, and such teachers are hereby made eligible for such assignment without further examination: *Provided further*, That in the interests of economy the Board of Education may at its discretion during the fiscal year 1934 appoint qualified temporary teachers in public schools of the District of Columbia, notwithstanding the existence of an eligible list of applicants established by examinations: *Provided further*, That in filling all such vacancies teachers now in the schools shall have the preference so far as practicable.

Mr. BRATTON. Mr. President, I desire to offer three amendments to the committee amendment. I have discussed them with the chairman of the subcommittee, the Senator from Oklahoma [Mr. THOMAS]. I desire the three amendments to be considered in the nature of one amendment.

On page 31, in line 5, I move to strike out the word "qualified" and insert the word "as"; in line 6, to strike out the words "notwithstanding the existence of an" and inserting in lieu thereof the words "qualified teachers from the" and in line 10, to strike out the words "so far as practicable."

The VICE PRESIDENT. The amendments to the amendment will be stated.

The CHIEF CLERK. In the committee amendment, on page 31, line 5, it is proposed to strike out the word "qualified" and insert the word "as"; in line 6, to strike out the words "notwithstanding the existence of an" and insert in lieu thereof the words "qualified teachers from the"; and in line 10, to strike out the words "so far as practicable", so as to make the committee amendment read:

Provided further, That teaching vacancies that occur during the fiscal year 1934 wherever found may be filled by the assignment of teachers of special subjects and teachers not now assigned to classroom instruction, and such teachers are hereby made eligible for such assignment without further examination: *Provided further*, That in the interests of economy the Board of Education may at its discretion during the fiscal year 1934 appoint as temporary teachers in public schools of the District of Columbia qualified teachers from the eligible list of applicants established by examinations: *Provided further*, That in filling all such vacancies teachers now in the schools shall have the preference.

The amendments to the amendment were agreed to.

The amendment as amended was agreed to.

The next amendment of the Committee on Appropriations was, under the subhead "The deaf, dumb, and blind", on page 33, line 2, after the word "Commissioners", to strike out "$31,500" and insert "$32,000", so as to read:

For maintenance and instruction of deaf and dumb persons admitted to the Columbia Institution for the Deaf from the District of Columbia, under section 4864 of the Revised Statutes, and as provided for in the act approved March 1, 1901 (U.S.C., title 24, sec. 238), and under a contract to be entered into with the said institution by the Commissioners, $32,000.

The amendment was agreed to.

The next amendment was, under the subhead "Americanization work", on page 33, line 19, after the word "schools", to strike out "$7,500" and insert "$9,500", so as to read:

For Americanization work and instruction of foreigners of all ages in both day and night classes, and teachers and janitors of Americanization schools may also be teachers and janitors of the day schools, $9,500.

The amendment was agreed to.

The next amendment was, under the subhead "Furniture", on page 35, line 7, after the figures "$40,000", to insert "Logan School, $6,000"; and in line 10, after the words "in all", to strike out "$57,840" and insert "$63,840", so as to read:

For completely furnishing and equipping buildings and additions to buildings, as follows: Schools in Foxhall Village, $3,200; Phelps Vocational School, $40,000; Logan School, $6,000; Keene School, $6,000; Bancroft School, $5,600; Douglass-Simmons assembly-gymnasium and M Street Junior High School gymnasium, $3,040; in all, $63,840, to be immediately available and to continue available until June 30, 1935.

The amendment was agreed to.

The next amendment was, on page 37, after line 7, to insert:

Not to exceed $50,000 of the unexpended balances of appropriations for buildings and grounds, public schools, contained in the District of Columbia appropriation acts, fiscal years 1932 and 1933, is hereby made immediately available, and shall continue available until June 30, 1934, for the improvement of grounds surrounding public-school buildings, such work to be performed by day labor or otherwise, in the discretion of the Commissioners of the District of Columbia.

The amendment was agreed to.

The next amendment was, on page 37, line 21, after the figures "$325,000", to insert "together with not to exceed $25,000 of any unexpended balances of appropriations contained in the District of Columbia Appropriation Acts for the fiscal years 1932 and 1933 for 'Buildings and grounds, public schools'", so as to read:

For repairs and improvements to school buildings, repairing and renewing heating, plumbing, and ventilating apparatus, installation and repair of electric equipment, and installation of sanitary drinking fountains, and maintenance of motor trucks, $325,000, together with not to exceed $25,000 of any unexpended balances of appropriations contained in the District of Columbia appropriation acts for the fiscal years 1932 and 1933 for "Buildings and grounds, public schools", of which amount $100,000 shall be immediately available.

The amendment was agreed to.

The next amendment was, on page 38, after line 8, to insert:

BUILDINGS AND GROUNDS

Not to exceed $876,000 of any unexpended balances of appropriations contained in the District of Columbia appropriation acts for the fiscal years 1932 and 1933 for the Municipal Center is hereby reappropriated and made available for the construction of public-school buildings as follows:

For the erection of an 8-room building on a site already appropriated for in the vicinity of the Logan School, $95,000;

For the construction of an addition to the Deal Junior High School, including 10 classrooms and 1 gymnasium, $153,000;

For the construction of an addition to the Browne Junior High School, including 10 classrooms and 1 gymnasium, $153,000;

For beginning the construction of a senior high school building at Forty-first and Chesapeake Streets NW., in the Reno section, $475,000, and the Commissioners are authorized to enter into contract or contracts for such building at a cost not to exceed $1,150,000;

In all, $876,000, to be immediately available and to be disbursed and accounted for as "Buildings and grounds, public schools", and for that purpose shall constitute one fund and remain available until expended: *Provided*, That no part of this appropriation shall be used for or on account of any school building not herein specified.

The amendment was agreed to.

The next amendment was, under the heading "Metropolitan police", on page 41, line 12, to increase the appropriation for personal services under the Metropolitan police from $103,000 to $104,530.

The amendment was agreed to.

The next amendment was, under the heading "Fire department, miscellaneous", on page 44, line 20, after the word "tools", to strike out "$41,000" and insert "$43,932", so as to read:

For repairs to apparatus, motor vehicles, and other motor-driven apparatus, fire boat and for new apparatus, new motor vehicles, new appliances, employment of mechanics, helpers, and laborers in the fire department repair shop, and for the purchase of necessary supplies, materials, equipment, and tools, $43,932: *Provided*, That the Commissioners are authorized, in their discretion, to build or construct, in whole or in part, fire-fighting apparatus in the fire department repair shop.

The amendment was agreed to.



The next amendment was, under the heading "General administration, workhouse and reformatory, District of Columbia," on page 57, line 18, after the figures "$42,800" to insert:

together with a further sum of not exceeding $54,000 of the unexpended balance of the appropriation for maintenance, care, and support of inmates, etc., workhouse and reformatory, District of Columbia, contained in the District of Columbia appropriation act for the fiscal year 1932.

The amendment was agreed to.

The next amendment was, under the subhead "Tuberculosis Hospital", on page 60, line 25, after the word "items", to strike out "$55,000" and insert "$59,000", so as to read:

For provisions, fuel, forage, harness, and vehicles, and repairs to same, gas, ice, shoes, clothing, dry goods, tailoring, drugs and medical supplies, furniture and bedding, kitchen utensils, medical books, books of reference, and periodicals not to exceed $200, temporary services not to exceed $1,000, maintenance of motor truck, and other necessary items, $59,000.

The amendment was agreed to.

The next amendment was, on page 64, after line 3, to insert:

WAR VETERANS' SERVICE OFFICE

For personal services, without reference to the Classification Act of 1923, as amended, to enable the municipal government to aid and advise war veteran residents of the District of Columbia and their dependents as to their rights and privileges under Federal legislation of which veterans and/or their dependents may be beneficiaries, including assistance in the presentation of claims to the Veterans' Administration or other appropriate Federal agencies, $5,100, to be expended under the direction of the Commissioners of the District of Columbia.

The amendment was agreed to.

The next amendment was, under the subhead "Emergency relief," on page 64, line 24, after the name "District of Columbia", to strike out "$1,250,000" and insert "$1,500,000, to be immediately available and to be expended in the discretion of the Commissioners without regard to monthly or other apportionment", so as to read:

For the purpose of affording relief to residents of the District of Columbia who are unemployed or otherwise in distress because of the existing emergency, to be expended by the Board of Public Welfare of the District of Columbia by employment and/or direct relief, in the discretion of the Board of Commissioners and under rules and regulations to be prescribed by the Board and without regard to the provisions of any other law, payable from the revenues of the District of Columbia, $1,500,000, to be immediately available and to be expended in the discretion of the Commissioners without regard to monthly or other apportionment.

The amendment was agreed to.

The next amendment was, under the heading "National Capital Park and Planning Commission", on page 71, after line 15, to strike out:

For reimbursement to the United States in compliance with section 4 of the act approved May 29, 1930 (46 Stat. p. 482), as amended, $1,000,000.

The amendment was agreed to.

The next amendment was, under the subhead "Washington Aqueduct", on page 75, line 16, before the word "may", to strike out "President" and insert "Commissioners", so as to read:

For additional extension, improvement, and repair of the water distribution system, including necessary mains, machinery, and equipment, to aid in the relief of unemployment and to be allotted for such projects and purposes and in such amounts as the Commissioners may approve (including the allocation of additional sums to any or all of the four immediately preceding items), there is hereby appropriated wholly out of the revenues of the water department such sums (not to exceed in the aggregate $635,000) as may be deemed surplus in such revenues.

The amendment was agreed to.

The next amendment was, on page 80, after line 10, to strike out:

SEC. 6. No part of the appropriations contained in this act shall be used to pay any increase in the salary of any officer or employee of the District of Columbia by reason of the reallocation of the position of such officer or employee to a higher grade since June 30, 1932, by the Personnel Classification Board or the Civil Service Commission.

The amendment was agreed to.

The next amendment was, on page 80, line 17, to change the section number from 7 to 6.

The amendment was agreed to.

The VICE PRESIDENT. That completes the committee amendments.

Mr. THOMAS of Oklahoma. Mr. President, on behalf of the committee I am authorized and instructed to offer the amendment which I send to the desk and ask to have read.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 2, beginning with line 12, it is proposed to strike out "For personal services, $38,794, plus so much as may be necessary to compensate the Engineer Commissioner at such rate in grade 8 of the professional and scientific service of the Classification Act of 1923, as amended, as may be determined by the Board of Commissioners" and to insert in lieu thereof the following:

For two Commissioners at $9,000 each (before the reduction for the fiscal year ending June 30, 1934), and for other personal services; in all, $40,494, plus so much as may be necessary to compensate the Engineer Commissioner at the rate of $9,000 per annum (before said reduction).

The amendment was agreed to.

Mr. THOMAS of Oklahoma. On behalf of the committee, I am instructed to offer a second amendment, which I send to the desk and ask to have stated.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 80, after line 83, it is proposed to insert a new section, as follows:

SEC. 7. When specifically recommended by the budget officer of the District of Columbia and approved by the Commissioners of said District, transfers may be made between subheads of appropriations provided in this act for the free Public Library, public playgrounds, public schools (except buildings and grounds and repairs to buildings), health department, and public welfare, respectively: *Provided*, That such transfers under this section shall not be made between appropriations for the several municipal services named, and all transfers, whether approved or contemplated, shall be reported to Congress in the estimates of the District of Columbia for the fiscal year 1935.

The amendment was agreed to.

Mr. BRATTON. Mr. President, on behalf of the committee I am authorized to offer an amendment, which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 44, line 4, after the figures "$1,800,000", it is proposed to insert a colon and the following proviso:

Provided, however, That no officer or member of the fire department of the District of Columbia, payment of whose services shall be made from this or any other appropriation made for like purposes, shall be prohibited from becoming or being a member of any organization so long as such organization does not permit, claim, hold, or use the strike for any purpose whatsoever, notwithstanding anything heretofore to the contrary.

The amendment was agreed to.

Mr. COUZENS. Mr. President, awhile ago I sent to the desk an amendment which I ask to have stated at this time.

The VICE PRESIDENT. The Senator from Michigan offers an amendment, which will be stated.

Mr. COUZENS. While the messenger is getting it I will explain the amendment.

On page 8, I move to strike out the following words on line 14:

Installation and modification of electric traffic lights, signals, and controls.

And then, on line 18, I move to strike out the sum of "$45,000" and make it "$10,000."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Michigan.

Mr. COUZENS. Mr. President, the city has gone completely crazy in putting in these electric-light signals. Not only is that the case here in the District but it is spreading all over the Nation. Every village and hamlet is being plastered with these automatic electric signs. In other words, motorists are being taught to rely on signs instead of their brains, and street corners that have been without these signal lights for years are now being plastered all over with a lot of automatic signal lights. From my observation I

think the District of Columbia is entirely surfeited with lights of that sort, and I want them stopped.

That is the purpose of the amendment. I do not object to the other part of the section.

Mr. THOMAS of Oklahoma. Mr. President, this matter was not brought before the committee. However, the amendment, if adopted, will reduce the appropriation by the sum of $35,000. Inasmuch as the Budget is in its present condition, and inasmuch as this matter was not considered by the committee, I have no objection to the amendment going to conference.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Michigan.

The amendment was agreed to.

Mr. BLACK. Mr. President, on yesterday I gave notice that it was my intention to offer to this bill an amendment which was sent to the desk and printed. That amendment is intended to be supplementary to the bill which was passed by the Senate with reference to the hours of work.

The original bill passed by the Senate prohibited the shipment in interstate commerce of commodities manufactured in establishments where the employees work more than 5 days in any week, or more than 6 hours in any day. Of course, if we are going to establish a normal working week, we should establish it as nearly universally throughout the country as we can. For that reason, it is my thought that the bill which we passed should be supplemented by providing that the Government itself shall not buy articles or commodities from factories in which the workers are employed more than 5 days per week or 6 hours per day, and that contractors should not purchase, for use in Government buildings, goods that have been manufactured in factories working more than the prescribed time.

This matter was particularly called to my attention by reason of a letter which I received 3 days ago. A man wrote me that he was employed in a factory manufacturing articles for use by the Government at Boulder Dam, and that the employees of that factory are working 13 hours per day, 7 days per week, in a city where 30 percent of the population is being fed today by the Federal Government!

In other words, in that city the Government is buying articles manufactured by men working 13 hours a day, 7 days per week, and at the same time the Government is digging down into the Treasury and feeding more than 30 percent of the population! The same thing is true with reference to a great many other cities.

Mr. President, it is my intention to call this amendment first to the attention of the House Committee on Labor, which is considering the bill which the Senate passed. I have reason to believe that the committee will probably report out the bill about next Monday; at least, that is the information which has been given out. I hope to present this matter to them, in order that it may be considered by them as a supplement to the original bill. I wish it distinctly understood that, insofar as I am concerned, I do not believe any program passed at this extra session of Congress which fails to provide for putting people to work will relieve the situation. I do not believe any program will be adequate which fails to recognize the fact that in order to put people to work there must be some kind of a regulation of the hours of labor. I believe that if that is ignored, we cannot put back to work any reasonable proportion of the 13,000,000 unemployed.

Therefore, if by reason of lack of opportunity or time, the House does not act upon the bill which the Senate passed, it is my intention to offer at a later date, on some bill that the House has acted upon, the 30 hour bill with or without these amendments, as the Senate may determine.

With this statement, I desire to say that I shall not offer the amendment to this particular bill, with the hope that it may be adopted in the House.

The VICE PRESIDENT. The question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

Mr. THOMAS of Oklahoma. Mr. President, I move that the Senate insist on its amendments, request a conference with the House of Representatives upon the bill and amendments, and that the Chair appoint the conferees on the part of the Senate.

The VICE PRESIDENT. The question is on the motion of the Senator from Oklahoma.

The motion was agreed to; and the Vice President appointed Mr. THOMAS of Oklahoma, Mr. GLASS, Mr. KING, Mr. NYE, and Mr. KEYES conferees on the part of the Senate.

Mr. BRATTON. Mr. President, I ask unanimous consent to have printed in the RECORD a letter from Mr. William Green, president of the American Federation of Labor, relating to the amendment at pages 30 and 31 of the bill; also, a letter from Mr. Green relating to the amendment just adopted, appearing at page 44 of the bill.

The VICE PRESIDENT. Without objection, it is so ordered.

The letters are as follows:

WASHINGTON, D.C., *May 1, 1933.*

Hon. SAM G. BRATTON,
Senate Office Building, Washington, D.C.

DEAR SIR: The appropriation bill for the District of Columbia, as reported to the Senate, contains an amendment on page 31 authorizing the appointment of "qualified temporary teachers, notwithstanding the eligible list." The word "qualified" obviously has little meaning if the statute destroys the eligibility requirements for teachers. The amendment would, in practice, subject the children of the public schools of Washington to the care of less qualified teachers than they could have were this amendment not enacted.

The amendment further provides that in filling vacancies in the system, teachers now in the system shall have the preference "so far as practicable." This provision would permit the appointment of new teachers possessing less than the legal eligibility requirements in place of retaining in the system legally qualified teachers when such changes would appear to be more practicable. I do not at this time raise the objection to the appointment of temporary teachers, as I am cognizant of the fact that the appointment of a temporary teacher saves the Government some money, as the temporary teacher cannot be paid longevity for teaching service before his appointment to the local system. However, if temporary teachers were appointed from the eligible list the saving would likewise be effected, and the children of Washington would have the privilege of being taught by highly qualified teachers. To correct the situation this provision would effect, the following amendment will be offered from the floor. Page 31, lines 5, 6, 7, to be changed to read as follows:

"The fiscal year 1934 appoint as temporary teachers in the public schools of the District of Columbia, qualified teachers from the eligible list."

Line 10, strike out the words "so far as practicable."

That the Senate would needlessly and ruthlessly seek to destroy the standards of teaching in the schools of the Nation's Capital as the proposed amendment would do, is, to labor, unthinkable.

I trust that we may have your active support for these suggested changes to be offered to this bill when it is up before the Senate for consideration.

Very truly yours,

WM. GREEN,
President American Federation of Labor.

WASHINGTON, D.C., *May 1, 1933.*

Hon. SAMUEL BRATTON,
United States Senate, Washington, D.C.

MY DEAR SENATOR BRATTON: The amendment which you plan to introduce to the District of Columbia appropriations bill, which provides that the fire fighters of the District of Columbia may become members of the International Association of Fire Fighters, meets with the hearty approval of the officers and members of the American Federation of Labor. The American Federation of Labor holds that every worker, whether employed by the Government or in private industry, should be permitted to exercise the right to unite and organize for mutual helpfulness and for the purpose of improving their social, economic, and industrial status. We regard the exercise of the right of all working people to organize as a vital, cardinal right which should not be interfered with.

The amendment which I understand you propose to offer reads as follows:

"*Provided, however,* That no officer or member of the fire department of the District of Columbia, payment for whose services shall be made from this or any other appropriation made for like purposes, shall be prohibited from becoming or being a member of any organization so long as such organization does not permit, claim, hold, or use the strike for any purpose whatsoever, notwithstanding anything heretofore to the contrary."

Such an amendment serves two very distinct and definite purposes. First, it guarantees the right of employees of the fire department of the District of Columbia to organize if they wish to do so. Second, it amply protects the District of Columbia

against interruption in service and eliminates the threat of a resort to strike as a means of settling any dispute over wages or conditions of employment which may arise. Surely, with such ample protection and with such established guaranties there can be no objection on the part of Congress or of the people to the exercise of the right of the firemen of the District of Columbia to organize for mutual self-helpfulness.

I trust that you and the Members of the Congress will share with me this point of view. I strongly urge the adoption of the amendment herein referred to.

Very sincerely yours,

WM. GREEN,
President American Federation of Labor.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

REPORTS OF COMMITTEES

The VICE PRESIDENT. Reports of committees are in order.

Mr. ROBINSON of Arkansas. From the Committee on Foreign Relations I submit reports on five nominations and ask that they may go to the calendar.

The VICE PRESIDENT. The nominations will be received and placed on the Executive Calendar.

FEDERAL FARM BOARD

Mr. SMITH. From the Committee on Agriculture and Forestry I report back favorably the nomination of Francis Winfred Peck, of Minnesota, to be a member of the Federal Farm Board for the unexpired portion of the term of 6 years from June 15, 1930. On account of unavoidable delay this nomination has not been reported before and Mr. Morgenthau has asked that, if possible, it be considered this evening.

The VICE PRESIDENT. Is there objection to the present consideration of the nomination just reported by the Senator from South Carolina?

Mr. McNARY. Has the nomination been referred to the committee?

Mr. SMITH. It has. The Senator from Oregon concurred in it.

Mr. McNARY. It is not on the calendar, is it?

Mr. SMITH. It is not. It is to fill out an unexpired term. I did not have a chance to call the committee together, and I frankly say that they were polled, and they were practically unanimous. As I stated, Mr. Morgenthau has asked that action be taken at this time on account of the pressure of business.

The VICE PRESIDENT. Is there objection to the request of the Senator from South Carolina for immediate consideration? The Chair hears none, and, without objection, the nomination is confirmed.

INTERIOR DEPARTMENT

Mr. KENDRICK. From the Committee on Public Lands and Surveys I report back favorably the nomination of Oscar L. Chapman, of Colorado, to be Assistant Secretary of the Interior, vice John H. Edwards. I ask unanimous consent for the immediate consideration of the nomination.

The VICE PRESIDENT. Is there objection to the request of the Senator from Wyoming for immediate consideration? The Chair hears none, and, without objection, the nomination is confirmed.

BOARD OF TAX APPEALS

Mr. HARRISON. The nomination of Jed C. Adams, of Texas, to be a member of the Board of Tax Appeals for the unexpired portion of a term of 12 years from June 2, 1932, was favorably reported earlier in the day, as in executive session. I should like to have it considered at this time.

Mr. COUZENS. That nomination ought to go over. It is not on the calendar.

Mr. HARRISON subsequently said: Mr. President, I hope there will be no objection to my request for unanimous consent for the confirmation of the nomination of Mr. Adams.

The VICE PRESIDENT. The Senator from Michigan [Mr. COUZENS] asked that it go over.

Mr. HARRISON. I do not think he has any objection.

Mr. COUZENS. Mr. President, I understood that that nomination was reported from the Committee on Finance. I did not recall, and I do not now recall, that it was taken up in the committee meeting this morning. I have since been informed that the committee was polled, although I was not polled. I should like to have some information as to who the gentleman is and what the office is.

Mr. HARRISON. The nomination is for membership on the Board of Tax Appeals. A member of the Board died the other day, and this nomination is to fill the vacancy. I may say that the gentleman is from Texas and is quite a good friend of the Vice President.

Mr. CONNALLY. If the Senator from Michigan desires any information about the nominee, I shall be glad to give it to him.

The VICE PRESIDENT. Is there objection to the present consideration of the nomination? The Chair hears none; and, without objection, the nomination is confirmed.

GREAT LAKES-ST. LAWRENCE DEEP WATERWAY TREATY—MINORITY VIEWS (PT. 2, EX. REPT. NO. 1)

Mr. CLARK. Mr. President, on behalf of the senior Senator from Illinois [Mr. LEWIS], who is unavoidably detained from the Senate on account of illness, I ask leave to submit the views of the minority of the Committee on Foreign Relations on the St. Lawrence deep waterway treaty, and ask that they may be printed.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the minority views will be received and printed.

Are there further reports of committees? If not, the calendar is in order.

DEPARTMENT OF LABOR

The Chief Clerk read the nomination of Charles Wyzanski, Jr., of Massachusetts, to be Solicitor of Labor, vice Theodore G. Risley.

Mr. McCARRAN. Mr. President, I ask unanimous consent that this nomination be recommitted to the Committee on the Judiciary.

The VICE PRESIDENT. Is there objection to the request of the Senator from Nevada? The Chair hears none, and it is so ordered.

DEPARTMENT OF THE TREASURY

The Chief Clerk read the nomination of J. F. T. O'Connor, of California, to be Comptroller of the Currency, to fill an existing vacancy.

Mr. McNARY. Mr. President, this nomination has just reached the calendar. Several Members have stated to me that they would like further time to consider the qualifications of the nominee. For that reason I ask that it may go over today.

Mr. HARRISON. Mr. President, can we not fix a definite time for action on this nomination? It is a very important one.

Mr. McNARY. Mr. President, I assure the Senator that there will be no purpose to delay consideration, but I could not specify a date at this time.

Mr. HARRISON. Very well.

The VICE PRESIDENT. The nomination will go over.

DEPARTMENT OF JUSTICE

The Chief Clerk read the nomination of James Crawford Biggs, of North Carolina, to be Solicitor General, vice Thomas D. Thacher.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

RECESS

The Senate resumed legislative session.

Mr. ROBINSON of Arkansas. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 4 o'clock and 45 minutes p.m.) the Senate took a recess until tomorrow, Thursday, May 4, 1933, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 3 (legislative day of May 1), 1933

ASSISTANT SECRETARY OF THE INTERIOR

Oscar L. Chapman to be Assistant Secretary of the Interior.

SOLICITOR GENERAL

James Crawford Biggs to be Solicitor General.

MEMBER OF THE BOARD OF TAX APPEALS

Jed C. Adams to be a member of the Board of Tax Appeals.

MEMBER OF THE FEDERAL FARM BOARD

Francis Winfred Peck to be a member of the Federal Farm Board.

HOUSE OF REPRESENTATIVES

WEDNESDAY, MAY 3, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Our Lord and our God, in these silent moments dedicated to prayer, enable us to listen to the voice of our deepest natures and know that the vast reward of a godly life is in the soul itself. Here we attain the gladness and freedom of duty, and work and sacrifice accomplish their best. In our intercourse with one another in this Chamber may we proceed on the grounds of mutual faith and hope, forgetting ourselves in the largest service we owe our beloved country. Oh, cast Thy peace into the tumultuous life of this present day. Overarch our restlessness with calm, and in the thought of the eternal may we find guidance and wisdom in the pressing problems of these hours. Through Christ our Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate insists upon its amendments to the bill (H.R. 3835) entitled "An act to relieve the existing national economic emergency by increasing agricultural purchasing power, to raise revenue for extraordinary expenses incurred by reason of such emergency, to provide emergency relief with respect to agricultural indebtedness, to provide for the orderly liquidation of joint-stock land banks, and for other purposes, requests a conference with the House thereon, and appoints Mr. SMITH, Mr. FLETCHER, Mr. THOMAS of Oklahoma, Mr. WAGNER, Mr. MCNARY, and Mr. WALCOTT to be the conferees on the part of the Senate.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 7. An act providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska; to the Committee on Mines and Mining.

S. 157. An act to amend an act approved March 4, 1929 (45 Stat. 1548), entitled "An act to supplement the last three paragraphs of section 5 of the act of March 4, 1915 (38 Stat. 1161), as amended by the act of March 21, 1918 (40 Stat. 458)"; to the Committee on Public Lands.

S. 166. An act for the relief of Robert J. Foster; to the Committee on Military Affairs.

S. 248. An act for the relief of Rolando B. Moffett; to the Committee on Military Affairs.

S. 313. An act to amend section 5 of the act approved July 10, 1890 (28 Stat. 664), relating to the admission into the Union of the State of Wyoming; to the Committee on the Territories.

S. 381. An act for the relief of Samson Davis; to the Committee on Military Affairs.

S. 422. An act for the relief of Albert A. Marquardt; to the Committee on Military Affairs.

S. 423. An act for the relief of Michael J. Moran; to the Committee on Military Affairs.

S. 531. An act for the relief of Dan Davis; to the Committee on Military Affairs.

S. 558. An act for the relief of Beryl M. McHam; to the Committee on Military Affairs.

S. 593. An act to amend the act entitled "An act to give war-time rank to retired officers and former officers of the Army, Navy, Marine Corps, and/or Coast Guard of the United States", approved June 21, 1930, so as to give class B officers of the Army benefits of such act; to the Committee on Military Affairs.

S. 604. An act amending section 1 of the act entitled "An act to provide for stock-raising homesteads, and for other purposes", approved December 29, 1916 (ch. 9, par. 1, 39 Stat. 862), and as amended February 28, 1931 (ch. 328, 46 Stat. 1454); to the Committee on the Public Lands.

S. 707. An act for the relief of James J. Jordan; to the Committee on Military Affairs.

S. 743. An act to amend the act approved June 30, 1932, entitled "An act providing for the transfer of the duties authorized and authority conferred by law upon the Board of Road Commissioners in the Territory of Alaska to the Department of the Interior, and for other purposes"; to the Committee on the Territories.

S. 753. An act to confer the degree of bachelor of science upon graduates of the Naval Academy; to the Committee on Naval Affairs.

S. 772. An act for the relief of Robert J. Smith; to the Committee on Military Affairs.

S. 792. An act for the relief of Curtis Jett; to the Committee on Military Affairs.

S. 804. An act to authorize the Secretary of War to grant a right of way to the Dalles Bridge Co.; to the Committee on Interstate and Foreign Commerce.

S. 1131. An act to amend the probation law; to the Committee on the Judiciary.

S. 1204. An act for the relief of William Burke; to the Committee on Military Affairs.

S. 1278. An act to amend an act (Public, No. 431, 72d Cong.) to identify The Dalles Bridge Co.; to the Committee on Interstate and Foreign Commerce.

S. 1287. An act for the relief of Leonard Theodore Boice; to the Committee on Military Affairs.

S. 1288. An act for the relief of Otto Christian; to the Committee on Military Affairs.

S. 1415. An act to amend sections 5200 and 5202 of the Revised Statutes, as amended, to remove the limitations on national banks in certain cases; to the Committee on Banking and Currency.

H. NEWLIN MEGILL

The SPEAKER laid before the House the following communication from the Clerk of the House of Representatives:

WASHINGTON, D.C., *May 2, 1933.*

Hon. HENRY T. RAINEY,
Speaker of the House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: Desiring to be temporarily absent from my office, I hereby designate Mr. H. Newlin Megill, an official in my office, to sign any and all papers for me which he would be authorized to sign by virtue of this designation and of clause 4, rule III of the House.

Yours respectfully,

SOUTH TRIMBLE,
Clerk of the House of Representatives.

FARM RELIEF

The SPEAKER. The question is on agreeing to House Resolution 124. Under the rule the previous question is ordered.

Mr. SNELL. Mr. Speaker, on this resolution I should like a division of the resolution.

The SPEAKER. The gentleman will indicate the division desired.

Mr. SNELL. I would request a division as follows:

The part of the resolution down to and including the language "numbered 1 to 84, inclusive, be, and the same are hereby, disagreed to" will be one proposition, and the language "that Senate amendment numbered 85 be, and the same is hereby, concurred in" will be the second proposition.

The SPEAKER. The Clerk will report the first part of the resolution as indicated by the gentleman from New York.

The Clerk read as follows:

Resolved, That immediately upon the adoption of this resolution the bill H.R. 3835, with Senate amendments thereto, be, and the same is hereby, taken from the Speaker's table; that all points of order against said bill or Senate amendments thereto shall be considered as waived; that Senate amendments numbered 1 to 84, inclusive, be, and the same are hereby, disagreed to.

The question was taken; and the first part of the resolution was agreed to.

The SPEAKER. The Clerk will report the remaining part of the resolution.

The Clerk read as follows:

That Senate amendment no. 85 be, and the same is hereby, concurred in; that the conference requested by the Senate on the disagreeing votes of the two Houses be, and the same is hereby, agreed to.

Mr. SNELL. Mr. Speaker, on this part of the resolution I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 307, nays 86, not voting 39, as follows:

[Roll No. 29]

YEAS—307

Abernethy	Darden	Jeffers	O'Connor
Adair	Dear	Jenckes	O'Malley
Adams	Deen	Johnson, Minn.	Oliver, Ala.
Allgood	Delaney	Johnson, Okla.	Oliver, N.Y.
Almon	DeRouen	Johnson, Tex.	Owen
Andrews, N.Y.	Dickinson	Jones	Palmisano
Arens	Dickstein	Keller	Parker, Ga.
Arnold	Dies	Kelly, Ill.	Parks
Auf der Heide	Disney	Kelly, Pa.	Parsons
Ayers, Mont.	Dobbins	Kennedy, Md.	Patman
Ayres, Kans.	Dockweiler	Kenney	Peavey
Bailey	Dondero	Kerr	Peterson
Beam	Doughton	Kleberg	Pettengill
Beiter	Douglass	Kloeb	Peyser
Berlin	Doutrich	Kniffin	Polk
Biermann	Dowell	Knutson	Pou
Bland	Doxey	Kocialkowski	Prall
Bloom	Driver	Kopplemann	Ragon
Boehne	Duffey	Kramer	Ramsay
Boileau	Duncan, Mo.	Lambertson	Ramspeck
Boland	Dunn	Lambeth	Randolph
Boylan	Durgan, Ind.	Lamneck	Rankin
Brennan	Eagle	Lanham	Reilly
Brooks	Eicher	Lansetta	Richards
Brown, Ky.	Elsey, Miss.	Larrabee	Robertson
Brunner	Faddis	Lee, Mo.	Rogers, N.H.
Buchanan	Farley	Lehr	Rogers, Okla.
Buck	Fitzgibbons	Lemke	Romjue
Bulwinkle	Fitzpatrick	Lesinski	Rudd
Burch	Flannagan	Lewis, Colo.	Ruffin
Burke, Calif.	Fletcher	Lewis, Md.	Sabath
Burke, Nebr.	Focht	Lindsay	Sanders
Burnham	Ford	Lloyd	Sandlin
Busby	Foulkes	Losier	Schaefer
Byrns	Frear	Ludlow	Schuetz
Cady	Fuller	Lundeen	Schulte
Caldwell	Fulmer	McCarthy	Sears
Cannon, Mo.	Gasque	McClintic	Secrest
Cannon, Wis.	Gavagan	McCormack	Shallenberger
Carden	Gilchrist	McDuffie	Shannon
Carley	Gillespie	McFarlane	Shoemaker
Carpenter, Kans.	Gillette	McGrath	Sirovich
Carpenter, Nebr.	Glover	McGugin	Sisson
Carter, Wyo.	Goldsborough	McKeown	Smith, Va.
Cartwright	Granfield	McLeod	Smith, Wash.
Cary	Gray	McMillan	Smith, W.Va.
Castellow	Green	McReynolds	Snyder
Celler	Greenwood	McSwain	Somers, N.Y.
Chapman	Gregory	Major	Spence
Christianson	Griswold	Maloney, Conn.	Steagall
Church	Guyer	Maloney, La.	Strong, Tex.
Clark, N.C.	Haines	Mansfield	Stubbs
Cochran, Mo.	Hancock, N.C.	Marland	Studley
Coffin	Hart	Martin, Colo.	Sullivan
Colden	Harter	Martin, Oreg.	Sumners, Tex.
Cole	Hastings	May	Sutphin
Collins, Calif.	Healey	Mead	Swank
Collins, Miss.	Henney	Meeks	Sweeney
Colmer	Hildebrandt	Miller	Tarver
Condon	Hill, Ala.	Milligan	Taylor, Colo.
Cooper, Tenn.	Hill, Knute	Mitchell	Taylor, S.C.
Corning	Hill, Sam B.	Monaghan	Taylor, Tenn.
Cox	Hoidale	Montet	Terrell
Cravens	Hope	Moran	Thom
Crosby	Hornor	Morehead	Thomason, Tex.
Cross	Howard	Muldowney	Thompson, Ill.
Crosser	Hughes	Musselwhite	Thurston
Crowe	Imhoff	Nesbit	Truax
Cullen	Jacobsen	Norton	Turner
Cummings	James	O'Connell	Umstead
Utterback	Weaver	Whittington	Wolverton
Vinson, Ga.	Weideman	Wilcox	Wood, Mo.
Vinson, Ky.	Welch	Williford	Woodruff
Wallgren	Werner	Williams	Woodrum
Walter	West, Ohio	Wilson	Young
Warren	West, Tex.	Withrow	The Speaker
Wearin	White	Wolfenden	

NAYS—86

Allen	De Priest	Huddleston	Richardson
Andrew, Mass.	Dirksen	Jenkins	Rogers, Mass.
Bacharach	Ditter	Kahn	Seger
Bacon	Drewry	Kinzer	Simpson
Bakewell	Eaton	Kurtz	Snell
Beck	Edmonds	Lehlbach	Stalker
Beedy	Eltse, Calif.	Luce	Stokes
Black	Englebright	McFadden	Strong, Pa.
Blanchard	Evans	McLean	Swick
Bolton	Fish	Mapes	Taber
Britten	Foss	Marshall	Tinkham
Brumm	Gibson	Martin, Mass.	Tobey
Carter, Calif.	Goodwin	Merritt	Traeger
Chase	Goss	Millard	Treadway
Claiborne	Hancock, N.Y.	Mott	Turpin
Clarke, N.Y.	Hartley	Moynihan	Wadsworth
Cochran, Pa.	Hess	Parker, N.Y.	Watson
Connery	Higgins	Powers	Whitley
Connolly	Hoeppel	Ransley	Wigglesworth
Cooper, Ohio	Hollister	Reece	Wolcott
Crowther	Holmes	Reid, Ill.	
Darrow	Hooper	Rich	

NOT VOTING—39

Bankhead	Dingell	Kemp	Reed, N.Y.
Blanton	Fernandez	Kennedy, N.Y.	Robinson
Brand	Fiesinger	Kvale	Sadowski
Brown, Mich.	Gambrill	Lea, Calif.	Scrugham
Browning	Gifford	Montague	Sinclair
Buckbee	Griffin	Murdock	Underwood
Cavicchia	Hamilton	O'Brien	Waldron
Chavez	Harlan	Perkins	Wood, Ga.
Crump	Johnson, W.Va.	Pierce	Zioncheck
Culkin	Kee	Rayburn	

So the second part of the resolution was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Bankhead (for) with Mr. Reed of New York (against).
Mr. O'Brien (for) with Mr. Cavicchia (against).
Mr. Kennedy of New York (for) with Mr. Waldron (against).
Mr. Sinclair (for) with Mr. Culkin (against).
Mr. Harlan (for) with Mr. Perkins (against).

Until further notice:

Mr. Blanton with Mr. Gifford.
Mr. Hamilton with Mr. Buckbee.
Mr. Zioncheck with Mr. Kvale.

Mr. BYRNS. Mr. Speaker, the following Members are unavoidably absent, but if present they would vote "aye": Messrs. MONTAGUE, FERNANDEZ, GAMBRILL, PIERCE, SADOWSKY, UNDERWOOD, BROWN of Michigan, BROWNING, KEE, DINGELL, FIESINGER, KEMP, WOOD of Georgia, CRUMP, RAYBURN, JOHNSON of West Virginia, GRIFFIN, CHAVEZ, BRAND, SCRUGHAM, MURDOCK, ROBINSON, and LEA of California.

The result of the vote was announced as above recorded.

On motion of Mr. POU, a motion to reconsider the vote by which the resolution was agreed to was laid on the table.

The SPEAKER appointed the following conferees: Messrs. JONES, FULMER, DOXEY, CLARKE of New York, and HOPE.

COMMITTEE ON RIVERS AND HARBORS

Mr. MANSFIELD. Mr. Speaker, I ask unanimous consent that the Committee on Rivers and Harbors be permitted to hold hearings today and tomorrow during sessions of the House.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

RELIEF OF HARDSHIP AND SUFFERING CAUSED BY UNEMPLOYMENT

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 4606), to provide for cooperation by the Federal Government with the several States and Territories and the District of Columbia in relieving the hardship and suffering cause by unemployment, and for other purposes, with Senate amendments, disagree to the Senate amendments, and ask for a conference.

Mr. SNELL. Mr. Speaker, reserving the right to object, is this the $500,000,000 relief bill?

Mr. STEAGALL. Yes.

The SPEAKER. Is there objection to the request of the gentleman from Alabama? [After a pause.] The Chair

hears none, and appoints the following conferees: Messrs. STEAGALL, GOLDSBOROUGH, and LUCE.

AMENDING CLAUSE 6, OF RULE XVI

Mr. POU. Mr. Speaker, I call up House Resolution 102 from the Committee on Rules.

The Clerk read the resolution, as follows:

House Resolution 102

Resolved, That upon the adoption of this resolution clause 6 of rule XVI be, and the same is hereby, amended to read as follows:

"On the demand of any Member, before the question is put, a question shall be divided if it includes propositions so distinct in substance that one being taken away a substantive proposition shall remain: *Provided*, That any motion or resolution to elect members or any portion of the members of the standing committees of the House, and the joint standing committees shall not be divisible, nor shall any resolution or order reported by the Committee on Rules, providing a special order of business, be divisible."

Mr. POU. Mr. Speaker, I yield one half of the hour to the gentleman from Pennsylvania [Mr. RANSLEY]. I do not know whether this side will take half an hour or not. I yield myself 10 minutes.

Mr. Speaker, what this resolution accomplishes may be stated in a very few words. It prevents the division of a report from the Committee on Rules.

According to my recollection, until some 20 years ago it was very seldom the practice of the House to divide a report from the Committee on Rules. Beginning with the administration of Speaker Henderson and continuing through administrations that followed, the practice has grown. I believe it is contrary to good procedure and takes unnecessary time.

Mr. Speaker, the Committee on Rules fixes the program of the House, within certain limits of course. It has frequently been called the political committee of the House, and I submit to the membership on both sides of the House that whether one party is in power or whether another party is in power, a report from the Committee on Rules fixing the order of business ought not to be divisible, and that is all this resolution does.

The Committee on Rules makes a report and proposes a certain order of business. Somebody discovers that it may include two substantive propositions, and the result is two roll calls are required.

We have seen the political pendulum swing very far both ways. It has gone quite far your way and quite far our way. I submit to the membership of this House that in the interest of orderly procedure—and God knows I am not merely seeking more power for the Committee on Rules, a thing I have never done since I have served on the committee—but I do submit regardless of which party is in power that the order of business reported by the Committee on Rules ought not to be subjected to division, and that is all this rule does.

Mr. SNELL. Will the gentleman yield?

Mr. POU. I yield.

Mr. SNELL. I have never found any fault with the Committee on Rules, whether I was in the majority or the minority. I am willing to submit to it in the small minority; but the gentleman must admit that the change he proposes does to a certain extent infringe the rights of every individual Member.

Mr. POU. I say it ought to be done whether my party is in power or your party is in power.

Mr. SNELL. I will not argue that with the gentleman, but I should like to ask him this question. Is this in accordance with the statement made by the Democrats at the beginning of the Seventy-second Congress, when you told the House how liberal the Democratic Party was going to be in protecting the rights of Members?

Mr. POU. I think it is in accordance with that statement. I do not think there is any inconsistency in it. This takes away no power so far as the individual Member is concerned, except he cannot ask for a separate vote. It does curtail the power of the individual Member to that extent. I submit to my beloved friend from New York—and I emphasize the word "beloved" because he knows that for him personally I have genuine affection—that in our efforts here to blaze the roadway to a new and better day it is a little out of place to be always injecting politics. I submit that the country is not in a mood to tolerate very much longer the repeated injection of politics, when the membership on both sides of the aisle is trying to cooperate and travel along a pathway that will bring us into the sunlight of prosperity.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. POU. Yes.

Mr. SNELL. Simply to say that I as an individual or the Republican Party as a whole have never made a campaign before the people against the rules of the House, while the Democrats have made the liberalization of the rules as a campaign issue, and when you turn directly around I think I have the right in a general way to call the attention of the country to how you have changed your position when placed in the majority.

Mr. POU. Mr. Speaker, my friend has stated his position, and I have stated what I believe to be the position of the majority. We are doing what we believe is necessary to assist in carrying out a great program for the rehabilitation of this Nation, and I believe, as I said in the beginning, that the resolution that has been reported will make for orderly procedure and will not curtail the legislative liberty of the individual Member. I reserve the remainder of my time.

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from New Jersey [Mr. LEHLBACH].

Mr. LEHLBACH. Mr. Speaker, the practice has obtained here in this House from the very beginning, with reference to reports from the Committee on Rules, as well as the reports from any other committee, to call for a division of a subject containing several propositions not interrelated. The purpose of that practice was most graphically illustrated a few moments ago when, upon the request of the gentleman from New York [Mr. SNELL], House Resolution 124 was divided and the two separate and distinct propositions contained therein were voted upon separately. That has been the practice of this House from the very beginning. That resolution contained two distinct propositions. One proposition was to disagree to and send to conference 84 amendments of the Senate dealing with the farm-relief portion of the bill in question. The other proposition was to agree to amendment no. 85, which was the provision looking to the inflation of our currency—two absolutely separate propositions. A Member might support one and not the other, and in accordance with the wise rules of the House any Member had the right up to the time when we pass this resolution to demand such a division. It is the greatest protection of the individual Member and the greatest protection of the minority in our rules at the present time. What wrong is there about a man who wants to further farm relief amendments of the Senate having the right to vote "yes" on them, and if he is not in sympathy with the inflation provisions, having the right to vote "no" on them?

But under this proposition, if he wants to help the farm provisions along on the one hand, he has also to vote for a subject that has nothing to do with it, and about which he has a different opinion from the proponents of the resolution. Why is it not right to divide these questions, including resolutions coming from the Committee on Rules? The gentleman from North Carolina [Mr. POU] said that "recently" the practice had sprung up of embracing in the divisibility rule resolutions reported by the Committee on Rules. I do not believe the gentleman can find a precedent in the entire history of the House but that says that a rule is just as divisible as any other proposition brought up for consideration of the Membership of the House. For that reason I say that this is putting a yoke, tying a collar around the necks of the individual Members, something which has never before been attempted in the history of the House. This goes away beyond any gag rule. No matter how gagging a rule may be brought in here by the Committee on Rules, if it contains separate propositions, we should have the right to vote separately upon them, and this proposition takes the last vestige of independence from us. It is thoroughly vicious, it is drastic, it is taking from the Membership

of the House the last right to give expression to their views, and to voice here the opinions and views of the constituents they represent.

Mr. POU. Mr. Speaker, I yield 5 minutes to the gentleman from Tennessee [Mr. BYRNS].

Mr. BYRNS. Mr. Speaker, I hope this resolution will be adopted. It seems to me, as was said by the gentleman from North Carolina [Mr. POU], it is necessary in the interest of the proper procedure of the House. I understand, as gentlemen understand, that these rules are reported with reference to bills pending before the Committee on Rules, with a certain plan of procedure, and I can well understand, where one proposition is voted out and others left in it might result in confusion and destroy the whole purpose of the rule. It seems to me this report made by the Committee on Rules providing that there shall be no division with reference to any report made by that standing committee is not only wise but necessary in order to carry out its recommendation to the House. After all, when the rule comes before the House, it is a question with the House as to whether or not it will be willing to adopt it or change it. I repeat, I can plainly see where in some cases occasion may arise when some portion of the rule will be stricken out and leave in some provision without any reference to what may have been done or may come after.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. Yes.

Mr. McFARLANE. What is the necessity for the change at this time? Tell us what you have in mind?

Mr. BYRNS. I have nothing in mind except, as I stated, that I believe it is necessary to proper procedure in this House, and I agree with the gentleman from North Carolina that I think it ought to be adopted without reference to politics, no matter what party is in power, because, as I said a moment ago, I can see the possibility when a rule is presented here and when a motion is made for a division that the House might strike out some provision in the rule reported which would destroy the purpose of the rule and without which the rule would not have been reported. I therefore think that in the interest of good procedure this resolution should be adopted.

Mr. WARREN. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. WARREN. Did not exactly that same thing occur in the economy bill last May?

Mr. BYRNS. Exactly. It is to avoid just such a situation as occurred in that bill that this is being done.

Mr. MARTIN of Massachusetts. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. MARTIN of Massachusetts. This rule was reported about 20 days ago. Why was it held until just before this appropriation bill came up? Is there any significance in that?

Mr. BYRNS. I do not think there is any particular reason for that. It has been on the calendar for that time and could be called up at any time. I do know that in face of the fact that the gentleman from New York asked for a division a moment ago the gentleman from North Carolina [Mr. POU] refrained from proposing it in order to permit you to have that division. So there was no purpose in holding it back until this time. The gentleman knows there have come from his committee many rules which have been held on the calendar for a considerable length of time before they were taken up for consideration.

Mr. CLARKE of New York. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. CLARKE of New York. Would the gentleman mind if we put on an amendment providing that no Chairman of the Committee on Rules should be allowed to carry a rule in his pocket for twenty-odd days? Would the gentleman be willing to have that amendment incorporated in this resolution?

Mr. BYRNS. Well, I do not exactly understand the query of the gentleman.

Mr. POU. Under the rules now that cannot be done.

Mr. CLARKE of New York. This very rule we are now discussing has been carried around by the chairman in his pocket for the Lord knows how many weeks, and only when an emergency arose was it necessary to bring it in, when you got afraid of your own Members running away with your proposition and you wanted to ram it down their throats and prevent them from voicing their protests.

Mr. BYRNS. It has been on the calendar and not in the pocket of the chairman. Now, let us be frank about the matter. The President has recommended as an amendment to the appropriation bill certain legislation. It is coming before this House. It is not a political matter, but it is in the interest of economy. The purpose of the gentleman's party is to demand a division and possibly defeat some of that legislation.

Mr. CLARKE of New York. In the depth of his heart the gentleman knows it is a political proposition.

Mr. BYRNS. I know nothing of the sort.

Mr. CLARKE of New York. With a two-thirds majority in this House, you are trying to jam this gag rule down Democratic throats, and it is an outrage on them, as well as on us Republicans, who do not like gag rules.

The SPEAKER. The time of the gentleman from Tennessee has expired.

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. BACON].

Mr. BACON. Mr. Speaker, I am opposed to this rule. There have been two very illuminating discussions of the reasons for this rule, and both of those discussions were made by leading Democrats. In the Seventy-second Congress, Mr. CANNON of Missouri discussed at length the reasons for this rule at the time he invoked it. He pointed out that the reason for the rule was the protection of the minority. At one place the gentleman said:

> It is a right which has come down to us from the First Congress, and when properly invoked has never been denied from that time to this.

Speaker Garner sustained Mr. CANNON's question for a division and overruled a point of order made against it.

In the very able and liberal discussion of the rule which Mr. CANNON made on April 27, 1932, he referred to a previous occasion when this rule was discussed. Mr. Fitzgerald, Democratic Chairman of the Appropriations Committee, asked for the division of a rule that was prepared by Mr. Cannon, the Speaker, who was also a member of the Rules Committee, with Mr. Dalzell, and Mr. John Sharp Williams, the only minority member. Mr. Fitzgerald again pointed out that this rule was in the interests of the protection of the minority.

> "Under this rule", he said, "which the Committee on Rules has not yet abrogated, a Member of the House is entitled to demand, before the question is put, that a separate vote be taken upon each substantive proposition in this resolution. Since the majority has exercised the power under the rules of the House to strip the minority of all its rights, some of the minority will insist upon the few rights that are still left under the rules for the rest of this session." [Loud applause on the Democratic side.]

I do not hear any Democratic applause today.

Mr. LEHLBACH. Will the gentleman yield right there?

Mr. BACON. Gladly.

Mr. LEHLBACH. And that was in 1908?

Mr. BACON. That was in 1908.

Mr. LEHLBACH. When Speaker Cannon was vested with all the powers that the Speakers in those times exercised, when he was known throughout the country as a czar, and when he and the gentleman from Pennsylvania, Mr. Dalzell, ruled this House with an iron hand, and yet "Czar" Cannon and Dalzell would not take from the minority the right to divide a rule coming from the Committee on Rules?

Mr. BACON. That was also carefully pointed out by Mr. CANNON in 1932, in discussing the fight that Mr. Fitzgerald made for the rights of the minority when he said:

> In this connection it may be recalled that the Committee on Rules at that time consisted of but three members—Mr. Dalzell, of Pennsylvania; Mr. Speaker Cannon, of Illinois; and Mr. John Sharp Williams, of Mississippi. Speaker Cannon was at that time at the zenith of his power. His control of the legislative program

of the House was absolute and undisputed. He was referred to in every newspaper as "the czar."

He had personally supervised the drafting of this rule. But when Mr. Fitzgerald demanded a separate vote on 1 of the 5 propositions carried by the rule the request was so obviously within his rights under the section of the rules of the House which the Speaker had just read that, although it was vigorously objected to by Mr. Dalzell and other parliamentarians on the majority side, Speaker Cannon held that he was entitled to a separate vote upon that one clause, and put the question.

As one member of the minority, I protest once more at the gag which the majority is placing upon the minority. They are changing a rule that is as old as Congress, a rule that Speaker Reed and Speaker Cannon never dared suggest changing. Why should the Democrats wish to trample on the rights of the minority, rights affirmed and concurred in for 72 Congress? Is it because the Democratic leadership do not trust their own huge majority of 200? Do they fear their ability to lead? I for one oppose this drastic rule.

I rest my case on two very liberal Democrats of the past, particularly Mr. Fitzgerald, of New York, a very noted chairman of the Committee on Appropriations. [Applause.]

Mr. LEHLBACH. Mr. Speaker, I yield 15 minutes to the gentleman from Massachusetts [Mr. LUCE].

Mr. LUCE. Mr. Speaker, the concluding remarks of the gentleman from North Carolina call for a few words. I shall not take all the time allotted to me.

He gently chided the minority for not acceding without demur to the proposals brought here to meet the great emergency. I would call to his attention and to that of the House the purposes of the two-party system. It is one of the great developments in parliamentary history. It is one of the great advantages which Anglo-Saxon people enjoy in the conduct of their governmental affairs, in marked contrast to other countries of the world where there are many parties. In England, in this country, and in all other English-speaking lands it has been found of great benefit to have opposing points of view presented; and we have reached that stage where we hold it both a public gain and a party duty, a responsibility we may not shirk.

The gentleman from North Carolina has been here much longer than I have and so has had much more opportunity to observe that criticisms by the minority party have again and again produced better legislation. We need go back no farther than last year to find illustrations of the advantages that have accrued from the detailed study of measures. One that we neglected to perfect here went over to the Senate where were made more than 40 amendments that then approved themselves to the House. It being the duty of the minority, the obligation, the responsibility, to criticize, there should be no sharp rejoinder in case we try to perform this duty. We ought to do it courteously, in no captious fashion, with no desire to obstruct, but with the desire to give help that only can come from men of a different cast of mind who are united together in what we call a political party.

Yesterday this House adopted probably the most important proposal affecting the welfare of this country, and indeed of the world, that has ever come before it. I venture to say the gentleman can present no instance in the history of parliamentary bodies where a more serious and far-reaching proposal was ever considered, and I do not except even the emergency of war, than the one we considered yesterday. Yet the minority were refused the opportunity to try to help improve the proposal by motions to instruct conferees. Perhaps we could not have done it. Perhaps the proposal was perfect. I have never seen anything perfect yet come from the brains of men, but possibly in this instance it was beyond improvement. Nevertheless, I believe that public advantage would have accrued if there could have been opportunity to apply the customary form of procedure in the way of proposal of change.

Now, sir, I realize that control of a legislative body as large as this is imperative; that there must be what we call leadership; and I have no desire to make hasty or unkind comments upon the leadership of the past 2 months. Yet it does seem to me that the public welfare would have been better secured if the minority had been given more opportunity to function.

Twenty-three years ago the greater part of the Members of this House came to the conclusion that there ought to be more opportunity for the minority to be heard and to assert itself. It is not even necessary to mention party names in connection therewith. I am talking only of principles. You will recall that the House, in its good judgment, decided it would be better if there were less control. Just one instance of what has been taking place since then: One of the reforms, as they were called, was the adoption of Calendar Wednesday. I came here 10 years or so after that reform had been adopted. It was still championed and supported and defended by the gentleman who had shared in its creation.

Leaders of the party then taking control gradually allowed Calendar Wednesday to wane in importance, and when the other side came into control 2 years ago they allowed it to disappear. Thus one of the great advantages that was sought in the liberalizing of the rules has now gone into what a good and great Democrat called innocuous desuetude.

In the present instance there comes to the surface extension of power and leadership to which we call attention. It is not because we fail to recognize the difficulties under which the present leadership of the House works. We understand the problems presented by the control of a large number of new Members unacquainted with the importance of preserving the integrity of parliamentary procedure. We understand the difficulty in controlling men who desire to have some share in the proceedings of the House. We appreciate that they are restless and that they must be held down with an iron hand if we are to accomplish our purposes, but in this case we think the leadership may have gone beyond bounds of prudence and may have established a rule that will return to work harm on those who have framed that rule. [Applause.]

Mr. O'CONNOR. Mr. Speaker, we have been talking about a matter, the importance of which has been greatly exaggerated. We have listened to appeals to preserve the rights of the minority and how that great liberal Speaker of the old days of 1908, the gentleman from Illinois, Mr. Cannon, would not go so far as to interfere with the rights of the minority. Why, Speaker Cannon or Speaker Clark or Speaker Garner could not have done anything different from what they did do, because clause 6 of rule XVI of the rules of the House provided that on any motion, any substantive matter could be separated, if it were divisible, and a separate vote had upon it. So when Speaker Cannon ruled as he did, and Speaker Clark, in the Sixty-second Congress, and Speaker Garner in the Seventy-second Congress, they were confronted with that rule and could not evade it.

This is just what we propose to do here today. We have added to the present rule one clause, "nor shall any resolution or order reported by the Committee on Rules, providing a special order of business be divisible." The rest of the resolution is the present rule.

This change in the rules was not thought up just yesterday or even last month. It was part of a somewhat general revision of the rules of the House. It is only 1 of 5 or 6 proposed changes, some of which have been brought in here and passed and some of which are still under consideration. The rule was not held in the pocket of the Chairman of the Rules Committee, as charged here today. It was reported to the House and has been on the House Calendar since April 10, which is a situation quite different from "pocketing a rule", a la Campbell.

The necessity for this rule was brought to the attention of the House last April in connection with the consideration of the economy bill. In that instance a rule was brought in to consider the economy bill and a decision was had on the rule. Because of the experience of the House at that time,

the Rules Committee, without reference to any particular legislation, recalling only that incident, decided in the very early part of this session to change the rules.

Now, what is the effect of this change in the rules? The gentleman from New Jersey [Mr. LEHLBACH] got very much excited about "protecting the rights of the minority." The gentleman knows, good parliamentarian that he is, how he could get a separate vote or amend a rule, merely by voting down the previous question on the rule and then amending it—to strike out a part or to insert some provision, so that when you are all through with either method you reach the same result.

But why does the leadership of this House want the rule? When the Rules Committee, as the distinguished chairman of the committee has said, lays out a plan for the consideration of a measure in this House, every part of the plan is necessary for its consideration.

In the economy bill last April this is what could have happened: The gentleman from Missouri [Mr. CANNON] demanded a separate vote on three lines of the resolution. When Speaker Garner sustained his contention that under the general rule as to divisibility, it applied to resolutions from the Rules Committee. This meant a separate vote on these three lines, and also, of course, a separate vote on the rest of the resolution. If he had been defeated in his attempt to strike out those three lines and they had remained and the rest of the resolution had been stricken out, you would have had the perfectly ridiculous situation of having the title to a bill and a clause in the bill which did not mean anything.

Mr. LEHLBACH. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. LEHLBACH. That very argument was made on the floor and was met by Speaker Garner with the statement that the presumption is that the House will act intelligently.

Mr. O'CONNOR. He was talking, maybe, about the Seventy-second Congress. [Laughter.]

There was no argument last April about the rights of the minority. All that Mr. CANNON of Missouri was arguing was the rules or the precedents and that Speakers were bound by the standing rules of the House. There was never any question but that we could change the rules, so that there could not be a separate vote on a resolution from the Rules Committee.

Now, take the resolution that is coming in to consider the independent offices bill and let us be frank about it. Suppose you take one paragraph of that resolution and demand a separate vote and vote that out. This may make the rest of the rule absolutely meaningless. You can accomplish the same purpose in another way, and let me state to my Democratic colleagues, do not let this molasses talk we are hearing every day over on the other side ensnare any of you. They are going to vote against this rule, I imagine, solely because we want it. They have had this in their own minds for years. If they were in power, after the experience with the economy bill, they would have been in here last December with this rule.

So the Rules Committee believes that in the orderly conduct of the business of the House, without interfering in any way with the rights of any minority or any individual Member, when they bring in a rule the whole plan should be carried out or the whole plan should be defeated by voting down the rule or changed, as you may see fit, by voting down the previous question and amending the rule. [Applause.]

Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the adoption of the resolution.

The question was taken; and on a division (demanded by Mr. SNELL) there were 125 ayes and 59 noes.

Mr. SNELL. Mr. Speaker, I object to the vote on the ground that there is no quorum present.

The SPEAKER. The Chair will count.

Mr. SNELL. Mr. Speaker, I will withdraw that and ask for the yeas and nays on the proposition.

The yeas and nays were ordered.

The question was taken; and there were—yeas 240, nays 142, not voting 48, as follows:

[Roll No. 30]

YEAS—241

Adair	Delaney	Kloeb	Richardson
Adams	DeRouen	Kniffin	Robertson
Allgood	Dickinson	Kocialkowski	Robinson
Almon	Dickstein	Kopplemann	Rogers, N.H.
Arnold	Dies	Kramer	Romjue
Auf der Heide	Disney	Lamneck	Rudd
Ayres, Kans.	Dobbins	Lanham	Ruffin
Bailey	Dockweiler	Larrabee	Sabath
Beiter	Doughton	Lee, Mo.	Sanders
Berlin	Douglass	Lesinski	Sandlin
Biermann	Doxey	Lewis, Colo.	Schaefer
Black	Drewry	Lindsay	Schuetz
Bland	Driver	Lloyd	Schulte
Bloom	Duffey	Lozier	Scrugham
Boehne	Duncan, Mo.	Ludlow	Sears
Boland	Durgan, Ind.	McCarthy	Shallenberger
Boylan	Eagle	McClintic	Sirovich
Brennan	Eicher	McCormack	Sisson
Brooks	Ellzey, Miss.	McDuffie	Smith, Va.
Brown, Ky.	Faddis	McGrath	Smith, W.Va.
Brown, Mich.	Farley	McKeown	Snyder
Brunner	Fitzgibbons	McReynolds	Spence
Buchanan	Fitzpatrick	McSwain	Steagall
Buck	Flannagan	Major	Strong, Tex.
Bulwinkle	Fletcher	Maloney, Conn.	Stubbs
Burch	Ford	Maloney, La.	Studley
Burke, Calif.	Fuller	Mansfield	Sullivan
Busby	Fulmer	Marland	Sumners, Tex.
Byrns	Gasque	Martin, Colo.	Sutphin
Cady	Gillespie	Martin, Oreg.	Swank
Caldwell	Gillette	May	Sweeney
Cannon, Mo.	Glover	Meeks	Tarver
Carden	Goldsborough	Miller	Taylor, Colo.
Carley	Goss	Milligan	Taylor, S.C.
Carpenter, Nebr.	Granfield	Mitchell	Thom
Cartwright	Gray	Montet	Thomason, Tex.
Cary	Green	Moran	Thompson, Ill.
Castellow	Greenwood	Musselwhite	Truax
Celler	Gregory	Nesbit	Turner
Chapman	Griswold	Norton	Umstead
Clark, N.C.	Haines	O'Connell	Utterback
Cochran, Mo.	Hart	O'Connor	Vinson, Ga.
Coffin	Hastings	Oliver, Ala.	Vinson, Ky
Colden	Healey	Oliver, N.Y.	Wallgren
Cole	Henney	Owen	Walter
Collins, Miss.	Hill, Sam B.	Palmisano	Warren
Colmer	Hoidale	Parker, Ga.	Wearin
Condon	Huddleston	Parks	Weaver
Cooper, Tenn.	Hughes	Parsons	Weideman
Corning	Imhoff	Patman	West, Ohio
Cox	Jacobsen	Peterson	West, Tex.
Cravens	Jeffers	Pettengill	Whittington
Crosby	Jenckes	Peyser	Wilcox
Cross	Johnson, Okla.	Pou	Williford
Crowe	Johnson, Tex.	Prall	Williams
Crump	Jones	Ragon	Wilson
Cullen	Kemp	Ramsay	Wood, Ga.
Cummings	Kennedy, Md.	Ramspeck	Woodrum
Darden	Kenney	Randolph	
Dear	Kerr	Rankin	
Deen	Kleberg	Rayburn	

NAYS—142

Allen	Ditter	Kahn	Peavey
Andrew, Mass.	Dondero	Keller	Polk
Andrews, N.Y.	Doutrich	Kelly, Ill.	Powers
Arens	Dowell	Kelly, Pa.	Ransley
Ayers, Mont.	Dunn	Kinzer	Reece
Bacharach	Edmonds	Knutson	Reid, Ill.
Bacon	Englebright	Kurtz	Reilly
Bakewell	Evans	Lambertson	Rich
Beam	Fish	Lambeth	Rogers, Mass.
Beck	Focht	Lanzetta	Rogers, Okla.
Blanchard	Foss	Lehlbach	Secrest
Boileau	Frear	Lehr	Seger
Bolton	Gavagan	Lemke	Shannon
Britten	Gibson	Luce	Shoemaker
Brumm	Gilchrist	McFadden	Smith, Wash.
Burke, Nebr.	Goodwin	McFarlane	Snell
Burnham	Guyer	McGugin	Somers, N.Y.
Cannon, Wis.	Hancock, N.Y.	McLean	Stalker
Carpenter, Kans.	Hancock, N.C.	McLeod	Stokes
Carter, Wyo.	Hartley	McMillan	Strong, Pa.
Chase	Hess	Mapes	Swick
Christianson	Hildebrandt	Marshall	Taber
Claiborne	Hill, Ala.	Martin, Mass.	Taylor, Tenn.
Clarke, N.Y.	Hill, Knute	Merritt	Terrell
Cochran, Pa.	Hoeppel	Millard	Thurston
Collins, Calif.	Hollister	Monaghan	Tinkham
Connery	Holmes	Morehead	Tobey
Connolly	Hooper	Mott	Traeger
Crosser	Hope	Moynihan	Treadway
Crowther	Howard	Muldowney	Turpin
Darrow	James	Murdock	Wadsworth
De Priest	Jenkins	O'Malley	Watson
Dirksen	Johnson, Minn.	Parker, N.Y.	Welch

Werner	Withrow	Wolverton	Woodruff
Whitley	Wolcott	Wood, Mo.	Young
Wigglesworth	Wolfenden		

NOT VOTING—48

Abernethy	Culkin	Harter	O'Brien
Bankhead	Dingell	Higgins	Perkins
Beedy	Eaton	Hornor	Pierce
Blanton	Eltse, Calif.	Johnson, W. Va.	Reed, N.Y.
Brand	Fernandez	Kee	Richards
Browning	Fiesinger	Kennedy, N.Y.	Sadowski
Buckbee	Foulkes	Kvale	Simpson
Carter, Calif.	Gambrill	Lea, Calif.	Sinclair
Cavicchia	Gifford	Lewis, Md.	Underwood
Chavez	Griffin	Lundeen	Waldron
Church	Hamilton	Mead	White
Cooper, Ohio	Harlan	Montague	Zioncheck

So the resolution was agreed to.

The following pairs were announced:

On the vote:

Mr. O'Brien (for) with Mr. Cavicchia (against).
Mr. Fernandez (for) with Mr. Culkin (against).
Mr. Sadowski (for) with Mr. Buckbee (against).
Mr. Dingell (for) with Mr. Perkins (against).
Mr. Bankhead (for) with Mr. Reed of New York (against).
Mr. Kennedy of New York (for) with Mr. Waldron (against).
Mr. Gambrill (for) with Mr. Higgins (against).
Mr. Browning (for) with Mr. Beedy (against).
Mr. Chavez (for) with Mr. Cooper of Ohio (against).
Mr. Griffin (for) with Mr. Simpson (against).
Mr. Mead (for) with Mr. Carter of California (against).

Until further notice:

Mr. Blanton with Mr. Gifford.
Mr. Harlan with Mr. Eaton.
Mr. Abernethy with Mr. Sinclair.
Mr. Kee with Mr. Eltse of California.
Mr. Lewis of Maryland with Mr. Kvale.
Mr. Underwood with Mr. Lundeen.
Mr. Brand of Georgia with Mr. Harter.
Mr. Fiesinger with Mr. Foulkes.
Mr. Hornor with Mr. Church.
Mr. Ludlow with Mr. Pierce.
Mr. Montague with Mr. Richards.
Mr. Lea of California with Mr. White.
Mr. Johnson of West Virginia with Mr. Zioncheck.

Mr. CANNON of Missouri. Mr. Speaker, I desire to change my vote from "nay" to "aye" in order to move reconsideration.

The result of the vote was announced as above recorded.

Mr. CANNON of Missouri. Mr. Speaker, I was engaged on a committee report and did not have the opportunity to hear the debate on this resolution, and am much surprised on reaching the floor to find a vote being taken to repeal the oldest rule of the House. This rule was adopted by the First Congress when it assembled and organized in New York in 1789. In fact, it is older than the House itself, as it was in force in the Continental Congress. It is astounding that anyone should suggest repealing it. It is not only hallowed by years and by the decisions of every Speaker from Muhlenberg to Longworth, but it is a fundamental adjunct to free government and is in use in every free legislative body in the world today. It guarantees the rule of the majority, and any effort to abrogate it must have as its objective the rule of less than a majority. There can be no other explanation of this proposal. The only purpose in denying the right of Members to vote on the separate propositions submitted to the House is to sandwich in with worthy issues questionable propositions they do not dare to submit on their own merits. The resolution before you is an instrument to be used by a few men in forcing down the throats of the rest of us measures so objectionable and at such variance with public sentiment that they could not be passed if voted on separately.

Mr. Speaker, this rule is one of the ancient landmarks in parliamentary procedure. It has come down to us from the time of Jefferson. It has been a part of the law of this House for a hundred and fifty years, and in all this century and a half no one before has ever proposed to lay sacrilegious hands upon it. And after it has thus served with the universal endorsement of all Speakers of all parties for 72 Congresses, it is unthinkable that the Seventy-third Congress should now wantonly destroy it for the sake of a little petty partisan advantage. It would be like an ignorant centurion burning the priceless books of a great Alexandrian library to keep warm on a chill night. It would be like destroying an ancient Greek temple to secure material for a pigsty. There is a parliamentary vandalism, Mr. Speaker, as reprehensible as that of any vandal who ever marred the paintings or broke the statuary in the Hall of Fame.

And the sad feature of the situation is that it is wholly unnecessary. There is no purpose which can be served by this extraordinary procedure which cannot be as effectually served by such reports from the Committee on Rules as are almost daily presented on this floor. It lacks even the excuse of expediency. Every Democratic legislative program since the establishment of the Democratic Party has been effectuated with this rule in full force and effect, and any future program of the Democratic Party can be as quickly and as fully consummated without this ruthless sabotage of the rules of the House.

Mr. Speaker, older Members about me here say this resolution has been brought up unexpectedly and without due notice. Surely the Members of the House cannot appreciate its full significance. They do not realize that they are voting on a proposition to destroy a rule that is older than the Capitol Building in which we sit—one of the fundamental guaranties of democratic government. For that reason, Mr. Speaker, I desire to enter a motion to reconsider the vote by which the resolution has just been adopted, in order that we may have an opportunity for some deliberate consideration before we take this unprecedented step.

Mr. O'CONNOR. Mr. Speaker, I move to lay the motion of the gentleman from Missouri on the table.

Mr. CANNON of Missouri. And on that, Mr. Speaker, I demand the yeas and nays.

Mr. BRITTEN. Mr. Speaker, because of the noise and confusion it is impossible to hear what is going on.

The SPEAKER. The gentleman from Missouri moved to reconsider the vote, and the gentleman from New York moved to lay that motion on the table. The question is on ordering the yeas and nays.

The yeas and nays were ordered.

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

Mr. O'CONNOR. I object.

Mr. SNELL. Mr. Speaker, let us understand what we are voting on. See if I am correct. The vote is on laying the motion on the table.

The SPEAKER. The vote is on the motion of the gentleman from New York to lay the motion of the gentleman from Missouri on the table.

The question was taken; and there were—yeas 220, nays 140, not voting 71, as follows:

[Roll No. 31]

YEAS—220

Adair	Cochran, Mo.	Faddis	Kniffin
Adams	Coffin	Farley	Kocialkowski
Arnold	Colden	Fitzpatrick	Kopplemann
Auf der Heide	Cole	Flannagan	Kramer
Ayres, Kans.	Collins, Miss.	Ford	Lanham
Bailey	Colmer	Fuller	Lanzetta
Beiter	Cooper, Tenn.	Fulmer	Larrabee
Berlin	Corning	Gasque	Lee, Mo.
Biermann	Cox	Gillespie	Lewis, Colo.
Black	Cravens	Glover	Lindsay
Bland	Cross	Goldsborough	Lloyd
Bloom	Crowe	Goss	Lozier
Boehne	Crump	Granfield	Ludlow
Boylan	Cullen	Gray	McCarthy
Brennan	Cummings	Green	McClintic
Brooks	Darden	Greenwood	McCormack
Brown, Ky.	Dear	Gregory	McDuffie
Brunner	Deen	Haines	McGrath
Buchanan	Delaney	Harter	McKeown
Buck	DeRouen	Hastings	McReynolds
Burch	Dickinson	Healey	McSwain
Burke, Calif.	Dickstein	Henney	Major
Busby	Dies	Hill, Sam B.	Maloney, Conn.
Byrns	Dobbins	Hoidale	Maloney, La.
Caldwell	Dockweiler	Huddleston	Mansfield
Carden	Doughton	Jacobsen	Marland
Carley	Douglass	Jeffers	Martin, Colo.
Carpenter, Nebr.	Doxey	Johnson, Okla.	May
Cartwright	Drewry	Johnson, Tex.	Mead
Cary	Driver	Johnson, W.Va.	Meeks
Castellow	Duffey	Jones	Miller
Celler	Duncan, Mo.	Kemp	Milligan
Chapman	Durgan, Ind.	Kennedy, Md.	Mitchell
Chavez	Eagle	Kenney	Montet
Church	Eicher	Kleberg	Musselwh
Clark, N.C.	Ellzey, Miss.	Kloeb	Nesbit

Norton	Randolph	Smith, Va.	Turner
O'Connell	Rayburn	Smith, W.Va.	Umstead
O'Connor	Richards	Snyder	Vinson, Ga.
Oliver, Ala.	Richardson	Somers, N.Y.	Vinson, Ky.
Oliver, N.Y.	Robertson	Spence	Wallgren
Owen	Rogers, N.H.	Steagall	Walter
Parker, Ga.	Romjue	Strong, Tex.	Warren
Parks	Rudd	Stubbs	Wearin
Parsons	Ruffin	Studley	Weaver
Patman	Sabath	Sullivan	West, Ohio
Peavey	Sanders	Sumners, Tex.	West, Tex.
Peterson	Sandlin	Sutphin	White
Pettengill	Schaefer	Swank	Whittington
Peyser	Schuetz	Sweeney	Wilcox
Pou	Schulte	Tarver	Williford
Prall	Sears	Taylor, Colo.	Williams
Ragon	Shallenberger	Thom	Wilson
Ramsay	Sirovich	Thompson, Ill.	Wood, Ga.
Ramspeck	Sisson	Truax	Woodrum

NAYS—140

Allen	Dowell	Keller	Rogers, Okla.
Andrew, Mass.	Dunn	Kelly, Ill.	Secrest
Andrews, N.Y.	Eaton	Kelly, Pa.	Seger
Arens	Edmonds	Kinzer	Shannon
Ayers, Mont.	Eltse, Calif.	Knutson	Shoemaker
Bacharach	Englebright	Kurtz	Smith, Wash.
Bacon	Evans	Lambertson	Snell
Bakewell	Fish	Lambeth	Stalker
Beam	Fletcher	Lamneck	Stokes
Blanchard	Focht	Lehlbach	Strong, Pa.
Boileau	Foss	Lehr	Swick
Bolton	Frear	Lemke	Taber
Britten	Gavagan	Luce	Taylor, S.C.
Brumm	Gibson	Lundeen	Taylor, Tenn.
Burke, Nebr.	Gilchrist	McFadden	Terrell
Burnham	Griswold	McFarlane	Thomason, Tex.
Cannon, Mo.	Guyer	McLean	Thurston
Carpenter, Kans.	Hancock, N.Y.	McLeod	Tobey
Carter, Calif.	Hancock, N.C.	Mapes	Traeger
Carter, Wyo.	Hartley	Marshall	Treadway
Chase	Hess	Martin, Mass.	Turpin
Christianson	Hildebrandt	Merritt	Utterback
Claiborne	Hill, Ala.	Millard	Wadsworth
Clarke, N.Y.	Hill, Knute	Moran	Watson
Cochran, Pa.	Hoeppel	Morehead	Weideman
Collins, Calif.	Hollister	Mott	Welch
Condon	Holmes	O'Malley	Werner
Connolly	Hooper	Parker, N.Y.	Whitley
Crosser	Hope	Polk	Wigglesworth
Crowther	Howard	Powers	Withrow
Darrow	Imhoff	Rankin	Wolcott
De Priest	James	Ransley	Wolfenden
Dirksen	Jenkins	Reid, Ill.	Wolverton
Ditter	Johnson, Minn.	Rich	Wood, Mo.
Doutrich	Kahn	Rogers, Mass.	Young

NOT VOTING—71

Abernethy	Crosby	Hornor	O'Brien
Allgood	Culkin	Hughes	Palmisano
Almon	Dingell	Jenckes	Perkins
Bankhead	Disney	Kee	Pierce
Beck	Dondero	Kennedy, N.Y.	Reece
Beedy	Fernandez	Kerr	Reed, N.Y.
Blanton	Flesinger	Kvale	Reilly
Boland	Fitzgibbons	Lea, Calif.	Robinson
Brand	Foulkes	Lesinski	Sadowski
Brown, Mich.	Gambrill	Lewis, Md.	Scrugham
Browning	Gifford	McGugin	Simpson
Buckbee	Gillette	McMillan	Sinclair
Bulwinkle	Goodwin	Martin, Oreg.	Tinkham
Cady	Griffin	Monaghan	Underwood
Cannon, Wis.	Hamilton	Montague	Waldron
Cavicchia	Harlan	Moynihan	Woodruff
Connery	Hart	Muldowney	Zioncheck
Cooper, Ohio	Higgins	Murdock	

So the motion to lay the motion to reconsider on the table was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. O'Brien (for) with Mr. Cavicchia (against).
Mr. Fernandez (for) with Mr. Culkin (against).
Mr. Sadowski (for) with Mr. Buckbee (against).
Mr. Dingell (for) with Mr. Perkins (against).
Mr. Bankhead (for) with Mr. Reed of New York (against).
Mr. Kennedy of New York (for) with Mr. Waldron (against).
Mr. Gambrill (for) with Mr. Higgins (against).
Mr. Browning (for) with Mr. Beedy (against).
Mr. Griffin (for) with Mr. Simpson (against).
Mrs. Jenckes (for) with Mr. Woodruff (against).
Mr. McMillan (for) with Mr. Cooper of Ohio (against).
Mr. Allgood (for) with Mr. Beck (against).
Mr. Hornor (for) with Mr. Muldowney (against).
Mr. Almon (for) with Mr. Tinkham (against).

Additional general pairs:

Mr. Blanton with Mr. Gifford.
Mr. Lewis of Maryland with Mr. Kvale.
Mr. Connery with Mr. Dondero.
Mr. Abernethy with Mr. Sinclair.
Mr. Hart with Mr. Goodwin.
Mr. Cannon of Wisconsin with Mr. Reece.
Mr. Martin of Oregon with Mr. Moynihan.
Mr. Reilly with Mr. McGugin.
Mr. Boland with Mr. Kerr.
Mr. Bulwinkle with Mr. Lesinski.
Mr. Palmisano with Mr. Cady.
Mr. Murdock with Mr. Robinson.
Mr. Scrugham with Mr. Brown of Michigan.
Mr. Underwood with Mr. Zioncheck.
Mr. Kee with Mr. Hamilton.
Mr. Flesinger with Mr. Montague.
Mr. Harlan with Mr. Brand.
Mr. Lea of California with Mr. Pierce.

Mr. WOODRUFF. Mr. Speaker, I was called to the telephone during the roll call and thereby missed hearing my name called. If I had been present, I would have voted "no."

Mrs. JENCKES. Mr. Speaker, I desire to vote "aye."

The SPEAKER. Was the gentlewoman present when her name was called?

Mrs. JENCKES. No; I was not present. I just came from the office.

The SPEAKER. The gentlewoman does not qualify.

The result of the vote was announced as above recorded.

INVESTIGATION OF MOTION-PICTURE INDUSTRY

Mr. SABATH. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. SABATH. Mr. Speaker, it was my intention to call up at this time a special rule making in order the so-called "Sirovich resolution." However, many Members have asked me to postpone calling it up at this time, and I will do so. I make this statement to inform several Members of my purpose to postpone it, because I told them earlier in the day that I would call it up. I shall call it up in the near future.

Mr. SNELL. Could the gentleman tell us when he intends to call it up?

Mr. SABATH. Some day next week, as soon as we have disposed of the appropriation bill and other important legislation.

Mr. MARTIN of Massachusetts. Why does the gentleman not call it up now?

Mr. SABATH. Because many Members have asked me to postpone it, some of whom are for it and some against it.

Mr. MARTIN of Massachusetts. Did they give any reason?

Mr. SABATH. Some of them were not able to be present.

Mr. O'CONNOR. Mr. Speaker, I demand the regular order.

CONDUCT OF RECEIVERS AND REFEREES IN BANKRUPTCY, ETC.

Mr. SMITH of Virginia, from the Committee on Rules, reported the following resolution for printing under the rule:

House Resolution 110

Resolved, That, when in its judgment such investigations are justified, the Judiciary Committee of the House of Representatives be, and it is hereby, authorized to inquire into and investigate the matter of appointments, conduct, proceedings, and acts of receivers, trustees, referees in bankruptcy, and receivers in equity causes for the conservation of assets within the jurisdiction of United States district courts.

SEC. 2. The said committee, or subcommittees thereof, to be appointed by the Chairman of the Judiciary Committee, shall specifically inquire into and investigate the selection of receivers and trustees, and the selection and appointment of counsel and assistants to such receivers and trustees, referees, custodians, auctioneers, appraisers, accountants, and other aids to the court in the administration of bankruptcy estates and equity receiverships; and shall inquire into and investigate all other questions in relation thereto that would aid Congress in any necessary remedial legislation.

SEC. 3. The said committee, or any subcommittee thereof, to be appointed by the Chairman of the Judiciary Committee, shall inquire into and investigate the action of any district judge or judges in the setting up and promulgating of any rule or rules of practice of the court appointing the same person or corporation as receiver in all cases or in any class of cases, and to inquire into and investigate the action of any district judge or judges in setting up and promulgating any rule or rules of practice of the court which in effect, directly or indirectly, interferes with or prevents the control of bankruptcy estates by creditors according to the spirit and letter of the bankruptcy statutes; and to inquire into and investigate all other questions in relation thereto that would aid the Congress in any necessary remedial legislation.

SEC. 4. The committee shall report to the House of Representatives not later than the 31st day of January 1934 the result of its

investigation, together with such recommendations as it deems advisable.

SEC. 5. The said committee, or any subcommittee thereof, is authorized to sit and act at such times and places within the United States, whether or not the House is sitting, has recessed, or has adjourned, to hold such hearings, to employ suitable counsel, assistants, and investigators in aid of its investigation, as well as such experts, and such clerical, stenographic, and other assistants, to require the attendance of such witnesses and the production of such books, papers, and documents, by subpena or otherwise, to take such testimony, to have such printing and binding done, and to make such expenditures as it deems necessary; and all such expenses thereof shall be paid on vouchers ordered by said committee and approved by the chairman thereof. Subpenas shall be issued under the signature of the Chairman of the Judiciary Committee or of the chairman of any subcommittee, and shall be served by any person designated by any of them. The chairman of the committee or any member thereof may administer oaths to witnesses. Every person who, having been summoned as a witness by authority of said committee or any subcommittee thereof, willfully makes default, or who, having appeared, refuses to answer any question pertinent to the investigation heretofore authorized, shall be held to the penalties provided by section 102 of the Revised Statutes of the United States.

ORDER OF BUSINESS

Mr. BYRNS. Mr. Speaker, it is the purpose of the gentleman from Texas [Mr. BUCHANAN] to call up the deficiency appropriation bill, and to have general debate upon it this afternoon and to conclude the consideration of the bill some time tomorrow. Then we hope on Friday to take up the securities bill, which will probably consume Friday and Saturday, or at least part of that day. On Monday next we hope to take up the independent offices appropriation bill.

THIRD DEFICIENCY APPROPRIATION BILL, FISCAL YEAR 1933

Mr. BUCHANAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 5390) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes. Pending that, I ask unanimous consent that such time as is utilized in general debate be equally controlled by the gentleman from New York [Mr. TABER] and myself.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The question is on the motion of the gentleman from Texas.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H.R. 5390, with Mr. MCREYNOLDS in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Without objection, the first reading of the bill will be dispensed with.

There was no objection.

Mr. BUCHANAN. Mr. Chairman, I ask the gentleman from New York to consume some time.

Mr. TABER. Mr. Chairman, I yield 20 minutes to the gentleman from Illinois [Mr. DE PRIEST].

Mr. DE PRIEST. Mr. Chairman, very early in the history of this country about 20 people of my race group were brought over here from Africa on a Dutch trading ship, and for 244 years they served in slavery, without pay and without price. I fear that amongst them communism has been making some headway. I would rue the day when communism rules America. It is not based on American principles and certainly does not agree with our form of government. It is regretful that any racial group should be driven to think of communism in the sense of America, but so many impositions have been placed upon my group that I want to call attention to a few of them. I shall give you a synopsis of a few of them, and extend the rest of them in my remarks, if I am permitted. I ask unanimous consent to extend and revise my remarks.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. DE PRIEST. Mr. Chairman, no race of people in this country has ever been more loyal to America than the people of my race. In every period of war this country has been engaged in they have always served the American Government, and I hope they always will. They were emancipated by the proclamation issued by the immortal Abraham Lincoln in 1863. After that the Republican Party submitted to the people of this country three amendments, the thirteenth, the fourteenth, and the fifteenth amendments to the Constitution of the United States, which gave them their liberty, made them citizens, and gave them the right to vote.

Under the guise of Ku-Kluxism my people have been intimidated and bulldozed in certain neighborhoods; people who were trying to be intelligent citizens, and standing up for their manhood rights. I have seen those night-riders in Alabama, where I was born. Of course, the Ku-Klux died out shortly after that. It was reorganized a few years ago, not only fighting the American Negro but fighting the Jews and the Catholics also. Thank God they did not last very long.

Then when the Negroes were getting more power and more control in this country the hue and cry was raised in some Southern States of Negro domination. That was only a subterfuge. The Negro in America never was in the majority in any one State in the United States except the State of Mississippi. There never was any chance for Negro domination. It was only used as a subterfuge for other people to ride into office on.

Then came those days when they were deprived of their right to vote. After they had 23 Members of Congress in both bodies and for about 28 years no member of my group was able to be a Member of this Congress. If we had a right to exercise our franchise rights as the Constitution provides we should exercise them I would not be the only Negro on this floor. I hope to see the time come when the Federal Constitution will be actually enforced and that the Members of Congress who have sworn to support the Constitution will pass an act to enforce every section of the Constitution including the amendments to which I have referred.

But recently there has been some discussion on the floor of this Congress about Negroes getting a square deal over this country. There was a discussion here the other day when the resolution was introduced to impeach Judge Lowell, of Massachusetts, because of a decision which had nothing whatever to do with the innocence or guilt of this man Crawford. I know nothing about his guilt or innocence, but I do say one thing, that this House was misled. I do not say that excitedly, but this House was misled. There was not one scintilla of evidence introduced in that hearing in Massachusetts with regard to the innocence or guilt of this man charged with crime; not one. But the question was decided on its merits, on whether or not this man had been indicted by a legally drawn grand jury. The question was raised on the issue in the State of Virginia. It was proven that those of my racial group are not included in the jury system. No Member from the State of Virginia can rise on this floor and say that any negro has served on a jury in Virginia in the last quarter of a century, whether petit jury or grand jury. That was the ground on which that decision was rendered, that the jury was drawn unconstitutionally, because a certain group of people had been excluded from jury service, and not on the guilt of this man Crawford. I do not know anything about that. If he is guilty, he should be punished, but for God's sake indict him with a legally drawn grand jury.

I am stating these things not because I want to stir up any racial animosity, but the American people ought to know that 12,000,000 people should not be tempted to join some organization that is not for the best interests of America. I do not think communism means any good to this country, either to me or anybody else in it.

There was another case down in Scottsboro, Ala., quite recently, down in the State where I was born, and I have often said that if God would forgive me for being born there

I would never live there again. In reading some of the evidence in that trial it was shown that there were two white girls traveling as hoboes on a freight train dressed in overalls. It happened some two years ago. I am not saying whether those boys are innocent or guilty. I could not say, for I have not read over the testimony, but I do know that one of the girls repudiated her testimony a very short time ago in the second trial of one of the defendants, and I do know that one of the white boys who was with her substantiated her repudiation, and that is a matter of record. Everybody can read it. I do know that those boys were first convicted in the courts. The case went to the United States Supreme Court and it was reversed, and I do know that the last Negro was convicted and sentenced to the electric chair, I presume. If not, he will be; and that case will go back to the United States Supreme Court also.

I do not want a condition to arise in this country where those of my group will become discouraged and think there is no chance in America for them. I know the great rank and file of American people are on the square. I know that. But I also know what is everybody's business is nobody's business, and I also know that the great body of Christian America and the great newspapers and periodicals of this country do not universally denounce this crime of injustice meted out to those of my particular group, especially when charged with crimes of that kind. They are convicted before they are tried. I have no brief for Negro criminals. I hold no brief for any kind of a criminal, but I do wish to say that I think the time will come when a Congress of the United States—I do not care whether it be Republican or Democrat; it will still be composed of American citizens—will take this question up and see that their rights are protected. They are beginning to feel that they cannot secure their constitutional rights in the courts of our land.

This country cannot survive by keeping one tenth of its population down. It is a dangerous frame of mind for people to get into, just as the people of Iowa thought they could not secure their constitutional rights in the courts, and they made the serious mistake of trying to go into the court room and mete out so-called justice themselves by taking that judge off the bench, dragging him out into the street, and manhandling him and almost lynching him.

That is bordering on anarchy in this country. It was not brought about by the voice of the Iowa farmer. It was brought about because he thought he could not secure justice in the courts. He was wrong in this assumption, of course he was; and the Governor of the State acted as a human being ought to act. He called out the supreme power of the State to put down that insurrection.

I am making these remarks because I want you to know that the American Negro is not satisfied with the treatment he receives in America, and I know of no forum where I can better present the matter than the floor of Congress.

Down in Scottsboro conditions were so tense that it was necessary to call out the militia to protect those boys during the first trial.

A few years ago in Arkansas five members of my group were convicted of plotting against the American Government. Who ever heard of a Negro plotting against the American Government? The American Government has never had better supporters than the Negroes. They have supported it in every war. They have laid down their lives and made the supreme sacrifice for America in the past, and I hope they will do so in the future. You never heard of the assassination or attempted assassination of a President charged against members of my group. No member of my race every tried to commit assassination upon any ruler in America.

If we are good enough to lay down our lives for this county, we are good enough to enjoy the privileges of citizenship in this country.

I did not have anything to say on the floor the other day about the judge in Massachusetts because I was not given the opportunity to speak, but I did think it was uncalled-for; I did think it was premature for this Congress to go on record and authorize an investigation while the case was pending before the Federal courts.

No one is interested more than I in the continued loyalty of the people of my racial group as citizens of the United States; and being interested as I am, I want to take this opportunity to call the attention of this body of lawmakers to certain untoward events, constantly recurring, that are, to say the least, turning the thoughts of my people away from our democratic form of government and with perhaps hopeful but reluctant eyes on the dangerous communist theory in this country. The treatment colored citizens receive in this country, and especially in the courts in some parts of it, in some instances in the North as well as the South, is having a bad effect on the minds of these people. The chief justice of the Supreme Court of the State of Alabama dissented from the decision in the first Scottsboro conviction, just as the United States Supreme Court threw out that conviction as a violation of the fourteenth amendment to the Constitution preventing States from depriving "any person of life, liberty, or property without due process of law."

I want particularly to discuss with you the now-famous Scottsboro case where nine youths of my race are accused of raping two white girls. The injustice imposed upon these boys in the first trial where they were convicted was such that the United States Supreme Court did not think they received a fair trial and set aside the verdict and ordered a new trial, on the ground that the fourteenth amendment to the Federal Constitution had been violated. This amendment says that no person shall be denied or deprived of life, liberty, or property without due process of law. In this connection I wish to quote as part of my remarks an editorial in the Washington Daily News of April 10, 1933, which reads as follows:

THE SCOTTSBORO VERDICT

The conviction of Haywood Patterson, first of the Negro defendants in the second trials of the Scottsboro cases, will be appealed. It should be.

Among other things prejudicial to a fair trial, the defense was able to show that the jury law apparently was administered to exclude Negroes from the panel for this case. On more than one occasion during the trial the State attorneys conducted themselves in such a way as to prevent orderly and judicious consideration of evidence by the jury.

In repudiating her testimony at the earlier trial, Ruby Bates swore that the other girl in the case, Victoria Price, had framed the Negro youths. Lester Carter, a white friend of the two girls, confirmed the testimony of Ruby Bates.

To execute boys on the discredited evidence of a woman of Victoria Price's character, and following a trial in which racial discrimination seemed to operate in the jury panel, would be unthinkable. Just as the chief justice of Alabama dissented from the first Scottsboro conviction, and just as the United States Supreme Court threw out that conviction as a violation of the fourteenth amendment of the Constitution preventing States from depriving "any person of life, liberty, or property without due process of law", so the Decatur verdict yesterday appears certain to be set aside by a higher court.

The action of courts and so-called "judicial procedure" in an atmosphere of intimidation, prejudice, and disturbance, as has happened in the Scottsboro case and as has frequently been the situation in other cases, creates disrespect of law and order and makes the Negro of America think it is impossible to get justice, especially in certain parts of the country.

May I quote again from the Washington Daily News of Tuesday, April 11, 1933, the words of Heywood Broun? He said, himself quoting—

We have no right to sit in the seats of the scornful. Nor is it the part of wisdom to think of the Scottsboro case as a local issue.

Continuing, he says:

Sunday, in Decatur, Ala., a jury of 12 white men brought in a verdict of death against Haywood Patterson. The attorney general of the great sovereign State referred to him as "that thing."

They say it was a quiet courtroom and a gentle day down in Morgan County when the jury filed in after 24 hours of deliberа-

tion. But could none of them hear the wind in the rigging of the slave ship, the creaking of her timbers, and the cries of the cargo?

Attorney General Knight could not even bring himself to admit that he was in the presence of a man on trial for his life. He had to take refuge in such a phrase as "that thing." He was afraid of the facts. He had reason to fear.

There was much panicky talk in the speeches of the men who pressed the case. "Show them that Alabama justice cannot be bought and sold with Jew money from New York!" cried Solicitor Wright at one point in the trial. And the attorney general, after deploring the injection of prejudice by his associate in the summation, went on to say: "If you acquit this Negro, put a garland of roses around his neck, give him a supper, and send him to New York City. There let Dr. Harry Fosdick dress him up in a high hat and morning coat, gray striped trousers and spats."

And that was because Dr. Fosdick had told Ruby Bates to face the danger of return and go back to confess that she lied when first she accused the Negro boys. And that was because the attorney general was afraid.

From the Afro-American, Baltimore, Md., April 8, 1933, I read the following in a news story from Decatur, Ala.:

Carter stated that he, the girls, and Orville Gilley, white, made the entire trip together and that the boys did not rape the girls. He was kept in jail at Scottsboro until the trial was over. He went to Albany to tell Governor Roosevelt about the case and then saw attorneys. He was kept in hiding.

Carter reached here at 2 a.m. Thursday. Ruby Bates is still expected.

The situation here is tense as the defense scatters the State's case.

* * * * * * *

A mob of 200 whites under Klan leadership was reported near here Tuesday night. Twenty extra guards were called out. The sheriff threatened to shoot to kill. The mob had planned to march on the jail, but dispersed when they saw they had formidable opposition.

From the Baltimore Afro-American, dated April 22, 1933, I read a news story as follows:

DECATUR, ALA.—Another picture of Alabama justice flashed across the canvas here Monday when Bailiff E. R. Brittell admitted to Judge James E. Horton that he had allowed jurors to hold telephone conversations while serving in the Scottsboro case.

Joseph R. Brodsky, attorney, immediately entered a motion to set aside the verdict which condemned Haywood Patterson to death.

I want also to quote you a speech of my colleague, Congressman TOM BLANTON, of Texas, delivered on the floor of the House March 27, 1933, following the impassioned plea of Representative SIROVICH, of New York, in behalf of the Jewish people, recent victims of attack in a foreign country. Mr. BLANTON said:

I feel just as the gentleman does, and am unalterably opposed to any and all kinds of persecutions. If there is persecution against any people because of their race, it ought not to go unchallenged.

But is it not a matter that ought to be handled by our State Department? If we go to passing resolutions, unless we direct them to our own Executive and his Department of State, would we not be invading the Executive functions of the Government? We do not like to have the executive departments invade the legislative part of the Government. In this connection may I not call the attention of my friend to the fact that there is unreasonable, foolish, cruel persecution of the Jews right here in the Nation's Capital? I do not stand for that. I am against all persecutions. I have some very close personal friends of lifetime standing who are Jews. Why should we tolerate without protest the persecutions of Jews here in Washington?

There are very prominent apartment houses here in the Nation's Capital which refuse to permit Jews to rent apartments. There are apartment houses here where people can buy homes therein as they buy a residence. If my distinguished friend would go there and say, "I am a Jew", they would say, "We cannot sell to you." There is that ridiculous persecution, with which I have no sympathy whatever, right here in the gentleman's National Capital, but we ought to get that out of the way first before we go to foreign countries. Has my distinguished friend from New York any precedents for his resolution?

The remarks, quoted above, were uttered in the course of debate, when the subject of the persecution of the Jews in Germany was before the House. Mr. BLANTON'S speech pertaining to the Jews applies with equal force to all citizens alike in this country. I want to compliment him on the stand he took. I believe he is fair enough to want to mete out even-handed justice to all citizens, including the 12 million colored citizens of the United States, for I do not see how any Member of Congress can take any other stand when he remembers the oath of office he took to uphold the Constitution and our form of government.

I particularly want to call your attention to the Massie case that happened in the Hawaiian Islands. I am not pretending to say that the defendants over there, who were accused of raping Mrs. Massie, were innocent or guilty, but I do want to say that no jury had found them guilty. In their trial the jury was unable to agree on their guilt. Further, I want to call your attention to the apparent state of mind against all dark-skinned people where prejudice is allowed to defeat justice. About 140 Members of Congress signed a petition and cabled it to the Governor of the Hawaiian Islands asking the pardon of the Massies after they had been duly convicted of murdering one Kahahawai, one of the defendants accused of raping Mrs. Massie. There is no excuse that can be offered by any stretch of the imagination that will justify American citizens, either at home or abroad, or in our territorial possessions, in taking the law into their own hands.

I also wish to call attention to the fact that Lieutenant Massie is still holding a commission in the United States Navy despite conduct unbecoming a gentleman and prejudicial to the dignity of an officer of the Navy. He participated in a murder, and, according to his own testimony on the witness stand in his trial, an officer and an individual, admitted that he fired the fatal shot that killed Kahahawai. This officer of the United States Navy was convicted, sentence commuted to 1 hour, and which time was served.

All these things have a tendency to drive into the American Negro the thought that he cannot secure justice in all parts of America and that dark-skinned people in its territorial possessions are subjected to the same prejudices. I call this to your attention, knowing full well the part colored American citizens have played in all the wars of this country where the dignity and honor of the United States have been assaulted by foes within and foes without.

No man of my racial group has ever been disloyal to our flag or to our country. I hope the time will never come when he may be goaded on to that extremity. I call your attention to dangerous possibilities lurking in a discouraged, dejected, despised, mob-ridden, and intimidated group of citizens if this condition continues to prevail so that they are convinced there is no chance in this country to receive justice at the hands of our people.

I am appealing to the Christian, law-abiding people of America through its magazines, its newspapers, its periodicals, and its pulpit; through its fraternal organizations, labor organizations, church organizations, and all manner and kind of societies, to help maintain law and order in America and abolish this blight on our American jurisprudence and to help blot out the crime known as lynching. It becomes necessary also that the provisions in the Constitution must be safeguarded, so that no man shall be deprived of life, liberty, or property without due process of law; and due process of law means a fair and impartial trial for every citizen of our country.

He who stands idly by, knowing these conditions to exist, will be guilty of contributive negligence in not routing this monster of race prejudice evidenced in many places where it cannot be controlled but occupying too serious a place in our governmental and court procedure of the land. In the interest of America—great, shining, proud symbol of freedom and of liberty and of opportunity, of which 12,000,000 men and women, boys and girls, of my racial group are an integral part—let us stand up like men and women and uphold law and order and see that every man has a fair trial, equal opportunity, and a chance under the sun to have an existence. Only by such action on the part of the American people can America free itself of this odious institution and maintain the confidence and respect of that 12,000,000 American Negroes and also of the rest of the civilized world. It is already being said that we have no right to criticize Germany in her attitude toward the Jews, nor point the finger of scorn at Russia in her attitude against a certain class of her population, until we do justice

here in America to every man, woman, and child who lives beneath the folds of the Stars and Stripes. We should remove the beam from out our own eyes before we try to take the mote from the eyes of the rest of the world.

It has not been my purpose here in this body to be radical on any question, especially on some phases of our American life that come close to me, but the time has come when someone must speak out against the damnable, lynching, menacing mob spirit which is depriving citizens of their just rights under the Constitution. This utter disregard of the rights of my people, reaching toward the doorway of our courts of justice, is all too prevalent in some parts of the country.

Let me again appeal to the American public—to you ladies and gentlemen, representatives of the people—that we strive to save America from this growing disregard of law and order. These are trying times in our political and economic life, as well as in our daily social contact, and I hazard to prophesy that the time will come when America may need every loyal citizen to defend our form of government. When that time does come, whether or not I am living, I am sure those of my racial group will stand loyally by this form of government under which we operate. That can only come about by the expressed will of the American people to see that justice is administered under all circumstances to all citizens alike, whether rich or poor, high or low, and without discrimination as to race, color, or creed.

And there now follows in rapid succession riotous demonstrations at the opening of the Mooney trial, whereby the presiding judge felt constrained to postpone the proceedings, and following this comes the assault upon a judge at the town of Le Mar, 20 miles north of Sioux City, Iowa, where the mob went so far as to place a noose, as is alleged, around the neck of the aged jurist. These riotous proceedings, coupled with a threat of impeachment of Judge Lowell, of Massachusetts, who did his duty as he saw it, contributes to a far-greater degree to the break-down of law and order than is healthy for this fair country of ours.

The issue in the Crawford case, which was discussed on the floor of this House by the gentleman from Virginia a few days ago, has nothing to do with whether or not Crawford will get a fair trial in Virginia. The sole issue involved in Judge Lowell's action was whether or not the indictment was constitutional in view of the express admission of the Virginia judge that Negroes had been excluded from the grand jury pursuant to established custom in the State of Virginia. Judge Lowell took the position that once the Virginia judge admitted he had excluded Negroes from the grand jury pursuant to the established custom, the case had been brought within the long line of precedents in the United States Supreme Court, particularly Neal against Delaware, which precedents establish that a conviction cannot be predicated upon an indictment returned by an unconstitutional grand jury. Judge Lowell said he had no doubt that Crawford would get a fair trial in Virginia but that a fair trial could not cure the illegality of the indictment which necessarily would have to serve as a foundation upon which all further proceedings would be based, and that it would be running around in a circle to send Crawford back to Virginia to answer to this particular indictment, when after trial and conviction and review up to the Supreme Court of the United States the United States Supreme Court would have to set the conviction aside in order to protect Crawford's constitutional rights as a citizen of the United States on the very same ground raised before him in the habeas-corpus proceedings, to wit, exclusion of Negroes from the grand jury pursuant to established custom. The judge, in substance, said that if the conviction would have to be set aside eventually on account of an unconstitutional exclusion of Negroes from the grand jury, it would be merely a matter of stage play to send Crawford back to Virginia to answer this unconstitutional indictment. The question of Crawford's innocence or guilt was never presented to the court or considered by it.

ELAINE, ARK., CASE

I quote from United States Supreme Court Reports, volume 261, Cases Adjudged in the Supreme Court at October Term, 1922:

Moore et al v. *Dempsey*, keeper of the Arkansas State Penitentiary.

Appeal from the District Court of the United States for the Eastern District of Arkansas

No. 199. Argued January 9, 1923. Decided February 19, 1923

1. Upon an appeal from an order of the district court dismissing a petition of habeas corpus upon demurrer the allegations of fact pleaded in the petition and admitted by the demurrer must be accepted as true (p. 87).

2. A trial for murder in the State court in which the accused are hurried to conviction under mob domination, without regard for their rights, is without due process of law and absolutely void (p. 90).

3. In the absence of sufficient corrective process afforded by the State courts, when persons held under death sentence and alleging facts showing that their conviction resulted from such a trial apply to the Federal district court for habeas corpus that court must find whether the facts so alleged are true and whether they can be explained so far as to leave the State proceedings undisturbed (p. 91).

Reversed.

Appeal from an order of the district court dismissing a petition for habeas corpus upon demurrer.

Mr. U. S. Bratton and Mr. Moorfield Storey for appellants.

Mr. Elbert Godwin, with whom Mr. J. S. Utley Attorney General of the State of Arkansas, and Mr. William T. Hammock were on the brief, for appellee.

Mr. Justice Holmes delivered the opinion of the Court.

This is an appeal from an order of the District Court of the Eastern District of Arkansas dismissing a writ of habeas corpus upon demurrer, the presiding judge certifying that there was probable cause for allowing the appeal. There were two cases originally, but by agreement they were consolidated into one. The appellants are five negroes who were convicted of murder in the first degree and sentenced to death by the court of the State of Arkansas. The ground of the petition for the writ is that the proceedings in the State court, although a trial in form, were only in a form, and that the appellants were hurried to conviction under the pressure of a mob without any regard for their rights and without, according to them, due process of law.

The case stated by the petition is as follows, and it will be understood that while we put it in narrative form, we are not affirming the facts to be as stated but only what we must take them to be, as they are admitted by the demurrer. On the night of September 30, 1919, a number of colored people assembled in their church were attacked and fired upon by a body of white men, and in the disturbance that followed a white man was killed. The report of the killing caused great excitement and was followed by the hunting down and shooting of many Negroes and also by the killing on October 1 of one Clinton Lee, a white man, for whose murder the petitioners were indicted. They seem to have been arrested with many others on the same day. The petitioners say that Lee must have been killed by other whites, but that we leave on one side, as what we have to deal with is not the petitioners' innocence or guilt but solely the question whether their constitutional rights have been preserved. They say that their meeting was to employ counsel for protection against extortions practiced upon them by the landowners and that the landowners tried to prevent their effort, but that again we pass by as not directly bearing upon the trial. It should be mentioned, however, that O. S. Bratton, a son of the counsel who is said to have been contemplated and who took part in the argument here, arriving for consultation on October 1, is said to have barely escaped being mobbed; that he was arrested and confined during the month on a charge of murder and on October 31 was indicted for barratry, but later in the day was told that he would be discharged but that he must leave secretly by a closed automobile to take the train at West Helena, 4 miles away, to avoid being mobbed. It is alleged that the judge of the court in which the petitioners were tried facilitated the departure and went with Bratton to see him safely off.

A committee of seven was appointed by the governor in regard to what the committee called the "insurrection" in the county. The newspapers daily published inflammatory articles. On the 7th a statement by one of the committee was made public to the effect that the present trouble was "a deliberately planned insurrection of the Negroes against the whites, directed by an organization known as the 'Progressive Farmers' and Household Union of America', established for the purpose of banding Negroes together for the killing of white people." According to the statement, the organization was started by a swindler to get money from the blacks.

Shortly after the arrest of the petitioners a mob marched to the jail for the purpose of lynching them but were prevented by the presence of United States troops and the promise of some of the committee of seven and other leading officials that if the mob would refrain, as the petition puts it, they would execute those found guilty in the form of law. The committee's own statement was that the reason that the people refrained from mob violence

was "that this committee gave our citizens their solemn promise that the law would be carried out." According to affidavits of two white men and the colored witnesses on whose testimony the petitioners were convicted, produced by the petitioners since the last decision of the Supreme Court hereafter mentioned, the committee made good their promise by calling colored witnesses and having them whipped or tortured until they would say what was wanted, among them being the two relied on to prove the petitioners' guilt. However this may be, a grand jury of white men was organized on October 27 with one of the committee of seven and, it is alleged, with many of a posse organized to fight the blacks upon it, and on the morning of the 29th the indictment was returned. On November 3 the petitioners were brought into court, informed that a certain lawyer was appointed their counsel, and were placed on trial before a white jury—blacks being systematically excluded from both grand and petit juries. The court and neighborhood were thronged with an adverse crowd that threatened the most dangerous consequences to anyone interfering with the desired result. The counsel did not venture to demand delay or a change of venue, to challenge a juryman, or to ask for separate trials. He had no preliminary consultation with the accused, called no witnesses for the defense, although they could have been produced, and did not put the defendants on the stand. The trial lasted about three quarters of an hour and in less than 5 minutes the jury brought in a verdict of guilty of murder in the first degree. According to the allegations and affidavits, there never was a chance for the petitioners to be acquitted; no juryman could have voted for an acquittal and continued to live in Phillips County, and if any prisoner by any chance had been acquitted by a jury he could not have escaped the mob.

The averments as to the prejudice by which the trial was environed have some corroboration in appeals to the governor, about a year later, earnestly urging him not to interfere with the execution of the petitioners. One came from 5 members of the committee of seven, and stated in addition to what has been quoted heretofore that "all our citizens are of the opinion that the law should take its course." Another from a part of the American Legion protests against a contemplated commutation of the sentence of four of the petitioners and repeats that a "solemn promise was given by the leading citizens of the community that if the guilty parties were not lynched, and let the law take its course, that justice would be done and the majesty of the law upheld." A meeting of the Helena Rotary Club attended by members representing, as it said, 75 of the leading industrial and commercial enterprises of Helena, passed a resolution approving and supporting the action of the American Legion post. The Lions Club of Helena at a meeting attended by members said to represent 60 of the leading industrial and commercial enterprises of the city passed a resolution to the same effect. In May of the same year, a trial of six other Negroes was coming on and it was represented to the governor by the white citizens and officials of Phillips County that in all probability those Negroes would be lynched. It is alleged that in order to appease the mob spirit and in a measure secure the safety of the six the governor fixed the date for the execution of the petitioners at June 10, 1921, but that the execution was stayed by proceedings in court; we presume the proceedings before the chancellor to which we shall advert.

In *Frank* v. *Mangum* (237 U.S. 309, 335) it was recognized of course that if in fact a trial is dominated by a mob so that there is actual interference with the course of justice, there is a departure from due process of law; and that "if the State, supplying no corrective process, carries into execution a judgment of death or imprisonment based upon a verdict thus produced by mob domination, the State deprives the accused of his life or liberty without due process of law." We assume in accordance with that case that the corrective process supplied by the State may be so inadequate that interference by habeas corpus ought not to be allowed. It certainly is true that mere mistakes of law in the course of a trial are not to be corrected in that way. But if the case is that the whole proceeding is a mask—that counsel, jury, and judge were swept to the fatal end by an irresistible wave of public passion, and that the State courts failed to correct the wrong, neither perfection in the machinery for correction nor the possibility that the trial court and counsel saw no other way of avoiding an immediate outbreak of the mob can prevent this court from securing to the petitioners their constitutional rights.

In this case a motion for a new trial on the ground alleged in this petition was overruled, and upon exceptions and appeal to the Supreme Court the judgment was affirmed. The Supreme Court said that the complaint of discrimination against petitioners by the exclusion of colored men from the jury came too late, and by way of answer to the objection that no fair trial could be had in the circumstances, stated that it could not say "that this must necessarily have been the case"; that eminent counsel was appointed to defend the petitioners, that the trial was had according to law, the jury correctly charged, and the testimony legally sufficient. On June 8, 1921, two days before the date fixed for their execution, a petition for habeas corpus was presented to the chancellor and he issued the writ and an injunction against the execution of the petitioners; but the supreme court of the State held that the chancellor had no jurisdiction under the State law, whatever might be the law of the United States. The present petition perhaps was suggested by the language of the court: "What the result would be of an application to a Federal court we need not inquire." It was presented to the district court on September 21. We shall not say more concerning the corrective process afforded to the petitioners than that it does not seem to us sufficient to allow a judge of the United States to escape the duty of examining the facts for himself when if true, as alleged, they make the trial absolutely void. We have confined the statement to facts admitted by the demurrer. We will not say that they cannot be met, but it appears to us unavoidable that the district judge should find whether the facts alleged are true and whether they can be explained so far as to leave the State proceedings undisturbed.

Order reversed. The case to stand hearing before the district court.

Under any pretense of justice should these things go unchallenged in a civilized country? I hold no brief for either black or white criminality, but I do think every man should have a fair trial before an impartial jury and not be convicted as a result of prejudice, mob law, or intimidation.

I wish to cite to you, as the extreme of mob violence and disrespect of law and order, the record of lynchings, burnings, and murders of human beings that have occurred through mob law since 1927 and down to the present time, and which speaks even louder than words.

LYNCHING RECORD

1927

Name	Date	Place	Manner of lynching
1. Tom Payne	Feb. 1	Willis, Tex	Hanged.
2. Berry Allen (white)	Mar. 19	Mayo, Fla	Drowned.
3. ——— (white)	Apr. —	DeQuincy, La	Shot.
4. ———	Apr. —	Macon, Miss	Burned.
5. ———	Apr. —	do	Do.
6. John Carter	May 4	Little Rock, Ark	Hanged, body burned.
7. Dan Anderson	May 20	Macon, Miss	Shot.
8. Will Sherod	May 22	Braggadocio, Mo	Hanged and shot.
9. Ed. Lively	May 25	Leakesville, Miss	Do.
10. Jim Fox	June 13	Louisville, Miss	Burned.
11. Mark Fox	do	do	Do.
12. Owen Fleming	June 16	Helena, Ark	Shot.
13. Joseph Upchurch	June 17	Paris, Tenn	Do.
14. Joe Smith	July 7	Yazoo City, Miss	Hanged and shot.
15. Alber Williams	July 21	Chiefland, Fla	Shot.
16. Thomas Bradshaw	Aug. —	Bailey, N.C	Do.
17. Winston Pounds	Aug. 26	Wilmot, Ark	Hanged.
18. Thomas Williams	Sept. 28	Barrettville, Tenn	Shot.
19. Henry Choate	Nov. 13	Columbia, Tenn	Hanged.
20. Leonard Woods	Nov. 30	Whitesburg, Ky	Hanged and shot (body burned).
21. Ralph McCoy (white)	Dec. 22	Los Angeles, Calif	Beaten to death.

1927 summary, by States

Arkansas	3
California (white)	1
Florida (1 white)	2
Kentucky	1
Louisiana	1
Mississippi	7
Missouri	1
North Carolina	1
Tennessee	3
Texas	1
Total	21

1928

Name	Date	Place	Manner of lynching
1. "Buddy" Evins	May 21	Center, Tex	Hanged.
2. Ocie Wilson	May 30	Slater, Mo	Do.
3. Lee Blackman	June 2	Boyce, La	Shot.
4. Dave Blackman	do	do	Do.
5. Robert Powell	June 20	Houston, Tex	Hanged.
6. James Bearden	June 29	Brookhaven, Miss	Do.
7. Stanley Bearden	do	do	Do.
8. "Shug" McElice	July 2	Summit, Miss	Do.
9. Rafael Benavides	Nov. 16	Farmington, N.Mex.	Do.
10. Emanuel McCallum	Dec. 26	Hattiesburg, Miss	Do.
11. Charley Shepherd	Dec. 31	Shelby, Miss	Burned.

1928 summary, by States

Louisiana	2
Mississippi	5
Missouri	1
New Mexico (Mexican)	1
Texas	2
Total	11



LYNCHING RECORD—continued

1929

Name	Date	Place	Manner of lynching
1. "Buster" Allen	Feb. 20	Brooksville, Fla.	Hanged.
2. Steve Jenkins	May 11	Macon, Miss.	Shot.
3. N. G. Romey (white)	May 17	Lake City, Fla.	Do.
4. Joe Boxley	May 29	Alamo, Tenn.	Hanged.
5. Jim Mobley	June 1	Jasper, Fla.	Drowned.
6. Willie McDaniel	June 30	Charlotte, N. C.	Hanged.
7. Mose Taylor	July 5	Georgetown, Miss.	Shot.
8. Cleveland Williams	Sept. 1	Calvert, Tex.	Do.
9. Ella May Wiggins (white)	Sept. 14	Gastonia, N.C.	Do.
10. Will Larkins	Nov. 9	Quincy, Fla.	Hanged and shot.
11. Marshall Ratliff (white)	Nov. 19	Eastland, Tex.	Hanged.
12. Chester Fugate (white)	Dec. 25	Jackson, Ky.	Shot.

1929 summary, by States

Florida (1 white)	4
Kentucky (white)	1
Mississippi	2
North Carolina (1 white)	2
Tennessee	1
Texas (1 white)	2
Total	12

1930

Name	Date	Place	Manner of lynching
1. Jimmy Irvine	Feb. 1	Ocilla, Ga.	Beaten to death.
2. J. H. Wilkins	Apr. 5	Locust Grove, Ga.	Do.
3. Dave Harris	Apr. 23	Gunnison, Miss.	Shot.
4. Allen Green	Apr. 24	Walhalla, S.C.	Do.
5. John Hodas (white)	Apr. 27	Plant City, Fla.	Hanged and shot.
6. George Hughes	May 9	Sherman, Tex.	Burned (in jail).
7. George Johnson	May 16	Honey Grove, Tex.	Shot (body burned).
8. Henry Argo	May 31	Chickasha, Okla.	Shot.
9. Bill Roan	June 18	Bryan, Tex.	Do.
10. Dan Jenkins	June 21	Union, S.C.	Do.
11. Jack Robertson	June 28	Round Rock, Tex.	Do.
12. Jacob Robertson	July 4	Emelle, Ala.	Hanged.
13. John Robertson	do	do	Shot.
14. ——— ———	July 6	do	Do.
15. Mrs. James Eyer	do	do	Do.
16. S. S. Mincey	July 22	Mount Vernon, Ga.	Beaten to death.
17. Thomas Shipp	Aug. 7	Marion, Ind.	Hanged and shot.
18. Abraham Smith	do	do	Do.
19. Oliver Moore	Aug. 19	Tarboro, N.C.	Do.
20. George Grant	Sept. 8	Darien, Ga.	Shot.
21. Pig Lockett	Sept. 10	Scooba, Miss.	Hanged.
22. Holly Hite	do	do	Do.
23. Willie Kirkland	Sept. 25	Thomasville, Ga.	Do.
24. Lacy Mitchell	Sept. 27	do	Shot.
25. John Willie Clark	Oct. 1	Cartersville, Ga.	Hanged.

1930 summary, by States

Alabama	4
Florida (white)	1
Georgia	7
Indiana	2
Mississippi	3
North Carolina	1
Oklahoma	1
South Carolina	2
Texas	4
Total	25

1931

Name	Date	Place	Manner of lynching
1. Raymond Gunn	Jan. 12	Maryville, Mo.	Burned.
2. Charles Bannon (white)	Jan. 29	Schafer, N.Dak.	Hanged.
3. Steve Wiley	Mar. 22	Iverness, Miss.	Do.
4. Eli Johnson	Mar. 29	Vicksburg, Miss.	Shot.
5. George Smith	Apr. 18	Union City, Tenn.	Hanged.
6. Oscar Livingston	Aug. 3	Pointe a la Hache, La.	Shot.
7. ——— ———	Aug. 5	Haynesville, Ala.	Do.
8. Richard Smoke	Aug. 29	Blountstown, Fla.	Do.
9. Charley Smoke	do	do	Do.
10. Coleman Franks	Nov. 7	Columbus, Miss.	Hanged.
11. Matthew Williams	Dec. 4	Salisbury, Md.	Do.
12. Tom Jackson	Dec. 10	Lewisburg, W.Va.	Hanged and shot.
13. George Banks	do	do	Do.
14. Isaiah Edwards	Dec. 20	Conroe, Tex.	Shot.

1931 summary, by States

Alabama	1
Florida	2
Louisiana	1
Maryland	1
Mississippi	3
Missouri	1

1931 summary, by States—Continued

North Dakota (white)	1
Tennessee	1
West Virginia	2
Texas	1
Total	14

ELEVEN LYNCHINGS FOR 1932—DECLINE OF THREE FROM 1931

NEW YORK, December 23, 1932.—A record of 11 reported lynchings for the year 1932 represents a decline of 3 from the 14 reported in 1931, according to statistics made public today by the National Association for the Advancement of Colored People, 69 Fifth Avenue.

Only one State, Florida, had two lynchings during the year. The other States, which each had one lynching are: Arkansas, Georgia, Kansas, Kentucky, Louisiana, Ohio, South Carolina, Texas, and Virginia.

Two of the victims of lynchings mobs were white, the remainder Negroes. Among the offenses charged to the mob victims were: Quarrel with employer who formed the lynching mob; murder; stealing $10 bill and wounding deputy sheriff; quarrel over pay, resulting in shooting; dynamiting store; insulting white women.

In all cases the mob either hanged or shot its victim, the body being subsequently burned in the case of Henry Woods, lynched at Jasper, Fla.

In making public the figures, Walter White, secretary of the National Association for the Advancement of Colored People said:

"Reported lynchings are three less this year than in 1931. But satisfaction at this slight progress must be tempered by the knowledge that quasi-legal lynchings, shootings by members of posses, hasty court trials with results virtually dictated by mobs, as in Scottsboro, Ala., are little if any better than open and unashamed mob murder. The lynching spirit remains the focal problem of law enforcement in America."

The lynchings in their chronological order as listed by the National Association for the Advancement of Colored People, are:

1. Aged Negro. February. Body found in pond, Brooksville, Fla.
2. David Tillus, April 1, Crockett, Tex.
3. Richard Read (white) April 13, St. Francis, Kans.
4. Walter Merrick (white) May 31, Princeton, Ky.
5. Luke Marion, June 7, Ironton, Ohio.
6. Henry Woods, June 7, Jasper, Fla.
7. Henry Russell, August 29, Newton, Ga.
8. Frank Tucker, September 16, Crossett, Ark.
9. Shadrock Thompson, September 16, Warrenton, Va.
10. Henry Campbell, November, Mullins, S.C.
11. Williams House, November 19, Wisner, La.

Mr. Chairman, I ask unanimous consent that the Clerk may read a resolution which I send to the desk and I yield the rest of my time to the gentleman from New York [Mr. FISH].

The CHAIRMAN. Without objection, the resolution will be read.

There was no objection.

The Clerk read as follows:

House Joint Resolution 171

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two thirds of each House concurring therein), That the fourteenth amendment to the Constitution is hereby amended, when ratified by the legislatures of three fourths of the several States, and shall be valid to all intents and purposes as a part of the Constitution, by adding to section 1 thereof the following sentence: "To insure to all citizens the equal protection of the laws and a fair trial when charged with crime, the courts of the United States are hereby given jurisdiction to determine, on proper application of any defendant who is charged with crime, whether such defendant's constitutional right to the equal protection of the laws and to a fair and impartial trial is prejudiced by considerations of race, color, or creed, or any other condition to the disadvantage of such defendant, and the said United States court shall have power, subject to the right of appeal as in other cases, to transfer the trial of such case to such other jurisdiction as in the judgment of the court will insure a fair and impartial trial."

Mr. DE PRIEST. Mr. Chairman, I ask that the resolution be referred to the proper committee.

Mr. Chairman, I yield the rest of my time to the gentleman from New York [Mr. FISH].

The CHAIRMAN. The gentleman cannot yield in the second degree.

Mr. DE PRIEST. Then I yield back the balance of my time, Mr. Chairman.

Mr. BUCHANAN. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. SUMNERS].

Mr. SUMNERS of Texas. Mr. Chairman, I want to direct the attention of those dealing particularly with our economic

problems to one element in the situation which I think ought not to be forgotten.

We are dealing with inflation. We are giving to the President many different sorts of power, and the public opinion and the public purpose of the Nation are concentrating themselves upon our economic difficulties.

I have been here 20 years. It seems to me a great pity that Members of Congress cannot assemble and, figuratively speaking, sit around the council table and without oratory and without passion give intelligent, constructive consideration to their difficulties.

We have in our economic organization a maladjustment which lies at the seat of our trouble. The physician who finds his patient ill seeks by intelligent diagnosis to discover the origin of the trouble. I do not believe we are accustomed to doing this in dealing with our legislative difficulties. Some fellow gets up and makes a great big speech and somebody gets up on the other side and says it is not true, that the other thing is right. Fundamentally this is one of the difficulties. Fundamentally this is the reason we are in this situation. We have had plenty of intelligence in this country to have prevented our getting into the difficulty we are in, but we have not applied our intelligence to our problem.

We have given to this crisis in its approach as low an order of applied intelligence as ever a people gave to their difficulties. I am talking about a people now, just a people. Really, we have not given a standard of intelligence to these approaching difficulties that would reflect any credit upon 14-year-old children. I am speaking about the American people, about you and myself, your people and my people.

Another difficulty with us is that we are each one looking after his own interests, and it is natural for each to look after his own little group, but we have got to broaden out. This was all right when the individual was the economic unit and the community was the economic organization. Then we could do it. But it is not all right when your business is part of the business of my people and the business of my people is a part of the business of your people.

This is one time where we will stand or fall together. New England and Texas are one. They are part of the same economic body. We must take this psychological attitude toward our problem in order to have any chance of pulling out of the situation we are in.

I recall in the city of Dallas last fall a man whose business it was to buy jobs, that is, to buy bargains, went up to Boston, Mass. It is a long distance from Dallas, Tex., to Boston, Mass. In 5 days he spent all the money he could get buying jobs. Everybody wanted to sell him everything he had. He came home. Cotton jumped from 6 cents to 9 cents. He was able to obtain more money. He went back to Boston, stayed there 2 weeks, but could only buy $5,000 worth of stuff. The advance of the chief crop of Texas changed the market in Boston before he could get back there.

Those of us who live in the cities have the city man's angle. Those who live in the country are disposed to have the country man's angle. I live in the city myself. We have a few notions in this country that we have more or less inherited, into which we never stop to examine. In the South, where I was raised, the generation to which my father belonged inherited the institution of slavery. They never thought anything about it. I cannot conceive how anybody ever would have favored it, but they did not understand anything wrong about it. They never really thought about it. Nothing is strange which you are used to. There were no very funny names where you were raised. In New England the institution of the protective tariff has been inherited. When you were a boy you went down to your father's business establishment and found it operating under the protective tariff and you never stopped to examine the situation or the institution. I have learned to love the people who live in New England and other sections of the country. They are the same sort of people as my people. We live under different environments, that is all. It is a perfectly disgusting thing to see people who live in one community who, because they are not related to some problem as other people are, strut around as though they were made better than other people. It is not really disgusting; it is just rather pathetic. We are the creatures of environment. I understand that.

Some of my friends from New England were talking to me the other day about paternalism and they were terribly against paternalism, or they thought they were; but if I had suggested, and I did suggest in conversation with them—and wait until I get through before you draw your conclusions about what I am driving at—we talked about the tariff and I said the tariff is an exercise of the paternalistic power of government. It is the plan by which the Federal Government sees to it that the beneficiaries, the wards of the Government, get more money for their commodities than they otherwise would get. They realized this, the result. They were not willing to admit that it is paternalism. It is just a rearrangement of the story not as to whose ox had been gored but of whose ox was being fed. There is no use getting excited or calling anybody names. That attitude is not local; it is rather general among human beings. The mistake and hurt, however, are in concluding because of that fact it is a sound attitude.

I am not going to make an antitariff speech now. This is just a part of the diagnosis. Agriculture is a part of every business—in a definite sense the root of every business. It is a part of the one economic body. It is where we took sick economically. In a state of nature where economic law has control everybody buys in the cheapest market and sells in the highest market. In such a market the law of supply and demand operates freely. This is a state of nature. Then we begin to talk around in the country that we wanted our producers to live under better conditions than the producers of the rest of the world, and the scheme we adopted to bring this about was the protective tariff.

Listen to me, now, because I am not going to make the kind of speech you think I am going to make. That benefit operated to disturb the functioning of natural law. When we adopted the protective tariff we arbitrarily raised the prices of the people who were benefited by the tariff one notch above free trade. Of course, somebody had to pay the boosted prices. Immediately that lowered the grain-producers and the cotton-producers and the producers of exportable surpluses a notch below free trade, because they could not buy in the cheaper markets where they sold. This Government would not permit it.

I am talking to you now about the maladjustment of the economic machinery of this country. That is just as important to the city people and, in the long run, to the manufacturer himself as to the farmer, because there are laws of God Almighty which govern the economic body that are just as dominating and controlling as are the laws that govern the human body. We cannot any more violate them in business policy and in economic policy than we can violate them in our human body and escape.

This condition we are in now is not accidental. It comes from a violation of the laws of God Almighty that govern the economic machinery of the universe. As doctors, the time is at hand when we must make a candid diagnosis of the condition of this patient and then use our good sense in dealing with it. It does not make any difference where we live or what our business is, this thing is not far away from us. It is in us and of us, because now all businesses are interrelated and interdependent to such a complete degree as to make up one unit with a circulatory system as clearly defined as is that of the human body.

The grain farmers and the cotton farmers cultivate about 80 percent of the acreage of America.

[Here the gavel fell.]

Mr. BUCHANAN. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. SUMNERS of Texas. Mr. Chairman, I was talking to some of my friends in New York not long ago about their business conditions. They are great business men, great captains of industry, and I asked them, "How do you expect

to sell your stuff in New York to people who are able to buy with only that amount of money which they receive from 8-cent oats, 15-cent corn, 5-cent cotton, and 25-cent wheat?" Those are about the prices which farmers got on the farms for the last crop.

You cannot take any more blood out of your hand through the venous system than you put in through the arterial system. That is all there is to it. This thing that is most wrong with us is a disturbance in the circulatory system; that is all. Many things are suggested; many things are doubtless needed now; but I do not care what else we do—I make this statement, and I am just as certain I am right as I live—in some sort of way we have got to give back to these producers of exportable surpluses that which represents the disadvantage which this Government creates between the protected status, the price-boosted status, of those whose prices are boosted and the farmers whose prices are below free trade.

I do not say you ought to abolish the tariff. I am not talking about it at all. I am talking about a maladjustment. Here are these farmers who take their cotton and their grain and sell it in competition with the cheapest producers on earth. We are not talking about a theory; we are talking about a fact, dealing with this economic body that is made up of all the industries and all the people of this country.

To these farmers the American market is the poorest market in which they sell. For the manufacturers it is the best market. To the American farmer it is as much lower than the foreign market as the cost of transportation from America to the foreign market.

Now, there has to be something done about it. That is what I am saying. I do not say now what you have to do about it, but I say you have to do something about this maladjustment. It violates the law of God Almighty that governs the economic body of this country. I do not care what your notion is; I do not care where you live—it has got to be done, and if we had done it before or if we would do it now we would not have to be giving all these extraordinary powers to the President of the United States, which are dangerous powers for anybody to possess. But under our circumstances it is perhaps more dangerous not to give them. That is the price we pay for the violation of a natural law.

When you trace down to the genesis of these dangerous things that governments do, you find 9 times out of 10 you are compelled to do dangerous things because you did not do the sensible, safe thing when you ought to have done it.

Suppose this thing were reversed. Suppose the manufacturers of this country sold in competition with the cheapest producers on earth. Let us get this picture. You know you cannot think in just any language you have knowledge of. Ordinarily you think in your native tongue. Suppose the manufacturers of this country sold in competition with the cheapest producers on earth and had to bring this money back here and buy agricultural products at boosted prices. How long could they do it? They say they cannot even sell in competition with the cheapest labor on earth, do they not? They say they cannot survive and do it, do they not? Then in the name of common sense how can the farmers not only sell in competition with the cheapest labor on earth but out of the proceeds of such sales pay these tariff-boosted prices in the highest market on earth? Talk about the law of supply and demand for these farmers controlling in such conditions is sheer nonsense. It is just a matter of plain horse sense—it cannot be done. But we do not even let them sell on a free-trade basis; do not forget that. We make them bring their money back here and pay the boosted prices.

I am not appealing to any prejudice; I am not talking for the farmers; I am talking for the idle millions who are walking the streets of our cities.

Agriculture is one business that is producing practically 90 percent, or it is producing practically 100 percent.

Now, I want you to visualize this. Agriculture is selling at least 80 percent of its products. Here you have a big production movement out to the city, but the trouble is we do not give the farmers enough money to draw the commodities movement from the city in their direction.

I do not care what your attitude is toward the man on the farm. We have got to work out a plan that will give him enough money in this movement of his in our direction so that we can move our stuff in his direction.

Inflation and all that kind of thing may be necessary under the circumstances which we have permitted to develop, but, in my notion, we have plenty of money, we have plenty of factories, we have plenty of people to operate them, plenty of transportation facilities, but things are not circulating. We have got to have circulation; and in order to get it the relative price of what the farmer sells must be increased until it is raised to the point where trade contact is established between his products and ours. Everybody who has any sense knows it—I mean anyone who has just a little bit of sense—if he will only look at things as they are.

When you come to examine it historically, our difficulty began in the paralysis of the purchasing and debt-paying power of these 30,000,000 farmers. I am not arguing anything, but stating what everybody knows to be the fact.

What happened? They got where they could not buy the factory goods—trucks, clothes. Agriculture is a business that wears out stuff. They use up wagons and tools; they wear out their clothing; they are consumers of everything from the factory.

I am not theorizing but I am only stating facts.

When they got where they could not sell the products of the farm at a price which would enable them to buy products from the factories, they had a little money in the bank, a little equity in property. They spent their reserves and they borrowed more money. Then they reached the point beyond which they could not borrow any more. They could not get anything from the reservoir. It was dry.

Then the village like the one I used to live in, which rested directly on top of the farms, composed of a thousand people, who got everything they had from the farmers, when the farmers could not buy from them, still the people of the village kept on buying a little while longer. Then the cities like Dallas, that I live in, with approximately 300,000 people did not buy as they had done, because they could not sell to the villages, and the villages could not buy because they could not sell to the farmers. But people in cities like Dallas drew on their savings for a while.

That sort of thing, like creeping paralysis, went on until cities like Boston and New York were in the same condition.

Now, what would a good doctor do? What would anybody with good sense do? I think he would start up the circulation where the paralysis began.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. BUCHANAN. Mr. Chairman, I yield the gentleman 5 minutes.

Mr. SUMNERS of Texas. Mr. Chairman, I am not trying to do any oratorical stunts. We have all got to sit around the council table. We fellows from the South, we men from New England, we from the West and the North are not getting anywhere with all this legislation we are passing now, except just hoping to live until tomorrow. The real job is yet to be done. I am not criticizing. I am going along with the program. The President is trying to turn us face around in the right direction. I am doing my mite to help, but we must not forget the job of tomorrow, everybody's job.

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. MOTT. Everyone, of course, will agree with everything the gentleman has said, particularly his statement to the effect that what should be done is to get our wealth and products and money into circulation.

Mr. SUMNERS of Texas. Yes.

Mr. MOTT. Has the gentleman a suggestion as to how Congress can bring that about?

Mr. SUMNERS of Texas. I believe I will speak about that briefly though my purpose on this occasion is to help, if I can, toward an agreement upon at least one basic thing

upon which, in my judgment, there must be agreement if we are to work out of our difficulty. I have spoken of the tariff. I recognize that we cannot at this time deal with the tariff as an academic proposition. I recognize that as a fact. I believe this country made two tremendous mistakes. One was slavery and the other the adoption of the protective tariff. I believe if we had remained an agricultural country, and our people had done their own work, and we had let nature take its course, we would have had cities early enough, but we cannot deal with that now. I lay this down as a sound proposition: As long as we have the protective tariff we have to give back to these producers of the exportable surpluses, arbitrarily, by the Government that which we take from them arbitrarily by the Government to maintain the tariff system. Answering the question propounded to me, I favor a straight export debenture, myself. Does that answer the gentleman's question?

Mr. MOTT. That answers it partially. I also believe that way if the gentleman cares for my views. But my particular question was directed to the possibility of Congress doing anything to restore prosperity by getting our goods and wealth and money into circulation, as the gentleman has suggested. Does the gentleman think Congress has already done that?

Mr. SUMNERS of Texas. I repeat what I have said; we have been going along foolishly and irresponsibly until we have reached the brink. Extreme measures have to be resorted to to save us from the most imminent peril of the greatest magnitude. Arbitrary things are being done, but these things do not fit into the ordinary times and lives of a free people. They do not tend toward self-thinking and self-acting, without which the development of individual capacity necessary to maintain free government is impossible.

If we revive the buying power of these farmers by giving back to these farmers what we have taken from them by the might of government to support the tariff-boosted prices of others, I think it would help very much. This is the one place in our economic body where we know that an act of government has disturbed natural arrangement. We will have to give it back to them arbitrarily, since we have taken it away from them arbitrarily. I do not believe in the idea that is involved in many of these measures, that we should regard our agricultural surplus as something that is a curse from God to be got rid of. Why, there is not a statesman in Central Europe who would not give half the economic strength of his people to have that sort of a surplus. I agree we are producing too much. The land is too hard-driven. There are two sides to this problem, and we must not lose sight of the other side. From what I see of the people, it is as much a problem of underconsumption as of overproduction. If we would reestablish the broken trade contact between our factories and our farmers, we would consume more of their products and they would start our idle people and our idle factories to work. If we would give to them in addition to present prices what we take from them to boost our factory prices out of their reach, we would about do the job, aside from the condition created by our indebtedness, and it would help that greatly.

Mr. MOTT. That is my question. What does the gentleman suggest?

Mr. SUMNERS of Texas. Straight export debenture. That is my notion. Of course I am going along with the program.

Mr. MOTT. That will restore prosperity?

Mr. SUMNERS of Texas. It would greatly help. That is what I think. If you can revive the buying power of these farmers, give to them for that which they sell to us a price proportionate to that which they pay for stuff that we sell to them, they would begin to buy and villages like Garland, where I used to live, would buy and cities like Dallas, where I now live, would buy, and factories would hum again. There is no doubt about that. I do not care what you do. You can inflate and inflate and do whatever you please. That would help probably with our indebtedness. But until you remove that economic maladjustment under which a part of the producers of this country have their prices boosted above free trade and part of the people have their prices driven below free trade, you cannot straighten this situation out.

Mr. EDMONDS. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. EDMONDS. I take it that you think now that the present bills that we are passing are only temporary and that the result will not be permanent?

Mr. SUMNERS of Texas. That is right.

Mr. EDMONDS. And Congress should get to work and do something that will permanently meet this situation.

Mr. SUMNERS of Texas. I would like to put it in this way: Democrats, Republicans—East, West, North, and South—I think the time has come in this country when, regardless of where we come from or what our people do, we have to recognize that we are one country and that every business is a part of every other business, and devote good old-fashioned practical horse sense to a consideration of our problems, recognizing that there are laws of nature, laws of God Almighty, that govern the economic and political machinery of the people, just the same as there are natural laws that govern the machinery of the human body, and that a maladjustment such as I have pointed out must be corrected, just as a similar maladjustment in the circulatory system of the human body would have to be corrected. And it is a job for all of us and big enough for all of us, Democrats and Republicans, from the North and the South, and from the East and the West. Of course, there are other important problems, such as marketing, preservation of soil fertility, and so forth, but in this discussion I am dealing with only the one, this governmental discrimination against agriculture and the effects for which that discrimination is in no small degree responsible, and which must be corrected regardless of what else may be done. [Applause.]

Mr. BACON. Mr. Chairman, I yield 15 minutes to the gentleman from New York [Mr. WADSWORTH].

Mr. WADSWORTH. Mr. Chairman, I had gotten my alleged mind all worked up and lined out to make what I have heard called in another body a few unnecessary observations concerning certain features of the so-called "independent offices appropriation bill", but listening to the exceedingly interesting address of the gentleman from Texas [Mr. SUMNERS] has pretty nearly thrown me out of step, and I am fearfully tempted to discuss what he has been discussing.

Mr. SUMNERS of Texas. Please do so.

Mr. WADSWORTH. I shall not for any length of time, but may I say, without making any effort to diagnose the nature of all our troubles and with not much confidence that I would ever be able to propose a panacea, that commencing with August 1, 1914, the human race has suffered from its own excesses in peace and in war. Certainly no one would deny that the four and a half years of warfare was an example of human excesses never equaled in the history of the world.

The destruction of property and life which we, in our optimism, believed for a few years after the close of hostilities could be repaired in a moment, that same destruction of property and of life at wholesale is still handicapping our efforts toward progress. Then, instead of behaving sensibly immediately upon the close of hostilities, a so-called "treaty of peace" was entered into at Versailles, many of the provisions of which violate all sense of proportion and decency of thinking people, patriotic people, in various nations, and many of which, in addition, violate economic laws, especially in their effect upon international trade.

Then, again, in our optimism we allowed ourselves to fall prey to that human weakness which leads multitudes of people into believing that the past may be forgotten—the destruction, distress, and sorrow—and to embark upon a great program of industrial expansion the world over. And the cry was, in spite of the huge debts piled up during the war, figures never before dreamed of in the history of man, "let us borrow some more; let everybody borrow"—governments,

States, municipalities of all kinds, villages, counties, school districts, corporations, individuals. The cry was for more credit. I heard it in another branch of this Congress 7, 8, 9, or 10 years ago. More credit! more credit!—forgetting that every time you create additional credit you create an additional debt. So it went, a perfect orgy of it, some of it politically agitated by the people of both great political parties in this country; much of it politically agitated by leaders of political movements in other countries, and government after government went into it, government after government tried to persuade their people to go into it still further and further, until finally the props which for the moment, for a few years, had upheld this great flimsy structure, those props which had been weakened by the wholesale destruction of property during the World War, collapsed, and the whole business smashed down into the cellar, the effect, in my humble judgment, of the excesses committed by human beings in peace and in war. The human race has piled up a debt in the aggregate which it cannot pay. It is too big. This Congress is making an effort to relieve certain sections of our people of that debt. I might make this observation, that a large portion of the ills of the people of this world today is due to the unwise political acts of governments and of peoples. [Applause.]

And if we would repeal, if nation after nation would repeal nine tenths of the attempts to alter economic law by statute, we would emerge from our difficulties a great deal quicker than we will by any artificial device added to the multiplicity of artificial devices already on our statute books. [Applause.]

Mr. THOM. Will the gentleman yield?

Mr. WADSWORTH. I yield; yes.

Mr. THOM. Will the gentleman specify the particular pieces of legislation in the United States that ought to be repealed? Not all of them, of course.

Mr. WADSWORTH. For one, I never had any confidence in the attempt to fix or peg prices of wheat and cotton.

Mr. THOM. Well, that has been repealed.

Mr. WADSWORTH. Yes; that has been repealed. I have no faith in this farm-relief measure. It is a price-fixing measure, and in my judgment its provisions are fantastic. It will not help the farmers of this country or the country at large. It is another artificial device engaged in by Government. I do believe that those measures which tend soundly to relieve great numbers of people of the severity of their debt, so that it may be extended over a period of years and make it a little easier for the debtor to pay, are wise measures. I have supported and would continue to support measures of that kind, such as the farm mortgage bill and the home owners' mortgage bill, each of which, as you will recall, provides for certain bond issues, $2,000,000,000 in each bill. My present dread is that inflation will destroy the value and effectiveness of those bonds, and that those two measures will be killed by that third measure which is contained in the omnibus bill now gone to conference.

Mr. RANKIN. Will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. RANKIN. I think the gentleman put his finger on the sore spot when he spoke of the overwhelming burden of debts throughout the world as a result of the World War. Will the gentleman suggest how those debts can be met? how that question is to be disposed of?

Mr. WADSWORTH. I think no one government can do that, and I doubt if any government can do it within its own borders.

Mr. RANKIN. Can they all do it on present price levels?

Mr. WADSWORTH. It is doubtful that they can all do it simultaneously at present price levels, but it is equally doubtful that governments, acting together, can arbitrarily change price levels.

Mr. RANKIN. I am not trying to argue with the gentleman, but I am trying to get his idea as to what policy, in his judgment, it would be necessary to pursue to meet that overwhelming burden that confronts the people of the world today.

Mr. WADSWORTH. Generally speaking, I would answer the gentleman in this way: As soon as possible, let economic law take its course.

Mr. RANKIN. It is taking its course now.

Mr. WADSWORTH. No; it is constantly interfered with. And thus far the interference has done no good.

Mr. RANKIN. Suppose we let the economic law take its course. Today we are on a price level about one third or one fourth as high as it was when these debts were incurred. We are now asked to pay these debts—not only the people of the United States but, as a rule, the people of the world are asked to pay these debts—fixed charges, with commodity prices; and if you take it on an average, including wages, and people who are receiving no wages at all, the average is only about one third of what it was when the debts were incurred. Under these conditions how are the people of the world ever to meet these debts without bringing this price level back to what it was when the debts were incurred?

Mr. WADSWORTH. The gentleman evidently has in mind, of course, an increase in the circulating medium as the method of bringing up the price level. My judgment is—and I do not pretend to be an economic expert concerning these things—that that is another artificial device which, while it is attractive, may turn around and hit you before you have had it in operation very long.

Mr. RANKIN. We had an inflation of the circulating medium at the time these debts were contracted. Now, my only answer to this question is to bring back the price level by an increase of the circulating medium. By what other method can we find a way out of this dilemma?

Mr. WADSWORTH. I have not believed in the export debenture. Nevertheless, it has always appealed to me that the prosperity of agriculture—and I agree with the gentleman from Texas that the prosperity of agriculture gives prosperity to the rest of our economic structure—rests upon its ability to get rid of its exportable surplus. The return of the buying power of the rest of the world is just as important as the restoration of the buying power of our own people. I do not believe buying power can be restored by doubling the number of dollars.

Mr. SUMNERS of Texas. Mr. Chairman would it interrupt the gentleman if I asked a further question?

Mr. WADSWORTH. I want to get to another phase before very long. I did not realize I was getting in so deep.

Mr. SUMNERS of Texas. We will get the gentleman more time. The gentleman is very well informed. The gentleman has spoken of the artifical and arbitrary nature of many devices that have been used. In the judgment of the gentleman if one arbitrary thing is at work can we expect the economic law to correct the results of the arbitrary thing?

Mr. WADSWORTH. No; we cannot.

Mr. SUMNERS of Texas. Then it is necessary to do another arbitrary thing to balance against the first one.

Mr. WADSWORTH. I wonder if that is the right way to solve it? I am not directing attention solely to the protective tariff in the principle of which I believe, but there are too many arbitrary things going on the world over these days that interfere with these natural laws.

Mr. SUMNERS of Texas. I agree thoroughly with the gentleman. Let us take the principle of the tariff for instance. The tariff is a policy under which by might of government something is taken away from one group and given to another. This being so, is it not necessary to take back from this group and give it to those from whom you have taken it in order to counteract the interference with the operation of the natural law?

Mr. WADSWORTH. I have not attempted to make a complete discussion of the whole situation.

Mr. SUMNERS of Texas. I wish the gentleman would take the time to go into it farther.

Mr. WADSWORTH. I do not have enough time to completely discuss this subject.

I think others than the United States are involved in this thing. I think no additional artificial device employed by

the United States will correct our whole domestic situation until artificial devices in other countries can be done away with. Today there are quotas and restrictions against us and all sorts of things directed against the United States.

Mr. SUMNERS of Texas. Would it interrupt the gentleman if I asked one more question?

Mr. WADSWORTH. It certainly interrupts, but I do not mind. I shall try to answer the inquiry, but I am not sure I know the answer.

Mr. SUMNERS of Texas. Well, none of us does.

Mr. WADSWORTH. I admit I am groping around myself.

Mr. SUMNERS of Texas. Well, all of us are. We have plenty of time this afternoon. The galleries cannot hear us, so we might as well talk about this thing.

Mr. WADSWORTH. It is a pleasant conversation.

Mr. SUMNERS of Texas. And a valuable one, too. Here is my opinion: With agriculture prostrate and almost bled white, should we not give it a blood transfusion? Would not that be the evolution of natural law?

Mr. WADSWORTH. No; that is not the evolution of natural law. I do not think the pending measures constitute blood transfusion. I speak from the point of view of a farmer. That has been my life and the life of my father before me.

Mr. CLAIBORNE. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I was endeavoring to reply to the gentleman from Texas. Perhaps I had better proceed with what I arose to say. He has greatly tempted me.

Mr. ALLGOOD. We will yield the gentleman more time.

Mr. TABER. Mr. Chairman, I yield to the gentleman from New York 15 minutes' additional time.

Mr. ALLGOOD. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. ALLGOOD. The gentleman said he believed in letting things take their natural course. Does that mean liquidation?

Mr. WADSWORTH. No; I do not think we need to liquidate entirely. A vast amount of liquidation has taken place already and I dare say it is not all over yet.

Mr. ALLGOOD. I understand that the funded debt of the Nation, the towns, cities, and municipalities, including also private debts, aggregates about $240,000,000,000.

Mr. WADSWORTH. I am not familiar with the figures.

Mr. ALLGOOD. And that our estimated wealth is about $230,000,000,000 or $240,000,000,000.

Mr. WADSWORTH. That is a bad prospect.

Mr. ALLGOOD. If you let matters take their natural course and liquidate, the gentleman can see the condition in which we will all be. It will just mean the wiping out of our holdings.

Mr. WADSWORTH. On the gentleman's statement, that is a bad prospect.

I said a moment ago that I had not much faith in the pending measure for the relief of agriculture. I referred to the "farm relief bill," so-called. I think that is an additional artificiality which will not work, and I was about to say I am rather old-fashioned on that, being in the business myself and having been in it all my life.

Thus far, in my humble judgment—and I say this with much humility and with some trepidation—I have gained the impression that most of the so-called "farm relief bills" have been well calculated to relieve the farmer of what he has left, and as a member of that trade or vocation I as an individual would rather be left alone, provided I can get some easement for my debt. I do not want my business regulated by the Secretary of Agriculture or anyone else. If I am not fit to conduct it, then I deserve to lose it, and I hope that Uncle Sam will never be dressed up as a nursegirl to take care of people who cannot run their businesses.

Mr. BROWN of Kentucky. If the gentleman will yield, I should like to ask the gentleman if Uncle Sam has not been acting as a nursemaid for special privilege in this country for many years, and if the Government has not pegged the price of aluminum and the price of plate glass and the price of many other articles that have been controlled by those in high Government authority in this Nation for many years.

Mr. WADSWORTH. I had not been aware of that, and had thought competition still existed in this country, and I still hope it does.

I now desire to get to another branch of my statement.

Mr. PATMAN. May I suggest to the gentleman that the price of aluminum has remained the same during this time?

Mr. WADSWORTH. If I may now continue my old-fashioned remarks, I had expected to say something on the independent offices bill in relation to that part of the bill which gives to the President the power to do things to the Army. I had thought that bill would come before the House this afternoon, but I am informed it will not come before the House until Monday afternoon; and as I shall not be able to be here on Monday, being under obligation to pursue an agricultural errand upon that day in the city of Chicago, at the much-abused stockyards, I am imposing upon the patience of the House for a few moments to say something about the Army and some of the proposals which have to do with it.

Not long ago there was given out from some source of authority—I cannot quite identify the source—a program for a drastic reduction in the Army of the United States, designed to save, it is alleged, $90,000,000 from the military-activities appropriations for the War Department.

The program included proposals for the furloughing of between three and four thousand Regular Army officers at half pay, plus pay to enable them to reach their homes wherever those homes may be, and most of them have no homes; the discharge of 12,000 enlisted men from the Army; a substantial reduction of flying pay for the members of the Air Corps; the abandonment of the National Guard training camps, which are run each summer for 2 weeks; the abandonment of the Reserve Officers' Training Corps training camps; and various other reductions in the military activities of the Army of the United States.

I say that I have not been able to identify the source of this announcement which was made Nation-wide and in great detail. I sat as a spectator in the room of the Committee on Military Affairs the other day listening to an assistant to the Director of the Budget while the members of the committee, and especially the chairman, the gentleman from South Carolina [Mr. McSWAIN], who is present here, endeavored to find out just what were the plans of the administration with respect to the handling of the Army and the proposed economies. I think I am not far wrong in saying that the committee found out just exactly nothing, as the gentlemen before the committee at that time said there were no plans and he did not know where these suggestions had come from, and that all that he had in mind was that the President be given the power to do all these things, which, of course, leaves me, and would leave the average Member of the House of Representatives, completely in the dark as to what is to happen to national defense if these bills pass.

I do not need, I am sure, to enlarge upon the terrific effect upon the Military Establishment of the carrying out of the proposals which have been made. I suspect some of them will be abandoned, because already they are beginning to acquire an atmosphere of absurdity. For example, with respect to the proposal to furlough between 3,000 and 4,000 officers of the Regular Army at half pay, let us remember another thing which the Government is embarked upon, and that is the so-called "reforestation camps."

I happened to drop into the War Department the other day to inquire about the progress made in recruiting these unemployed young men and sending them to the camps and was shown a map of the United States upon which there were indicated by pins inserted in the surface of the map the camps which have thus far been approved. This was at the beginning of last week.

Up to that day 749 of these forest camps had been approved as to their location. The War Department, the General Staff, has been informed by higher authority that the total number will be 850 camps.

It is interesting to know that while the bill which authorized the President of the United States to take these 250,000 young men was under discussion, and sometime before, it was generally understood and asserted by a large number that there would be nothing military about the camps. Perish the thought, said the pacifists, that 250,000 of these young men should be put under the brutal influence of officers of the Army. That would be a terrible thing. So it was announced at that time that the Labor Department was going to do the work of recruiting and sending the men to the camps. But it turned out that the Labor Department had no offices distributed over the United States suitable for gathering in this army of 250,000 young men. Suddenly somebody remembered that the Army had recruiting stations scattered over the country, and so a hard-boiled sergeant out on the sidewalk herded them together, took them upstairs, and an Army medical officer gave them an examination.

Then it was remembered that the Labor Department did not have any places scattered over the country where these youngsters could be conditioned. So, come to think of it, the Army has posts, and we will send them to the Army posts; and so it was done. And the recruits were sent to the quartermaster stores, where they were fitted out and given blankets, and so forth.

Then it turned out that the Labor Department had no means of feeding 250,000 young men, but, come to think of it, the Army quartermaster has those facilities, and so the old rolling field kitchen made its appearance. Then, later on, it was determined that some sanitary measures had to be enforced, and the Labor Department has no facilities for that. But, come to think of it, the Army had officers with medical training, and so medical officers were put in the camps.

Then, of course, there must be some kind of discipline, and so it has been determined that 4,000 officers of the Regular Army must go to the camps and remain on duty for the duration of the camps.

My suggestion is, why delegate to the President power to furlough officers out of the Regular Army, when the War Department is already under instructions to use 4,000 of its officers for this forest army, and the furloughing of Regular officers is utterly impossible unless, indeed, we want to take the absurd step of one group of officers being turned out at half pay and reserve officers being brought back to active duty at full pay in their places. These things occur to us from time to time as we read of these proposals. Somebody got off on the wrong foot with respect to this particular one. It may have been a trial balloon or just an error, a poor calculation. To me—and I do not mean to use any harsh language—it has the aspect of being a half-baked proposal.

I want now to read a letter from a corporal in the Regular Army. His name is Gallagher, a pretty good fighting name. Gallagher is the type of man which I dare say Professor Moley and Professor Tugwell have never come in contact with. It is apropos of the duty which the Army, with little thanks from anybody—that is the fate of the Army in time of peace—is now doing with respect to the C.C.C. camps. That sounds like an hypodermic injection, but it is not. It is the Civilian Conservation Corps. This letter is written to me under date of April 21. Gallagher has something to say about the regular soldier, and so seldom is it that the regular soldier's psychology is discussed on the floor of Congress that I beg you to listen to this letter. You may be somewhat surprised at its literary style and the intelligence with which the man discusses a very human problem.

Before reading the letter I say that in the interview, to which he refers in the Buffalo paper, I made the statement that the private soldier receives $21 a month. The letter reads as follows:

BUFFALO, N.Y., *April 21, 1933.*

The Honorable JAMES W. WADSWORTH,
House Office Building, Washington, D.C.

DEAR SIR: Today's issue of the Buffalo Courier-Express carries an article relative to the statement by the Congressman dealing with the economic angle and relation of the Regular Army and the Civilian Conservation Corps. It is only natural that I, or any other enlisted man of the Regular Army, should take cognizance of your particular statement. Hence this letter.

The statement in itself explains a thought that has been in every enlisted man's mind ever since the idea of the reforestation camps was instituted. On one hand are professional soldiers—who have devoted the best years of their lives to the service of the country—training men who, under ordinary conditions, would have ridiculed the soldier's occupation, and are receiving a pay in excess of the individual soldier.

A "forest army" recruit receives $30 per month; takes no oath of enlistment, but rather an "oath of enrollment", which in reality is no oath at all. If perchance he decides that his mother made better meals or that his bed at home had been a little more comfortable, all he has to do is to pack up his few personal belongings and hie home. There is absolutely nothing that can be done, either by disciplinary action or moral ethics. As a matter of fact, the "political army" hasn't one binding tie.

On the other hand, the Regular Army soldier is bound by his oath of enlistment, and voluntarily so, in addition to Army Regulations, garrison and company orders. The pay of a private is not $21 per month, the recent 15-percent reduction setting his pay at $17.85 per month. His laundry deduction further reduces this amount until the average is receiving but $16.35 in actual cash each pay day. Of course, Army critics will say this is all clear money. But is it? From this amount the soldier is required to maintain his uniforms and equipment in a clean and serviceable order. The purchase of cleaning polishes and the pressing of his uniforms will require at least $2 more per month of the soldier's money. His toilet articles, hair-cuts, and cigarettes will still further reduce this amount to the point where a private who has a $10 bill left is rather fortunate. Under present economic conditions many enlisted men are aiding their relatives in whatever small way they can; and granting that he sent the entire amount over and above his actual necessities, he could not help more than to the extent of $10 per month.

At the present time I am a member of the Second Corps Area recruiting service, assigned to duty at Buffalo, N.Y. On April 10 this station began the allotted 600 applicants for the city of Buffalo. On April 14 the Buffalo office had completed its quota, 300 men having been sent to Fort Niagara, N.Y., and 300 to Madison Barracks, N.Y. Every one of these men was sent to this office from the Labor Department through the local welfare agency. Naturally each applicant was required to present his enrollment application, duly approved by the labor and welfare departments, when he arrived here. In no case was there an application which contained a dependency allotment for less than $22 per month, and in a few cases it reached $25 per month to dependents. This is all very fine, and no doubt will be of great assistance to many deserving relatives, but Regular Army soldiers under the same conditions cannot allot more than $10 per month to their needy dependents. Under present Army recruiting standards it is safe to say that not more than 30 percent of the forest-army applicants could have passed the Regular Army mental and physical examinations, while the Civilian Conservation Corps requirements were summed up in the telegraphic instructions as "to be able to perform ordinary labor."

As a matter of record, a large number of the Civilian Conservation Corps enrolled applicants were men who had previously been rejected at this station for Regular Army service, and because of this inferiority they now receive $30 a month instead of the Regular Army pay of $17.85 per month. Even as a private, first class, in the Regular Army he would be receiving but $25.50 per month at present. Is it any wonder, then, that many Regular Army soldiers are speaking of taking their discharge upon dependency and enrolling in the forest army? In the interest of economy such a procedure will have defeated its own purpose. Now that the administration is considering the discharge of 12,000 enlisted men, it will in many cases not only place the discharged soldier upon the shoulders of some welfare agency but, in the absence of his assistance, will very often place his immediate family upon a charitable agency. All this aside from the point of moral and self-preservation. It seems that the Regular Army soldier is the real "forgotten man." After all, he, too, is a citizen of the United States.

Thanking you for your tolerance, I am, confidently and respectfully yours,

WILLIAM M. GALLAGHER,
Corporal (DEML) (RS).

I might inject this observation in view of the statement I just read: That I heard today, through an indirect channel, but nevertheless entirely reliable, that a major general commanding a division in the Southwest reports that his men are tumbling over themselves trying to get out of the Regular Army and into the forest army.

Mr. THOM. Service in the forest army, of course, will only be for 6 months, the gentleman understands?

Mr. WADSWORTH. I do; but I have been talking about the psychological effect upon the soldiers of the Regular Army. Gentlemen of the House, we should not have reduced the pay of these Regular Army privates and corporals. Witness their humiliation under the circumstances described by Corporal Gallagher. Witness the effect upon their morale. Remember, these men are relied upon to give everything they

have in the service of their country. They are a lot of self-respecting, upstanding, clear-eyed fellows who set a fine example to the rest of us. Gallagher is a type. You will find him today in the Fifteenth Infantry at Tientsin calm in the midst of Asiatic chaos. He endures the drenched heat of the Isthmus. He stands guard in the sunlight of Hawaii and the snows of Alaska. Yes; all too often he is the "forgotten man." But he is human; also, he is a fellow citizen of ours. Let him be treated decently by the Representatives of the people he serves in peace and in war.

The CHAIRMAN. The time of the gentleman from New York has expired.

During the reading of the letter the following occurred:

Mr. BUSBY. Mr. Chairman, I make the point of order that a quorum is not present. The gentleman from New York is making a very interesting speech, and I think he should have a quorum.

Mr. WADSWORTH. Oh, do not do that. I would rather yield the floor than put Members to that trouble.

Mr. BUSBY. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN (Mr. MCFARLANE). The Chair will count. [After counting.] One hundred and five Members are present, a quorum.

(Mr. WADSWORTH concluded the reading of the letter.)

Mr. BUSBY. Mr. Chairman, I make the point of order that there is no quorum present, and I call the Chair's attention to the fact that a number of gentlemen on the floor are ex-Members, and also to the fact that there are employees of the House on the floor, and I ask the Chairman not to count them in determining the presence of a quorum.

The CHAIRMAN. The Chair will count only Members. The Chair will count. [After counting.] One hundred and one Members present, a quorum.

Mr. BUSBY. The Parliamentarian has not been counted.

The CHAIRMAN. The Parliamentarian informs the Chair that he has counted 102.

Mr. AYRES of Kansas. Mr. Chairman, I yield 15 minutes to the gentleman from Ohio [Mr. TRUAX].

Mr. LAMBERTSON. Will the gentleman yield to me?

Mr. TRUAX. I yield.

Mr. LAMBERTSON. As a fellow farmer of the gentleman from New York [Mr. WADSWORTH], I should like to state that the gentleman from New York said something in his remarks at the beginning which interested me very much. He said he was going to make this speech today because he could not be here Monday; that he was going to be at the stockyards at Chicago. That remark created a great deal of curiosity in my mind. I have fat cattle to sell, and I am telling them to hold them because the market is going to get better on account of the inflation. I wonder if the gentleman from New York is going there to buy cattle and put them in the feed yard next Monday because this inflation is coming? [Laughter.]

Mr. TRUAX. In answer to the gentleman's question, I would say, in view of the gentleman's reputation as a good business man, he is going to buy cattle on Monday, not alone because of the inflationary monetary program but also because of the farm relief bill that has been sponsored by the greatest and most constructive President that this country has had in decades, Franklin D. Roosevelt. [Applause.]

Mr. Chairman, it is not my intention to criticize any of the remarks made by the gentleman from New York [Mr. WADSWORTH], but since the gentleman has criticized certain appointees of President Roosevelt and certain policies that have been enacted into law by this Seventy-third Congress, it becomes my duty to make a few observations concerning the farm relief bill.

In the first place, I have been a farmer all my life. Until 1923 every dollar I ever made in the world was made from a farm. Following 1923 I had to seek other sources of income, as did thousands of farmers in this country of ours, to make a living and to pay taxes on my farm. A farm today, my friends, is a very good investment if you have sufficient income to support it. So far as I am concerned, I am one of those 3,000,000 farmers in this country today who is hanging on by the skin of his teeth. I have done my best.

Mr. BUSBY. Mr. Chairman, a quorum evidently is not present. I make the point of order that a quorum is not present. We should not be proceeding with a handful of Members. I am going to insist that a quorum remain present.

The CHAIRMAN (Mr. MCREYNOLDS). The Chair will count. [After counting.] Sixty-eight Members are present; not a quorum.

Mr. AYRES of Kansas. Mr. Chairman, I move that the Committee do now rise.

The question was taken, and the Chairman announced that the noes seemed to have it.

Mr. BYRNS. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chair appointed Mr. AYRES of Kansas and Mr. BUSBY to act as tellers.

The Committee divided; and the tellers reported there were ayes 1 and noes 76.

So the motion was rejected.

The CHAIRMAN. Evidently there is not a quorum present. The Clerk will call the roll.

Mr. BUSBY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BUSBY. Is the roll call automatic?

The CHAIRMAN. There is no automatic roll call.

Mr. BUSBY. I understand no motion has been made that there be a call of the House.

The CHAIRMAN. The gentleman from Mississippi [Mr. BUSBY] suggested that there was not a quorum present. No quorum is present. The Committee has refused to rise. The Clerk will call the roll.

Mr. BUSBY. Mr. Chairman, I make the point of order that the roll call is not in order, because there is no authority for a roll call in Committee of the Whole.

The CHAIRMAN. The Chair overrules the point of order. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 32]

Abernethy	Cavicchia	Hancock, N.C.	Parks
Adair	Celler	Harlan	Perkins
Allen	Chavez	Higgins	Pettengill
Almon	Connery	Hoeppel	Pierce
Ayers, Mont.	Cooper, Ohio	Hornor	Pou
Bailey	Crosser	James	Reed, N.Y.
Bankhead	Culkin	Jeffers	Sadowski
Beedy	Dingell	Jenckes	Schulte
Berlin	Dirksen	Johnson, W.Va.	Simpson
Black	Douglass	Kee	Sinclair
Blanton	Evans	Kennedy, N.Y.	Sirovich
Boland	Farley	Kinzer	Snell
Bolton	Flesinger	Kvale	Stalker
Brand	Fitzgibbons	Lea, Calif.	Stokes
Britten	Flannagan	Lehlbach	Taylor, S.C.
Brown, Mich.	Ford	Lewis, Md.	Thomason, Tex.
Browning	Foss	Lloyd	Treadway
Brumm	Fulmer	McCarthy	Underwood
Buckbee	Gambrill	McGugin	Whitley
Bulwinkle	Gifford	McSwain	Williford
Burke, Nebr.	Goldsborough	Merritt	Wolfenden
Cady	Goodwin	Montague	Zioncheck
Cannon, Wis.	Griffin	Muldowney	
Carley	Haines	O'Brien	
Cartwright	Hamilton	Palmisano	

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MCREYNOLDS, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H.R. 5390) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes, and finding itself without a quorum, he had directed the roll to be called; whereupon 334 Members responded to their names, a quorum, and he presented a list of absentees for recording in the Journal.

The SPEAKER. The Committee will resume its session.

Mr. TRUAX. Mr. Chairman, I feel that a somewhat further explanation is due to the Members who were so

suddenly called from their labors in their offices. I want to assure them that I was not responsible for this call. I enjoy, I think, the friendship of all the Members of this House. The Speaker of the House has been exceedingly kind to me. So has the Chairman of this Committee, and this Committee itself. I want to give you this explanation of this somewhat unusual procedure.

The gentleman from New York [Mr. WADSWORTH] was delivering an address here and was discussing the merits and demerits of the new farm bill. At one stage of his address he said:

I want no one, including the Secretary of Agriculture, to be a wet nurse to me.

Thereupon my distinguished colleague the gentleman from Mississippi [Mr. BUSBY] made the point of order that there was no quorum present.

After I had started my address I proceeded to the point where I said: "I am one of 3,000,000 farmers in this country who is hanging on by the skin of his teeth, and I am willing to accept any old wet nurse that will pull me out of the hole." [Applause.] Whereupon again the distinguished gentleman from Mississippi made the point of order that there was not a quorum present. Now, as to whether his mind and thoughts were reverting to my remarks a few days ago upon the sex appeal of the American hog I do not know. However, I want to thank the gentleman from Mississippi from the bottom of my heart for getting the Members here on the floor to listen to what I am about to say. [Applause.]

This morning I introduced from the floor of this House a bill which I want each and every one of you, if you please, to give your most serious attention and consideration. I herewith give you 10 good reasons for the immediate enactment of legislation suspending foreclosures:

First. Delay and inaction of Congress and the State legislatures has cost thousands of farmers and home owners their life savings.

Second. The Reconstruction Finance Corporation has loaned more than two billion and a half dollars to banks, railroads, and financial institutions, who hoard this money and will not lend to property owners.

Third. Land values and farm commodities are lowest in history. Foreclosure now is confiscation and legalized burglary.

Fourth. Money is unavailable for property loans because of a money famine. The Seventy-third Congress will remedy this by expansion of the currency.

Fifth. What has been held as law is now regarded as injustice. What was formerly held as orderly Government procedure is now recognized as ruthless tyranny.

Sixth. Each additional foreclosure means lower values.

Seventh. Property owners do not seek dismissal or cancelation of debts. All they want is temporary relief, simple justice.

Eighth. Legislatures of several States have passed or are enacting moratoriums. Ohio will be forced to do likewise.

Ninth. President Roosevelt's farm and home mortgage plans will refinance mortgaged property at low interest rates.

Tenth. Corrective legislation now will prevent wholesale debt repudiation and armed revolution.

The gentleman from New York read a letter from a soldier to prove his point. I want to read to you, as a preliminary to my bill, a letter from a 13-year-old girl back in my State of Ohio. The letter reads as follows:

Am only 13—14 this next April 28, 1933. And how I want to thank you for your stand in asking that foreclosures cease. Mother and daddy have worked unceasingly, scrimpingly, saving every penny, that we children might have a place to call our own home. Right now I'm the oldest, then Billy turned 12, Elaine just now 8, and little Pete just half past 2. You see Mr. Downs, an old gentleman who owns about 35 to 40 houses, has a second mortgage of $500 on our home and he has threatened to take it away from over our heads. Daddy pays him 8 percent, but is a little back on it; now, this old man is not bluffing, no, siree; because he does that all over and gets the houses; then the Citizens Savings & Loan is foreclosing wholesale here in Mansfield, Ohio. Mr. Bristor is a terrible man, although he hasn't bothered us yet, only once. Mother was in the Thomas Hospital 3½ months; she almost died, but that didn't make any difference to them! they said so. Now, if daddy had been a bad man or bootlegger, we surely would have been sitting pretty because they seem to be the ones that have their homes paid for, and their stockings ain't full of darns like ours. Our clothes are all made-over things, thanks to mother's needle, but I always have that awful dread when I go to bed of what will happen to our home tomorrow. Am a student of general languages and business training at junior high school, and if you need me down there to tell those gentlemen in Washington, D.C., just let me know; perhaps they never suffered like this when they were 13. May God bless you, Mr. TRUAX; I think you are wonderful, next to those two grandest of all other men, my daddy, and that God-fearing man, a miracle man, President Roosevelt.

EXCERPTS FROM MORATORIUM LETTERS

COLUMBUS, OHIO.

It is certainly encouraging to know there is a bill coming up to the House of Representatives to regulate legal theft, known under several names; I believe we call it sometimes "deficiency judgment", "foreclosure", and numerous others. The American citizen is as much a slave to the system as they were to the old debtors' prison, for he is hounded to desperation as long as he has anything to make him feel he is a respectable citizen.

The buying of land for future homes on land contract is one of those evils, if when unable to pay for this land, which in fact he cannot get under any other terms but c.o.d. if judgments can be placed against him, and jeopardizes his other possessions, it seems as if we should have evolved enough to eliminate such a practice.

These methods are killing the landable instinct of home ownership, and even now is being very much discussed in family circles. Thrift and home ownership are being called illusions if it can be swept away at one stroke by financial institutions. There is much food for thought here.

A CITIZEN.

YOUNGSTOWN, OHIO.

More people in Youngstown are commenting upon your fight to force through this moratorium on mortgages than you could imagine.

There are thousands in Youngstown who, through no fault of theirs, find themselves in middle age facing foreclosure proceeding every day.

Some of these have not had any incomes to speak of for the past 2 years, and consequently are back, both in interest and taxes, and all our banks are taking advantage and selling them out.

We see men crazed almost by these conditions, walking the streets all night long, with murder in their hearts, due to the fact that they are powerless in this crisis.

Youngstown, being an industrial town, is especially hard hit. The banks have been helped, railroads financed, insurance companies getting a moratorium, but the father of the family can find no solution to his problem.

Revolution here is just as possible as it was in Russia when the people are goaded too far.

It is all very well for those in Washington, secure in the knowledge that they have ample, to advise others to be patient, but the "masses" have been patiently waiting over 3 years for help and have had none.

Thank God we have one (yourself) representing us.

ONE OF THE UNEMPLOYED.

Have been watching the proceedings of Congress since March 4 with much interest, and looks as if there might be a better day coming, especially for the farmer.

In regards to a moratorium on farm mortgages, think it is very necessary that some action along this line be taken. Unless there is, farm after farm will have to be abandoned on account of inability of farmers to raise money at present-price levels.

Mr. Hoover signed bill granting a moratorium on Federal land-bank loans, but this should have included joint-stock land-bank loans also.

The receiver of one of the largest joint-stock land banks located in Chicago, capitalized at $40,000,000, has issued a moratorium on all of their loans for 2 years. It seems to me that since the Federal land bank and the joint-stock land bank of Chicago have allowed these terms, it would be no more than fair that a law be passed to make all farm loans of such nature come under the same ruling, which would eliminate class legislation, which we cannot help but have under these present rulings. The Reconstruction Finance Corporation Act was no doubt beneficial to those organizations, which it was intended to help, but left the farmer out in the cold to work out his own salvation.

If an appropriation could be made by Government to take over these loans at a reduced rate which could be possible by eliminating these agencies which have been in it solely for profit and not interested directly in the borrower. There is no reason why the farmer should not be allowed the use of Government money at a rate lower than charged by corporations. We are directly interested in any legislation along this line, since we have a loan from one of the joint-stock land banks.

On the question of farm difficulties, looking to relief, there should be no relaxation. Farmers must now strike, while it is opportune, that they may get themselves rightly placed in agricultural and economic demands, in advance of the time which is

now upon us, and not find themselves suffering from visionary impositions by those who will argue that prosperity is here, and no attention need be paid to their pleadings. You, of course, know how these things work if those in industry could now effect an impression upon Congress that no further attention need be given agriculture because of a hope in the minds of our people, might effect them adversely over the future.

Now, this home is about to be foreclosed by one of the large insurance companies which has borrowed money from the Reconstruction Finance Corporation. This bill is designed to prohibit farm and home foreclosures and confiscation of real property by financial institutions that borrow money from the Government under the provisions of the Reconstruction Finance Corporation Act. This bill I am proposing states:

Every applicant for a loan under this act shall, as a condition precedent thereto, file a statement that no farm or real property on which the applicant holds a mortgage, shall be foreclosed because of a default in the payment of either principal or interest, or of taxes, the nonpayment of which constitutes a default under such mortgage, during the period for which the loan applied for shall be in effect.

In other words, gentlemen, are we to lend money to these financial institutions for the purpose of selling out and confiscating the homes of the people who pay the taxes?

Back in 1878 Mr. Carlisle said there were only two classes of people in this country, the laborers, the farmers—the workers who create all of the wealth and pay all of the taxes—and the idle holders of idle capital. Today we still have these two classes, and never were the lines of demarcation so clearly defined as now. The question which you must decide is which side will you be on, upon the side of the struggling masses or upon the side of the idle holders of idle capital. You say to us to plead with these money merchants, these money lenders. We say that we have been to them, and their reply was, "Pay up the usurious interest you owe." We entreated with them, and they answered, "Give us our pound of flesh."

And we have begged of them, and they said, "Like the vampire bats, we will suck the blood from your veins by taking deficiency judgments, too."

And so, Mr. Chairman, I say let us save these homes, let us save these little children, for, as the poet has said, the tone of eloquence may paint pictures of thought on the canvas of ideality, the painter's brush may depict in glowing colors the beauty of man's attachment for man, the poetic muse may lend her charming evidence to the voice of the world to teach us brotherhood and good will, but no more superb principles were ever given to mankind than that of owning and maintaining a happy, contented home. This spirit of home environment, home training, and home influence, like the great sea, has ebbed and flowed throughout all the centuries, beating its countless waves of hope and joy against the shores of time and the sands of eternity. And I would remind you gentlemen that when 400 desperate farmers out on the rolling prairies of Iowa go into the court and drag a judge off his bench and twice attempt to hang him, it is time for this Congress to stop, look, and listen and not refuse longer to grant these people their reprieve, their extension.

They seek not a cancelation or a repudiation of these debts. They merely seek an extension of time until by the products from their farms, by their labors when they are reemployed, they may pay off these mortgages, they may pay off these debts and pay the interest and the taxes thereon.

Why, Mr. Chairman, I submit to you that these men, just 13 years ago, were the real aristocrats of this country, the landed aristocracy, the Knights of Nature's Nobility.

Mr. CLAIBORNE. Will the gentleman yield for a question?

Mr. TRUAX. I yield.

Mr. CLAIBORNE. And, today, they are the welchers of the country, are they not?

Mr. TRUAX. I deny that statement. I say they are the victims today of the wet-nursing of the gentleman's minority party for the past 12 years of every industry save agriculture. [Applause.]

Mr. CLAIBORNE. I am a Democrat, but I believe in personal property.

Mr. TRUAX. Does the gentleman believe in property rights over human rights?

Mr. CLAIBORNE. I cannot see any conflict.

Mr. TRUAX. I say that the confiscation of American homes and farms is the most brazen and arrogant form of property rights over human rights in this country. [Applause.]

[Here the gavel fell.]

Mr. AYRES of Kansas. Mr. Chairman, I yield 10 minutes to the gentleman from Oklahoma [Mr. McKEOWN].

Mr. McKEOWN. Mr. Chairman, there has been a good deal said here this afternoon in regard to artificial legislation affecting the natural laws of economics. Why, Mr. Chairman, the natural laws of economics have hardly had a chance to function in the history of legislation. The creation of money or the fixing of the value of money is an artificiality by which a medium of exchange is to take the place of bargaining. It takes the place of the old process by which we exchanged products for products, like we used to trade coon skins for merchandise in the stores.

They talk about the World War being entirely responsible for the present depression. I want to remind the gentlemen of this committee that three fourths of the people of the world are engaged either in agriculture or in the production of raw products from the mines and the forests and the fisheries of the world. Three fourths of the people in the world today produce their products at less than cost.

Only five nations in the world have any gold to speak of, and five nations of the world have three fourths of all the gold in the world.

Settlements between nations are made by gold in the balancing of trade. Gold is either earmarked for trade or it is shipped from one country to another to balance trade.

The great cotton crop of the United States for 40 years represented the balance of trade between the United States and the European nations. Today there is not sufficient gold in the rest of the world to carry on the commerce of the world. They say they owe us debts which they cannot pay because they have not the gold to pay them with. I want to say here that when the President of the United States, through his Secretary of State, told the debt-paying nations of the world we were willing to accept the next payment in silver, he was taking a step along the right road to bring back world prosperity. Why? Because silver has been the index commodity price and wheat follows silver up and down in its fluctuations in the world market.

I believe we should take silver as a commodity, fixed and based upon a gold standard, and when we do this, then we can afford to say to the foreign countries, "We will allow you more than the present market price because by so doing we lift the price of silver the world over." The minute we lift the price of silver the world over we bring up the value of the money in the Latin American countries, China, and the Far East to a parity where they can buy American goods, then we are going to open the markets of the world and we are going to have world-wide prosperity commence. It would be a startling thing to the reactionaries if the Democrats got prosperity started in this country and all over the world at the same time, but that is what is likely to happen if the President keeps going as he is doing now.

You can go to Mexico and you can get three silver dollars for an American paper dollar. I was down there recently and for a $5 bill I got 15 silver pesos or dollars.

The Mexican cannot trade with us, because his silver money will not buy in this country in the same proportion as it did in former days. If the foreign countries will pay us in silver, they cannot pay us over $500,000,000 in silver, because they cannot get it. There is not any more than that in the world to be gotten hold of and brought here. So there is no danger of the United States suffering from an overproduction of silver. There are only about 34,000,000 ounces of silver produced annually in the United States, and if we would say to the debtor nations, "If you will bring

us your silver, we will allow you for it on a gold basis and buy it as a commodity and give you 50 or 60 or even up to 75 cents for it", we would then raise the price of silver over the entire world.

We would also open the markets of China and the Orient, and I may say here that China is one of the few countries that really cares for the United States and really desires to do business with us, because we had sense enough under former administrations to agree that we would take part of the Boxer indemnity and educate their boys in the United States with it; and the best money that the United States could spend today would be to take some of the money that these other countries owe us and let them bring their boys to this country and educate them here.

If we could take these boys from Latin America and bring them to this country, educate them as business men, they would naturally turn to us because they would have a real conception of the American people.

I want to say to you that if they get a conception of the American people it will be different from what they get from the tourists of this country. The tourists have gone abroad with many millions of dollars and by their extravagance and boasting brought this country and the American people into disrepute. If you brought these boys here to see the real American citizens they would appreciate the purpose and intent of our people.

I want to tell you another thing. If we could bring the Mexican boys over here it would not be very long before the bonds of real friendship would be realized.

During my travels in Mexico I was riding over a very bad road, and some of the roads are bad there, I broke down and had to camp. I sent over to a Mexican who had a hacienda nearby, and he sent to me water and milk, and I wondered why he was so friendly. He came to the camp and said to me that he had a boy up at Columbia, Mo., where he was educating him, and anything on earth he could do for me he would be glad to do.

So I want to insist that the United States Government accept from foreign countries all the silver they will pay us and then put it in the Treasury on the gold-standard basis and if necessary we can get our salaries in silver certificates.

Mr. KNUTSON. Will the gentleman yield?

Mr. McKEOWN. I yield.

Mr. KNUTSON. Would the gentleman credit the foreign countries with the silver they gave us at the present market value?

Mr. McKEOWN. I would raise it enough so that they would bring more in.

Mr. KNUTSON. That would be a rebate, would it not?

Mr. McKEOWN. It would be a rebate, but we could take all the silver they would give us.

Mr. KNUTSON. The gentleman stated that there was only $600,000,000 of silver in the world.

Mr. McKEOWN. I said they could not bring more than $500,000,000 worth.

Mr. MOTT. Does the gentleman believe in the free coinage of silver?

Mr. McKEOWN. To this extent—if we are unable to live under the gold standard, if we could bring in one standard and use silver with gold coin—you do not have to have a double standard, but have one standard and coin silver freely, I would be in favor of that.

[Here the gavel fell.]

Mr. BUCHANAN. Mr. Chairman, I yield 2 minutes to the gentleman from Oklahoma [Mr. SWANK].

Mr. SWANK. Mr. Chairman, I have asked for this time to announce to the Membership that I have filed a motion to discharge the Committee on Agriculture from further consideration of the bill H.R. 2855, which is commonly known as the "Frazier bill", introduced in the House by the gentleman from North Dakota [Mr. LEMKE]. The bill provides for refinancing farm loans and that the money shall be derived by the issuance of 1½-percent bonds, which if not sold, and they will not be sold at that rate, will be presented by the Federal Farm Loan Board to the Federal Reserve Board as a basis for issuing Federal Reserve notes to loan direct to the farmers. The bill provides that such loans shall be made at a rate of 1½-percent interest and 1½-percent principal per annum.

I am informed that the legislatures of 20 States have passed resolutions memorializing Congress to pass this bill. The motion is now on the Clerk's desk, and all Members of the House interested in the bill who agree with me that it should be enacted into law now have an opportunity to sign the motion and bring the bill before the House for consideration. I would like to see the bill enacted for the benefit of our farmers and the country.

Mr. BUCHANAN. Mr. Chairman, there are five gentlemen to whom I have promised time. I want to say that if they will be here tomorrow promptly after the reading of the Journal, I will give them the time.

Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MCREYNOLDS, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill H.R. 5390, the third deficiency bill for 1933, and had come to no resolution thereon.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate insists upon its amendments to the bill (H.R. 4606) entitled "An act to provide for cooperation by the Federal Government with the several States and Territories and the District of Columbia in relieving the hardship and suffering caused by unemployment, and for other purposes", disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. FLETCHER, Mr. WAGNER, and Mr. NORBECK to be the conferees on the part of the Senate.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. HIGGINS, indefinitely, on account of illness in family.

To Mr. HAMILTON, for the remainder of the week, on account of important business.

To Mr. FARLEY, for 3 days, on account of death in family.

EXPLANATION OF A VOTE

Mr. BYRNS. Mr. Speaker, the gentleman from Ohio, Mr. UNDERWOOD, is unavoidably absent. I am requested to state that he would have voted "aye" upon the rule on the farm-relief legislation and the motion to table the motion to reconsider, if he had been present.

ADJOURNMENT

Mr. BUCHANAN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 2 minutes p.m.) the House adjourned until tomorrow, Thursday, May 4, 1933, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

42. Under clause 2 of rule XXIV, a letter from the Secretary of War, transmitting a draft of a bill to remove restrictions against construction on certain parts of Governors Island, N.Y., was taken from the Speaker's table and referred to the Committee on Military Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. SMITH of Virginia: Committee on Rules. House Resolution 110. Resolution authorizing the Judiciary Committee to inquire into and investigate the matter of appointments, conduct, proceedings, and acts of receivers, trustees, and referees in bankruptcy; without amendment (Rept. No. 66). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. GAMBRILL: Committee on Naval Affairs. H.R. 272. A bill for the relief of Charles W. Eaton; without amendment (Rept. No. 67). Referred to the Committee of the Whole House.

Mr. KNIFFIN: Committee on Naval Affairs. H.R. 289. A bill for the relief of Robert Bennett; without amendment (Rept. No. 68). Referred to the Committee of the Whole House.

Mr. GAMBRILL: Committee on Naval Affairs. H.R. 408. A bill for the relief of William J. Nowinski; without amendment (Rept. No. 69). Referred to the Committee of the Whole House.

Mr. GAMBRILL: Committee on Naval Affairs. H.R. 507. A bill for the relief of John Thomas Simpkin; without amendment (Rept. No. 70). Referred to the Committee of the Whole House.

Mr. DELANEY: Committee on Naval Affairs. H.R. 669. A bill for the relief of Thomas T. Gessler; without amendment (Rept. No. 71). Referred to the Committee of the Whole House.

Mr. GAMBRILL: Committee on Naval Affairs. H.R. 909. A bill for the relief of Elbert L. Grove; without amendment (Rept. No. 72). Referred to the Committee of the Whole House.

Mr. KNIFFIN: Committee on Naval Affairs. H.R. 1404. A bill for the relief of John C. McCann; without amendment (Rept. No. 73). Referred to the Committee of the Whole House.

Mr. GAMBRILL: Committee on Naval Affairs. H.R. 2074. A bill for the relief of Harvey Collins; without amendment (Rept. No. 74). Referred to the Committee of the Whole House.

Mr. VINSON of Georgia: Committee on Naval Affairs. H.R. 2021. A bill to place Jesse C. Harmon on the retired list of the United States Marine Corps; without amendment (Rept. No. 75). Referred to the Committee of the Whole House.

Mr. GAMBRILL: Committee on Naval Affairs. H.R. 2040. A bill for the relief of P. Jean des Garennes; without amendment (Rept. No. 76). Referred to the Committee of the Whole House.

Mr. GAMBRILL: Committee on Naval Affairs. H.R. 2041. A bill for the relief of Irwin D. Coyle; with amendment (Rept. No. 77). Referred to the Committee of the Whole House.

Mr. DREWRY: Committee on Naval Affairs. H.R. 2287. A bill for the relief of Warren Burke; without amendment (Rept. No. 78). Referred to the Committee of the Whole House.

Mr. DREWRY: Committee on Naval Affairs. H.R. 2535. A bill for the relief of Burton Bowen; without amendment (Rept. No. 79). Referred to the Committee of the Whole House.

Mr. DELANEY: Committee on Naval Affairs. H.R. 2536. A bill for the relief of Raymond C. Bogart; with amendment (Rept. No. 80). Referred to the Committee of the Whole House.

Mr. DREWRY: Committee on Naval Affairs. H.R. 3167. A bill for the relief of Sue Hall Erwin; without amendment (Rept. No. 81). Referred to the Committee of the Whole House.

Mr. GAMBRILL: Committee on Naval Affairs. H.R. 3423. A bill for the relief of Benjamin Wright, deceased; without amendment (Rept. No. 82). Referred to the Committee of the Whole House.

Mr. BRITTEN: Committee on Naval Affairs. H.R. 276. A bill to authorize the placing of a bronze tablet bearing a replica of the Congressional Medal of Honor upon the grave of the late Brig. Gen. Robert H. Dunlap, United States Marine Corps, in the Arlington National Cemetery, Va.; without amendment (Rept. No. 83). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on the Public Lands was discharged from the consideration of the bill (H.R. 5374) authorizing the reimbursement of Edward B. Wheeler and the State Investment Co. for the loss of certain lands in the Mora Grant, N.Mex., and the same was referred to the Committee on Claims.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. PARKER of Georgia: A bill (H.R. 5476) to extend the times for commencing and completing the construction of a bridge across the Savannah River at or near Burtons Ferry, near Sylvania, Ga.; to the Committee on Interstate and Foreign Commerce.

By Mr. FOSS: A bill (H.R. 5477) to fix the rates of postage on certain periodicals exceeding 8 ounces in weight; to the Committee on the Post Office and Post Roads.

By Mr. PETERSON: A bill (H.R. 5478) to provide for a preliminary survey and examination along the Gulf coast of the State of Florida from the Caloosahatchee River to the Withlacoochee River, with a view to the improving of the present intracoastal waterway and to secure sheltered waterway where none now exists between these two points with a view to securing a waterway 9 feet deep and approximately 100 feet wide, and for the purpose of affording suitable exit to the north for craft using the Okeechobee Cross-Florida Canal and to provide a connection with the Gulf Coast Intracoastal Canal; to the Committee on Rivers and Harbors.

By Mr. BRITTEN: A bill (H.R. 5479) to authorize the building up of the United States Navy to the strength permitted by the Washington and London Naval Treaties; to the Committee on Naval Affairs.

By Mr. RAYBURN: A bill (H.R. 5480) to provide full and fair disclosure of the character of securities sold in interstate and foreign commerce and through the mails, and to prevent frauds in the sale thereof, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. PETERSON: A bill (H.R. 5481) to provide for a preliminary survey and examination of Crystal River, Fla.; to the Committee on Rivers and Harbors.

Also, a bill (H.R. 5482) to provide a survey and examination of Caseys Pass, Fla.; to the Committee on Rivers and Harbors.

By Mr. GREEN: A bill (H.R. 5483) to assist in relieving unemployment and reviving industry by authorizing emergency appropriations for highway construction; to the Committee on Roads.

By Mr. CELLER: A bill (H.R. 5484) to provide for the establishment of a Federal Railroad Corporation, to provide for the redistribution of the executive, administrative, and judicial functions of railroad operation and control among proper and separate agencies, to provide for the vesting of executive responsibilities and management and control of railroads among the railroads of this country, under regulation and control that will stimulate the transportation industry under supervision that will again permit individual initiative and successful operation, and to establish a more effective machinery for rendering financial assistance to the railroads of this country in order that a more efficient, economical operation thereof may be assured, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. IGLESIAS: A bill (H.R. 5492) to extend to Puerto Rico the provisions of the act entitled "An act making appropriations for the Department of the Interior for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on Insular Affairs.

By Mr. DE PRIEST: Joint resolution (H.J.Res. 171) proposing an amendment to the fourteenth amendment to the Constitution; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CARPENTER of Nebraska: A bill (H.R. 5485) for the relief of James Colton; to the Committee on Claims.

By Mr. JOHNSON of Minnesota: A bill (H.R. 5486) for the relief of certain riparian owners for losses sustained by them on the drained Mud Lake bottom in Marshall County in the State of Minnesota; to the Committee on Claims.

Also, a bill (H.R. 5487) for injury sustained by Robert W. Krieger; to the Committee on Claims.

By Mr. SOMERS of New York: A bill (H.R. 5488) to correct the military record of James H. Overbaugh; to the Committee on Military Affairs.

By Mr. UNDERWOOD: A bill (H.R. 5489) granting an increase of pension to Julia A. Hull; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5490) granting an increase of pension to Elizabeth Foughty; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5491) for the relief of Esther M. Frey; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

866. By Mr. BEITER: Petition of the Naval Post Auxiliary, No. 368, Buffalo, N.Y., opposing recognition of Soviet Russia by the United States; to the Committee on Foreign Affairs.

867. By Mr. CULLEN: Petition of the Young Men's Board of Trade, New York, expressing its opinion that the treaty which has been negotiated with Canada by the State Department to provide for the canalization of the St. Lawrence River should not be ratified by the Congress; to the Committee on Foreign Affairs.

868. Also, petition of the Central Trades and Labor Council, Greater New York and Vicinity, vigorously protesting against the 15-percent reduction in pay for Federal employees, on the basis that it tends to undermine the very foundation of the living standards of all workers, both in private and Government industry; to the Committee on Appropriations.

869. Also, petition of the American Legion in Kings County, Department of New York, strongly opposing the elimination of the regional office of the Veterans' Administration, New York City, and further opposing the further reduction in the sum of $434,000,000 of funds to be disbursed by the Veterans' Administration, now projected before the Federal Director of the Budget; also deploring the fact that the activities of the Brooklyn Naval Hospital will be curtailed so that veterans of the World War will be excluded from treatment; to the Committee on World War Veterans' Legislation.

870. By Mr. EDMONDS: Petition passed by the Legislature of the Commonwealth of Pennsylvania, requesting that Congress do not pass any act requiring the blending of gasoline and alcohol; to the Committee on Ways and Means.

871. By Mr. JAMES: Resolution of the City Commission of the City of Wakefield, Mich., heartily endorsing House bill 4801 to release the States, Territories, municipalities, and political subdivisions from obligation to repay relief funds received under title I of the Emergency Relief and Construction Act of 1932, and for other purposes; to the Committee on Banking and Currency.

872. By Mr. JOHNSON of Minnesota: Resolution of William R. Witty Post, No. 37, American Legion, St. Peter, Minn., in reference to Veterans' Administration; to the Committee on Ways and Means.

873. Also, petition of the City Council of the City of Duluth, Minn., in the matter of slashing appropriations for the National Guard; to the Committee on Military Affairs.

874. By Mr. LEHR: Petition of Dixie Distributors, Inc., of Michigan, seeking a revision of the Revenue Act of 1932, so that independent oil jobbers and dealers can, on equal basis, bid for gasoline, oil, and lubricants required by the States and political subdivisions thereof, and that the revenue act be modified and amended so that such refund and credit can be secured and claimed by permitting the States and the political subdivisions thereof to execute and deliver appropriate affidavits to the jobber and dealer from whom such products were purchased, and such jobber and dealer can secure the credit for the taxes paid thereon from the refiner and manufacturer from whom the gasoline, oil, and lubricants were purchased, and the refiner and manufacturer in turn secure credit from the Internal Revenue Department; to the Committee on Ways and Means.

875. By Mr. LINDSAY: Petition of New York Women's Trade Union League, New York City, favoring the Black bill, S. 158; to the Committee on Labor.

876. Also, petition of National Federation of Post Office Clerks Substitutes' Committee, Local No. 251, Brooklyn, N.Y., favoring return of 2-cent postage for first-class mail, 30-year retirement bill, and House bill 5206, introduced by Mr. Rudd; to the Committee on Ways and Means.

877. Also, petition of Asbestolith Manufacturing Co., New York City, opposing House bill 3759; to the Committee on the Judiciary.

878. Also, petition of A. D. Juilliard & Co., Inc., New York City, opposing House bill 3759; to the Committee on the Judiciary.

879. Also, petition of National Woman's Party, New York City, urging support of the equal-rights amendment, House Joint Resolution No. 1; to the Committee on the Judiciary.

880. By Mr. RUDD: Petition of the Brooklyn Chamber of Commerce, Brooklyn, N.Y., opposing the passage of the Disney bill, H.R. 4681; to the Committee on Interstate and Foreign Commerce.

881. Also, petition of A. D. Juilliard & Co., New York City, opposing the passage of House bill 3759; to the Committee on the Judiciary.

882. Also, petition of the Brooklyn Chamber of Commerce, Brooklyn, N.Y., favoring the passage of House bill 4677, for a survey of the Delaware and Raritan Canals, N.J.; to the Committee on Rivers and Harbors.

883. Also, petition of Asbestolith Manufacturing Co., New York City, opposing the passage of House bill 3759 or any similar bill; to the Committee on the Judiciary.

884. By Mr. STOKES: Petition of the Senate of Pennsylvania, and concurred in by the house of representatives, against the blending of alcohol with gasoline; to the Committee on Ways and Means.

885. By Mr. SWICK: Petition of the Senate and House of Representatives of the State of Pennsylvania, opposing legislation by Congress to compel the blending of alcohol with gasoline; to the Committee on Ways and Means.

886. By Mr. WATSON: Resolution adopted by the Senate of Pennsylvania, relative to the blending of alcohol with gasoline; to the Committee on Ways and Means.

887. By Mr. WERNER: Petition of 1,700 employees of the Homestake Mining Co., of Lead, S.Dak., protesting against the passage by Congress of the Black bill, S. 158, to prevent interstate commerce in certain commodities and articles produced or manufactured in industrial activities in which persons are employed more than 5 days per week or 6 hours per day; to the Committee on Labor.

SENATE

THURSDAY, MAY 4, 1933

(Legislative day of Monday, May 1, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar days of May 1, 2, and 3 was dispensed with, and the Journal for those days was approved.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Kendrick	Robinson, Ark.
Ashurst	Couzens	Keyes	Robinson, Ind.
Austin	Cutting	King	Russell
Bachman	Dale	La Follette	Sheppard
Bailey	Dickinson	Logan	Shipstead
Bankhead	Dill	Lonergan	Smith
Barbour	Duffy	Long	Steiwer
Barkley	Erickson	McAdoo	Stephens
Black	Fess	McCarran	Thomas, Okla.
Bone	Fletcher	McGill	Thomas, Utah
Borah	Frazier	McKellar	Townsend
Bratton	George	McNary	Trammell
Brown	Glass	Metcalf	Tydings
Bulkley	Goldsborough	Murphy	Vandenberg
Bulow	Gore	Neely	Van Nuys
Byrnes	Hale	Norbeck	Wagner
Capper	Harrison	Norris	Walcott
Caraway	Hastings	Nye	Walsh
Carey	Hatfield	Overton	Wheeler
Clark	Hayden	Pittman	White
Connally	Hebert	Pope	
Coolidge	Johnson	Reed	
Copeland	Kean	Reynolds	

Mr. KENDRICK. Mr. President, I desire to announce that the senior Senator from Illinois [Mr. LEWIS], the junior Senator from Illinois [Mr. DIETERICH], and the junior Senator from Virginia [Mr. BYRD] are necessarily detained from the Senate.

Mr. REED. I wish again to announce the absence of my colleague the junior Senator from Pennsylvania [Mr. DAVIS] on account of illness.

The VICE PRESIDENT. Eighty-nine Senators have answered to their names. A quorum is present.

INVITATION TO VISIT THE PHILIPPINE ISLANDS

The VICE PRESIDENT laid before the Senate a communication, which was read and referred to the Committee on Territories and Insular Affairs, as follows:

NEW YORK, *April 29, 1933.*

Hon. JOHN N. GARNER,
Vice President of the United States,
United States Senate, Washington, D.C.

DEAR MR. PRESIDENT: We beg hereby to request that a committee of Congress visit the Philippines soon after the Philippine Legislature has acted on the Philippine independence law.

We earnestly believe that the first-hand information on conditions—political, economic, and social—obtaining in the Philippine Islands that will be secured by this committee will be useful to Congress and helpful to the Philippines.

Very respectfully,

MANUEL QUEZON,
President of the Senate.
SERGIO OSMENA,
President pro tempore of the Senate.
MANUEL ROXAS,
Speaker of the House of Representatives.

FUNCTIONS OF PUERTO RICAN HURRICANE RELIEF COMMISSION

The VICE PRESIDENT laid before the Senate a letter from the Secretary of War, Chairman of the Puerto Rican Hurricane Relief Commission, submitting, pursuant to Senate Resolution 351, Seventy-second Congress, a report as to the functions of the Commission, the statutory authority therefor, the annual cost thereof, etc., which, with the accompanying papers, was ordered to lie on the table and to be printed.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint memorials of the Legislature of the Territory of Alaska, which were referred to the Committee on Territories and Insular Affairs:

TERRITORY OF ALASKA,
OFFICE OF SECRETARY FOR THE TERRITORY.

I, Karl Theile, secretary of Alaska and custodian of the great seal of said Territory, do hereby certify that I have compared the annexed copy of Senate Joint Memorial No. 3 of the Alaska Territorial Legislature, 1933, with the original thereof, and that the same is a full, true, and correct copy of said original now on file in my office.

In testimony whereof I have hereunto set my hand and affixed hereto the seal of the Territory of Alaska, at Juneau, the capital, this 24th day of April A.D. 1933.

[SEAL]

KARL THEILE,
Secretary of Alaska.

Senate Joint Memorial 3 (by Mr. Shattuck by request)

To the Congress of the United States, the Department of Agriculture, and the Department of the Interior:

Your memorialist, the Legislature of the Territory of Alaska, respectfully represents that:

Whereas there are approximately 200 islands along the shores of southeast and southwest Alaska, occupied by citizens of the United States under permit from the Forestry Bureau or the Department of the Interior, and used for the purpose of propagation of blue foxes and other fur-bearing animals; and

Whereas the value of the permanent improvements on the islands so leased is of a similar nature and generally equal to that required to be done by homesteaders on the mainland before patent is issued; and

Whereas the average annual production of blue-fox pelts alone is approximately 8,000, equal in value to a like number of beef cattle of the same age; and

Whereas it is the expressed desire of the Federal Government to assist and encourage permanent settlement of the Territory of Alaska and the system of leasing referred to has the effect of discouraging such settlement; and

Whereas the act of Congress of July 8, 1916, expressly excepts from the benefits of the homestead laws, islands leased or occupied for the propagation of foxes, and Congress has, in order to assist and encourage the settlement of unoccupied lands in the United States, provided for stock-raising homesteads of 640 acres or less by acts of December 29, 1916; June 6, 1924; and March 3, 1925:

Wherefore your memorialist respectfully prays that the act of Congress of July 8, 1916, be amended by striking the exception to the entry of "islands leased or occupied for the propagation of foxes", and that the benefits under the acts of December 29, 1916; June 6, 1924; and March 3, 1925, be extended to the Territory of Alaska.

And your memorialist will ever pray.

Passed by the senate April 13, 1933.

ALLEN SHATTUCK,
President of the Senate.

Attest:

AGNES F. ADSIT,
Secretary of the Senate.

Passed by the house April 20, 1933.

JOE MCDONALD,
Speaker of the House.

Attest:

C. H. HELGESEN,
Chief Clerk of the House.

A true copy:

AGNES F. ADSIT,
Secretary of the Senate.

TERRITORY OF ALASKA,
OFFICE OF SECRETARY FOR THE TERRITORY.

I, Karl Theile, secretary of Alaska and custodian of the great seal of said Territory, do hereby certify that I have compared the annexed copy of Senate Joint Memorial No. 7 of the Alaska Territorial Legislature, 1933, with the original thereof and that the same is a full, true, and correct copy of said original now on file in my office.

In testimony whereof I have hereunto set my hand and affixed hereto the seal of the Territory of Alaska at Juneau, the capital, this 24th day of April A.D. 1933.

[SEAL]

KARL THEILE,
Secretary of Alaska.

Senate Joint Memorial 7 (by the committee on taxation and transportation)

To the President and Congress of the United States:

Whereas there is now pending before Congress a public works bill which provides for the expenditure of public funds on necessary public improvements throughout the United States; and

Whereas there are many public improvements needed in Alaska, the undertaking and completion of which have been delayed only by lack of funds, such as the erection of public buildings at Ketchikan and Anchorage; dredging of Sitka Harbor; completion of Petersburg Harbor project; completion of road to Indian industrial school at Shoemaker Bay near Wrangell; deepening of Tongas Basin at Ketchikan; flood control of the Salmon River at Hyder and flood control at Seward and Valdez and Egegik Rapids; the construction of a bridge across Gastineau Channel, connecting the towns of Juneau and Douglas; improvement and completion of the Alaska Railroad and its extension and all highways under the jurisdiction of the Department of the Interior; the construction of the international highway from a point on the Richardson Highway up the Tanana River to the Canadian boundary; construction of wagon roads as feeders to the Alaska Railroad, including the Yukon-Kuskokwim Highway, the Fairbanks-Livengood Highway, and all uncompleted projects of the Alaska Road Commission; construction of boat harbor and airplane landing fields at Cordova; establishment of naval seaplane base at Anchorage; Anchorage-Matanuska Road; completion of the Nome Harbor; construction of roads in the second division; aviation fields and water landing facilities at Fairbanks and Nome on the International Airways route from the United States to the Orient; continuation of the geologic land surveys in Alaska; and many other similar public projects throughout the Territory:

Now, therefore, we, your memorialists, respectively petition that the provisions of the public works bill hereinabove mentioned be applied to the Territory of Alaska, and that sufficient amount of the funds appropriated to carry out the provisions of said bill be allotted to the necessary projects mentioned herein and others to be designated by the Delegate to Congress from Alaska.

And your memorialists will ever pray.

Passed by the senate April 22, 1933.

ALLEN SHATTUCK,
President of the Senate.

Attest:

AGNES F. ADSIT,
Secretary of the Senate.

Passed by the house April 22, 1933.

JOE MCDONALD,
Speaker of the House.

Attest:

C. H. HELGESEN,
Chief Clerk of the House.

A true copy:

AGNES F. ADSIT,
Secretary of the Senate.

The VICE PRESIDENT also laid before the Senate the following concurrent resolution of the Legislature of the State of Florida, which was referred to the Committee on Post Offices and Post Roads:

Senate Concurrent Resolution 12

Whereas the Legislature of the State of Florida by joint resolution in 1929 memorialized Congress, the Federal Bureau of Public Roads and the State Road Department of Florida to use every possible effort to federalize the Gulf Coast Highway, which is legally known as "State Roads 10, 15, and 115"; and

Whereas the resolution referred to above has only been partially carried out; and

Whereas the State of Florida and the counties of the Gulf coast of Florida have spent approximately $15,000,000 and the funds of both the State and counties are now exhausted; and

Whereas all of the Gulf coast counties and cities and civic bodies have passed resolutions setting forth the necessity for continuing the construction of the Gulf Coast Highway in order to relieve the distressing unemployment situation in the Gulf coast counties and cities owing to the serious decline in the oyster, fishing, and other businesses peculiar to these counties and cities; and

Whereas the State road system of Florida cannot be properly rounded out and completed nor can the hundreds of millions of dollars invested therein begin to pay a full return on this investment until the Gulf Coast Highway is completed; and

Whereas the construction of the Gulf Coast Highway has been officially declared of military and strategic importance to the United States Government; and

Whereas the public works committee now arranging the public works program for President Roosevelt has the authority and power to include in said program the construction of Federal roads; and

Whereas road construction in Florida will provide work for the relief of unemployment both in direct employment and in the manufacture and transportation of Florida road-building material: Now, therefore, be it

Resolved by the Senate of the State of Florida (the house of representatives concurring), That the public works committee of President Roosevelt, the Federal Bureau of Public Works, our Senators and Congressmen in Washington, the Governor of Florida, and the State road department, are hereby requested to secure the immediate federalization of all of the Gulf Coast Highway and to use every effort at their command to allocate funds to Florida for the immediate construction of the Gulf Coast Highway in this State; be it further

Resolved, That a copy of this resolution be forwarded by the secretary of the State of Florida, under the great seal of the State of Florida in due form to the Congress of the United States, and the several Members thereof from Florida, to the Governor of Florida and to the State road department.

Approved by the Governor of Florida May 2, 1933.

STATE OF FLORIDA,
Office Secretary of State, ss.:

I, R. A. Gray, secretary of state of the State of Florida, do hereby certify that the foregoing is a true and correct copy of Senate Concurrent Resolution No. 12 passed by the Legislature of Florida, session 1933, and filed in this office.

Given under my hand and the great seal of the State of Florida, at Tallahassee, the capital, this the 2d day of May A.D. 1933.

[SEAL] R. A. GRAY,
Secretary of State.

The VICE PRESIDENT also laid before the Senate the following joint resolution of the Legislature of the State of Illinois, which was referred to the Committee on Manufactures:

STATE OF ILLINOIS,
OFFICE OF THE SECRETARY OF STATE.

To all to whom these presents shall come, greeting:

I, Edward J. Hughes, secretary of state of the State of Illinois, do hereby certify that the following and hereto attached is a true photostatic copy of House Joint Resolution No. 13, the original of which is now on file and a matter of record in this office.

In testimony whereof, I hereto set my hand and cause to be affixed the great seal of the State of Illinois.

Done at the city of Springfield this 2d day of May A.D. 1933.

[SEAL] EDWARD J. HUGHES,
Secretary of State.

House Joint Resolution 13

Whereas it has been recently shown that it is practical to manufacture ethyl alcohol from corn, wheat, rye, oats, barley, potatoes, beets, and other agricultural products; and

Whereas if all petroleum products that are used as motor fuel in internal-combustion engines were blended 10 percent by volume with ethyl alcohol, such engines would perform more ideally, carbon and compression knocks would be eliminated, and a maximum of motor acceleration secured; and

Whereas it is difficult and practically impossible because of the present provisions of the Federal law to produce ethyl alcohol in this manner; and

Whereas if the total amount of motor fuel consumed in this country each year were diluted 10 percent by volume with ethyl alcohol it would take 680,000,000 bushels of corn, or 750,000,000 bushels of wheat to produce the necessary amount of such alcohol; and

Whereas the use of agricultural products for the making of motor fuel would create a new market for agricultural surpluses and aid greatly in bringing prosperity back to the farmer, as it is estimated that the total surplus of our corn and wheat crop could be profitably used in this manner: Now, therefore, be it

Resolved by the House of Representatives of the Fifty-eighth General Assembly of the State of Illinois (the senate concurring herein), That the President of the United States and the Congress of the United States be urged to enact laws to encourage the manufacture of ethyl alcohol from agricultural products and remove restrictions on the manufacture of ethyl alcohol from agricultural products for motor-fuel uses; and be it further

Resolved, That a copy of this resolution be immediately forwarded to the President of the United States, the President of the Senate, and the Speaker of the House of Representatives of the United States, and to each Congressman and Senator from Illinois; and be it further

Resolved, That the Governor of this State assist the agricultural interests of this State in any way he deems advisable in securing the passage of the desired Federal legislation.

Adopted by the house February 7, 1933.

ARTHUR ROE,
Speaker of the House of Representatives.
CHAS. P. CASEY,
Clerk of the House of Representatives.

Concurred in by the senate March 16, 1933.

THOMAS F. DONOVAN,
President of the Senate.
A. E. EDEN,
Secretary of the Senate.

The VICE PRESIDENT also laid before the Senate the following joint resolution of the Legislature of the State of Illinois, which was ordered to lie on the table:

STATE OF ILLINOIS,
OFFICE OF THE SECRETARY OF STATE.

To all to whom these presents shall come, greeting:

I, Edward J. Hughes, secretary of state of the State of Illinois, do hereby certify that the following and hereto attached is a true photostatic copy of House Joint Resolution No. 35, the original of which is now on file and a matter of record in this office.

In testimony whereof, I hereto set my hand and cause to be affixed the great seal of the State of Illinois. Done at the city of Springfield this 2d day of May A.D. 1933.

[SEAL] EDWARD J. HUGHES,
Secretary of State.

House Joint Resolution 35

Whereas the return of national prosperity depends in a large measure on agricultural conditions; and

Whereas the President of the United States has requested Congress to enact legislation and provide an adequate appropriation for the refinancing of farm loans; and

Whereas the refinancing of farm loans will rehabilitate the agricultural industry: Now, therefore, be it

Resolved by the house of representatives of the fifty-eighth general assembly (the senate concurring therein), That the General Assembly of Illinois congratulates the President of the United States upon his program for the relief of agriculture and urges the Congress to cooperate with the President in putting into effect the program; and be it further

Resolved, That a copy of this preamble and resolution be sent forthwith to the President of the United States, the President of the Senate, and the Speaker of the House of Representatives.

Adopted by the house April 4, 1933.

ARTHUR ROE,
Speaker of the House of Representatives.
CHAS. P. CASEY,
Clerk of the House of Representatives.

Concurred in by the senate April 5, 1933.

THOMAS F. DONOVAN,
President of the Senate.
A. E. EDEN,
Secretary of the Senate.

The VICE PRESIDENT also laid before the Senate resolutions adopted by the Common Council of the City of Racine, Wis., favoring the passage of legislation authorizing municipalities to receive cash from the Reconstruction Finance Corporation or other Federal agency at a rate of interest not to exceed 3 percent per annum by putting up delinquent real estate taxes as security for the repayment of such sums, which were referred to the Committee on Banking and Currency.

He also laid before the Senate a telegram in the nature of a memorial from Philip A. Tharp, Columbus, Miss., endorsing Hon. HUEY P. LONG, a Senator from the State of Louisiana, condemning attacks made upon him and remonstrating against a senatorial investigation of his alleged acts and conduct, which was referred to the Committee on the Judiciary.

He also laid before the Senate a letter in the nature of a petition from C. W. Finley, of Eunice, La., praying for a senatorial investigation of alleged acts and conduct of Hon. HUEY P. LONG, a Senator from the State of Louisiana, which was referred to the Committee on the Judiciary.

TREATMENT OF THE JEWS IN GERMANY

Mr. ROBINSON of Indiana. Mr. President, the Beth-El Men's Club, a Temple affiliated organization composed of 250 men, located in Indianapolis, Ind., adopted a resolution protesting against the treatment of Jews in Germany. They have sent me a copy of the resolution, and I ask unanimous consent that it may be printed in the RECORD and appropriately referred.

There being no objection, the resolution was referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

To the Honorable ARTHUR R. ROBINSON:

The Beth-El Men's Club, a Temple affiliated organization composed of 250 men, located in Indianapolis, Ind., presents the following resolution to you, our Senator in the Congress of the United States:

"*Be it resolved*, That the Beth-El Men's Club solemnly and fervently declares, as the club expression, protest, and horror at the deliberate policy of the German Government; who, by legal and illegal restrictions and degradations, is crushing and terrorizing the 600,000 Jews of Germany, whose only crime is that they were born Jews, and isolating them from the cultural, economic, and professional life of their native land.

"That the Beth-El Men's Club petitions you to express its sentiments in contributing toward and influencing the expression of an official protest of the Government of the United States against such barbarous behavior by a modern civilized nation.

"That the Beth-El Men's Club petitions you to lend your influence and to view favorably a temporary loosening of immigration restrictions from Germany so as to permit refugees from religious intolerance a haven within our United States."

Respectfully submitted.

DAVID L. SABLOSKY, *President*.

FORT D. A. RUSSELL, MARFA, TEX.

Mr. SHEPPARD. Mr. President, I present a concurrent resolution adopted by the Legislature of the State of Texas in reference to the retention of Fort D. A. Russell, and ask that it may be appropriately referred and printed in the RECORD.

The concurrent resolution was referred to the Committee on Military Affairs and ordered to be printed in the RECORD, as follows:

Senate Concurrent Resolution 27

Whereas for some 14 years the War Department of the United States maintained Fort D. A. Russell, a military outpost of considerable importance because of its strategic location as a protection for many miles of territory bordering the Republic of Mexico; and

Whereas the climate of the area in the Davis Mountains in which was located this historic fort is such as to provide all-year-round facilities for the training of soldiers in the service of our country, who perform a duty the value of which is unlimited; and

Whereas with the beginning of this year, 1933, the said Fort D. A. Russell, at Marfa, Tex., was abandoned and deserted by the War Department by transferring its personnel, which was composed of a Cavalry unit, to Kentucky for the purpose of having it motorized; and

Whereas there now remains on the site of this fort sufficient equipment and buildings to reestablish to good effect the military post which for so long so ably protected from invasion by neighboring foreigners many miles of valuable property; and

Whereas since the 1st of January 1933 five raids of such magnitude as to create much fear and unrest among residents of the border section adjacent to Mexico have been made upon the property herewith enumerated—the Chinate ranch, January 22; the Jake Baldwin ranch, February 8; the Jack Rawls ranch, February 25; the J. L. Sublett ranch, March 2; and the L. C. Brite ranch, March 3—all of which is confined within the bounds of Presidio County, which in territorial extent embodies an area comparable in size to the combined States of Rhode Island and Delaware; and

Whereas with the abandonment of Fort D. A. Russell the protecting buffer for huge distances along the Mexican border has been removed and hundreds of miles of territory are now without protection, and as a direct result this portion of Texas—the southwestern boundary of the United States—is in a state of considerable demoralization because of the absence of the influence exerted by a unit of the military sufficient in size to adequately protect the life and property of its citizens: Now, therefore, be it

Resolved by the Senate of the State of Texas (the house of representatives concurring), That the Honorable George H. Dern, Secretary of War, Washington, D.C., be petitioned to restore and to reestablish this most important military post at Marfa, Tex.; be it further

Resolved, That a copy of these resolutions be sent the Honorable George H. Dern, Secretary of War, and the Honorable John Nance Garner, Vice President of the United States.

RESOLUTIONS BY RUFUS SHELTON POST, AMERICAN LEGION, OF HONEY GROVE, TEX.

Mr. CONNALLY. Mr. President, I ask unanimous consent to have printed in the RECORD and appropriately referred resolutions adopted by the Rufus Shelton Post, No. 247, American Legion, of Honey Grove, Tex., with reference to several legislative proposals.

There being no objection, the resolutions were referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

HONEY GROVE, TEX., *April 16, 1933*.

Whereas the present 3-cent postage rate has reduced postal business in first-class mail to such an extent that the rates should be reduced; and

Whereas saving has been made a key word in the Democratic administration; and

Whereas war-risk insurance was a contract between the United States Government and the soldier in the World War, for which he paid his money; and

Whereas there is a universal demand for inflation of the United States currency, so that it will be distributed among the masses: Be it

Resolved, That we, the Rufus Shelton Post, No. 247, American Legion, of Honey Grove, Tex., do hereby memorialize the Congress of the United States to reduce first-class postage to 2 cents; and be it further

Resolved, That the Congress of the United States place a tax upon all tax-free Government obligations, meaning tax-free bonds; and be it further

Resolved, That the Congress of the United States pass suitable legislation so that all World War veterans who are totally and permanently disabled, while their war-risk insurance is in force or was in force, may be able to file claims for the benefits for which they paid in blood and money, and in the event of unfavorable action by the Veterans' Administration, shall have the right of court action in a court of suitable jurisdiction, so that this insurance contract shall be carried out in its entirety; and be it further

Resolved, That the Congress of the United States pass the necessary legislation so that the bonus may be paid on the basis of the full face value of the adjusted-compensation certificates at once.

RUFUS SHELTON POST, NO. 247, AMERICAN LEGION, OF HONEY GROVE, TEX.
By J. FRANK PARRISH,
Chairman Resolutions Committee.

REPORTS OF THE COMMERCE COMMITTEE

Mr. SHEPPARD, from the Committee on Commerce, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 1255. An act to extend the time for completing the construction of a bridge across the Missouri River at or near Kansas City, Kans. (Rept. No. 51);

S. 1256. An act granting the consent of Congress to compacts or agreements between the States of Kansas and Missouri for the acquisition, maintenance, and operation of a toll bridge across the Missouri River near Kansas City, Kans., for the construction and maintenance of connections with established highways, for the incorporation of such bridge in the highway systems of said States, and for other purposes (Rept. No. 52);



H.R. 48. An act to extend the time for completing the construction of a bridge across the Missouri River at or near Kansas City, Kans. (Rept. No. 53);

H.R. 1596. An act to extend the times for commencing and completing the construction of a bridge across the Pee Dee River and a bridge across the Waccamaw River, both at or near Georgetown, S.C. (Rept. No. 54);

H.R. 4127. An act to extend the times for commencing and completing the construction of a bridge across the Waccamaw River near Conway, S.C. (Rept. No. 55); and

H.R. 4491. An act to extend the times for commencing and completing the construction of an overhead viaduct across the Mahoning River at Struthers, Mahoning County, Ohio (Rept. No. 56).

INVESTIGATION OF OPERATIONS OF RECONSTRUCTION FINANCE CORPORATION

Mr. FLETCHER. By direction of the Committee on Banking and Currency, I report an original resolution and ask unanimous consent for its immediate consideration.

The VICE PRESIDENT. The resolution will be read.

The legislative clerk read the resolution (S.Res. 69), as follows:

Resolved, That the Committee on Banking and Currency, or any duly authorized subcommittee thereof, is authorized to investigate from time to time the operations of the Reconstruction Finance Corporation, the status of its affairs, and the procedure adopted by it in passing upon applications for loans, and to investigate particularly (1) any loan heretofore or hereafter made by the Corporation, and (2) any application for a loan heretofore or hereafter made to the Corporation. The committee shall report from time to time to the Senate the results of its investigations, together with its recommendations, if any, for legislation.

The VICE PRESIDENT. The Senator from Florida asks unanimous consent for the present consideration of the resolution.

Mr. FESS. Mr. President, I have not had any opportunity to know what is in the resolution and what is desired to be accomplished by it.

Mr. FLETCHER. I will say to the Senator that the view of the committee in discussing the situation was that, as it had some communications from time to time in reference to the Reconstruction Finance Corporation, it ought to have express authority of the Senate to make inquiry of the Reconstruction Finance Corporation and to look into the operations and procedure of that organization. That is all the resolution proposes, a general authority upon the part of the Senate to enable the committee to inquire of the Reconstruction Finance Corporation respecting their procedure and operations, and to consider such matters as may be worth while and report them to the Senate if we find anything that should be reported.

Mr. FESS. Cannot any Senator do that without the adoption of a resolution?

Mr. FLETCHER. It was thought not. That suggestion was made—that it could probably be done anyway—but it was thought by the committee that they ought to have authority in the Senate to make any inquiry they might want to make.

Mr. FESS. Was there any objection in the committee to the resolution?

Mr. FLETCHER. No; the action on the part of the committee was unanimous.

Mr. FESS. I have no objection.

Mr. McNARY. Mr. President, what is the request of the Senator from Florida?

Mr. FLETCHER. I have asked for the consideration of a resolution authorizing the Committee on Banking and Currency to make inquiry respecting the transactions and operations of the Reconstruction Finance Corporation. It grants general authority.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

There being no objection, the resolution was considered and agreed to.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. COPELAND:

A bill (S. 1575) for the relief of Jacob G. Ackerman; and

A bill (S. 1576) for the relief of Benjamin Stern, and Melville A. Stern and Benjamin Stern, as executors under the last will and testament of Louis Stern, deceased, and Arthur H. Hahlo, as executor under the last will and testament of Isaac Stern, deceased, all of New York City, N.Y., for compensation and in settlement of their damages and loss sustained by virtue of a lease in writing, dated September 12, 1919, between the said parties and the United States of America, by Daniel C. Roper, Commissioner of Internal Revenue; to the Committee on Claims.

A bill (S. 1577) creating the St. Lawrence Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Lawrence River at or near Ogdensburg, N.Y.; to the Committee on Commerce.

A bill (S. 1578) to amend the Code of Laws for the District of Columbia in relation to providing assistance against old-age want; to the Committee on the District of Columbia.

By Mr. McADOO:

A bill (S. 1579) to amend paragraph (8) of section 1 of the Interstate Commerce Act, as amended; to the Committee on Interstate Commerce.

By Mr. ASHURST:

A bill (S. 1582) to amend section 1025 of the Revised Statutes of the United States; to the Committee on the Judiciary.

GOVERNMENT OF AMERICAN SAMOA

Mr. TYDINGS. Mr. President, I ask unanimous consent to introduce a bill providing a government for American Samoa and ask that it be referred to the appropriate committee.

The VICE PRESIDENT. Without objection, the bill will be received and appropriately referred.

The bill (S. 1574) to provide a government for American Samoa was read twice by its title and referred to the Committee on Territories and Insular Affairs.

Mr. TYDINGS. Mr. President, in connection with the bill just introduced by me I ask unanimous consent to have printed in the RECORD a very short but comprehensive report upon the subject of granting a local government to American Samoa.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

[Senate Report No. 195, Seventy-second Congress, first session]

GOVERNMENT FOR AMERICAN SAMOA

Mr. Bingham, from the Committee on Territories and Insular Affairs, submitted the following report (to accompany S. 417):

The Committee on Territories and Insular Affairs, to whom was referred the bill (S. 417) to provide a government for American Samoa, having considered the same, reports favorably thereon and recommends that the bill do pass.

This bill carries out the recommendations, as embodied in Senate Document No. 249, Seventy-first Congress, of the American Samoan Commission, appointed under authority of Public Resolution No. 89, Seventieth Congress, "To provide for accepting, ratifying, and confirming the cessions of certain islands of the Samoan group to the United States, and for other purposes", approved February 20, 1929, and Public Resolution No. 3, Seventy-first Congress, approved May 22, 1929, amendatory thereof.

In brief, the bill provides that the people of American Samoa shall make their own laws, subject to the veto of the Governor, and with the right of appeal to the President of the United States, if they choose to override the Governor's veto. The bill gives them American citizenship and grants them the right of appeal in all important legal cases to the Federal District Court in Honolulu, Territory of Hawaii. The proposed organic act sets up a very considerable measure of self-government for the people of American Samoa, which is made as flexible as possible so as to allow them to develop themselves, should they choose, away from their present communal system of social organization and property into one more completely in tune with American civilization, and at the same time permitting them to maintain such native customs not in conflict therewith which they may wish to preserve. The bill of rights which it embodies has been phrased as near as may be in consonance with the language of the Con-

stitution on those subjects calculated to afford protection to the individual, without doing violence to long-established native institutions.

In short, the bill gives to these islands in the South Seas a provincial status as a body politic, with its own bill of rights as its guaranty of personal liberties and with a continuation of its present organization of government changed only in two important matters; first, by removing from the Governor all judicial power and legislative authority except the veto and the initiation of legislation, and, second, by abolishing the office of the secretary of native affairs and providing for a chief justice, independent of the Governor, to perform all the judicial functions of that former office, and for an attorney general to perform the other duties thereof. It is provided that the Governor, attorney general, and chief justice shall be appointed by the President by and with the advice and consent of the Senate of the United States, the first two to hold office at the pleasure of the President, and the chief justice for a term of 4 years.

Prior to the year 1900 the people of American Samoa governed themselves. They have never been conquered. They were independent, but some 30 years ago, in view of the annexation of various groups of islands in the Pacific by Germany and Great Britain, the chiefs of these islands turned to the United States and asked us to take them over. The United States was allotted the suzerainty over the islands of eastern Samoa, but practically nothing was done about it by our Government except that President McKinley authorized the Navy to govern them as a naval station. Two years ago the Congress accepted the offer so long ago made by the chiefs, and by the resolution previously referred to in this report authorized the President to appoint a commission, consisting of 2 Members of the Senate and 2 Members of the House of Representatives and 3 native chiefs, to recommend legislation in the interests of these people. The American members of this commission visited the islands of eastern Samoa last September, and a few weeks ago the commission presented its report to the Congress.

Under the generally highly beneficent rule of the Navy important changes in native culture and thought during the span of a generation have taken place, and have reached a point where, your committee believes, the people of American Samoa are entitled to have their own form of government. Careful study has been given to the recommendations of the American Samoan Commission as embodied in the bill which is the subject of this report, and your committee strongly urges the passage of the bill during the present session.

The following excerpt from the report of the American Samoan Commission affords a historical, geographical, and ethnological view of the islands of eastern, or American, Samoa and their interesting people:

"The islands of American Samoa from east to west are Rose Island, Tau, Olosega, Ofu, Aunuu, and Tutuila, with Swains Island distant 207 miles northward of Tutuila. Rose Island is a coral atoll, uninhabited. Swains Island is a low coral island not over 20 feet in elevation, with a population of 98 persons engaged in producing copra from about 800 acres of coconuts. The others are high islands of volcanic origin. The islands of Tau, Olosega, and Ofu are known as the 'Manua Group', and the island of Aunuu is included generally in the name 'Tutuila.' The sovereignty of the United States was extended to Swains Island and the island made a part of American Samoa by a joint resolution of Congress approved March 4, 1925.

"The largest island, Tutuila, of irregular shape, with an area estimated at 40.2 square miles, is about 17 miles long and nearly 6 miles wide in the widest part, and is situated about 14° south of the Equator. It is distant from Honolulu 2,275 miles, from San Diego 4,190 miles, from San Francisco 4,150 miles, from New Zealand 1,565 miles, from Fiji 688 miles, from Guam 3,159 miles, from Manila 4,505 miles, and from Apia, in western Samoa, 80 miles. A rugged ridge extends nearly the entire length of the island. What little level land there is lies at the foot of the mountains along the coast, except along the southwestern part of the island, where there is a plain devoted to coconut plantings. The mountains are heavily wooded and the island right to the water's edge is a mass of foliage of rare tropical luxuriance. Pagopago Bay, 'the safest and best harbor in the South Seas', cuts the island nearly in two and, because of its shape, affords to ships smooth water during the heavier weather. On the bay is the old village of Pagopago and the naval station. Fagatoga lies behind the naval station. The harbor with its two wharves is well buoyed, but lighted dimly. Other harbors of some importance are Leone and Fagaitua on the south side and Fagasa and Masefau on the north side, all of little value except Leone. The highest point on Tutuila is Matafao, 2,141 feet in elevation.

"Tau, 67.5 miles east of Tutuila, 14 square miles in area, rises like a huge cone to an elevation of nearly 3,000 feet. It has no harbor, but has one good anchorage. Olosega and Ofu, with a combined area of 3.7 square miles, are separated from Tau by a channel 6 miles wide. Both are rugged and mountainous.

"Natural passages to the landing beaches through the coral reefs have been widened by blasting. These need much improvement, however, before they can be relied upon for safety. On none of the islands are there any sizable tracts of unemployed arable land.

"The climate is tropical and equable, the temperature ranging from an average of 82.28° in February to an average of 80.21° in July. The humidity is always high and the rainfall heavy, the annual average for 26 years being 197.15 inches. Hurricanes of great violence have occurred at intervals of about 10 years.

"With the possible exception of Rose Island, there is no 'public' land, as that term is generally employed. Claimants exist for land even in the seemingly inaccessible portions, for even to those areas persons penetrate for the gathering of fiber plants, dyes, land crabs, and other products of the forests.

"The native inhabitants, racially considered, are Polynesians, cousins of the Maoris of New Zealand and the Hawaiians of the Territory of Hawaii. The ethnologists of the Bishop Museum testified that the Polynesian race is a mixed race, with two elements predominant, Caucasoid and Mongoloid. There are no Negroid elements in the race. Their faces, of a light brown, have many distinctive marks of the European. The Samoan man is well formed, erect in bearing, with straight nose, chin firm and strong, forehead high, and hair black and soft, sometimes wavy. The women mature and age early. They do not preserve their early promise to the middle years as do the men. The 1930 census reported a total population of 10,055 souls, distributed as follows: Tutuila, 7,809; Tau, 1,243; Ofu, 466; Olosega, 438; Swains Island, 98. Of this number the number of white persons, excluding the 179 Navy personnel but including missionaries, is 45, and the number of half-castes, part Samoans and mixed bloods, is 818. The last figure includes the following mixed bloods: Part Japanese, 25; part Filipinos, 8; part Negroes, 8; part Chinese, 7; part Fijian, 6; part Javanese, 3.

"The Samoan social organization was the chieftain system. Each family group elected or selected its own head. His title was that of "matai", and he ruled the family so long as he furnished it efficient leadership. When he became inefficient he was deposed. He held the power of life and death over the group. The semblance of the office remains, although shorn of this arbitrary power. Today the family group discusses matters, led by the matai. No votes are taken. Conclusions are reached after much deliberation, and when once arrived at the matai speaks for the family group. Originally the family lands were worked by the family and practically everything was owned in common, as it were, used and consumed by those who required it. There was under this system no incentive to effort on the part of the individual. Thrift brought no reward. However, 30 years of contact with American civilization has weakened this communal organization. The idea of personal property owned by the individual has infiltrated deeply. There are complaints from those not matais that the leadership of old is lacking and that it is not practical now to depose a matai. The schools have hastened the new ideas. The children are oriented away from the old culture. The thinkers among the chiefs wish the best for their children, but admit that the changes have come and that sooner or later much of the old order will go. They look at these changes regretfully, but turn with hope and confidence to the possibilities of the future.

"The chiefs of Samoa are courteous gentlemen of great personal dignity, perfect hosts, living in a society nearly free from industrialism, where food is abundant and nature prodigal in her beauty. They love to entertain—with speeches full of high-sounding phrases and Biblical references, with songs in chorus and dances, with elaborate presentations of food and gifts, and, above all, with the ceremonies of kava drinking in which their rank is recognized by the order of service of the cup. The thing of greatest prize to a chief is his title and the status it affords. They love the 'malaga' or journey of ceremony, now curbed by law. It is becoming increasingly difficult for them to do these things.

"The only newspaper is the Government sheet O le Fa'atonu, used chiefly to proclaim notices of various kinds. Every village has one or more churches. Christianity came to Samoa in 1830. Most of the Samoans are church members, and nearly everybody goes to church. Family prayers are the rule, and Sunday is a day of rest. The people are intelligent, amiable, and hospitable to a remarkable degree. Every head matai is supposed to have a guest house.

"There are no factories. Every family can raise or make those things needed for food and shelter. But new wants and appetites are changing this situation. Under the Navy administration the health of the people is good. Contact with the outside world exists through the naval radio station and the triweekly mail steamers.

"The public-school system consists of 21 schools with a teaching staff of 52. Thirteen of these schools complete fourth-grade work, six schools complete sixth-grade work, and two schools complete eighth-grade work. Five of the teachers are white. Education is supposed to be compulsory through the fourth grade, but from 15 to 20 percent of the children of school age do not attend school. All but two of the schools are poorly equipped. Because of the poor pay the best teachers leave the service when opportunity offers.

"Samoa is a one-crop country, and the crop is copra, sold by the Government for the producers. In 1929 the production was 1,687 tons, which sold for $147,215.90. The handling charges less shrinkage were $13,303.09.

"For 1930 there are 2,299 taxpayers. The inventory of island-government assets as of June 30, 1930, stands at $261,365.68, of which sum $174,220 represents the value of land and $72,440 the value of buildings and structures. For the fiscal year ended June 30, 1930, the total expenditures of the island government

were $131,929.48, while the receipts were $133,772.05. Of these receipts the native tax department produced $22,091.50 and the customs department $95,739.53."

AMENDMENT GASOLINE TAX BILL—TARIFF ADJUSTMENTS

Mr. HATFIELD submitted an amendment intended to be proposed by him to the bill (H.R. 5040) to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes, which was referred to the Committee on Finance and ordered to be printed.

INVESTIGATION OF BANKING OPERATIONS

Mr. FLETCHER submitted the following resolution (S.Res. 70), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That Senate Resolution No. 56, agreed to April 4, 1933, authorizing and directing the Committee on Banking and Currency to make investigations of the business of banking, financing, and extending credit and other practices therein mentioned in addition to the authority contained in Resolution No. 84, agreed to March 4, 1932, hereby is continued in full force and effect until the beginning of the second session of the Seventy-third Congress, and the amount authorized to be expended from the contingent fund of the Senate for above-mentioned purposes hereby is increased $25,000 in addition to the amounts previously authorized to be expended in pursuance of the purposes of such resolutions.

PRINTING OF HEARINGS ON "30-HOUR WORK WEEK"

Mr. BLACK submitted the following resolution (S.Res. 71), which was referred to the Committee on Printing:

Resolved, That in accordance with paragraph 3 of section 2 of the Printing Act approved March 1, 1907, the Committee on the Judiciary of the Senate be, and is hereby, empowered to have printed for its use 1,000 additional copies of the hearings held before a subcommittee of said committee relative to "30-hour work week", Seventy-second Congress, second session.

INVESTIGATION OF CONCESSIONS IN FOREIGN COUNTRIES

Mr. WHEELER submitted the following resolution (S.Res. 72), which was referred to the Committee on Foreign Relations:

Whereas American investments abroad, already amounting to many billions of dollars, are increasing rapidly, especially since the World War, and are alleged in a number of instances to be conditioned upon unjustifiable concessions from foreign governments which lack capital but desire to develop their resources; and

Whereas such concessions if unjust in their terms endanger legitimate investments abroad; and

Whereas controversies regarding the rights and duties of holders of such concessions constitute an increasingly important part of the foreign relations of this Government and produce tension which has frequently led to armed intervention and may lead to war: Therefore be it

Resolved, That the Committee on Foreign Relations, or any duly authorized subcommittee thereof, is authorized to investigate the terms and conditions under which concessions have been procured in foreign countries by United States citizens and by corporations and other associations in which United States citizens are financially interested, and the nature and extent of such concessions, with particular reference to (1) the source and sanction of such concessions; (2) the record, precedents, and traditions of the Government of the United States in its foreign relations since its establishment, insofar as the rights and duties incident to such concessions constitute the subject matter of international official correspondence; and (3) the principal aspects of public policy involved in the treatment, as property rights for purposes of diplomatic protection, of such concessions.

For the purposes of this resolution such committee or subcommittee is authorized to hold hearings, to sit and act at such times and places, to employ such experts and clerical, stenographic, and other assistants, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths and to take such testimony and to make such expenditures as it deems advisable. The cost of stenographic service to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of such committee or subcommittee shall not exceed $30,000, and shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of such committee or subcommittee. Such committee or subcommittee shall make a final report to the Senate as to its findings at the beginning of the second session of the Seventy-third Congress.

MUSCLE SHOALS—ATTITUDE OF UNITED STATES CHAMBER OF COMMERCE

Mr. NORRIS. Mr. President, there was prepared for my use in the debate on the so-called "Muscle Shoals bill" which was passed by the Senate yesterday some information showing the connection of the Chamber of Commerce of the United States with the National Electric Light Association. It reached me yesterday at a time when I had no opportunity to examine it, and I did not use it. I ask unanimous consent that it may be printed in the RECORD.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

THE CHAMBER OF COMMERCE OF THE UNITED STATES OF AMERICA, "BIG BROTHER" OF THE NATIONAL ELECTRIC LIGHT ASSOCIATION

On April 10 President Roosevelt sent a message to Congress urging immediate legislation to carry out his plan for the development of the Tennessee Valley, which involves public ownership and operation of the famous Muscle Shoals plant.

On April 13 President Henry I. Harriman, of the Chamber of Commerce of the United States, sent a letter to member chambers throughout the Nation reiterating the policy of the chamber which demands "the Muscle Shoals project should be sold or leased, as is, on the best possible terms." Also, that in the event the Government should decide to operate the generating plants at Muscle Shoals "the Federal Government should always leave the transmission and distribution of power to other agencies"; meaning, of course, to private power companies. It is to be expected as on previous occasions of this sort Senators and Congressmen will be deluged with letters and telegrams from local chambers of commerce urging opposition to the Muscle Shoals bill of Senator NORRIS.

The election of Mr. Harriman to the presidency of the National Chamber of Commerce was supposed to inaugurate a new era in the administration of that body. It is an open secret that thousands of conservative business men and manufacturers have become restive and disgusted with the domination of the affairs of the chamber for the last 13 years by monopolistic big business headed by the utilities, the power combine in particular.

It is surprising, therefore, that although no doubt justified in expressing officially established policy on the Muscle Shoals question which has not been reversed, Mr. Harriman should resort to the same tactics of omission and misrepresentation of facts which has characterized his predecessors since 1920.

For example, in order to alarm the country over the vast amount of the taxpayers' money further to be invested in this project, assumedly at once, Mr. Harriman says:

"An independent governmentally owned primary transmission system for adjacent territory would cost $85,000,000, according to estimates made by the corps of engineers for the Muscle Shoals Commission."

The reference is to the commission appointed by President Hoover and the Governors of Tennessee and Alabama, which made its report November 14, 1931, and was promptly transmitted to Congress where it fell flat because it was well known that every member of the commission was hostile to public operation and its conclusions were foreordained.

There was no "corps of engineers" employed by the commission. One Army engineer, Lt. Col. C. M. Tyler, made two reports to the commission, one The Cost to the Federal Government of Transmitting and Selling Muscle Shoals Power, and the other Economics of Proposed Power Dams, etc.

The findings of this gentleman, however, were not taken seriously because both Senate and House committees a few short months previously had investigated the activities of Colonel Tyler when he was chief engineer of the Federal Power Commission and working in closest harmony with F. E. Bonner, the executive secretary, the two of them being the principal agents in carrying out President Hoover's policy of undermining and wrecking the Federal Water Power Act. The evidence unearthed caused Senator COUZENS, of Michigan, to declare, "It is one of the rottenest exhibitions of government I have ever heard of."

Shockingly enough, Mr. Harriman is not content with the inflated estimates of this engineer. In table V, Estimated Investment in Power Properties (p. 72, Conn. Rept.) Colonel Tyler sets out his annual figures from 1932 to 1946. He arrives in 1946, through ridiculous juggling, at $56,713,000 invested in high voltage transmission lines and substations, which includes $4,650,000 for farm lines. Nowhere does Colonel Tyler estimate $85,000,000 as necessary for "a primary transmission system."

Again, says Mr. Harriman:

"The duplication of public service facilities is uneconomical and must ultimately result in added cost to consumers."

This is a flat misrepresentation of facts of utility history inexcusable in the leading spokesman for American business men, especially for a utility man which Mr. Harriman is. He is challenged to produce a single instance in which municipal competition with private power plants has raised rates. He knows, or ought to know, that such public competition has reduced rates in his own State of Massachusetts; that the small 3-cent plant at Cleveland, Ohio, in the 19 years of its life has forced the Cleveland Illuminating Co. to reduce its domestic rates from 10 cents to, now, 4 cents per kilowatt-hour and has saved "the consumers" of that city at least $40,000,000; that the city light plant of Seattle, Wash., in competition with the Puget Sound Light & Power Co., controlled by the Stone & Webster Co., of Boston, is saving the consumers $10,000,000 annually, to be conservative.

Another case is that of Springfield, Ill., which saves the citizens of that municipality around $650,000 annually, in direct competition with an Insull concern. Such instances could be easily multiplied.

It is submitted that the "business men" and manufacturers of such cities over the Nation are saving millions of dollars an-

nually by reason of public competition and that Mr. Harriman is not serving their best interests by sponsoring this deliberate misstatement of truth long reiterated by Power Trust propagandists.

Again, Mr. Harriman says:

"The private properties that are now serving the public in the region of Muscle Shoals were built and are now being operated under public regulation. These would be destroyed by Government competition. A wholly different relation to existing facilities was provided in legislation of New York creating the 'Power Authority of the State of New York' (ch. 772, Apr. 27, 1931) as shown in the following comparisons of provisions contained in these different measures."

The first of these distinctions is that the New York act "offers power at the dam", but bills for the Federal authority "offer power within transmission distance."

After making other distinctions Mr. Harriman goes on to say:

"* * * It would seem only fair and reasonable that industries already established and which have long been engaged in the development of the Muscle Shoals region are entitled to an opportunity to cooperate with the Federal Government under some such law as New York has enacted rather than be faced with Federal competition in their fields, the competition being on a basis which no enterprise can meet. * * * We also desire the devoting of the Muscle Shoals properties to their best use as soon as practicable. I believe, however, that this requires proper safeguards for private business and private investment in both the power and fertilizer fields."

Without being specific, Mr. Harriman here cleverly leaves the reader with the inference that this act, since it was promoted and signed by Governor Roosevelt, embodies his policy as to transmission and distribution. If he desired to be fair to Governor, now President, Roosevelt in interpreting the New York act to American business men and the public, he would have set forth the conditions under which Governor Roosevelt held St. Lawrence power should be sold to private companies for transmission and distribution and resale. But neither Mr. Harriman nor the spokesmen for the power interests and their lobbyists now swarming in Washington deign to mention those conditions.

They are set forth in the first message Governor Roosevelt sent to the New York Legislature on this subject, March 12, 1929. (See Public Papers of Gov. Franklin D. Roosevelt, published by New York State, pp. 153–160.) The Governor said:

"(2) Power developed therefrom shall be transmitted and distributed, if possible, through the employment of private capital, so as to secure adequate distribution throughout the State. This distribution, however, shall secure the lowest rates to consumers compatible with a fair and reasonable return on actual cash outlay; that is to say, operating expenses, capital outlay, representing money actually spent in plant investment and working capital, with reasonable allowance for obsolescence and depreciation and a return on the investment not exceeding the interest actually paid on borrowed money and dividend rates not in excess of current rates on preferred stock and not to exceed 8 percent on all other cash capital. In other words, the power generated by the agency of the State, called the trustees, shall be sold on a contract basis, which will take into definite consideration all the steps between the sale at the power house and the ultimate sale to the home owner or industrial establishment."

More, the Governor appended a bill of his own drafting, in which in sections 3 to 5 thereof he set forth in more exact legal language his idea of not to exceed 8 percent return on "actual cash outlay" in transmission and distribution systems. He went farther and provided:

"The report shall also present the comparative advantages and disadvantages of transmission and distribution of such hydroelectric power through private and public agencies and shall indicate their recommendations in that respect."

In his message he said:

"Are the business men of this State willing to transmit and distribute this latent water power on a fair return on their investment? If not, then the State may have to go into the transmission business itself," which would involve "public ownership and operation not only of the site, the dam, and the power, but of transmission lines and distribution systems as well."

Mr. Harriman knows, or should know, that Governor Roosevelt was unable to secure all that he wanted from a hostile Republican legislature dominated by the utility interests. They yielded on public ownership and operation of the power plant, but balked on public transmission, which is the crux of the Muscle Shoals conflict now raging in Congress.

Mr. Harriman in this letter and all the great power executives in their public statements profess great admiration of and support for the President's Tennessee plan save only transmission and distribution lines operated by the Government and the municipalities—the final thing absolutely necessary to guarantee genuinely cheap electric service to the business men, small manufacturers, and householders of the entire Tennessee region.

President Roosevelt has thus set up what Mr. Harriman says he desires—"proper safeguards for private business and private investment" in power facilities. Let him now state whether he and his colleagues will accept Roosevelt's conditions.

THE CHANGED POLICY

In this letter of April 13, 1933, Mr. Harriman says:

"The Chamber of Commerce of the United States *in 1930*, having learned that the maintenance of the Muscle Shoals properties *for the purpose of national defense* was no longer necessary, recommended that 'the Muscle Shoals project should be sold or leased, as is, on the best possible terms.'" (Italics ours.)

The inference is that the chamber had taken no action prior to 1930 in respect to Muscle Shoals. This is technically correct as respects any official action on the part of the rank and file of the membership, by which alone a policy may be announced by the directors and officials. It wholly overlooks the fact that for several years, without such authorization by the rank and file, the officials had been conducting a campaign against the Ford offer and against any public operation of Muscle Shoals, Boulder Dam, and public ownership and operation in general. In fact, the rank and file were not consulted on the subject of public ownership of power plants, generally or specifically, until 1930, when a referendum was had.

This brings to light an amazing change in the policy of the president and directors of the national chamber, as well as the more important of its local branches. It should be of interest to the rank and file of competitive business men, as well as the country at large, to know exactly what happened.

ENTER THE UTILITY PROMOTERS

We need at this point to take a brief look at the activities of the National Electric Light Association, trade organization of the electric industry, the company members of which, in 1928, generated around 90 percent of the total national output of power.

Immediately following the World War the activities of this organization were stepped up, and there ensued the greatest era of propaganda, newspaper control, and political activity ever undertaken by any industry in the Nation's history, the railroads not excluded. The root cause of this effort lies in the revolution brought about by the perfection of long-distance transmission, which brought in the superpower system, diplaced local generating plants, and cut the production and distribution costs 50 percent, thus causing a new era of stock watering.

In its own house it organized a tremendous central propaganda bureau in New York and established some 28 State "information bureaus", the first being organized in 1919 by Samuel Insull in Chicago. It set up a committee to cooperate with college and university professors. Through millions spent in advertising and by direct purchase it controlled a majority of the newspapers, big and little. It entered politics, local, State, and national, and was squarely behind the elections of Presidents Harding, Coolidge, and Hoover. In short, it aimed to control the thinking and political action of the Nation.

BANKERS COOPERATE

Closely affiliated were all the great banking houses and bankers of the Nation and stock gamblers of every kind.

Outside its own house, it brought influence to bear so that its policies, catch words, and misinformation as to electrical service were copied and promulgated by the United States Chamber of Commerce, the American Bar Association, the American Association of Railroad and Utility Commissioners, the American Engineering Council, mechanical and electrical engineering societies, and, of course, the American Bankers Association and the Association of Investment Bankers. It enlisted the support of Herbert Hoover.

In 1927 it organized the "Joint Committee of National Utility Associations", with the Hon. George B. Cortelyou as chairman, through which the electric, gas, and street-railway industries combined and raised a fund of $400,000 specifically to defeat the Senate resolution of the late Senator Thomas J. Walsh for an investigation of the Power Trust; also to defeat the Swing-Johnson Boulder Dam bill and the Norris bill for Muscle Shoals.

All went smoothly until the investigation of the industry by the Federal Trade Commission under the Walsh resolution began in 1928 and with it began the exposé both as to propaganda and financial jugglery. The 1929 stock-market crash followed by the collapse of the House of Insull in 1932 brought general condemnation upon the industry.

From 1920 to 1932 Samuel Insull, of Chicago, and Sidney Z. Mitchell, of Electric Bond & Share Co., dominated the policies of the National Electric Light Association. In 1932–33 the House of Morgan gained control by the election of officers and transformed the association into the Edison Electric Institute, with Floyd L. Carlisle, head of the Niagara-Hudson Power Corporation, in control.

THE OLD AND THE NEW CHAMBER OF COMMERCE

Return now to the United States Chamber of Commerce. Founded in 1912, it was set up as a "democracy of business", in which the rank and file of small competitive business men should have equal or greater voice in determining policies as monopolistic big business. That policy was fairly well followed and the affairs of the chamber were in the hands of business men, per se, who fairly represented the rank and file of competitive business. Since about 1920, however, especially in respect to banking and utility matters, the interests of litlle business men have been disregarded by bankers and utility men who sought and gained election to the necessary key positions.

WHO IS HENRY I. HARRIMAN?

It is to be feared that Mr. Harriman will not go far in support of Mr. Roosevelt's doctrines, especially when his financial connections are considered. Follows the report of Poor's Register of Directors for 1932:

Bellows Falls Canal Co., president and director; Bellows Falls Power Co., director; Boston Chamber of Commerce, president, chairman executive committee, and director; Boston Chamber of Commerce Realty Trust, trustee; Central Massachusetts Electric

Co., director; Fall Mountain Electric Co., president and director; Gardner Electric Light Co., director; Hoosac Tunnel & Wilmington Railroad, vice president and director; Kennebec Co., trustee; Lawrence Gas & Electric Co., director; Lowell Electric Light Corporation, director; Massachusetts Lighting Companies, trustee; Massachusetts Utilities Associates, vice chairman, member executive committee, and trustee; Metropolitan Planning Board, director; New England Power Association, vice chairman of board and executive director; Rhode Island Power Transmission Co., director; Worcester Suburban Electric Co., director; Arthur T. McIntosh Land Association of Chicago, president; The University Club Realty Trust, trustee; New England Trust Co., director; Boston Elevated Railway, chairman of board of public trustees; Metropolitan Transit District of Boston, trustee; Atlantic National Bank, director; L. O. Cattle Co. of Montana, director; Emerald Bay Corporation, director.

HARRIMAN BEFORE THE FEDERAL TRADE COMMISSION

"Who's Who on the Board, 1932–33," of the United States Chamber of Commerce gives President Harriman's "predominant business affiliations" as "chairman of the board of the New England Power Association."

The Federal Trade Commission's investigation of this great holding company makes a volume of 1,125 pages. From this we learn that that company controls some 14 other companies and is in turn controlled by the gigantic International Paper & Power Co., of which A. R. Graustein is president. Graustein's attempt to buy up in 1928 a large number of daily newspapers, including several in the South, was halted when his manipulations were exposed by the Trade Commission's investigations. (See S.Doc. 92, pts. 31–32, to which page reference will hereafter be made.)

Mr. Harriman's testimony and cross-examination on March 17, 1931, are illuminating (pp. 248–294). Here we find that back in 1906 Mr. Harriman and Malcolm C. Chace formed a partnership and started in the power business. Later they incorporated under many other names also. Two of their ventures here noted are characteristic. The Deerfield Valley lies on the Massachusetts-Vermont line, and it constitutes a fine power site, developed supposedly by the Deerfield River Power Co., which Chace and Harriman acquired in 1911 from Martin A. Brown and associates at a cost of $14,700. In the end, Chace and Harriman turned these lands and water rights over to the New England Power merger and netted therefrom $454,000 in cash, $300,000 in notes, and $2,500,000 in stock (hearings, p. 71). On the stand, Mr. Harriman's memory suddenly went blank on the history of the Deerfield company or what he paid for it. Forced by Judge McCulloch, presiding, to answer, after a battle royal with the chief counsel, he finally recalled that "there was an understanding with Mr. Brown * * *" (p. 285).

Martin A. Brown was called before the Trade Commission later and testified that in 1907 he had bought up the farm lands of the Deerfield Valley as a nondisclosed agent for Chace and Harriman, and in 1911 the Deerfield company was organized at their instance. A letter from Harriman to Brown, dated March 28, 1911, promised Brown a payment of $14,700, and Brown got his check on April 3, 1911. Brown testified that although there was a reservation of 12,000,000 kilowatt-hours of power for the benefit of the people of that region, they got no benefit from it.

Another instance: In 1906 Chace & Harriman built at Vernon on the Connecticut River a power plant which cost them not over $1,700,000. When juggled through a series of transfers this item was finally written up to a face value of $4,500,000. (Hearings, pp. 259–260.)

Mr. Harriman has exhibited no grief over billions of watered stock on which consumers must pay high rates to maintain dividends, but he professes great concern over further investment of actual cash by the Government at Muscle Shoals, which will insure low rates to the people of the South and set an example for the entire Nation. There's the rub. Not once has he objected to the $150,000,000 Muscle Shoals project being taken over by the power interests at a mere fraction of its real value, which would actually defraud the taxpayers.

As seen, Mr. Harriman continues the policies of his predecessors in the presidency of the United States Chamber of Commerce. It will be instructive to discover just who these presidents were.

PRESIDENTS OF THE UNITED STATES CHAMBER OF COMMERCE, 1920–33, AND THEIR UTILITY CONNECTIONS IN PART

Joseph H. Defrees, Chicago, 1920–22: Lawyer, senior member firm of Defrees, Buckingham & Eaton, utility and corporation lawyers. Buckingham was director and general counsel for the North American Light & Power Co., the Illinois Light & Power Co., etc. Mr. Defrees was an ex-president of the Chicago Chamber of Commerce.

Julius H. Barnes, Duluth and New York, 1922–24: Industrialist and grain dealer, president Barnes-Ames Co., etc. Director J. Henry Schroder Banking Corporation; president United States Food Administration Grain Corporation; also wheat director, etc.

Richard F. Grant, Cleveland and New York, 1924–25: President Lehigh Valley Coal Corporation; director Cleveland Trust Co.; former general counsel and partner Mark A. Hanna & Co., Cleveland, Ohio; former president Cleveland Chamber of Commerce.

John W. O'Leary, Chicago, 1925–27: Banker and utility director; president National Bank of the Republic, since merged with Central Trust Co. under name of Central Republic Bank & Trust Co., of which he is now vice chairman of the board; director Chicago Railway Co., Great Western Railroad Co.; former president Chicago Association of Commerce; treasurer Illinois State Chamber of Commerce.

Lewis E. Pierson, New York, 1927–28: Banker and utility director; chairman of the board Irving Trust Co.; director and member of the executive committee Electric Bond & Share Co., National Power & Light Co.; director Brooklyn Chamber of Commerce, New York State Chamber of Commerce; past president American Bankers Association and New York State Bankers Association, etc.

William Butterworth, Moline, Ill., 1929–31: Industrialist, banker, and utility director; chairman of the board Deere & Co., Moline, Ill.; president Peoples Saving & Trust Co.; director United Light & Power Co.

Silas H. Strawn, Chicago, 1931–32: Railroad and utility lawyer; senior member Winston, Strawn & Shaw; general solicitor the Alton Railroad; solicitor Michigan Central Railroad; attorney Great Western Railroad, etc.; director Electric Household Utilities Co.; vice president for United States of the International Chamber of Commerce.

Henry I. Harriman, Boston, 1932–33: Power executive; chairman of the board New England Power Association; director or other official of 12 utility or power companies as previously shown.

Hence, the record shows that each one of the presidents of the Chamber of Commerce of the United States since 1920 has had direct affiliation and held official positions with the utility and banking interests. Six of the eight have militantly promoted the program of the Power Trust. Mr. Defrees, one of the founders of the chamber in 1912, was not so pronouncedly pro-utility, while Mr. O'Leary, in his presidential address in 1926 went so far as to say:

"There is a school of economic thought embracing not a small minority of our people which believes that our natural resources should either be controlled by government or operated by government. It is in this field that American business must scrupulously carry on its operations in such a manner that this minority cannot justifiably claim that business is not operated in the public interest."

He mentions water power as a subject of attack. But President O'Leary's warning went unheeded.

BOARD OF DIRECTORS AND DEPARTMENT HEADS

Each of the above gentlemen, as shown by the chamber's record, served on important committees, both before and after reaching the presidency. Each of them automatically has served as a member of the "senior council", which has strong influence in shaping the chamber's policies.

The same records show that several Power Trust officials have held key positions upon the board of directors and as chairman or members of the important committees and departments of the organization, especially those dealing with publicity, utilities, promotion, and natural resources. This will appear later in giving the records of a few of these officials.

REPORTS OF THE ANNUAL MEETINGS OF THE BOARD OF DIRECTORS

A study of the reports of the board of directors, of the resolutions adopted by the annual conventions and of the referenda submitted to the membership over the Nation from 1919 to 1933 discloses scant information concerning and less justification for the strenuous activities of the officials of the chamber in behalf of the Power Trust as shown by the revelations of the power investigation of the Federal Trade Commission and other sources.

The seventh annual meeting of the chamber, May 1, 1919, passed the following resolution:

GOVERNMENT AND BUSINESS

"The very essence of civilization is that there be placed upon the individual only that degree of restraint which shall prevent his encroachment upon the rights of others, thus releasing to the utmost individual initiative in every proper direction.

"Our form of government most effectively expresses and maintains this principle. Within our basic law exists ample provision for such changes as may from time to time be necessary to safeguard our people. It is, therefore, essential that our Government should scrupulously refrain from entering any of the fields of transportation, communication, industry, and commerce, or any phase of business, when it can be successfully undertaken and conducted by private enterprise. Any tendency of government to enter such fields should be carefully weighed in the light of its possible effect upon the very genius of our institutions."

Under the constitution of the organization, no action could be lawfully taken by the national officials in respect to such concrete problems as Muscle Shoals, Boulder Dam, and the St. Lawrence under this general statement without first submitting a proposed definite policy to a referendum vote of the entire membership. Yet under the cover of this vague declaration, never submitted to the membership and passed just 2 years after Lewis E. Pierson, banker and director of the Electric Bond & Share Co., of New York, was elected to the board of directors, Pierson, Philip H. Gadsden, Matthew S. Sloan, all major utility executives, and Julius H. Barnes and Merle Thorpe, editor of Nation's Business, have thrown the chamber into the fight on the side of the Power Trust. It was not until 1930 that a proper referendum was had upon the chamber's policy as to Muscle Shoals and of public ownership of power plants generally.

THE 1930 REFERENDUM

For 10 years an active propaganda against public ownership was conducted by officials of the chamber who were at the same time the officials in charge of the propaganda of the power interests. The records fail to disclose a single instance during this period

in which a publication of the chamber set forth the facts concerning the more than 2,000 municipally owned power plants in the United States.

The ground thus thoroughly prepared, the national officials in November 1930 submitted to referendum of the local organizations the recommendations of a special committee on "National water power policies", which they had appointed the previous year. The recommendations, of course, were hostile to public ownership, declaring that "the development and distribution of electric power is within the proper sphere of private enterprise", etc.—15 recommendations in all. The results were foreordained, especially considering the fact, as is well known, that the returns were made in many, if not most, cases by the local boards of directors, controlled by local utility executives and lawyers, and not submitted to the local rank and file at all. The power companies' views prevailed overwhelmingly, but even under these adverse circumstances, a respectable minority voted against the recommendations. For example, there were 2,660 votes in favor of the committee's recommendations "that the Muscle Shoals project should be sold or leased, as is, on the best possible terms", and 158 against it. This was the official chamber's decision quoted in President Harriman's letter of April 13, 1933, noted above.

It will now be instructive to inquire into the connections and tactics of the great utility executives who as officials of the chamber of commerce have committed American business men at large to their selfish point of view by frightening them into the belief that if a community establishes a public power plant it will probably next go into the shoe business, etc., making no distinction between private competitive business and monopolistic public utilities.

LEWIS E. PIERSON

Power: Director Electric Bond & Share Co., and National Power & Light; member National Electric Light Association. Chairman of the Irving Trust Co., New York.

Chamber: Director 1917–20; director of finance 1920–24; vice president 1924–27; president 1927–28. Member senior council 1928 to date, still serving. During this period Mr. Pierson has also been on the following committees: Public utilities, governing board of Nation's business, publicity, etc.

All together, Mr. Pierson has probably been the most influential factor during his long service of introducing and continuing the policies of the Power Trust as policies of the chamber. The Electric Bond & Share Co., through its control of several southern power companies to be directly affected by public operation of Muscle Shoals, was until recently captained by Sidney Z. Mitchell, a dominating influence in Pierson's bank, and, with Samuel Insull, in the National Electric Light Association. In 1920, Pierson became chairman of the public-utilities committee and also active in propaganda, and was a dominating influence in the Nation's Business, organ of the chamber. The Federal Trade Commission's exhibits carry some illuminating instances of his militant attitude. In 1923, he addressed the National Electric Light Association convention on the subject, Public Utilities and the Public Interest. He argued that public ownership was not in the public interest, that the public must be convinced of this and that "in the creation of this public attitude the public utilities themselves must take the lead—they know better than anyone else the failure of Government ownership." (Trade Commission's Exhibit 732.) In 1927, when president of the chamber of commerce, he addressed a meeting of the national counselors of the chamber at West Baden, Ind., on the subject, The Responsibility of the Business Man to His Government. The business man, he said in effect, was "any citizen from a farmer up", and business men must prevent the destruction of the American Government by preventing the entry of the Government into any business. Power was, of course, emphasized. Hence, "To discharge its responsibility to the Government and the Nation, American business must become militant. It must create a public opinion which can make itself felt when need arises * * * all efforts of our national chamber are destined to be futile unless its member bodies stand ready to uphold its hands when it takes a position upon questions of national concern." (Trade Commission's exhibit 842.) Thousands of copies of this chamber of commerce speech were circulated in pamphlet form by the joint committee of national utility associations in 1927 in its fight against the Walsh resolution to investigate the Power Trust, the Boulder Dam, and the Muscle Shoals bills, then pending in Congress.

POWER POLITICS IN THE CHAMBER OF COMMERCE

A large number of the exhibits of the Federal Trade Commission disclose very active Nation-wide campaigns carried on by the electric, gas, and electric-railway national associations for the elections of Philip H. Gadsden, vice president and director of the United Gas Improvement Co. of Philadelphia, and Matthew S. Sloan, president of the New York Edison Co., to be directors of the United States Chamber of Commerce.

For example, exhibit no. 4126 is a letter dated April 21, 1927, from Paul S. Clapp, managing director of the National Electric Light Association, to John W. Lieb, general manager of the New York Edison Co., "for your guidance in voting at the forthcoming annual meeting of the United States Chamber of Commerce." Attached is a list of "candidates to be supported by the National Electric Light Association." Sloan and Gadsden were, of course, among them.

Incidentally, Mr. Clapp, prior to this position, which he took in 1926, was power secretary to Hon. Herbert Hoover, Secretary of Commerce. Exhibits 430, 429, 806, 875, 3315, and 3325 will illustrate the Nation-wide activities of the utility men, working inside and outside chambers of commerce for the election of these two particular men. Their importance will now be shown.

PHILIP H. GADSDEN, OF PHILADELPHIA

Utilities: Vice president United Gas Improvement Co., Philadelphia, 1919–33; vice president Charleston (S.C.) Light & Power Co., 1907–17; director Fidelity Mutual Life Insurance Co.; president Southern Gas Association, 1922; president American Electric Railway Association, 1921; vice president (and driving factor) Joint Committee of National Utility Associations, 1927–32; member National Electric Light Association; member American Bar Association.

Chamber: Director, 1921–29; chairman or member important utilities committee, including chairmanship on the governing board of Nation's Business, especially in 1927; director Pennsylvania State Chamber of Commerce; president Philadelphia Chamber of Commerce, 1927 to date.

As already shown, the utilities in 1927 conducted a Nation-wide campaign to reelect Mr. Gadsden Director of the United States Chamber of Commerce. The date is significant, since in that year, as already shown, the power, gas, and street-railroad men formed the joint committee to defeat the Walsh resolution for an investigation of the Power Trust and public operation of Boulder Dam and Muscle Shoals. Gadsden was made vice president and the directing force in this effort. He was to be much in Washington. The utilities needed the chamber's help, and Gadsden was very active in both camps for 2 or 3 years.

Gadsden is not only a public-utility executive but a master lawyer-politician. Back in Charleston, S.C., from whence he came, the law firm of Mordecai & Gadsden dominated the machine which once ran the city and the State of South Carolina as well.

Gadsden's joint committee got results, as shown. Lewis E. Pierson, of the Electric Bond & Share, elected to the national chamber in 1927, promptly delivered an address before the national counsellors of the chamber on October 18, 1927, entitled "The Responsibility of the Business Man to His Government" (see Pierson), which was soon "reprinted by permission" and circulated by the joint committee.

One of the editorials of Merle Thorpe, editor of the Nation's Business, Bureaucracy in Fine Flower, which was also reprinted in leaflet form by the joint committee, said: "American business must find an answer, and it is not Government ownership." But Gadsden's exploits were too numerous to be even listed here.

One of Mr. Gadsden's exploits as president of the Philadelphia Chamber of Commerce was to personally call upon Mr. Samuel Insull, in Chicago, and induce him to speak at the ninth annual centenary luncheon of the Philadelphia chamber in the ballroom of the Bellevue-Stratford Hotel on December 10, 1930. The event was announced with great eclat. It was one of Mr. Insull's last public appearances.

MATTHEW S. SLOAN

Power: President the New York Edison Co.; president United Electric Light & Power Co.; president Brooklyn Edison Co., Inc., etc.; director Irving Trust Co., New York; president National Electric Light Association; member executive committee of the Joint Committee of National Utility Associations.

Chamber: Director national resource productions department, 1927 to date; member executive committee United States Chamber of Commerce; member Colorado River committee of chamber; member governing board Nation's Business.

The above are but a few of the numerous official and other connections of Mr. Sloan, which occupies over two pages of the chamber's Who's Who on the Board for 1930–31.

He was one of the most powerful figures from his election as director in 1927 to 1932. He made numerous addresses, which had great weight with the business men of the Nation. In 1925 Mr. Sloan was the chairman of the public relations national section of the National Electric Light Association. He was greatly interested in getting National Electric Light Association propaganda into the universities and even the public schools. The discovery of this attempt by the National Electric Light Association to capture the Nation's educational system was a surprising result of the Trade Commission's investigation and aroused great indignation. Exhibit No. 4167 of the investigation gives proof of this intent. From it we learn that in 1925 in his report to the convention Chairman Sloan said:

"It is perhaps impossible to make our public-relations work so inclusive that it will stretch from the cradle to the grave, but we can at least begin early with it, and there is a particular need for furnishing correct information about our industry in the schools."

How near the cradle was indicated by Chairman Sloan at the 1926 convention. He reported:

"The section has prepared a 32-page book, printed in color, for children. It is titled 'The Ohm Queen', and is intended to tell the story of electrical service in the home, particularly to the young people, who are such an important element in our homes and who will be the customers, the investors, the voters, and the lawmakers of the future."

JULIUS H. BARNES

Power: No direct connections.

Chamber: President, 1922–24; member senior council, 1924–31; chairman of the board, 1929–32; member of executive committee. Served on numerous committees.

Had Mr. Barnes been as high a power executive as Mr. Sloan, he could not have been a more vigorous fighter against public ownership and operation of electrical utilities than he has been for the past 10 years over the radio, in public speeches, and in his official utterances as an officer of the chamber of commerce. Manifestly his data has been furnished chiefly by the power people and is many times misleading. He even went so far as to make a slashing attack on public ownership before a convention of the International Chamber of Commerce, held in Europe, when attending as a delegate from the United States Chamber of Commerce, this before the United States Chamber of Commerce had announced an official position upon public ownership, yet he presumed to speak officially for American business men as being against public ownership.

SILAS H. STRAWN

Utilities: Senior member of the firm of Winston, Strawn & Shaw, Chicago railroad and utilities lawyers; general solicitor of the Alton Railroad; solicitor Michigan Central Railroad; attorney Chicago Great Western Railroad, New York Central, etc.

Chamber: Honorary vice president, 1928–29; president, 1931–32; member senior council, 1932 to date; chairman executive committee and American committee of the International Chamber of Commerce; member of executive and other committees.

Mr. Strawn is, of course, in sympathy with the general pro-utility policy of the chamber. To vary the presentation we may here give a picture of Mr. Strawn's activities in Chicago, where he ranks as a superadviser for big business. He seldom appears in court and pays little attention to actual legal practice. He has for a number of years been a director of the First National Bank of Chicago and one of the most influential men on the board. While a Republican, he never allows politics to interfere with his own or his clients' business affairs. He helps both Republicans and Democrats to make up their party tickets and collects campaign contributions for both parties in local campaigns.

Mr. Strawn has been a close friend of Samuel Insull for many years, and in 1930 in a bitter fight over a perpetual franchise designed to give Insull control of all the traction facilities of Chicago and the surrounding metropolitan area, Strawn took an active part in fighting on the Insull side. He gave out interviews favoring the ordinance, and with other leading business men signed misleading full-page advertisements to influence a favorable verdict for Insull in the referendum election. He is a member of a number of large corporations.

HARRY C. ABELL, OF NEW ORLEANS, LA.

Power: President National Power & Light Co.; vice president Electric Bond & Share Co.; vice president Electric Power Light Corporation; vice president New Orleans Public Service, Inc.; chairman of the board Memphis Power & Light Co. and Western Tennessee Power & Light Co.; director, Arkansas Power & Light Co., Louisiana Power & Light Co., Mississippi Power & Light Co., Carolina Power & Light Co., and the Knoxville Power & Light Co.

Chamber: Director, national resource productions department, 1930 to date; member, Field Department Committee.

Exhibit No. 3360 and other exhibits and testimony of the Trade Commission investigation show that Mr. Abell represented the Electric Bond & Share Co. on a committee, along with Bernard Mullaney, of the Insull interests, the purpose of which was to standardize the "school pamphlets" being issued by the various propaganda bureaus of the power interests over the Nation. Abell was the director of the National Electric Light Association. It is shown that around 500,000 copies were printed in 1927, and it was hoped 1,000,000 would be printed in 1928.

Other information as to Mr. Abell's activities might be mentioned, but perhaps this is enough.

MERLE THORPE

No summary of the activities of the chamber of commerce men in behalf of the private utilities can omit the name of Mr. Merle Thorpe, versatile and able $50,000 a year editor of the chamber's official organ, the Nation's Business, since 1919. He has fought their battles in his magazine and in his weekly radio talks, heard by millions over the National Broadcasting Co.'s network, which service is rendered free by the company, which is closely affiliated with the power interests.

On December 29, 1930, in Mr. Thorpe's broadcast on Power and Politics, he bemoaned the interference of our wicked politicians with the beneficent services of the power companies. He repeated the threadbare misrepresentations of Ontario Hydro and gave the inevitable warning to "taxpayers." In 1932–33 he broadcast a series on Our Vanishing Freedom, which warned against governmental interference with "individual initiative" of our corporation leaders. His viewpoint is thus disclosed.

In 1921, at the beginning of the present propower regime, Mr. Thorpe printed an article in the Nation's Business, Fair Play for Public Utilities, by George B. Cortelyou, then president of the American Gas Association, later window-dressing president of the joint committee of national utility associations. The article was hostile to real regulation, which was called paternalistic and which means "increased cost to the consumer."

In the 1923 June issue is an article, The Customer Owner, by Edward N. Hurley of Shipping Board fame who, among other things, is director of several power and railroad companies and now a director of the chamber. The article was hostile to public ownership, Customer Ownership Is the Foil to the Unscrupulous Political Agitator. A good thing for the people.

In the December 1923 issue we have an article on The Blight of Government in Business, by George E. Roberts, vice president the National City Bank, New York, who naturally showed up public ownership and control to be a dismal failure. In the next issue Mr. Roberts writes on The Illusion of Federal Commissions, aimed at the Federal Power and Trade Commissions, over which Thorpe grew enthusiastic in an introductory note.

The February issue of 1925 had for Mr. Thorpe a journalistic triumph in the publication of an article, Facts the Senate Never Got, by Samuel S. Wyer, described by the editor as a "distinguished engineer who has just completed a study of Niagara for the Smithsonian Institution. * * * It is a plain statement of facts." The article was aimed directly at the Muscle Shoals bill then pending in Congress, and was specified as a refutation of Senator NORRIS' claims that the publicly owned and operated system of Ontario was a success.

Thorpe editorially summarized Wyer's conclusions that Ontario Hydro—

First. Is selling more cheaply only to the domestic consumers, who get current below cost.

Second. It is charging more to the industrial users than the cost in the United States.

Third. It is directly subsidized by the Province treasury.

Fourth. It is providing no proper sinking fund.

Finally, "In other words, Ontario is robbing the industrial Peter to pay the domestic Paul. Moreover, it is putting off the inevitable day when the bill for construction and upkeep must be kept."

Every one of these assertions was demonstrated to be absolute misstatements of fact. Now note the connection.

On January 15 the Smithsonian Institution had published a pamphlet by Wyer, Niagara Falls, its Power Possibilities and Preservation, the main purpose of which was an attack on Ontario Hydro timed for the Norris bill fight in Congress. The Federal Trade Commission investigation later proved to an astonished country a sinister connection of the National Electric Light Association with this episode. (See exhibit no. 1182 and Wyer's testimony before the Commission.)

In April 1927 we have an article, The Investment Banker on Guard, by Pliny Jewell, president of the Investment Bankers Association. It carried a cartoon by Fitzpatrick showing Mr. Common People, pocketbook in his hand, blinders over his eyes, walking toward a dark street corner behind which lurk huge hold-up men labeled "Gold Brick", "Blue Sky", and "Get-Rich-Quick." Behind the citizen stands a big policeman with his eye on the crooks whose name is "Investment Bankers Association." This article appeared before the disclosures of the Insull, National City Bank, and similar exploitations aided by this association.

In January 1926, there is a laudatory article, Niagara in Politics, being the review of a book by Professor Mavor of Toronto. The Federal Trade Commission investigation later showed Professor Mavor received money from the National Electric Light Association, which sent 5,000 copies of the book gratis to libraries.

The June issue of 1931 has an article, "Turning Kilowatts into Votes, by Matthew S. Sloan, president of the New York Edison Co. The April issue of 1933 has an article, Muscle Shoals—Operate It or Scrap It, by David J. Guy, a hydroelectrical engineer of the chamber staff. Its viewpoint and data are similar to the arguments and figures being put out by Power Trust spokesmen and seek to show that the Government is entering upon a dangerous and costly experiment in the Roosevelt-Norris plan.

These are but a few of the numerous articles and editorials which show that Editor Thorpe in his conduct of the Nation's Business has played the game of the Power Trust every step of the way since 1919. He is one of the cleverest and most misleading propagandists for special privilege in the United States today. But let us be just to Mr. Thorpe. He has been merely carrying out the desires of the great utility executives on the governing board of the Nation's Business, and in control of the utility policy of the United States Chamber of Commerce.

PROF. E. A. ROSS ON CHAMBERS OF COMMERCE

A remarkable estimate of the true import and influence of the United States Chamber of Commerce and its local chambers in our national life was given by that noted, practical scholar, Prof. E. A. Ross, of Wisconsin University, dean of American sociology, in an address before a conference of progressives held in Washington, D.C., March 11–12, 1931.

Dealing with the influence of chambers of commerce and advertisers over the editorial policy of our newspapers, he said:

"Now that sort of a club is more and more being held over the newspapermen. We now have 1,673 chambers of commerce in this country affiliated with, of course, and under the United States Chamber of Commerce, and these chambers of commerce have a committee on publicity. * * * And that club everywhere is being held over newspapermen in a larger proportion of American towns. * * *

"Another important thing is the tremendous development in recent years in the organization of business men. At the present time only 13 percent of labor in this country is in any way organized. About 12 percent of the farmers are in any way organized. But do you know that from 50 percent to 60 percent of the business men are organized? And not only that but the interesting thing is that the organizations of business men, which include 920,000 business men in 1,673 chambers of commerce, are controlled by the one type. The great bulk of merchandisers, the merchants, are not capitalists essentially. Their income comes in the form of compensation for their activities, their personal efforts. I don't call a man a capitalist until 50 percent or more of his income comes to him by virtue of his owning property. But the upper 20 percent of the organized business men are capitalists,

and they are controlling the minds of the great rank and file of ordinary merchants and causing their chests to swell out with their ego—I am a business man. You can just watch them in recent years get the big head owing to cunning propaganda from up above.

"Now if there is any class in all American history that has formulated its wishes in a more selfish, narrow, and shameless way than the United States Chamber of Commerce, then I should like to have that class shown me. [Applause.] You understand, of course, that they have many hundreds of local organizations; their referendum is invited by the cunning schemers at the top of the United States Chamber of Commerce; and in many cases the local secretary just sends in what the vote is, or in other cases submits to the body of the directors, and in general it does not go to the rank and file and so the people who call for these referenda are people pretty well able to get the kind of answers they want, and I invite you to read the 800 or more referenda if you want an exhibition of the most shameless, most narrow-minded class interest that we have record of. You can read the demands of the American Federation of Labor without blushing. Many of them are demands that we all agree to. They are perfectly reasonable. You can read the demands of organized farmers without blushing. I defy you, if you are not a business man, to read the demands of the United States Chamber of Commerce without blushing."

MR. W. L. CRADDOCK'S REPORT FROM MISSOURI

A report from Mr. W. L. Craddock, a merchant of the prosperous little city of Mexico, Mo., on what is happening in that State is presented here, since it is typical of every State. Mr. Craddock is not a radical. He is an enterprising business man, interested in his own success and ambitious for the success of his town. His interest in the utility problem was stimulated when he began to compare the rates charged by the municipally owned electric and water plants of the neighboring city of Marshall, Mo., with those charged by the unit of the Missouri Light & Power Co. operating in his town.

The following table published by Mr. Craddock in 1931 is in point:

Marshall, Mo.—Population, 8,100

The Marshall electric plant and water plant is owned and operated by the city for the benefit of their own people. The money stays and circulates in Marshall.

Mexico, Mo.—Population, 8,200

The Mexico electric plant, water plant, gas plant, and ice plant is owned and operated by a private eastern corporation, the Missouri Power & Light Co., for the benefit and private profit of this company, including a network of other holding companies, and finally to the benefit of parent holding company, the North American Co., in New York City.

Mexico, Mo., has—		
378 street lights (average 3 watts per person living in Mexico), cost per year		$7,377.60
114 fire hydrants, cost per year		5,490.00
1 drinking fountain, cost per month (June 1931), 12,300 gallons		42.00
Cost per year for service tendered to schools by Missouri Power & Light Co		2,267.82
Heat, light, and water for public library, 1 year		386.43
Amounts paid to Missouri Power & Light Co. by Audrain County for year ending June 30, 1931:		
Audrain Hospital, for light, water, gas, ice		1,872.50
Amount of water used in county jail for—		
April 1931, 16,600 cubic feet of water	$56.12	
May 1931, 23,300 cubic feet of water	77.56	
June 1931, 22,500 cubic feet of water	75.00	
Audrain Jail, for light, water, gas		1,317.11
Audrain Courthouse, for light, heat, water		1,729.21
Total		4,918.82

This makes a total paid out by our citizens from taxes annually to the Missouri Power & Light Co. of Mexico of $28,482.67.

Marshall, Mo., has 1,271 street lights (average, 12 watts per person living in Marshall), no cost to city; 248 fire hydrants, no cost to city; 2 drinking fountains, no cost to city.

Actual amount of water used in two fountains would have cost in Marshall for 1 year, $9.52.

Twenty-two thousand five hundred cubic feet of water is approximately 168,400 gallons. This amount would fill an average large storeroom. One hundred and sixty-eight thousand four hundred gallons per month amounts to over 112 barrels per day (50 gallons to barrel).

Twenty-two thousand five hundred cubic feet of water in Marshall would have cost $47.33, which is 37 percent less than Mexico's rate.

The city of Marshall furnishes in lights to her citizens free, $30,807.64, as well as free water service for fire hydrants, drinking fountains, sewer flushing, etc., to the amount of $12,713.38.

This makes a total of free service and relieves taxpayers in Marshall annually of $43,521.02.

On investigation, Mr. Craddock found that the Marshall plants were financially sound, that all operating, sinking fund, and interest charges were met out of rates, and nothing came from general taxation.

The M. P. & L. Co.'s gas franchise in Mexico expired and the city refused to renew without a sharp reduction from the $1.60 per thousand then in force.

Mr. Craddock and some other business men and members of the city council started a movement for public ownership of gas and electricity in their city. To their surprise, they met the determined opposition of the Mexico Chamber of Commerce, whose dominating head was Mr. Paul Eckern, district manager of the Missouri Power & Light Co., supported by the local bankers, etc., with the net result that the power company is still in command of the utility situation in the town.

In the course of the struggle, Mr. Craddock discovered that chambers of commerce in other Missouri towns and in other States were likewise supporting the position of the private utilities and that the literature hostile to public ownership and operation being sent out by the United States Chamber of Commerce in Washington was being used to oppose proper regulation or public ownership in these towns, this not only by business men but by officials of the power companies themselves.

For example, at a mass meeting incident to a struggle over a gas franchise in Booneville in 1931, presided over by T. W. Long, manager of the Booneville district of the Missouri Power & Light Co., Maj. A. B. Bates, of the Kemper Military School, cited examples of the failure of municipal ownership from the national chamber's literature. The material was of the kind being circulated by the National Electric Light Association.

The University City Chamber of Commerce in 1932 opposed in an election a bond issue of $500,000 for a municipally owned street-lighting system.

The situation in St. Louis was expressed by a letter published in the St. Louis Post Dispatch by W. Keane Small:

"* * * It has long been a source of wonder to me that the St. Louis Chamber of Commerce, as now organized, can attract the membership of any man who holds to the principle that the best interests of a community are served by measures primarily of benefit to all the people rather than those of benefit to a certain group or of some special interest. * * * Why did it fail to oppose the scandalous transaction by which the Laclede Gas Light Co. was acquired by a group of out-of-town promoters, the stock manipulated, the rate-making valuation inflated, and an additional burden put upon every home in the city? * * * Why is it not now (1931) represented in the contest between the city and the Union Electric Light & Power Co. involving the question of rates? etc."

These are typical of the actions of chambers of commerce all over Missouri and other States.

It is small wonder that Mr. Craddock has come to the belief that the rank and file of competitive business men should awaken to the fact that the United States Chamber of Commerce does not represent them; that its support of the monopolistic power and other utility companies is untenable and inimical to the best interests of the ultimate consumers and of municipalities overburdened with debt, struggling to free themselves by proper utilization of their own municipal utilities.

ASSISTANT SECRETARY OF INTERIOR—NOTIFICATION TO PRESIDENT

Mr. COSTIGAN. Mr. President, yesterday in executive session the Senate confirmed the nomination of Oscar L. Chapman, of Colorado, to be Assistant Secretary of the Interior. As in executive session, I now ask unanimous consent that the President be notified of such confirmation.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the President will be notified.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

RELIEF OF INSURANCE COMPANIES

Mr. FLETCHER. Mr. President, I move that the Senate proceed to the consideration of Senate bill 1094.

The VICE PRESIDENT. The Chair is informed that the bill was considered on a previous occasion and the first committee amendment was agreed to. The question is on the motion of the Senator from Florida.

The motion was agreed to; and the Senate resumed consideration of the bill (S. 1094) to provide for the purchase by the Reconstruction Finance Corporation of preferred stock and/or bonds and/or debentures of insurance companies.

The VICE PRESIDENT. The clerk will state the next amendment reported by the committee.

The CHIEF CLERK. The next amendment of the Committee on Banking and Currency is, on page 2, line 17, to strike out "an amount sufficient" and insert "$100,000,000 in order to provide funds"; and in line 19, to strike out the word "section" and insert the word "act", so as to read:

The amount of notes, bonds, debentures, and other such obligations, which the Reconstruction Finance Corporation is authorized and empowered to issue and to have outstanding at any one time under existing law is hereby increased by $100,000,000 in order to provide funds to carry out the provisions of this act.

The amendment was agreed to.

The next amendment was, on page 3, after line 5, to insert a new section, as follows:

SEC. 3. The Reconstruction Finance Corporation shall not subscribe for, purchase, or accept as collateral for a loan under this act, any preferred stock, notes, bonds, or debentures of any applicant insurance company (1) until the applicant shows to the satisfaction of the Corporation that it can furnish an amount of new capital equal to that for which application is made to the Corporation, (2) if at the time of such subscription, purchase, or acceptance any officer, director, or employee of the applicant is receiving compensation at a rate in excess of $17,500 per annum, and (3) unless at such time the applicant agrees to the satisfaction of the Corporation not to increase the compensation of any of its officers, directors, or employees, and not to retire any of its stock, notes, bonds, or debentures issued for capital purposes, while any part of the preferred stock, notes, bonds, or debentures of such company is held by the Corporation. For the purposes of this section, the term "compensation" includes any salary, fee, bonus, commission, or other payment, direct or indirect, in money or otherwise, for personal services.

Mr. BLACK. Mr. President, I desire to submit a suggestion to the Senator from Florida [Mr. FLETCHER] to ascertain whether or not it will meet his approval. I am in thorough sympathy with the object of the measure. As a matter of fact when the Reconstruction Finance Corporation bill was passed originally, I offered an amendment which would have provided a limitation on salaries in connection with all business enterprises borrowing money from the Reconstruction Finance Corporation. So far as the amendment goes it is excellent.

Mr. WALSH. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Massachusetts?

Mr. BLACK. I yield.

Mr. WALSH. I have an amendment which covers the very point the Senator is discussing.

Mr. BLACK. I do not know what the amendment is.

Mr. WALSH. It is an amendment providing that the same salary limit named in the committee amendment shall be applied to all corporations that borrow money from the Reconstruction Finance Corporation.

Mr. BLACK. I am very much interested in that proposal. I was wondering if the committee amendment with reference to $17,500 salaries was considered by the committee as being an adequate limitation.

Mr. COUZENS. Mr. President, to whom is the Senator directing his inquiry?

Mr. BLACK. I was directing it to the chairman of the committee, the Senator from Florida [Mr. FLETCHER]. I want to say that I have pending before the Committee on Post Offices and Post Roads a bill which was introduced at the very beginning of this session of Congress. A hearing was held on the bill. The purpose of the bill was to prevent the lending of any more money or the renewing of any more loans to business enterprises which pay salaries in excess of a certain amount. The bill also went further and provided a limitation of salaries for those shipping interests and air mail companies which receive subsidies from the Government. Unfortunately the Committee on Post Offices and Post Roads have made no report on the bill.

I have not seen the amendment of the Senator from Massachusetts.

Mr. WALSH. Mr. President, will the Senator from Alabama yield to enable me to offer my amendment?

Mr. BLACK. I shall be glad to hear it read. I yield for that purpose.

Mr. WALSH. I offer the following amendment to the committee amendment.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. The Senator from Massachusetts proposes, on page 3, after line 25, to insert the following new section:

SEC. 4. The Reconstruction Finance Corporation shall not make any loans under the Reconstruction Finance Corporation Act, as amended, or under the Emergency Relief and Construction Act of 1932, (1) if at the time of such loan any officer, director, or employee of the applicant is receiving compensation at a rate in excess of $17,500, and (2) unless at such time the applicant agrees to the satisfaction of the Corporation not to increase the compensation of any of its officers, directors, or employees while such loan is outstanding. For the purposes of this section the term "compensation" includes any salary, fee, bonus, commission, or other payment, direct or indirect, in money or otherwise for personal services.

Mr. BLACK. Mr. President, I desire to say, with reference to the amendment of the Senator from Massachusetts, that it needs an addition in order to make it effective. The amendment provides that the Reconstruction Finance Corporation "shall not make any loans", and so forth. In order for the amendment to reach the purpose intended it should provide that it "shall not make or extend any loans", and so forth.

Mr. WALSH. The Senator from Michigan [Mr. COUZENS] called my attention to the fact that the amendment may not include renewals or extended loans, so I have no objection to modifying it to include the words suggested by the Senator. The modification might well be incorporated in line 2 of my amendment, after the word "make", by inserting the words "or renew or extend", so it would read: "The Construction Finance Corporation shall not make or renew or extend any loans", and so forth. I modify the amendment accordingly.

The VICE PRESIDENT. The Senator has the right to modify his amendment.

Mr. COUZENS. Mr. President, I think the amendment needs further modification so that during the existence of any loan no increase in salaries beyond this amount shall be permitted.

Mr. WALSH. I do not seek to make it retroactive.

Mr. COUZENS. Nor do I; but a corporation might today get a loan and 3 months from now might raise the salaries of its executive officers. I do not think the amendment is broad enough to prevent such action. I think it ought to apply not only at the inception of any such loan, but during the existence of any existing loans and any new loans. There are three phases involved.

Mr. BLACK. That can be very easily taken care of by adopting the language of the bill which I have introduced, and I am sure the Senator will be glad to modify his amendment so it would read "while such loan is outstanding and unpaid." In other words, there shall be a limitation while the loan is outstanding and unpaid.

Mr. President, I desire to speak briefly on the amendment.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Indiana?

Mr. BLACK. Certainly.

Mr. ROBINSON of Indiana. I understand the Senator's amendment to provide that salaries paid from all sources shall not be more than $17,500 to any executive officer?

Mr. BLACK. I rose to offer an amendment of my own, but yielded to the Senator from Massachusetts, who desired to offer an amendment. I have not had an opportunity of carefully studying his amendment.

I will say that my amendment proposes a limitation of $12,500, which in my personal judgment is enough for any official or employee of a company that has to come to the United States Government to obtain money to operate its business. I raised that question when the original Reconstruction Finance Corporation Act was under consideration in the Senate. My recollection is that my amendment received 18 votes in the Senate. I then offered a limitation of $12,500. I then offered a limitation of $25,000. I then offered a limitation of $50,000. I then offered a limitation of $100,000. The Senate voted each proposal down. Since that time millions and millions of dollars have been loaned

by the Government through the Reconstruction Finance Corporation.

I have in my desk a record showing that companies which have been borrowing money from the United States Government have been paying salaries of more than $100,000 a year out of Government money. One railroad which, according to the figures I have been able to obtain, had borrowed $31,000,000, pays three salaries of more than $100,000 each per year. It pays many salaries of $75,000 or $80,000. Insofar as my personal preference is concerned, it is my belief that the Senator from Massachusetts could well propose a limitation of $12,500. Why should those who use Government money for the purpose of carrying on their business be better paid than the members of the President's Cabinet, when the money to operate their business comes from the same taxpayers who contribute to the payment of the salaries of Cabinet officers of the United States? We have been providing money by the hundreds of millions, and it has been going out for the purpose of paying these huge salaries. This could have been prevented heretofore if the amendment which I offered had been adopted. I am very glad indeed that the Senator from Massachustts has offered his amendment.

Mr. FLETCHER and Mr. DILL addressed the Chair.

The VICE PRESIDENT. Does the Senator from Alabama yield; and if so, to whom?

Mr. FLETCHER. Mr. President, the Senator asked a question of me a moment ago, which I should like to answer.

Mr. BLACK. Very well; I will yield first to the Senator from Florida.

Mr. FLETCHER. This is the first measure where the question has been presented concretely. The Senate has the opportunity of limiting salaries. First, there was a proposition in the committee to limit them to $25,000. Then someone suggested $10,000. Finally the committee agreed on $17,500. That is the outside figure—"not in excess of $17,500." After discussing the matter the committee reached the conclusion that that was the fairest and most just amount to name. It is purely arbitrary. We have not any basis for it except general information on the subject. We thought there ought to be a limitation. We do not think it ought to be too high, and we do not think it ought to be so low as to be unreasonable or unjust. We finally agreed on $17,500. I think that is about the best figure we can name, "not in excess of $17,500."

Mr. BLACK. Mr. President, I desire to state with reference to such salaries that if private money were being used to operate private business and private money desired to pay $17,500 or $50,000, that would be the business of the stockholders. We have, however, adopted an economy program here which has left thousands of veterans without the compensation they have been receiving. It has reduced others. It has greatly reduced the compensation of officers who were wounded in the World War. We have reduced the salary of every Government employee, even those who are receiving less than $1,000. We have not set up $17,500 as a standard for Government employees; and I take the position that the very minute a private business enterprise comes to the Federal Government and holds out its hand and asks for money from the taxpayers to operate its business, it should be controlled by the same salary and wage base as the United States Government.

For instance, I do not believe it is fair or proper to tell private business enterprises that they can pay their cabinet officers or their directors or their officials $17,500 out of the money of the taxpayers while the taxpayers' directors can draw only $12,500 per year. If the Senator from Massachusetts does not amend his proposal so as to place a limitation of $12,500, I shall offer to amend it myself.

I desire to ask the Senator from Massachusetts if he does not think that with the salaries which the Government has established as standard, $12,500 is a sufficient salary for those who are paid out of Government money.

Mr. WALSH. Mr. President, these salaries are not paid out of Government money. It is my opinion that we have gone pretty far in the original amendment proposed by the committee, making the limit $17,500. Personally, I would not have gone quite so far in offering a general amendment. I hope the Senator will not press his suggestion. It seems to me the words "not in excess of $17,500" are sufficiently drastic for the purposes we have in mind. Of course, none of this money that is borrowed from the Government is necessarily applied for salaries.

Mr. BLACK. Of course it may not be.

Mr. WALSH. The money is borrowed upon securities of the company. It would help to improve the security, of course, to keep the salary list down to the minimum.

Mr. BLACK. They may not take the money which the Government turns over to them and deliver it directly to those who are drawing salaries; but it is evident that without the Government money the business could not operate. That is the general theory on which they use Government money; and it seems to me we would come nearer meeting the situation if we would recognize that they are worth no more, for instance, than a Cabinet officer of the United States.

Mr. WALSH. The committee have given the matter a good deal of attention, and they inform me that they reached the agreement that $17,500 was a reasonable limitation; and I am inclined to agree with the committee on that subject.

Mr. BLACK. I wish to state to the Senator that I am very glad indeed that he and others have reached the conclusion that this is a proper limitation.

Mr. WALSH. The Senator from Florida [Mr. FLETCHER] also informs me that this limitation was fixed after consultation with some members of the Reconstruction Finance Corporation.

Mr. BLACK. Before I take my seat I should like to state that there is pending before the Post Office Committee, and has been pending there for several months, and a hearing was held upon it, a measure providing a like limitation for shipping and air mail companies, many of which have been paying exorbitant salaries out of Government subsidies; and it seems to me this would be a very appropriate time for the Post Office Committee to make a report on that measure.

Mr. REED. Mr. President, I should like to call the attention of the Senator from Florida to the language in line 18, page 3. I can scarcely believe it was the intention of the Banking and Currency Committee to prohibit these companies from raising the pay of an office boy or a scrub woman or minor employees of that sort, and yet that is the effect of the committee amendment as it reads. I should like to suggest to the Senator that his amendment will be better if he will strike out the words "or employees" and have it read "officers or directors."

Mr. FLETCHER. Mr. President, I am inclined to think that criticism is just. I quite agree that where these corporations now have employees receiving, say, $1,200 a year, during the course of their operations those men might prove very efficient and worth more than that, and I see no reason why they should not be advanced.

Mr. REED. And if we are going to inflate the currency and raise the cost of living we certainly ought not to prohibit minor employees from receiving adjustments of their pay.

Mr. WALSH. I think the Senator's suggestion is a very appropriate one.

Mr. REED. The same suggestion applies to the amendment offered by the Senator from Massachusetts.

Mr. WALSH. My amendment was copied after the committee amendment.

Mr. REED. Then I suggest that in both amendments the language "officers, directors, or employees" be changed to read "officers or directors."

Mr. DILL. Mr. President——

Mr. REED. I yield to the Senator from Washington.

Mr. DILL. I desire to call the Senator's attention to the fact that there are some employees who are receiving large salaries. Would it not be well to say, "employees receiving in excess of $10,000 per annum", or some limitation like that? It seems to me there ought to be a limitation on them that ought not to apply to the low-paid employees.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. REED. I yield to the Senator from Michigan.

Mr. COUZENS. I think the Senator from Washington is right, because we have so many of these commission men and annuity men that there ought to be some limitation on the compensation of employees. Then, there always is the question of whether an officer can be changed to an employee and exempted under a provision of that kind.

Mr. REED. All right. Then I propose, Mr. President, and I move as an amendment, on line 18 of page 3, after the word "employees", to insert "to an amount in excess of $17,500."

The VICE PRESIDENT. Let the Chair state to the Senator from Pennsylvania that there are two amendments now pending. One is the committee amendment, and the other is an amendment to the committee amendment offered by the Senator from Massachusetts [Mr. WALSH]. The regular parliamentary procedure would be to dispose of those amendments first.

Mr. WALSH. I will include in my amendment the Senator's suggestion; and I now ask that my amendment, as modified, be stated.

The VICE PRESIDENT. The amendment of the Senator from Massachusetts, as modified, will be stated.

The Chief Clerk read as follows:

The Reconstruction Finance Corporation shall not make, renew, or extend any loan under the Reconstruction Finance Corporation Act, as amended, or under the Emergency Relief and Construction Act of 1932 (1) if at the time of making, renewing, or extending such loan any officer, director, or employee of the applicant is receiving compensation at a rate of $17,500 per annum, and (2) unless at such time the applicant agrees to the satisfaction of the Corporation not to increase the compensation of any of its officers, directors, or employees to any amount in excess of $17,500 while such loan is outstanding and unpaid. For the purposes of this section the term "compensation" includes any salary, fee, bonus, commission, or other payment, direct or indirect, in money or otherwise for personal services.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Massachusetts, as modified, to the amendment of the committee.

Mr. WALSH. I think the amendment in its present form covers the suggestions made by the Senator from Michigan and the Senator from Pennsylvania.

Mr. DILL. The language read by the clerk, as I understood it, did not have the words "in excess of $17,500."

Mr. NORRIS. I was going to call attention to that myself. I have not read it; but, as the clerk read it, that limitation was not included.

The VICE PRESIDENT. The clerk will again state that portion of the modified amendment.

The Chief Clerk read as follows:

The Reconstruction Finance Corporation shall not make, renew, or extend any loan under the Reconstruction Finance Corporation Act, as amended, or under the Emergency Relief and Construction Act of 1932, (1) if at the time of making, renewing, or extending such loan any officer, director, or employee of the applicant is receiving compensation at a rate in excess of $17,500 per annum——

Mr. NORRIS. That is the place.

Mr. WALSH. The drafting clerk informs me that it is not necessary there. It is necessary in the latter place.

Mr. NORRIS. It ought to be "not in excess", it seems to me.

Mr. REED. The clerk read it that way.

Mr. NORRIS. No; the way the clerk read it, they shall not make the loan if any officer is getting a salary of $17,500.

Mr. DILL. That is the way he read it first.

The Chief Clerk read as follows:

Is receiving compensation at a rate in excess of $17,500 per annum, and (2) unless at such time the applicant agrees to the satisfaction of the Corporation not to increase the compensation of any of its officers, directors, or employees to any amount in excess of $17,500 while such loan is outstanding and unpaid. For the purposes of this section the term "compensation"—

And so forth.

Mr. ROBINSON of Indiana and Mr. DILL addressed the Chair.

The VICE PRESIDENT. The Senator from Pennsylvania has the floor. Does he yield; and if so, to whom?

Mr. REED. Just for a moment I desire to call attention to another point in this amendment and in the amendment of the Senator from Massachusetts.

Many of these insurance companies—most of them, in fact—pay their solicitors commissions in accordance with the amount of business they do. They give them a certain percentage of the first and the renewal premiums. The effect of this provision would be to apply to the most successful of those agents. A company which had industrious and effective agents, and had contracts with them, would be unable to apply under this bill. I am sure it is not the intention of the Senate to strike down those contracts.

Mr. WALSH. Mr. President, if the Senator will yield, that would not apply to my amendment. It would apply to the committee amendment, which deals with insurance companies.

Mr. REED. Yes.

Mr. WALSH. My amendment deals with other than insurance companies. It would not apply to my amendment.

Mr. FLETCHER. Mr. President, the large life-insurance companies have different agents all over the country. Does the Senator think they would be regarded as employees or officers?

Mr. REED. Oh, undoubtedly they are employees, and they are paid on a commission basis; and the definition which is proposed at the end of the section shows that they are included:

The term "compensation" includes any salary, fee, bonus, commission, or other payment, direct or indirect, in money or otherwise for personal services.

As I understand the action of the committee, it is aimed at the excessive salaries that are being taken by the presidents of the large insurance companies; and with that all of us must feel some sympathy. We certainly are not aiming at the hard-working agent. He is paid on a piecework basis. The harder he works the more he is paid; and nobody has complained about what is earned by these agents. The complaint has never gone to that.

The Senator from Indiana [Mr. ROBINSON] the other day put in the RECORD a list of the salaries paid to the presidents of these big companies. I am sure he never dreamed about attacking the poor little life-insurance agent who happens to have a good year, and sells several good policies, and gets his first-year premiums amounting to more than $17,500. Probably the next year will be a lean year, and in the long run not very many of them get rich. The Senate does not want to attack them, and I should like to appeal to the Senator from Florida to propose, on behalf of the committee, some amendment that will take out from the scope of the section these insurance agents who have inadvertently been included.

Mr. DILL and Mr. ROBINSON of Indiana addressed the Chair.

The VICE PRESIDENT. The Senator from Washington.

Mr. DILL. Mr. President, I am in favor of the amendment of the Senator from Massachusetts, as amended, but I do not think it goes far enough when it comes to railroad corporations. I call attention to the fact that the loans being made to some of the railroad corporations have resulted only in making the condition of the roads worse, in many cases. I speak particularly of those loans which have been made to pay interest upon bonds, amounting to, say, $4 or $5 in interest, when the bond is selling on the market at 20 cents on the dollar, making the payment as high as 25 percent upon the purchase price of the bond. Every time we do that, we are simply pouring water into a rat hole, as it were, because we only add to the outstanding securities without any assurance or condition whereby the rate is going to be any better in the future.

Mr. WALSH. What is the Senator's suggestion?

Mr. DILL. My suggestion is that so far as railroads are concerned, there ought to be an additional paragraph providing that no more loans shall be made to railroads until

they reduce their capital structures, as the Interstate Commerce Commission shall decide, to such a point that thereafter they can take care of their capital needs and earnings.

Mr. WALSH. I suggest that the Senator offer that as an amendment.

Mr. DILL. I did not know whether it ought to be offered as a part of the pending amendment or as a separate amendment.

Mr. WALSH. Mr. President, may we have a vote on the pending amendment?

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Massachusetts to the committee amendment.

Mr. LOGAN. Mr. President, I rise to express my opposition to the committee amendment, and a still stronger opposition to the amendment to that amendment proposed by the Senator from Massachusetts.

I desire to declare that I do not know enough about the business of corporations, associations, and partnerships—that is, their interworkings and the details of their administration—to vote to fix the salaries of the employees or officers of such corporation. When groups of citizens subscribe for stock in a corporation they select their directors, and their directors select the officers, and I believe that they are much more competent to say how much the services of the officers and employees are worth to the corporation than the Senate is.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. LOGAN. I yield.

Mr. COUZENS. I should like to point out to the Senator that, of course, this does not apply to any corporation which is not in distress. If a corporation comes here in distress and the officers are having to appeal to the Federal Government for relief for the corporation, it does not seem to me that there is any justification for paying these exorbitant salaries.

Mr. LOGAN. Let me answer the Senator briefly by undertaking to show how little there is in the suggestion which he makes, in my judgment. When an officer is selected it is a question of how much he is worth to the corporation. Some man might be worth $50,000, and his employment at that salary might mean a profit to the corporation by reason of his services, and it would be much better to pay him $50,000 than to dispense with his services. Another man might be dear at $5,000 or $10,000. My position is that we are not sufficiently well acquainted with the affairs of any insurance company to say whether it is worth more to the company to pay more than $17,500 to an officer than it is to pay less.

I just cannot understand why the United States Senate, or the Congress of the United States, should undertake to go out into private business and say, "As a condition precedent to your obtaining a loan from the Government, which you must repay and which must be adequately secured, we are going to tell you how much you can pay your officers."

There is another suggestion I desire to make in connection with this matter. I believe that our country is going through a most serious period in its history. It is a dangerous period. The people are dissatisfied. They do not understand just what is going on, so they believe the worst. To have it said on the floor of the Senate of the United States that we are giving money to certain corporations so that they can pay these large salaries to their officers is not only unfair but it is dangerous. It arouses a feeling among the people that we are not doing our duty. The Government of the United States is not giving any money to these corporations to pay salaries. It is lending money to the corporations, which must be repaid.

It is said that we cut the salaries of Government officials. Very well; we concede that that is true. But those salaries are paid out of money which must be collected in the way of taxes or some other form of revenue. Not so with the private corporation. The money we lend a private corporation has to be returned; it is a loan, and I cannot believe that we are justified at all in invading the private affairs of private corporations and saying that we are going to fix the salaries or that we are going to deny them the privilege of obtaining loans if they do not allow us to regulate and limit the salaries of the employees.

Mr. President, I regret that I seem to be almost alone in this matter. The only controversy seems to be as to whether we will fix the salaries at one sum or whether we will make the salaries less. I have no desire other than to state that I am against attempting to fix them at all.

It is said that the corporations are in distress when they come, and that they are broke. That is not true. It is solvent corporations which are supposed to secure these loans from the Government. It does not mean that when a corporation is forced to borrow money it is insolvent or broke.

We set up the Reconstruction Finance Corporation because there was no place where certain corporations could go and borrow money, and we deemed that it was necessary for those corporations to carry on their business for the best interests of the country. So we created the Reconstruction Finance Corporation to help the people generally—to bring relief to the people.

Now we say that if an insurance company, however much it may need money to carry on its business and save its policyholders from great loss, is going to pay a salary or if it does pay a salary of more than $17,500, then it cannot come and secure any money in the way of a loan from the Government.

Mr. President, that is not the worst thing in the amendment. That which is, to my mind, beyond the comprehension of any reasonable mind is the fact that the concerns which have already borrowed money, which we know they cannot repay at this time, are told now, "You cannot even get an extension of your loan unless you force your officers to resign and go elsewhere or accept greatly reduced salaries."

Mr. President, that is the way I feel about this matter. I think we have gone far enough in the direction of socializing all private business in the United States. Indeed, I believe we have gone entirely too far. We justify the length to which we have gone by saying that there is a great emergency; and that is true. I am perfectly willing to go as far as the next one, but I do feel that we should draw the line somewhere; and when the Congress says to insurance companies, when it says to other business, that the individual citizen cannot himself or that his representative cannot determine how much the services of a particular man are worth as an officer of a company, I thing we are going entirely too far. I believe we should not adopt the amendment, and most assuredly that we should not adopt the amendment offered by the Senator from Massachusetts to the committee amendment.

Mr. ROBINSON of Indiana. Mr. President, I am opposed to the bill itself, but I think that before any vote is taken on the bill it ought to be perfected as far as possible, in order to eliminate the possibility of abuse so far as we can do that.

If I understood the amendment correctly from the reading, subdivision (1) of the original committee amendment is stricken out entirely; that is to say, the clause reading "until the applicant shows to the satisfaction of the Corporation that it can furnish an amount of new capital equal to that for which application is made to the Corporation." I should like to ask the Senator from Massachusetts whether that is true.

Mr. WALSH. That is true.

Mr. ROBINSON of Indiana. That has been stricken out?

Mr. WALSH. Yes.

Mr. ROBINSON of Indiana. What was the reason for striking it out?

Mr. WALSH. The amendment which I offered simply sought to apply the same limit to the salaries of officers of corporations which borrowed from the Reconstruction Finance Corporation that is applied by the committee to officers of insurance companies.

Mr. ROBINSON of Indiana. This particular part of the committee amendment has no reference at all to salaries.

Mr. WALSH. The amendment of the Committee on Banking and Currency has reference to salaries.

Mr. ROBINSON of Indiana. The part which I read, which I understand has been stricken out, does not.

Mr. REED. Mr. President, if the Senator will excuse me, I think the Senators are speaking of different amendments.

Mr. ROBINSON of Indiana. Perhaps.

Mr. REED. The Senator from Massachusetts is talking about his proposed amendment to the committee amendment.

Mr. ROBINSON of Indiana. I understood that was in the nature of a substitute for the committee amendment.

Mr. WALSH. Oh, no!

Mr. ROBINSON of Indiana. Then, I was wrong about that. I have a good deal of sympathy with the statement made by the Senator from Pennsylvania with reference to insurance agents. If an agent is working on a commission basis, of course the better the insurance agent is the more money he will earn, the more business the company will do, and the better off, I suppose, all the policyholders will be as a result. But the bill limits the compensation of executive officers to $17,500.

I do not know whether that figure is sufficiently low or not, but I am making no particular objection to that item, except that I am wondering whether the Senator from Massachusetts would be willing to add to his amendment language which would make it impossible for these insurance executives to receive more than $17,500, not only from the applicant company but from the affiliates as well. My understanding is that many of the abuses come from a practice under which an officer may receive, for instance, $17,500 from the applicant company; and then from some affiliate connected with that company $10,000; then from some other affiliate $5,000, and, after a while, the salaries may aggregate up to $100,000 or $150,000.

Mr. WALSH. Mr. President, my amendment does not deal with insurance companies at all. The committee amendment does deal with insurance companies. My amendment deals with other companies which borrow from the Reconstruction Finance Corporation.

Mr. ROBINSON of Indiana. Mr. President, would the Senator from Florida, who has this bill in charge, be willing to accept an amendment?

Mr. WALSH. May I call the Senator's attention to this language of the committee amendment, which is the pending amendment, "or other payment, direct or indirect, in money or otherwise, for personal services."

I think the word "indirect" covers the point the Senator has in mind.

Mr. BLACK. Mr. President——

The PRESIDING OFFICER (Mr. KING in the chair). Does the Senator from Indiana yield to the Senator from Alabama?

Mr. ROBINSON of Indiana. I yield.

Mr. BLACK. The amendment which I intended to offer, and which I have introduced as a bill three or four times and which I should like to read, I really believe covers the point raised by the Senator.

Mr. WALSH. My amendment was drafted by the drafting service, using the exact language of the committee amendment dealing with insurance companies, simply applying the principle to other companies.

Mr. BLACK. My judgment is that the original amendment was entirely too long and cumbersome to express the idea. My amendment reads:

After the enactment of this act the Reconstruction Finance Corporation is directed to decline to make or extend any loan to any institution or business enterprise and to buy stock in any business enterprise unless an agreement is made that while such loan is outstanding and unpaid such institution or business enterprise either singly or in combination with associated or affiliated companies, individuals, or corporations will pay no salary, or salary combined with bonus, to any officer, agent, or employee in excess of—

a certain amount. I certainly think that the point raised by the Senator from Indiana, whatever may be the ultimate form of the amendment, should be taken care of, for the reason that my investigation has shown me—and I have the facts here—that insurance officials will probably be paid salaries by three or four different companies, and the money will be borrowed from the Government.

Mr. REED. Mr. President, will the Senator yield?

Mr. BLACK. I yield, if I have the floor.

The PRESIDING OFFICER. The Senator from Indiana has the floor.

Mr. ROBINSON of Indiana. I yield.

Mr. REED. As I read them there is nothing in either the committee amendment or the amendment of the Senator from Massachusetts which specifies that the compensation should be received from the applicant. Both amendments refer to any officer, director, or employee receiving compensation at a rate in excess of so much, but they do not say "from the applicant."

Mr. WALSH. Mr. President, I think the next clause, reading "unless at such time the applicant agrees", and so forth, covers that.

Mr. ROBINSON of Indiana. I think undoubtedly that language should be incorporated to limit the salary to that paid by the applicant.

Mr. REED. Otherwise the applicant could not hire one of the great and prominent lawyers who would be receiving from all sources an amount in excess of the limitation; and a man could not be an officer of two different corporations.

Mr. ROBINSON of Indiana. My theory is that, if this proposed legislation shall be enacted at all, it must be on the theory that the insurance companies should be saved; and, of course, they are not in a position to pay fees much above $17,500 to lawyers if they are in the economic condition which is represented.

Mr. REED. What I am driving at is this: If the amendment stands, and if it is construed as the Senator from Indiana suggested, it is going to be very easy to evade it. I think it is going to be next to meaningless. I do not believe that they will have the least difficulty getting around it. I do not approve of this procedure at all; but if we are going to adopt it, we might, at least, strengthen it in the way the Senator has suggested.

Mr. ROBINSON of Indiana. I agree with the Senator; and I am glad he has that view of it.

Mr. FLETCHER. Mr. President, may I interrupt the Senator?

Mr. ROBINSON of Indiana. Certainly.

Mr. FLETCHER. I cannot see how we can pass a law that will prohibit a man from doing anything else in the world or getting any other employment and that will deny a corporation of which he is president or vice president relief on the ground that he is getting more than $17,500 a year from some source.

Mr. ROBINSON of Indiana. That is just the point; that is precisely what we are trying to do, I assume. We are trying to limit the officers of insurance companies in their right to receive from those companies or their affiliates more than $17,500; otherwise why should we loan the people's money to them?

Mr. FLETCHER. The bill prohibits any corporation making application for a loan from paying to its officers excessive salaries in any way, directly or indirectly. I can see how anyone opposed to the bill, as a whole, can raise the kind of objection which has been raised, but I do not think we could make the specification any plainer than we have done in this bill, that a corporation making application shall not be permitted to pay salaries or compensation, commission, bonus, or in any other way, in excess of $17,500 to its officers or employees. They may earn money outside.

Mr. ROBINSON of Indiana. Would the Senator be willing to accept an amendment that would provide that no loan shall be made to any insurance company, any officer or director of which receives more than $17,500 annually from the applicant company or any of its affiliates?

Mr. FLETCHER. If the Senator wants to offer an amendment, I will consider it. What amendment does the Senator propose?

Mr. ROBINSON of Indiana. I understand that there are other amendments before the Senate now and that it would not be in order unless the Senator would be willing to

accept it; but I would suggest, in line 14, after the word "receiving", that we add the word "total"; in line 15, that we strike out the words "at a rate" and insert the words "in a sum"; and after the comma following the word "annum", that we add "from the applicant and/or any of its affiliates", so that it would read as follows:

If at the time of such subscription, purchase, or acceptance any officer, director, or employee of the applicant is receiving total compensation in a sum in excess of $17,500 per annum from the applicant and/or any of its affiliates.

Mr. WALSH. Mr. President, for myself I cannot accept the suggested amendment. I think it would only complicate the matter and raise new difficulties. I appreciate the motive and purpose the Senator has in mind.

Mr. FLETCHER. I do not know how the suggestion of the Senator from Indiana would apply to the amendment of the Senator from Massachusetts, but, so far as I am concerned individually, I do not object to it.

Mr. ROBINSON of Indiana. I understand the Senator from Massachusetts objects to its being incorporated in his amendment.

Mr. WALSH. The difficulty with the Senator's proposal, as I understand it, is that it may prevent a man from getting two or three salaries from outside companies.

Mr. ROBINSON of Indiana. Only from affiliates of the insurance company.

Mr. WALSH. I think the language of the committee amendment is sweeping enough.

Mr. ROBINSON of Indiana. I am wondering what the purpose of this proposed legislation is, anyway. Why should we loan $100,000,000 to insurance companies when it has been shown on this floor that such companies have been squandering the money of their policyholders which they have been holding in trust? What purpose can there be in loaning them a hundred million dollars in times like these when we have just taken $450,000,000 away from the veterans and $125,000,000 away from Federal workers, whose pay is low to begin with, and when industries everywhere are slashing wages? Why now should we loan $100,000,000 to insurance companies in order to cover up their own weaknesses, some of which I hope to expose in a moment?

Mr. LONG. Mr. President, will the Senator allow me to reply?

Mr. ROBINSON of Indiana. Yes; I shall be glad to have the Senator's view.

Mr. LONG. It is to keep within the spirit of the times, to take from the weak and give to the mighty. The Senator has not got the air of the times.

Mr. ROBINSON of Indiana. I should like to have a serious answer from the Senator from Florida. What is the emergency?

Mr. FLETCHER. I have said that I do not care to raise objection to the Senator's amendment, so far as I am concerned. The emergency is that there are insurance companies that need this relief. If they should fail, their policyholders would lose the value of their policies, whereas, with a little help by subscribing for preferred stock, the Reconstruction Finance Corporation would restore them and put them upon solid ground; the Reconstruction Finance Corporation itself would be absolutely secured in making the loans, and the policyholders would be saved from serious loss. That is the whole purpose.

Mr. JOHNSON. Mr. President——

Mr. ROBINSON of Indiana. I yield to the Senator from California.

Mr. JOHNSON. The Senator from Indiana is speaking to the bill, and very effectively so. I have an amendment, and I wonder if he would mind if that amendment were presented, considered, and determined? It will not take a great length of time, I am sure, for I am satisfied there will be little opposition to it. In the interim, the chairman of the committee having accepted the amendment of the Senator from Indiana, perhaps there might be agreement on it otherwise. I do not want to inject myself into the discussion if it is going to proceed concerning the particular amendment that originally was offered.

Mr. WALSH. Mr. President, I wish we might dispose of the pending amendment. The Senator from Indiana is not opposed to the amendment. He would like to broaden it, as I understand, and the Senator from Florida states he is willing to broaden it so far as it applies to insurance companies. My amendment does not apply to insurance companies. I should like to have a vote on the amendment.

Mr. ROBINSON of Indiana. I have no particular objection to voting on the amendment in a few minutes, but I do want to read a letter which I have just received from a friend of the President with reference to this very matter. I think the writer of the letter points out some facts which the Senate ought to have. However, I shall be glad to yield to the Senator from California for the purpose he expressed. If he desires to offer his amendment at this time, in my time, I shall be glad to yield.

Mr. JOHNSON. I do not want to interfere with any amendment pending, but if the discussion was general in character, as it seemed to me to be, then I should like to offer the amendment which I have, which is an amendment germane to the bill, and to which I assume there will be no real objection.

Mr. FLETCHER. If I may interrupt the Senator, I will say that I will be glad to have the Senator's proposed amendment read, but it is not in order to offer it now, because there is an amendment pending.

The PRESIDING OFFICER. The Chair will state to the Senator from California that there is an amendment pending and his amendment would not be in order except by unanimous consent.

Mr. JOHNSON. I quite agree with the Presiding Officer and with the chairman of the committee.

Mr. FLETCHER. I should be glad to have the amendment read for the information of the Senate.

Mr. JOHNSON. I will wait; but I thought the discussion was taking a long range, a wide range, and we might get back to an amendment which would be thoroughly germane.

Mr. ROBINSON of Indiana. Mr. President, I have here a letter from Harrison Law, an insurance analyst, of Nutley, N.J., written under date of April 7, in which he says:

NUTLEY, N.J., *April 7, 1933.*

Senator ROBINSON of Indiana,
Washington, D.C.

HONORABLE SIR: I was very much interested in the brief article in the Journal of Commerce treating on the debate on the application to permit the Reconstruction Finance Corporation permission to treat further with the insurance companies. Quite a little space was given to the salaries that are paid to these insurance officials, and especially so when you consider that, while the rank and file of the various insurance companies have been so reduced that they are barely able to live, the salaries of the officials have increased either through direct increase or through affiliants, thus to hide the real condition; or, as in the organization of the Fire Co.'s executive committee, a man was taken from one of the insurance companies—in fact, the man that recommended the formation of this said committee got the job—early last year, when times were so hard, at a salary of $100,000 per year, when he was getting only $52,000 as president of the Continental Fire Insurance Co. Right away he started another movement which gave him a salary in addition to the above of $25,000 as president of the Fire Co.'s adjustment bureau, which through its organization and operation did thousands out of work who had been operating as independent adjusters all over the United States.

These bureaus are affiliants of the National Board of Fire Underwriters, who are the controlling factor of the fire-insurance business in the United States. Many of the fire-insurance companies have been borrowers of the Reconstruction Finance Corporation; and the outcome of the Globe & Rutgers Insurance Co., a company with over $50,000,000 assets and an annual income of premiums alone of $30,000,000, shows that all insurance companies are today in a bad way through their security portfolio; yet we find that, while there were over 30 companies merged or reinsured during 1932, the clerks were the only ones that were affected, as the officials were taken care of in the mergers. In the Firemen's of New Jersey case, Mr. Bassett, the president, gets $25,000 salary from the parent company, and his total of $85,000 is made up through contributions from the affiliation companies. Thus when an investigation was made as to his salary no objection could be made to the payment of a president $25,000 nor $50,000; but, as all the nine companies are operated as a unit, he was operating all companies as the operating executive of the Firemen's—thus doing nothing individually for the other individual unit.

There are more schemes in insurance to give executives high salaries than in any other monetary operation, yet we find that

these same are catered to in all conditions of insurance work. We who have been in the business for 40 years or more are thrown out because of our inability to operate with them or because we cannot in some cases do the things that we are expected to.

Our worthy President, Mr. Roosevelt, knows personally of my work both as an insurance man and statistician, he being an ex-insurance official, so what I have said in the above can be confirmed.

In further connection with salaries, your reference to Mutual is one that will soon have to be curbed, as several of the so-called "helpers' aids", such as the Illinois Travelers, are paying exorbitant salaries to their officials and, due to the fact that their membership is so scattered, they know that they are safe from investigation and make their own salaries approved by their dummy directorate.

Yours truly,

HARRISON LAW.

Mr. President, it develops that these abuses are just as grave in the fire-insurance field as they are in the life-insurance field. I read to the Senate the other day a statement of the enormous increases in salaries and compensation of life-insurance presidents and executives. The Metropolitan Life Insurance Co., for example, paid its president in the year 1929, at the peak of the so-called "prosperity", a salary of $175,000, but last year increased that salary to $200,000. That was not an exceptional case. I read into the RECORD a list of insurance companies that had been increasing enormously the fabulous compensation paid to their executives. But that had to do with life insurance. Now I am discussing fire insurance, which apparently is equally bad.

We are faced now with a bill—and it is treated as an emergency—insisting that we authorize the Reconstruction Finance Corporation to loan $100,000,000 to these same insurance companies all over the United States. What difference does it make it we provide that a salary shall not be in excess of $17,500 when there are so many and devious ways of getting around it—for instance, by receiving $17,500 from an applicant company, $10,000 from an affiliate, $10,000 from still another affiliate, and so on. The money does not go to the policyholder at all. He gets nothing. He is "the forgotten man."

Mr. FLETCHER. Mr. President, may I interrupt the Senator?

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Florida?

Mr. ROBINSON of Indiana. I yield.

Mr. FLETCHER. The Senator raises the point that the insurance companies are paying excessive salaries. This is the only proposal before the Senate or before the House which undertakes to correct that condition, and yet the Senator opposes it.

Mr. ROBINSON of Indiana. But why give them $100,000,000 at all? The policyholder will not get it or any of it. I challenge the Senator from Florida to show me one cent of that sum that will go to a policyholder.

Mr. FLETCHER. Very likely the insurance companies the Senator has mentioned would never apply to the Reconstruction Finance Corporation. They are probably able to carry on their affairs without any assistance from the Government or the Reconstruction Finance Corporation at all. They are companies which will not be on the application list at all.

Mr. ROBINSON of Indiana. I challenge the Senator to show me a policyholder who would draw one cent of the $100,000,000, no matter what company it is.

Mr. COUZENS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Michigan?

Mr. ROBINSON of Indiana. I yield.

Mr. COUZENS. I think the Senator misunderstands the situation. This money, of course, is not going to the policyholders. It is to protect the insurance companies from defaulting on the outstanding policies.

Mr. ROBINSON of Indiana. I recognize that that is what the Senator thinks it will do.

Mr. COUZENS. I know it will be so.

Mr. ROBINSON of Indiana. If that is the Senator's view of the bill, that is the reason why he will favor it.

Mr. COUZENS. It is not a question of view. It is a question of fact.

Mr. ROBINSON of Indiana. My position is, based upon information in my possession, that this money will go only to prop up some of the mismanagement that has been going on in the insurance companies. It will go to overhead for a little while, and then the companies will entirely fail, and we will have the same situation we have already had with regard to several insurance companies.

Mr. COUZENS. The "propping up" is for no other purpose than to prop up the insurance policyholder; because under the bill it is provided that dollar for dollar shall be matched, and those who subscribe to stock take a position secondary to the Government, so that anybody who comes in under the provisions of the bill comes in a secondary position to the Government and will not come in at all if he fears the funds are going to be dissipated.

Mr. ROBINSON of Indiana. Even so, the Reconstruction Finance Corporation accepts the stock, and the company can fail just the same. My position is that in the end the policyholder will get no benefit. I think I can demonstrate that when we come to consider the bill proper. The Senator from Michigan is perfectly well aware of the fact that, without any warrant in law at all, many of the life-insurance companies have already suspended the cash-surrender-value provisions of their policies, suspended that part of the contract agreeing to pay cash on surrender of the policies, and are even refusing to make loans on policies. In other words, the policyholder gets nothing.

Mr. COUZENS. That is quite correct; but so has the Federal Government suspended its gold payments upon its bonds that are maturing and upon the coupons that are maturing. If the Federal Government has suspended gold payment contrary to its contract, in just what respect are some of these companies so disreputable because they have suspended certain provisions of their contracts under the exigencies of the situation?

Mr. ROBINSON of Indiana. Then they ought to be decent enough to reduce salaries instead of increasing salaries. Instead of increasing the salary of the president of the company from $175,000 to $200,000 a year, as was done in the case to which I have referred, after they have suspended these provisions of their contract and have injured the policyholder to the extent that he can get no money on his policy, they ought to be decent enough to reduce their own salaries instead of increasing them. They ought to be decent enough to reduce the salaries of the executives as they have reduced the wages of their other employees. But that, in the great majority of cases, they have not done.

I appreciate the great value of insurance and have always advocated it most enthusiastically. But I am anxious to protect the policyholders as far as possible against the selfish greed of the company management. That is precisely the reason I am taking the position I do on this bill.

Mr. COUZENS. But this provision does not apply to that kind of companies. If the Senator wants to condemn all insurance companies because some have misbehaved themselves, I could equally condemn the Senator from Indiana because he disagrees with some of his colleagues here. In other words, I object to the condemnation of whole groups because some of the group may have misbehaved. I am not pleading for the bill. I would much prefer to vote for a measure to repeal the whole Reconstruction Finance Corporation Act.

Mr. ROBINSON of Indiana. I will join the Senator.

Mr. COUZENS. The only reason given for this is because others who are in no more desirable position than the insurance companies are getting the benefit of the Reconstruction Finance Corporation Act. If the Senator wants to cut them all out and prevent trying to prop up any of such agencies, I am in favor of doing that, but I see no reason for excluding insurance companies from the operations of the bill when we have already taken care of the banks and railroads.

Mr. ROBINSON of Indiana. I think they all ought to be excluded. Furthermore, I think the insurance business in

the United States ought to be investigated, as was done by a committee in New York several years ago. That is the situation we have reached in the insurance business. When we come back to the bill, after having disposed of the amendment, I hope to give the Senate some facts on that particular question.

Mr. COUZENS. If the Senator will offer an amendment, a proposal to repeal the Reconstruction Finance Corporation Act or to prohibit any further loans by the Reconstruction Finance Corporation, I will gladly vote for it.

Mr. ROBINSON of Indiana. I think that would be a fair proposal. I am in great sympathy with the Senator's views in that direction. I do not care to discuss the matter any further at this time. I am willing to have a vote on the amendment. I understand the Senator from Florida is willing to accept the modification which I suggested.

Mr. WALSH. Mr. President, in view of what has been said in the course of the debate, I want to speak very briefly.

Mr. BONE. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. COSTIGAN in the chair). Does the Senator from Massachusetts yield to the Senator from Washington?

Mr. WALSH. I yield.

Mr. BONE. When the Senator discusses his amendment, and I assume he is going to discuss it now, I wonder if he would mind discussing the angle of the situation suggested by the Senator from Indiana [Mr. ROBINSON], wherein he claims it is possible to pyramid the salaries of officers or executives of insurance companies so as to avoid the application of the provisions of the amendment which the Senator from Massachusetts has offered.

Mr. WALSH. I had not intended to discuss my amendment specifically. I desire to speak upon the general questions raised during the debate.

Mr. President, it has been said many times that the last administration which created the Reconstruction Finance Corporation and the Congress which gave its approval was corporation-minded and corporation-controlled. That impression has spread throughout the country. I desire to inquire if the Congress of the United States for one moment would listen to a proposal to loan the taxpayers' money to a railroad company or an insurance company or a bank owned by one man or two men or a limited group of men? There was no intent or purpose upon the part of Congress to loan the money to any corporation as such; but when we were told that the financial condition of railroads and of banks and of insurance companies was such that millions of Americans would have their savings wiped out because of the drastic character of the depression, because of the low ebb to which the value of securities had descended, then rather than have that catastrophe occur, rather than have that financial chaos in the country, we agreed to make loans from the Public Treasury to protect the depositors in the banks, to help keep solvent the insurance companies, and to help save those who had invested their money—in what? In institutions in which the Government itself has a solemn obligation to prevent insolvency and losses to innocent investors.

Mr. President, I cannot conceive of anything more injurious to America today than the insolvency of the insurance companies. The burden would not come merely upon us of this generation but the children of the next generation would endure unspeakable hardships as a result of the collapse of the insurance companies. To say that we can stand by and allow all the insurance companies, or half of them, or one fourth of them, to go into insolvency, and not lend some aid or assistance, is to invite disaster, is to banish hope, is to put before the next generation nothing other than darkness and despair.

We have not voted to help a single bank as such. We have not voted to help a single insurance company as such. We have not voted to help railroad companies as such. We have voted to preserve the savings of millions of Americans whose savings in these corporations were threatened with being wiped out.

What have we been passing through during this depression? What was the first result of the disastrous character of this depression? First, unemployment, the shutting down of factories, the cessation of business, as a result of which millions of our fellow men and women were made idle and some of them destitute. That was the first step. We sought to grapple with it. We found ourselves powerless. Millions of dollars were appropriated by States, municipalities, and the Federal Government to help bring relief, but we found ourselves lost in the battle to stem the progress of unemployment.

What was the next disastrous result that followed? The next disaster that came was the depreciation of securities and of bonds and of mortgages and of real estate to such an extent that almost every bank in this country, every insurance company in this country, every railroad in this country, was threatened with financial ruin.

What was the third movement in this depression? It was the possible impairment of the credit of the Government itself. That is why we have been talking so much about balancing the Budget. Why? To preserve the credit of the Government itself. Before we reached that stage, however, notwithstanding the abuses that occurred, let it be said to the credit of the man who formerly presided at the White House that he proposed that the Federal Government lend its credit to a certain extent to these financial institutions in order to prevent complete financial chaos. He proposed these loans after seeking the advice of the people of this country who were able to present to him the despair and the sufferings that would come from closed banks and bankrupt insurance companies and from the wiping out of savings. It was bad enough to have unemployment go unrelieved without adding the loss of the dollars that our people had saved through their thrift by the annihilation of their insurance policies, by the insolvency of our banks, by the depreciation of their property. To the credit of President Hoover, let it be said that he proposed, too late—it should have been done a year before—that the Government itself, rather than see these financial institutions wiped out, should loan money upon the frozen assets, the securities of these institutions that they were unable to convert into cash to meet their obligations.

There may have been abuses in the administration of these loans, but Congress is not to blame for them. Congress acted to save from financial chaos and ruin every depositor in the banks, and every policyholder of these insurance companies.

Mr. President, the Reconstruction Finance Corporation has not been the success that many of us wish it might have been, but it did save some of the banks, railroads, and insurance companies from ruin. It did prevent some of the banks and some of the insurance companies and some of the railroad companies from folding up temporarily, at least—temporarily, at least. Whether or not it has permanently saved them remains to be seen.

Now, what is the proposition we have here? To lend more money, a hundred million dollars, to the insurance companies; not to any soulless corporation, but to the men and women who hold policies in companies where they have placed their savings in order to leave something to their loved ones when they have passed out of this life. We are proposing to loan some of the taxpayers' money to save those savings and to save those securities, not because an insurance company is necessarily financially ruined now, but because its assets are not liquid; because its assets are such that today if forced to convert its securities into cash, the company would become bankrupt and the policies would be largely without value.

I refuse to have anybody impute to me that I have used my vote here merely to help soulless corporations. My effort and my desire have been to prevent a second destruction even greater than unemployment; namely, I repeat, the elimination of the savings of the people. That is why we have had to deal—disagreeable as it has been, painful as it has been—with the Reconstruction Finance Corporation, in an effort to



save these investments of our people, I repeat, in institutions in which we abandoned our legal and moral obligation to prevent waste and abuses and extravagances.

Now we are proposing to carry that further, because we know, and the Senator knows, and every member of his committee knows, the condition of the insurance companies of this country. He knows that it is a question of the turn of a hand whether many of them would be able to meet the contracts they have made with their policyholders.

Now let us come down to the question before us. Being obliged to go to the Public Treasury for loans which we are granting to protect the policyholders and the depositors in the banks, we say to the companies, "Whatever your mismanagement may have been in the past, whatever abuses you have practiced, whatever extravagance and waste you have indulged in"—and practically all institutions did this during the period of prosperity—"now, because of your distress, and the assistance we are prepared to give you, there must be one abuse eliminated; namely, the salaries you pay must be limited to what is reasonable." That is the proposition and the question we have before us. Shall we, in view of our aid, insist that one abuse, at least—the abuse of large or excessive salaries—be ended?

That is the purpose of my amendment. That is the purpose of the amendment offered by the committee presided over by the Senator from Florida. We could stay here all day and modify it and change it and amplify it, and I am sure some enemies of this legislation would like to spend the afternoon proposing changes and modifications to it, because it would help, perhaps, to destroy the policy of the committee.

I approve the committee amendment. I think they have shown good judgment in applying this limit-of-salaries principle. I hope the Senate will approve the amendment I suggest, which is to apply and broaden the principle proposed by the Senator from Florida on behalf of his committee.

Mr. FESS. Mr. President, while the Senator from Massachusetts [Mr. WALSH] was making his very eloquent and most convincing address, I sought to interrupt him simply to state that the reasons he was giving for supporting the Reconstruction Finance Corporation were a fine expression of my own attitude toward the whole proposal. I had never thought that it was in the interest of bankers, but rather in the interest of the depositors in the banks; and, so far as I know, I never voted on behalf of a railroad corporation or management, but rather for the public which depends upon an adequate railroad service, and the people who are employed in that service.

I have this question in mind after we have gone thus far: I have wondered whether we have not bent bankward in our efforts. The purpose of the legislation, it seems to me, is thoroughly justified; but I am wondering whether we are not obligating ourselves in such a way that the Government ultimately will have to bear a considerable burden with the railroads, and possibly, though in a different sense, with the banks.

I sympathize fully with what the Senator from Massachusetts has said in reference to the insurance companies. It is probable that more of the savings of the American people are deposited with them than at any other one place; and if disaster to the insurance companies can be prevented by action of the Government, I shall be very quick to join in taking such action. It is a question, however, whether what we are doing will result as we hope it will.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. FESS. I yield.

Mr. McKELLAR. I desire to ask the Senator a question. If there were a bank large enough to meet the wants of the insurance companies, and they appeared before the president or directors or other officials of that bank and asked for loans, as the insurance companies will come before the Reconstruction Finance Corporation, which is the Government, and ask for loans, the very first thing the banker would want to know would be, "What about your overhead? Is it large? Is it extravagant? Are you paying high salaries?" And under the conditions surrounding the insurance companies as we find them it is probable that no bank and no banker would let them have the money until they agreed beforehand to reduce their overhead.

Is not that exactly the same business principle that we are applying when we authorize the Reconstruction Finance Corporation to make these loans to them? Should we not require the Reconstruction Finance Corporation to make the insurance companies cut down their overhead by the reduction of salaries as provided in this amendment?

Mr. FESS. Mr. President, I should like to state to the Senator from Tennessee that I approve what he states in connection with the necessity of a bank always making an investigation as to how money that is being borrowed is to be applied, whether the loan is to be applied to some activity of a productive character, so that the money will in all probability be repaid. Banks are sometimes the subject of criticism if they are too rigid; nevertheless, a bank which does not follow that practice is lending on an unsafe basis. We have come to regard it as the function of the bank to know how money that is borrowed is to be used, and to determine whether, in the judgment of the lender, the investment would be a profitable one. I agree to that extent.

I have some hesitancy in agreeing, I may say to my friend from Tennessee, that it is wise for the Government to undertake to regulate salaries of private institutions. I know the appeal which the Senator has in mind, and it seems to be logical. Personally, I would prefer not to put a limitation of that kind on a borrower, because if a company is competent enough to pay a good salary, it ought not to be denied consideration when it comes to be a borrower. On the other hand, the company which is not capable of paying good salaries might not be a good risk for a lender. That thought must be taken into consideration also.

The idea I had in mind was that the Government, in lending its assistance—and I think it should do that—may be launching into ventures which we in time will rue. Nevertheless, I am uncompromisingly committed to the Government's rendering assistance, if that assistance can prevent the collapse of some great institution, like an insurance company, where possible injury would not be limited to the officers and managers but would be visited on hundreds of thousands of people who would lose their savings. I think we ought to bend backward in our efforts along that line.

When it came to the question of the railroads, I did not have much trepidation about the matter for this reason—that I recognized that the railroads had been financing themselves through borrowings from insurance companies, and that insurance companies are operated under State laws which limit their lending to any corporation which does not show on its returns a certain percentage of profit. When railroads had reached the stage in the collection of revenues where they were deplorably below the State requirements for the lending of money by insurance companies they were facing either bankruptcy or the necessity of finding some other way of refinancing. For that reason I did not hesitate at all. At the same time, everybody must admit that it is a venture, and that none of us knows just how we are coming out.

I give my support to this measure, believing that it is along a line that is justified.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Massachusetts [Mr. WALSH] to the committee amendment.

Mr. AUSTIN. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Bone	Carey	Dickinson
Ashurst	Borah	Clark	Dill
Austin	Bratton	Connally	Duffy
Bachman	Brown	Coolidge	Erickson
Bailey	Bulkley	Copeland	Fess
Bankhead	Bulow	Costigan	Fletcher
Barbour	Byrnes	Couzens	Frazier
Barkley	Capper	Cutting	George
Black	Caraway	Dale	Glass

Goldsborough	Logan	Overton	Thomas, Utah
Gore	Lonergan	Pittman	Townsend
Hale	Long	Pope	Trammell
Harrison	McAdoo	Reed	Tydings
Hastings	McCarran	Reynolds	Vandenberg
Hatfield	McGill	Robinson, Ark.	Van Nuys
Hayden	McKellar	Robinson, Ind.	Wagner
Hebert	McNary	Russell	Walcott
Johnson	Metcalf	Sheppard	Walsh
Kean	Murphy	Shipstead	Wheeler
Kendrick	Neely	Smith	White
Keyes	Norbeck	Steiwer	
King	Norris	Stephens	
La Follette	Nye	Thomas, Okla.	

The PRESIDING OFFICER. Eighty-nine Senators having answered to their names, there is a quorum present.

EMERGENCY RELIEF OF RAILROADS (H.DOC. NO. 32)

The PRESIDING OFFICER laid before the Senate a message from the President of the United States, which was read, referred to the Committee on Interstate Commerce, and ordered to be printed, as follows:

To the Congress:

The steam railways still constitute the main arteries of commerce in the United States. At this time, however, available traffic is not sufficient profitably to utilize existing railway facilities and the supplementary facilities provided by new forms of transportation.

Our broad problem is so to coordinate all agencies of transportation as to maintain adequate service. I am not yet ready to submit to the Congress a comprehensive plan for permanent legislation.

I do believe, however, that three emergency steps can and should be taken at this special session of the Congress.

First. I recommend the repeal of the recapture provisions of the Interstate Commerce Commission Act. The Commission has pointed out that existing provisions are unworkable and impracticable.

Second. Railway holding companies should be placed definitely under the regulation and control of the Interstate Commerce Commission in like manner as the railways themselves.

Third. As a temporary emergency measure, I suggest the creation of a Federal coordinator of transportation, who, working with groups of railroads, will be able to encourage, promote, or require action on the part of carriers in order to avoid duplication of service, prevent waste, and encourage financial reorganizations. Such a coordinator should also, in carrying out this policy, render useful service in maintaining railroad employment at a fair wage.

The experience gained during the balance of this year will greatly assist the Government and the carriers in preparation for a more permanent and a more comprehensive national transportation policy at the regular session of the Congress in 1934.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *May 4, 1933.*

Mr. ROBINSON of Arkansas. Mr. President, out of order I ask leave to introduce a bill based on the message just read to the Senate, which I request may be printed and referred to the Committee on Interstate Commerce.

The PRESIDING OFFICER. Without objection, the bill will be received and referred as requested.

The bill (S. 1580) to relieve the existing national emergency in relation to interstate railroad transportation and to amend sections 5, 15a, and 19a of the Interstate Commerce Act, as amended, was read twice by its title and referred to the Committee on Interstate Commerce.

SOLICITOR GENERAL—NOTIFICATION TO PRESIDENT

Mr. LONG. Mr. President, on yesterday we confirmed the nomination of James Crawford Biggs to be Solicitor General, but no motion was made to notify the President. I ask unanimous consent, as in executive session, that the President be notified of that confirmation.

The PRESIDING OFFICER. Is there objection? The Chair hears no objection, and the President will be so notified.

EXTENSION OF GASOLINE TAX AND MODIFICATION OF POSTAGE RATES

Mr. HATFIELD. Mr. President, I send to the desk an amendment to House bill 5040, to extend the gasoline tax for 1 year and to modify postage rates on mail matter, and for other purposes. I ask that the amendment be printed and lie on the desk. I shall address myself briefly to the purposes of the amendment.

Mr. President, from the farm, the factory, and the wage earner there comes a united cry appealing for relief. The supplications have been continuous since the nations of the world went off the gold standard in September 1931.

These appeals come from every section of the Republic. They were registered here before the Ways and Means Committee of the House of Representatives in January and February 1933. If anyone is in doubt, it would be easy to convince him that what I say is true. Representatives of the farmers, industrial owners, and wage earners alike appeared before the committee, registered their appeals, and waited in despair. The appeals have fallen on fallow soil.

Having lived and devoted my entire life in a profession in the great industrial middle valley section of this Republic wherein five States converge, a section with a population of 21,000,000 people, producing $15,000,000,000 worth of finished manufactured products, producing $1,000,000,000 worth of raw materials annually when there is a fair business condition in our country, I refuse to take second place to any man in arriving at a rightful conclusion as to what a majority of the 125,000,000 people who make up the citizenship of this great Republic need in the way of the adoption of a principle in order to bring us out of the chaos which bewilders us at the present time.

During the past 3 years all kinds of false nostrums have been suggested and adopted by a willing Congress which in their practical application have served like some great stimulant to the flagging heart of a dying man who was being overcome or overwhelmed by the toxins which circulated in his arterial system. This development of a toxic nature arose from some internal disease the cause of which was neither sought for nor dealt with. The administrations have been dealing only with the symptoms, leaving the cause, without any attempt to eradicate it.

Mr. President, the situation of the dying man overwhelmed with toxemia, whose misfortune I have portrayed, is not unlike the situation which confronts our Republic at this time and in the time that has passed since September 21, 1931, when England abandoned the gold standard and many of the other nations of the world followed soon after.

It is true there is another element which enters into the equation that has made the task more difficult and has laid a heavy hand as a contributing factor to the basic cause of our present national distress. We are all familiar with the fact; it affects the smallest and the largest units of government, and even the individual, as I demonstrated in my brief statement by way of explaining my vote on the inflation proposal in the so-called "farm relief bill."

We enjoyed the luxury of going into debt during the World War and the period following up to 1929. To attest the tremendous increase in tax burdens, permit me to refer to the State I have the honor in part to represent and to one county, the home of the greatest soft-coal field in the world, where in 1910, because of my intimate knowledge of the conduct of its fiscal affairs, I personally directed them for a period of 6 years. The yearly cost of that county administration in 1910, with 50,000 population, was $278,885, while in 1920, with a population of 68,571, the expenses were $1,775,268. In other words, Mr. President, there was an increase of only 43 percent in population but an increase of 536 percent in taxes levied.

I was Governor of West Virginia for 4 years, beginning March 4, 1913, and the cost of that 4 years' administration was $13,000,000. The cost of the last 4 years' administration of that State was $55,000,000, an increase of approximately 425 percent.

So it is easy to prove the financial revelry in which the 48 States have participated, beginning in 1910 and ending

with the stock-market debacle in 1929, and I doubt not that the same picture can be portrayed as to conditions in every district and unit of Government making up the 48 States of the Union. We are reaping the effects of that dissipation, which has added tremendously to the national burden which so appalls us today. We have been undertaking to cure the malady which is producing the poison by empirical remedies which have been provided by our Federal program, remedies which were initiated under the former administration by the establishment of the Reconstruction Finance Corporation and another financial measure to relieve our banking institutions. They have served only as stimulants. The area was too large. There were too many odds; too many leaks. The situation has continued to grow steadily worse.

On the Pacific coast we hear the complaint of the onslaught of imports from Asia; in the East we hear of imports from Canada; in the South we hear of imports from Mexico and the South American states; and we find that in the Middle Atlantic States Europe is dumping her textiles and raw materials; and yet no relief has come, notwithstanding the appeals from the industry owner and the toiler alike, when even the quotations of the importer made impossible the replenishment of vacant shelves by manufactured products.

When the new administration came into power we were told some twelve or thirteen million people were out of employment. Now it is estimated 17,000,000 is the number.

The first act of the new administration was to proclaim the bank holiday; 19,000 banks were closed, and some 6,000 remain closed today, due in many cases to depreciation of secondary reserves that are made up of bonds which when purchased were considered sound; but, because the stock market reflects their depreciation on account of the absolute necessity upon the part of the owner of sacrificing them in order to secure money, they are beaten down from their book value in many instances to one third their real value. No doubt they will be redeemed at their maturity, but the banker must take the loss as reflected on the stock market, and unless he and his associates have laid away something in the way of liquid capital to make good these depreciated values, as reflected in secondary reserves, his bank must stay closed, to his financial ruin and the utter destruction of many who patronize the institution.

The depreciation of stocks and bonds, serving as the best in the way of assets that can ordinarily be transferred into money, is due to the fact that there is a low ebb in business activity due to diminished purchasing power in the United States, and the end of the disaster is not yet in sight.

Legislative measures, one after another, have followed in rapid succession, such as banking, reforestation, dole, farm relief, involving embargoes and processing taxes on all basic farm products essential to the consumer even though he is out of work and out of money. We see as the result the leap in price of necessities of life to heights beyond the purchasing power of the consumer, in consonance, no doubt, with the theory of that great American, Woodrow Wilson, who stated, when he signed the Underwood-Simmons competitive tariff bill, that a great service had been rendered the rank and file, and who, in a speech at Detroit, wanted American industries pitted against the world. In his 14 conditions of peace he demanded that the war be continued until all economic barriers have been removed and vetoed in 1921 an emergency tariff designed to suspend the tariff law he had approved in 1913 that had cut the American pay roll more than $100,000,000 per week.

So the idea today with the successors to the late President Wilson no doubt is competitive tariffs, even to a point of undertaking to cheapen our currency, and in conjunction therewith to solve the problems that confront us at this time by an economic conference with the nations of the world.

The 30-hour work week bill, which has passed this body, provides no protection for the toiler, not even for the reduced wage he will receive by reason of the reduction in his work hours. He may take the shorter period, according to the bill, and with it a reduction of his wage, but nations all around us, with longer hours for labor, with products of every kind and character not unlike the products of our own toilers, may sell their cheaper products to our failing financial consuming public, with their exhausted reserves in the way of purchasing power.

Two amendments were offered for the protection of the industrial worker so that he would be assured of a parity in his home trade despite the reduction of his hours of toil. Inasmuch as he would be compelled by the adoption of the processors' tax to pay a higher price for the food he is able to purchase only at a sacrifice, an amendment was proposed under which American products should be placed on a parity with comparable foreign goods in the home market; but this was refused, Mr. President, by those who were sponsors of the farm relief bill, and by their action our own industrial workers were refused an even opportunity for the products of their toil in the greatest market of the world. With work opportunities failing and drying up in our own land, we refused by our votes to end the progress of this economic disease that has been destroying our own industrial opportunities as a nation, as well as the work opportunities for our toilers since September 1931, notwithstanding the appeals of some of us, beginning as early as April 1932, and the even earlier appeals to the then President of this Republic.

We are now to embark upon an epoch of monetary inflation, notwithstanding we are told by competent authority that there is ample money, through the operation of the Federal Reserve System, to meet any business demand that may develop within the confines of this land. We are to turn a deaf ear to this admonition and cheapen our gold dollar for the first time since the days of those two distinguished Americans, Jefferson and Hamilton, who had so much to do with laying the sound foundation upon which this Government has developed.

As to commercial treaties we are told in advance that plenary power will be asked by the Chief Executive, and under such treaties possibly weeks and months will be taken to mull over and finally arrive at a conclusion, if that be possible, as to the part we shall play in the markets of the world, although in the high tide of business our foreign trade has been only 10 percent of our total production.

How different is the picture presented by the vigilance of Europe in comparison with the attitude assumed by us toward our most sacred responsibility and duty to the welfare of our own people. No sooner had the countries of Europe gone off the gold standard than they set to work to protect what they control in a commercial and economic way.

In order to show the attitude of France since America has gone off the gold standard, I present a news item that appeared in a local newspaper last evening, and ask that it may be incorporated in the RECORD as a part of my remarks.

The PRESIDING OFFICER (Mr. GEORGE in the chair). Without objection, it is so ordered.

The news item is as follows:

FRANCE WILL TAX AMERICAN GOODS—DECREE WILL BE ISSUED WHEN DOLLAR APPROACHES 20 FRANCS

PARIS, May 3.—The Ministry of Finance has prepared to impose shortly a 15-percent surtax on American goods.

The decree, it was learned, is ready for signature, to be issued when the dollar approaches 20 francs, which officials expect.

This surtax already is effective on British and Japanese goods because of depreciated exchange.

It cannot be increased without parliamentary authority, which Premier Deladier was reported contemplating.

Mr. HATFIELD. By this clipping I wish to stress the sensitiveness, the alertness, and the wisdom of France in taking the utmost precaution to safeguard her domestic market just as soon as the American dollar shows the slightest sign of weakness in foreign markets.

Mr. President, there is no one but admits we have lost our home trade.

The distinguished Senator from Montana [Mr. WHEELER] in discussing the farm relief bill stated that it could only operate successfully by bringing about an embargo. I quote

a statement of the senior Senator from Montana as printed in the CONGRESSIONAL RECORD of April 10, 1933, at page 1427. He said:

> In order to make the bill effective at all it is necessary to place practically an embargo upon all commodities. If we do not place an embargo on them, it will be impossible to make the bill effective because of the depreciated currencies of other countries.

The senior Senator from Wisconsin [Mr. LA FOLLETTE] made such a fine protective speech on April 28 that I arose from my place here in the Senate to congratulate him, but he declined to yield. His speech, however, turned upon the question of the relief of our toiling millions who are going farther into debt here at home by embarking upon an extensive plan of public construction, thereby swelling our national debt that has been heaped to full measure and is running over at the colossal sum of $21,000,000,000.

On that occasion, the Senator from Wisconsin said:

> For more than 2 years I have advocated inflation, but an inflation based upon a program to put people back to work and thus to restore mass purchasing power; for, if I may make bold to say so, I think that those who rely upon inflation alone to remedy conditions such as now confront us have become too enamored of the quantitative theory of money.

The same principle has guided me, Mr. President, ever since I have been a Member of this body, or, at least, since the debacle in the stock market in 1929. From that day down to the present time I have been interested to know whether or not the tariff rates which we adopted in the tariff legislation in 1930 were protective. In many instances I found they were, while in a few instances I found that some of the tariff rates were too low to encourage new industries, such as the chemical industry, which is a comparatively new one under the Stars and Stripes.

In connection, Mr. President, with the embargo legislation dealing with farm products, I undertook by an amendment submitted by me to put the American wage earner upon a parity with the farmer, so that the two might go hand in hand, as they must necessarily go if there is to be relief from the great depression which exists in America today.

I favor the same kind of legislation in dealing with the 30-hour week bill. I was for the measure in principle, but against it as it appeared upon the floor of the Senate, for the reason that it denied the American wage earner his opportunity to toil longer hours, but reduced him to 6 hours a day, with no protection whatever thrown about him so far as the stipend he was to receive for his labor is concerned. Not only that, but it tied his hands to the Canadian, to the Mexican, to the European, and to the Asiatic, and deprived him more and more of his opportunity to toil in the industries of America, and finally reduced his purchasing power to the bare necessities, thereby depriving him of purchasing other products not entering into everyday consumption.

It is the margin of wage paid over and above that necessary for mere existence that creates prosperity by providing additional employment in many lines of industry which cannot be classified under the three necessities—food, shelter, and clothing.

No one can foresee at this hour the destiny of our Government, because, Mr. President, the history of the present era is not unlike the history of that period when the Tower of Babel was built, when the confusion of tongues took place and no workmen could understand. We are confronted with so many doctors and so many nostrums that it seems to me our pitiful plight today is looked upon by the whole world in dismay. If we would only do the simple thing under our control, then some contentment would come. More relief than by all the treaties and economic conferences of Europe and Asia in one blessed hour would come from an act of Congress that would protect our home markets for our home people in whatever way is necessary. Then internal improvements could be considered to relieve the rest, and there would be something coming in from the already overburdened taxpayer, who would willingly contribute as far as his ability to do so would permit if he were only given a chance to earn and to be employed and to contribute as he has always patriotically done. The bonds that were sold to save Europe and which he purchased that are now to be paid in 50-cent dollars furnish an example of his patriotism.

We should awaken to a realization that all the world, our own blessed land excepted, has long since adopted as its foundation stone the law of self-preservation that both charity and protection begin at home.

Mr. President, the situation which confronts us at this hour is deplorable and has been so well portrayed by that distinguished American, Dean Donham, of the Harvard Business School, in his colloquy with the Englishman, that I venture to quote it again. He said:

> I am aware that I am accused of narrow nationalism, of advocating even cultural isolation. Neither criticism is one to which I can assent. I agree with an eminent Englishman who recently said to me, "The best service you can do for Europe is to work out your own problems." Speaking specifically about that greatest curse of modern civilization, unemployment, he went on, "It is too late for us to originate solutions in England, it is too late on the Continent. It is not yet too late, but soon will be, in America. It may not yet be too late for us in Europe to learn from your experience." Still speaking specifically of unemployment, but for myself, I have no hope we can work out this problem except by isolating it at our national border, beyond which understanding and control cease.

Mr. President, this amendment, which I have been advocating since April 1932 in dealing with Europe and Asia, has for its purpose the American Congress dealing with Asia and Europe as they have dealt with us.

The diagnosis that confronts us today is, first, too much extravagance in Government; and, second, too much war; third, basic, and last, too many imports and too many quotations anywhere from 30 percent to 60 percent lower from Europe and Asia, which have dealt a deathblow to our industry and deprived the American wage earner of work opportunities because of our failure to give him an equal opportunity in the great race for the greatest trade on the face of the globe.

The Federal Reserve System shows a circulation today of $6,319,364,000, with three billion of fiat money made available. With the President given the power to devaluate the gold dollar one half, the administration is making available additional circulating medium of money amounting to $7,000,000,000, a majority of the Congress and the Executive taking the position that we need more money and cheaper money—cheaper money for two reasons: First, get the money to the people; second, match the cheap money of other countries; which means pressing down upon the brow of labor a standard of environment on a parity with the conditions found in Europe and Asia—an attempt which in my judgment the American laboring man will resist until the last, if I am any judge of his patriotism to his country and his devotion to his home.

This seems to be the conviction of the administration, while the Federal Reserve System takes the position that it is not additional money that is needed, but more activity in industry. I make this statement based upon the fact that on February 28 the money held by the Federal Reserve amounted to $1,632,540,000. Since that time there has been a cancelation, taking out of the circulating medium of the country $500,000,000, the Federal Reserve Board proceeding on the theory that, due to the lack of business, we need less money. No doubt they take the position that there is only one way to get money to the individual, and that is that he must do something to earn the money. To accomplish this we must have a spurring up of the wheels of industry which will employ labor and will give labor purchasing power. Either the Congress and the Executive in their forecasts are wrong or the Federal Reserve System is wrong.

We heard last week from the lips of the distinguished Senator from Oklahoma [Mr. THOMAS] that only two industries were entitled to credit: One the brewery and the other the bottling industry, the one largely depending upon the other, for the reason that there were only two industries that had a demand for their products. It seems to me, Mr. President, that the Federal Reserve System has proven that its contentions are right. Could we by the adoption

of some legislation start the great steel and other basic industries, that in turn would call from the mines, the factories, the forests, and the furnace the products essential to these industries, then more credit would be made available by the Federal Reserve System, who are in position, we are told by the distinguished Senator from Virginia [Mr. GLASS], to expand the currency to the extent of more than $4,000,000,000.

There is only one way that this can be accomplished, Mr. President. This situation I have been pointing out at every opportunity, even at the risk of being tiresome. What the country needs today is more business, not more money. What it needs today is embarkation upon a policy that will get the money to the individual man. The only way to accomplish that is to furnish him employment, and then by the sweat of his brow he will earn and will receive. The distribution will then take place. Then, Mr. President, will credit be established, and the circulating medium which makes possible happy and contented homes will then come.

The only way for Congress to accomplish this is to stimulate by law or regulation something that they control. There are two things outstanding and important to solve this condition. The first is to give the home trade to the American toiler. The second is to create work opportunities by internal improvements of a governmental nature.

The justification for these internal improvements to the taxpayer would be to create a protected market so that he would be enabled to bear the taxes levied for this additional burden. If the home trade had been assured and were assured to American industry, these public works for the purpose of reducing the ranks of the unemployed would be rendered unnecessary and certainly would be reduced to a minimum at the present time should the first policy be adopted.

If one group of producers is entitled to this consideration, surely another group is also. The first group and the only group that we have protected, the farm group, is wholly dependent upon the manufacturing group for the profitable sale of his products to industrial workers. If, as the Senator from Montana [Mr. WHEELER] pointed out, the only way the farmer can be protected is to bring about an embargo because of the depreciated currencies of Europe and Asia, this same principle will apply to the manufacturers of raw materials and finished products industrially—not to the point of an embargo, but to the point of an equal opportunity to serve. Europe and Asia, because of our own neglect, have driven our manufacturing industries to the point of ruin and destruction. They dare not operate, they dare not produce, unless they have a sealed and signed order. They dare not create a surplus because of the ability of the European and the Asiatic to undersell them 30 to 60 percent, driving them out of their own home market whose consuming power they ordinarily enjoy. In other words, Mr. President, the result would be a general paralysis in business that we are going to cure by having less business, by creating more money, by economical conferences.

What my amendment proposes to do is to encourage home industries by giving to them an advantage over or at least an equal opportunity with other nations in the home market. Had I my way about it, I would give to each and every workman, each and every industry in this Republic, at least the advantage of the home market. But due to the attitude of the Democratic Party and due to its liberality, its fundamental conviction regarding home trade, that it should be subjected to the competitive markets of the world regardless of the wage, regardless of the character of money paid to those who produce these competitive products with our home production, I feel I shall do more, indeed, accomplish a great achievement for the American people, if I am successful in bringing about a parity between the European and the home producer in their equal competition for our home trade.

The amendment which I am presenting is in two parts. Sections 5, 6, and 7 are what are usually referred to as a "depreciated-currency amendment." Section 8 confers a new and different power on the President, and sections 9 to 12 contain provisions which carry into effect sections 5 to 8.

Although the question of the injury to our industries through depreciated currencies of other countries has been a live question since the latter part of 1931, it has never been directly voted on by the Senate.

In the House, in the Seventy-second Congress, hearings were twice held, and in that Congress a vote was had on a motion to discharge the committee. Since those hearings and that vote the question which was most bitterly controverted has been practically decided. It is no longer contended that depreciated currencies of other countries do not injure our commerce.

Many Senators on both sides of the aisle have stated that such injury has occurred, is occurring, and will occur; and one of the arguments—in fact, probably in the minds of some the chief argument—in favor of the Thomas amendment to the farm relief bill was that if we depreciate our currency, either by expansion of the amount of paper money in circulation or by reduction of the gold content of the dollar, it will bring about a condition which will give us a weapon against the effect of the depreciated currencies of other countries.

With the fact conceded that the depreciated currencies of other nations injure us, the question now is the best way to meet the competition caused by such depreciated currencies.

I know it is not necessary for me to recite the misery which exists in our country, and which could be very largely relieved if our factories were open. Practically every Senator who spoke at all during the Seventy-second Congress or who has spoken during this Congress has alluded to our grave situation.

Each of us sincerely wishes that the best solution be arrived at, and be arrived at speedily.

It is in that sense, and that sense only, that I speak.

I take up first the proposition that we can relieve the situation by depreciating our own currency. That proposition is easily disposed of. This is not a question of increasing our export trade, but of protecting our home manufacturers.

The argument is that by depreciating the currency we can reduce our cost, so as to prevent low-cost foreign goods from coming into our country. This is an argument in favor of still further lowering the American standard of living.

In addition there is no proof behind the assertion. Who is there here that can guarantee that the American workman will supinely consent to the reduction of his standards of living through the reduction of his wage? The exact contrary is the fact.

On April 27 I caused to be printed in the CONGRESSIONAL RECORD the statement of Hon. William Green, president of the American Federation of Labor, which pointed out that if, when, and as American depreciated currency caused a rise in price of commodity products the American workingman would insist on an increase in wage sufficient to maintain his American standard of living.

I do not favor a reduction of the American standards of living, and therefore I do not favor this argument of shutting out imports from depreciated-currency countries by reducing our standards of living through the reduction of wages.

With that question out of the way, the remaining method is legislation which will make our rates of duty mean what they say; in other words, legislation which simply restores the real figures of the Tariff Act of 1930 by imposing a tax in addition to the duties collected under the existing law equal to the difference of the invoiced value of the article expressed in the units of value of currency of such foreign country, and converted to units of currency of the United States at the standard value of currency of such foreign country as proclaimed by the Secretary of the Treasury on October 1, 1931.

This amendment has these merits:

First. It does not require any Senator who is opposed to an increase in the tariff to do violence to his principles. The rates in the Tariff Act of 1930 are the rates assumed

to be levied by law; and all my amendment proposes is to make those rates real, and in no part paper rates, as they now are.

Second. The reimposition of the Tariff Act of 1930 will reopen various industries, such, for instance, as the fishing industry on both the Atlantic and the Pacific coasts.

Third. The making real of the 1930 rates will give our country the advantage in the coming Economic Conference of having those rates as a base from which to negotiate. At present, as to all countries which have depreciated currency, our tariff rate against imports from those countries is the 1930 rate, less a cut equal to the amount by which the currency of such countries is depreciated from its October 1, 1931, standard.

For example, the Japanese yen has depreciated about 60 percent from that standard; our tariff against Japanese manufactures has been cut 60 percent, and consequently our markets are being flooded with the products of Japanese workers, with the result that our workmen are unemployed and our factories closed.

An economic conference means barter, exchange of trade privileges.

The effect of making our rates real is simply to give our representatives something real to trade with.

Unless this legislation is passed, it is useless for our representatives to dicuss the tariff question at all with any depreciated-currency country.

Fourth. Where a situation is quite common to all industrial nations of the world, it avoids many questions. The remedy we should adopt is the same remedy which other nations similarly situated have already adopted. France, Belgium, Germany, and Canada, among others—all suffering from the competition of depreciated-currency countries or, in the case of Canada, from the competition of countries with currencies more greatly depreciated than her own depreciated currency—have all passed depreciated-currency legislation.

It is a remedy recognized as effective, is well understood, and in common use.

No argument is necessary to demonstrate either its usefulness or necessity.

Section 8 confers a new and very necessary power upon the Tariff Commission and the President.

Experience has taught us that some of the imports which are throwing our workmen out of employment and closing our factories are from gold-standard and depreciated-currency countries where our tariff rate is too low.

Section 8 adopts as a policy increased duties or new duties, as the case may be, to increase employment in any industry, and makes the Tariff Commission, with the approval of the President, the agent or instrument to put into effect this policy, enabling it to proceed on its own motion as well as upon the filing of petitions and adoption of resolutions by either the Senate or House, and, when satisfied by the evidence before it that such increased duty or new duties, as the case may be, will increase employment in any industry, to report to the President increased duties to effect that purpose. It relieves the Commission from the duty of being meticulously exact, and authorizes duties of 50, 75, or 100 percent, whichever the proof before it shows to be the nearest to the rate which the Commission finds necessary to increase employment in the United States.

In other words, this provision confers authority upon the Tariff Commission, with the approval of the President, to such an extent that it will be possible for the Commission to initiate proceedings and make a report, which may be approved by the President on the same day.

This power is similar to that possessed by the Canadian Council, the British Board of Trade, and the corresponding governmental bodies in France, Belgium, and Germany. Why should not the Tariff Commission and the President have this power?

We are all interested in increasing employment in every American industry.

Congress has not hesitated to confer many powers on the President during this session of Congress. Why withhold from him the power on the report of a Commission consisting of 3 Democrats and 3 Republicans, to increase any duty, or to impose a new one, in order to carry out our expressed policy to increase employment in industry?

It is difficult to imagine, in the face of what we have so far done this session, what answer can be interposed to this suggested grant of power.

The amendment is an American amendment, intended to protect in their employment American workmen now employed; to reemploy some American workmen now unemployed; to open many a factory, once active, but now idle; and to provide an additional market for the products of the fishery, the forest, the mine, and the farm.

Mr. President, the amendment which I have sent to the desk and ask to have printed and remain on the desk is to be offered when the gasoline tax bill, H.R. 5040, is reported from the Finance Committee. It deals with giving to the Tariff Commission and the President of the United States the same plenary power in dealing with other economic and industrial problems that has been given to the President by the Congress of the United States. When the opportunity presents itself for me to go back and bring up my record, beginning in April 1932, and present to Congress the experience I have assembled in the way of facts, I am convinced that Congress will adopt this amendment. When it does adopt the amendment Congress will solve more satisfactorily the great problem which confronts the industries of America today, and will bring more gladness to the heart of each and every American wage earner, thus substituting patriotism for internationalism.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Kendrick	Robinson, Ark.
Ashurst	Couzens	Keyes	Robinson, Ind.
Austin	Cutting	King	Russell
Bachman	Dale	La Follette	Sheppard
Bailey	Dickinson	Logan	Shipstead
Bankhead	Dill	Lonergan	Smith
Barbour	Duffy	Long	Steiwer
Barkley	Erickson	McAdoo	Stephens
Black	Fess	McCarran	Thomas, Okla.
Bone	Fletcher	McGill	Thomas, Utah
Borah	Frazier	McKellar	Townsend
Bratton	George	McNary	Trammell
Brown	Glass	Metcalf	Tydings
Bulkley	Goldsborough	Murphy	Vandenberg
Bulow	Gore	Neely	Van Nuys
Byrnes	Hale	Norbeck	Wagner
Capper	Harrison	Norris	Walcott
Caraway	Hastings	Nye	Walsh
Carey	Hatfield	Overton	Wheeler
Clark	Hayden	Pittman	White
Connally	Hebert	Pope	
Coolidge	Johnson	Reed	
Copeland	Kean	Reynolds	

The PRESIDING OFFICER. Eighty-nine Senators having answered to their names, a quorum is present.

TARIFF ADJUSTMENTS TO MEET DEPRECIATED FOREIGN CURRENCIES

Mr. DILL. I submit an amendment intended to be proposed by me to the bill (H.R. 5040) to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes. I ask that the proposed amendment may be referred to the Committee on Finance, printed in the usual form, and also printed in the RECORD.

There being no objection, the proposed amendment was referred to the Committee on Finance and ordered to be printed in the usual form and in the RECORD, as follows:

At the end of the bill add a new section, as follows:

"SEC. 5. That part II of title III of the Tariff Act of 1930 is amended by adding at the end thereof the following new section:

"'SEC. 342. Duties to offset depreciation in currency: (a) Whenever the President shall find, in the case of any foreign country the value of whose currency is depreciated 5 percent or more below the standard value of such currency as proclaimed by the Secretary of the Treasury on October 1, 1931, that by reason of such depreciation the relationship between the cost of production of domestic articles and like or similar articles imported from such foreign country is unduly affected, and that substantial injury is thereby caused to domestic producers, he shall, when he finds that the public interest will be served thereby, by proclamation specify and declare such new or additional rate or rates of duty

as he shall determine will be necessary to restore a relationship between (1) the landed cost (including duties under this section and other provisions of this act) of such articles imported from such countries, and (2) the cost of production (ascertained as provided in section 336 of this act) of like or similar domestic articles, which will be, as nearly as may be, the same as that which existed during the year prior to the time such depreciation commenced; and on and after 10 days after the date of any such proclamation such new or additional rate or rates of duty so specified and declared in such proclamation shall be levied, collected, and paid upon such imported articles.

"'(b) At any time after 6 months from the date of any proclamation issued under subdivision (a) the President shall, if he finds that any such new or additional rate of duty is no longer necessary, or is greater or less than is necessary, to prevent substantial injury to domestic producers, by proclamation specify and declare either removal of such additional or new rate of duty or such reduction or increase therein as may be deemed advisable in the light of such finding; and such removal, increase, or reduction shall take effect upon the expiration of 10 days from the date of such proclamation.

"'(c) It shall be the duty of the Commission to make such investigations and reports as the President may request to enable him to carry out the provisions of this section.'"

Mr. DILL. Mr. President, I call attention to the fact that the French Government now proposes to levy a special tariff of 15 per cent on our products unless the dollar is brought back to its full value.

ADMINISTRATION OF OATHS BY MEMBERS OF INTERNATIONAL TRIBUNALS

Mr. ROBINSON of Arkansas. Out of order, I ask leave to introduce a bill authorizing commissioners or members of international tribunals to subpena witnesses and compel their attendance, and for other purposes. I ask that the bill be referred to the Committee on Foreign Relations.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KING. Mr. President, I make no objection; but I should like to ask the Senator from Arkansas whether that question is not so peculiarly judicial in character that the bill ought to go to the Committee on the Judiciary. I have no objection at all to its reference to the other committee.

Mr. ROBINSON of Arkansas. I shall not object to changing the reference if the Senator wishes to see that done. I ask that the reference be to the Committee on the Judiciary.

The PRESIDING OFFICER. Without objection, that reference will be made.

The bill (S. 1581) to amend the act approved July 3, 1930 (46 Stat. 1005) authorizing commissioners or members of international tribunals to administer oaths, etc., was read twice by its title and referred to the Committee on the Judiciary.

RELIEF OF INSURANCE COMPANIES

The Senate resumed the consideration of the bill (S. 1094) to provide for the purchase by the Reconstruction Finance Corporation of preferred stock and/or bonds and/or debentures of insurance companies.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Massachusetts [Mr. WALSH], as modified, to the amendment of the committee. The amendment as modified will be stated.

The CHIEF CLERK. On page 3, after line 25, it is proposed to insert:

SEC. 4. The Reconstruction Finance Corporation shall not make, renew, or extend any loan under the Reconstruction Finance Corporation Act, as amended, or under the Emergency Relief and Construction Act of 1932, (1) if at the time of making, renewing, or extending such loan any officer, director, or employee of the applicant is receiving compensation at a rate in excess of $17,500 per annum, and (2) unless at such time the applicant agrees to the satisfaction of the Corporation not to increase the compensation of any of its officers, directors, or employees to any amount in excess of $17,500 per annum while such loan is outstanding and unpaid. For the purposes of this section the term "compensation" includes any salary, fee, bonus, commission, or other payment, direct or indirect, in money or otherwise for personal services.

The amendment, as modified, to the amendment, was agreed to.

Mr. ROBINSON of Indiana. Mr. President, I understand that the Senator from Florida accepts the amendments I suggested. If they have not been formally offered, I offer them formally at this time.

Mr. FLETCHER. Let the amendments be stated.

The LEGISLATIVE CLERK. The Senator from Indiana proposes the following amendments to the amendment of the committee:

On page 3, line 14, after the word "receiving", insert the word "total."

The amendment to the amendment was agreed to.

The LEGISLATIVE CLERK. Also, on page 3, line 15, it is proposed to strike out the words "at a rate" and insert "in a sum."

The amendment to the amendment was agreed to.

The LEGISLATIVE CLERK. On the same line, on the same page, after the words "per annum" and the period, it is proposed to insert "from the applicant and/or any of its affiliates."

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question now is upon the amendment of the committee, as amended.

The amendment, as amended, was agreed to.

Mr. FLETCHER. Mr. President, I desire to suggest the correction of one or two typographic errors.

On page 2, line 4, I move to strike out "except" and insert "exempt."

The amendment was agreed to.

Mr. FLETCHER. And I think there is a verbal correction in line 17, page 3, of the print. The word "corportion" means "corporation", of course. I move that amendment.

The PRESIDING OFFICER. Without objection, the amendment will be made. Are there further committee amendments?

Mr. JOHNSON. Mr. President, I offer the following amendment.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. The Senator from California proposes the following amendment: To insert at the proper places the following sections:

SEC. —. That the second and third sentences of paragraph (6) of section 201 (a) of the Emergency Relief and Construction Act of 1932, as amended, are hereby amended to read as follows: "Obligations accepted hereunder shall be collateraled (a) in the case of loans for the repair or reconstruction of private property, by the obligations of the owner of such property secured by a paramount lien except as to taxes and special assessments on the property repaired or reconstructed, or on other property of the borrower, and (b) in the case of municipalities or political subdivisions of States or their public agencies, including public-school boards and public-school districts, by an obligation of such municipality, political subdivision, public agency, public-school board, or public-school district. The Corporation shall not deny an otherwise acceptable application for loans for repair or construction of the buildings of municipalities, political subdivisions, public agencies, public-school boards, or public-school districts because of constitutional or other legal inhibitions affecting the collateral."

SEC. —. The fourth sentence of paragraph (6) of section 201 (a) of such act, as amended, is hereby amended by striking out the period at the end thereof and inserting in lieu thereof the following: "in case of loans made under clause (a) of this paragraph, and not exceeding 20 years in case of loans made under clause (b)."

SEC. —. The fifth sentence of paragraph (6) of section 201 (a) of such act, as amended, is hereby amended by striking out the period at the end thereof and inserting in lieu thereof a comma and the following: "and, in case of loans made under clause (b), shall be deemed to be so secured if, in the opinion of the Reconstruction Finance Corporation, such loans will be repaid from any source, including taxation, within a reasonable period, not exceeding 20 years."

SEC. —. The seventh sentence of paragraph (6) of section 201 (a) of such act, as amended, is hereby amended to read as follows: "The aggregate of loans made under clause (a) shall not exceed $5,000,000, and the aggregate of loans made under clause (b) shall not exceed $12,000,000."

SEC. —. The first sentence in section 201 (a) of such act, as amended, which follows paragraph (6) thereof is hereby amended by striking out the period at the end of such sentence and inserting in lieu thereof a comma and the following: "except that for the purposes of clause (b) of paragraph (6) of this subsection a project shall be deemed to be self-liquidating if the construction cost thereof will be returned by any means, including taxation, within a reasonable period, not exceeding 20 years."

Mr. JOHNSON. Mr. President, this amendment has a single purpose. It is to enable municipalities and school

districts to borrow from the Reconstruction Finance Corporation the sums which may be deemed appropriate by the Corporation for the rebuilding of schoolhouses in the devastated area in southern California, that devastation resulting from the recent earthquake. It happens, unfortunately, that in that disaster the schoolhouses in the district affected by the earthquake all were either wholly destroyed or damaged sufficiently to require their complete razing. It was assumed that some relief had been accorded by an amendment to the Reconstruction Finance Corporation Act in a bill which was passed by the House and by the Senate, but the Corporation ruled that it was impossible under the law to lend for the purpose of reconstructing or rehabilitating these various schoolhouses.

Mr. President, if Senators desire to see an illustration of the havoc that was wrought I have a series of photographs before me showing how the disaster affected the schools of that region. What they ask now is that they may be permitted to obtain loans upon their security, just exactly as loans are accorded upon securities of various other institutions, activities, and municipalities which may require them, and that they shall be accorded a sufficient sum to rehabilitate and rebuild the schoolhouses which have been destroyed.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. JOHNSON. I yield.

Mr. ROBINSON of Arkansas. Reading the amendment proposed by the Senator, it appears to me that there is no limitation as to area on the loans which may be made to municipalities or political subdivisions, including school boards and school districts; in other words, while the Senator has said that the object is to enable school districts in southern California to secure funds with which to replace buildings damaged or destroyed by the earthquake, it seems to me that the amendment is so general that any school district in the United States which wished to build or repair a building might make application and stand on an equal footing, so far as the language of the amendment is concerned, with any school district in the earthquake area.

Mr. JOHNSON. Mr. President, first answering what has been said by the Senator from Arkansas as to limitations, on page 3, line 3, the limitations in amount are fixed by the language:

> The aggregate of loans made under clause (a) shall not exceed $5,000,000, and the aggregate of loans made under clause (b) shall not exceed $12,000,000.

As to the purpose generally we are amending paragraph 6 of the law. Paragraph 6 reads:

> To make loans to nonprofit corporations, with or without capital stock, organized for the purpose of financing the repair or reconstruction of buildings damaged by earthquake in the year 1933 and deemed by the Reconstruction Finance Corporation economically useful.

It is not unnatural that the Senator should have overlooked that provision, because it was an amendment to the Reconstruction Finance Corporation Act, which was passed quite hurriedly, as a matter of relief to the earthquake district just after the earthquake occurred.

Mr. FESS. Mr. President, will the Senator yield?

Mr. JOHNSON. I yield.

Mr. FESS. Is not the section which the Senator just read broad enough to include what he wants to do?

Mr. JOHNSON. No; the Reconstruction Finance Corporation has ruled explicitly that it will not cover it, and, while I do not speak authoritatively—although my colleague in Congress, the Representative from Long Beach, can—the Reconstruction Finance Corporation is not averse, as I understand, to this measure. Indeed, a part of it was transcribed or written by the counsel for the Reconstruction Finance Corporation and written partly by the legislative counsel of the House.

Mr. KING. Mr. President, will the Senator yield?

Mr. JOHNSON. I yield.

Mr. KING. I want to repeat, if I may be permitted to do so, the suggestion made by the able Senator from Arkansas. It seems to me that this amendment would not be restricted to the region to which the Senator from California refers, and the Senator will have in mind the fact that there has been considerable propaganda brought to the attention of the Senate, at least to the attention of some Members of the Senate, in favor of the Federal Government making extensive loans for the building of schoolhouses and the repairing of schoolhouses. In other words, the school districts and the States, counties, and local communities are now trying, it seems to me, to unload upon the Federal Government a duty and responsibility which belongs to the States.

One other suggestion. A subcommittee has been appointed to consider a bill which is now pending in the Committee on the Judiciary. I happen to be chairman of the subcommittee. That bill calls for measures which will relieve municipalities of their obligations, and the Senator must know that a large number of municipalities now have defaulted upon their bonds, not only in the payment of interest but in the payment of principal.

There is no protection in the amendment offered by the Senator, and it seems to me that even if municipalities have defaulted or may default in their bonds, the Reconstruction Finance Corporation is bound to accept them as collateral, regardless of the fact that repudiation of the bonds may promptly follow.

Mr. JOHNSON. Mr. President, the query presented, outside of the very excellent remarks made by the Senator from Utah, was as to restricting to the devastated area, as I understand, the particular expenditures. That is my desire. I should like to see that accomplished.

Mr. ROBINSON of Arkansas. Mr. President, I wish to reiterate the statement I made a few moments ago. If the amendment is restricted so as to make certain that it will apply only to the earthquake area, I shall not oppose it; but the language which is actually employed in the amendment is so broad that, whatever may have been the provisions and purposes of the original measure which is sought to be amended, this language would warrant an interpretation that it authorizes loans to school boards generally.

Mr. JOHNSON. Mr. President, I am very glad to accept the suggestion of the Senator from Arkansas; but may I remind him again that I have in my hand the joint resolution which added a new paragraph to the Reconstruction Finance Corporation Act. It amended paragraph 6. It is an addition to the Reconstruction Finance Corporation power, and it reads:

> 6. To make loans to nonprofit corporations, with or without capital stock, organized for the purpose of financing the repair or reconstruction of buildings damaged by earthquake in the year 1933 and deemed by the Reconstruction Finance Corporation economically useful.

If we turn to the amendment I have submitted, it will be found that we first amend the second and third sentences—that is, the two sentences following that which is descriptive of the purpose of the original amendment; then we follow with the fourth sentence of paragraph 6, amending it, then with the fifth sentence of paragraph 6, and in each instance the purpose of paragraph 6 is described in the first sentence, and none of it is attempted to be modified or altered in any degree.

I should be very glad, however, because we have but a single purpose here, to place in the amendment any restriction which may be suggested by the Senator from Arkansas or the Senator from Ohio, who have spoken to me upon the subject, or any other Senator, so that the amendment may apply alone to the area affected by the earthquake.

Mr. FESS. Mr. President, I think it could be easily provided for by attaching a proviso.

Mr. JOHNSON. Will not the Senator suggest the proviso?

Mr. ROBINSON of Arkansas. I think the language suggested by the Senator, if incorporated in his amendment, would accomplish the purpose I have in mind. I have had little opportunity of studying the proposition, but the more

I read it the greater appears the uncertainty that it is limited to earthquake areas.

Mr. JOHNSON. Would not the Senator make a suggestion as to where he thinks the change should come appropriately? I will be very glad to insert it, because the only purpose I have is the one I have stated.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. JOHNSON. I yield.

Mr. VANDENBERG. Would this meet the situation, to add a final sentence, reading as follows:

Nothing herein contained shall apply to any area except the area defined in the first sentence of paragraph 6 of section 201 (a) of the Emergency Relief and Construction Act of 1932, as amended.

Mr. ROBINSON of Arkansas. I think that would serve the purpose. I was just about to make a similar suggestion.

Mr. JOHNSON. I should be very glad to perfect my amendment by adding the words suggested by the Senator from Michigan. Will not the Senator give that addition to the clerk?

Mr. VANDENBERG. To add the following language at the end of the amendment:

Provided, That nothing herein contained shall apply to any area except the area defined in the first sentence of paragraph 6 of section 201 (a) of the Emergency Relief and Construction Act of 1932, as amended.

Mr. FLETCHER. I think that very much improves it; otherwise, it would be too broad.

Mr. JOHNSON. I accept the amendment.

Mr. FLETCHER. The question in my mind is whether the words "*Provided*, That nothing herein contained" could be construed to refer to the section to which it is added or to the whole act.

Mr. VANDENBERG. It could read "nothing contained in this amendment."

Mr. COUZENS. Or "in this section."

Mr. VANDENBERG. There are several sections.

Mr. JOHNSON. What is the last section of the bill, may I ask the Senator from Florida?

Mr. FLETCHER. The last section of the bill is section 5.

Mr. JOHNSON. Very well. My amendment, then, would embrace section 6, section 7, section 8, section 9, and section 10; and the amendment to the amendment should be made specific and apply to this amendment.

Mr. VANDENBERG. Then the amendment would read, Mr. President:

Provided, That nothing contained in sections 6, 7, 8, 9, or 10 shall apply to any area except the area defined in the first sentence of paragraph 6 of section 201 (a) of the Emergency Relief and Construction Act of 1932, as amended.

The PRESIDING OFFICER. The question is on agreeing to the amendment as modified.

Mr. KING. Mr. President, I should like to ask the Senator from California a question.

Mr. JOHNSON. Will the Senator permit me to number the sections? They are not now numbered.

Mr. KING. Certainly.

Mr. JOHNSON. I modify the amendment by numbering the sections, respectively, 6, 7, 8, 9, and 10.

Mr. KING. I inquire of the Senator from California what he understands to be the meaning of the words "obligations accepted hereunder shall be collateraled (a) in the case of loans for the repair or reconstruction of private property"? What is meant by "private property" in this instance?

Mr. JOHNSON. That is a mere rewriting of the law; the language is not changed at all.

Mr. KING. It is not the introduction of a new element of obligation?

Mr. JOHNSON. No. Here is the law that has been passed—I will ask the Senator to follow me—on the point to which the Senator has just referred:

Obligations accepted hereunder shall be collateraled (a) in the case of loans for the repair or reconstruction of private property.

That has already been passed and this is just a rewriting of it.

Mr. KING. I might add that I think it a very unwise provision to give the credit of the Government of the United States for such private purposes.

Mr. JOHNSON. But it has been written in the law.

Mr. KING. I should like to make a further inquiry. I ask the Senator whether or not the school districts or the municipalities have defaulted in the payment of their bonds or interest?

Mr. JOHNSON. The Representative in Congress from that district tells me not one has done so.

Mr. KING. Is the credit, then, of these cities and municipalities and school districts good?

Mr. JOHNSON. It is good except for the times; that is all.

Mr. KING. Because, as I said a moment ago, with a large number of municipalities which unfortunately are, or, at least, they claim to be, bankrupt and are appealing for relief and want to go into bankruptcy, it would seem a little unjust if we were to extend credit to corporations that were already bankrupt and were defaulting upon their obligations.

Mr. JOHNSON. These are not in that category.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from California, as modified.

The amendment, as modified, was agreed to.

Mr. DILL. Mr. President, I desire to offer an amendment which I think the Senator from Florida will be willing to accept when I explain it.

When we passed the bankruptcy bill permitting the railroads to go into court and have trustees appointed to manage the properties during the pendency of the proceedings we made no provision for the Reconstruction Finance Corporation to loan money to such trustees. The law already provided that loans might be made to receivers. On March 19, Mr. Jesse Jones, the acting chairman of the Reconstruction Finance Corporation, wrote me a letter calling attention to this fact, and said he thought the legislation clearly implied the intent of Congress that such loans should be made but that there was nothing in the statute that authorized the Corporation to make such loans. I have drawn an amendment which I think meets that situation which I will send to the clerk's desk and ask to have read.

The PRESIDING OFFICER. The amendment offered by the Senator from Washington will be stated.

The LEGISLATIVE CLERK. At the proper place in the bill it is proposed to insert the following:

That an act entitled "An act to provide emergency-financing facilities for financial institutions, to aid in financing agriculture, commerce, and industry, and for other purposes", approved January 22, 1932, and amended by an act approved July 21, 1932, be further amended by adding at the end of section 5 thereof the following: "*Provided further*, That the Corporation may make said loans to trustees of railroads which proceed to reorganize under section 77 of the Bankruptcy Act of March 3, 1933."

Mr. DILL. Section 5 is the section which provides for loans to railroads and to receivers.

Mr. FLETCHER. I can see no objection to the amendment; I think it makes a very proper correction. As the Senator has stated, the law applies to receivers of railroads, and I see no reason why it should not apply to trustees under that act. Furthermore, it seems to be favored by the Reconstruction Finance Corporation, and I have no objection to it.

Mr. DILL. I ask unanimous consent to insert in the RECORD as a part of my remarks a copy of a letter from Mr. Jones to myself under date of March 19.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

RECONSTRUCTION FINANCE CORPORATION,
Washington, March 19, 1933.

Hon. CLARENCE C. DILL,
Chairman of Committee on Interstate Commerce,
United States Senate, Washington, D.C.

DEAR SIR: Our legal department has called my attention to a possible question which has arisen as to the power of the Reconstruction Finance Corporation to make a loan to a trustee in bankruptcy for a railroad company appointed pursuant to section

77 of the amendment of March 3, 1933, to the national bankruptcy act.

Under this section provision is made for the court to appoint a receiver of the court, referred to therein as a "trustee", for a railroad company which has become subject to the act.

Under the provisions of the Reconstruction Finance Corporation Act of January 22, 1932, this Corporation is limited with respect to railroad loans to loans "to aid in the temporary financing of railroads and railways engaged in interstate commerce, to railroads and railways in process of construction, and to receivers of such railroads and railways." There is no language in the Reconstruction Finance Corporation Act which would specifically permit a loan to be made to a "trustee" appointed under the national bankruptcy act as amended by the act of March 3, 1933.

If it is the intent of Congress that the Reconstruction Finance Corporation should make loans to a trustee for a railroad company, I think all doubt on the question should be removed, if possible, by an appropriate statutory amendment.

I enclose for your consideration a brief memorandum which discusses the relevant provisions of the two statutes above referred to, and also a short tentative draft of an amendment which might logically be inserted at the end of clause (3) of paragraph (c) of section 77 of the aforesaid act of March 3, 1933.

Yours very truly,

JESSE H. JONES, *Acting Chairman.*

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Washington [Mr. DILL].

The amendment was agreed to.

Mr. DILL. Mr. President, I have another amendment which I drew with a view to offering it to this bill. It is the amendment which provides that before any more loans shall be made to a railroad the Interstate Commerce Commission shall determine the question of its financial structure being such as to allow the railroad to continue operating on its own earnings without coming to the Government for further loans. I have conferred with the Senator from Florida about the amendment; he feels that it would rather complicate the bill, and, in light of the fact that a similar provision is in the railroad bill which was introduced today, I think I will not offer the amendment but will ask that it may be printed as a part of my remarks in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The proposed amendment is as follows:

Amendment intended to be proposed by Mr. DILL to the bill (S. 1094) to provide for the purchase by the Reconstruction Finance Corporation of preferred stock and/or bonds and/or debentures of insurance companies, viz: At the proper place, insert the following:

"That an act entitled 'An act to provide emergency financing facilities for financial institutions, to aid in financing agriculture, commerce, and industry, and for other purposes', approved January 22, 1932, as amended by an act approved July 21, 1932, be further amended by adding at the beginning of section 5 thereof the letter (a) and by adding at the end of said section the following:

"'(b) The Corporation shall make no loans to a railroad for the purpose of paying interest on funded debt, taxes, or wages to regular employees not employed on new construction, deferred maintenance, or new equipment, until the railroad corporation making application for loan—

"'(1) has provided that for a period of at least 2 years no official, executive officer, or employee of the railroad shall receive a salary greater than $25,000 per year; and

"'(2) until the Interstate Commerce Commission shall have fixed the amount of capital stock and bonded indebtedness of the railroad and the number of vice presidents and executive officers which in the opinion of the Commission will enable the railroad thereafter to provide for its own capital needs without additional loans for interest on funded debts, taxes, or wages to regular employees and also until the railroad has complied with such findings: *Provided*, That if the amount of stock and bonded indebtedness of the railroad fixed by the Commission is less than the amount outstanding, then the railroad may reduce its stocks and bonds to that amount either by agreement of its security holders or by proceedings under the provisions of section 77 of the Bankruptcy Act of March 3, 1933. Loans under this subsection shall be made for such period as the Commission may fix, but not to exceed 15 years, and shall constitute a preferred security of the railroad.'"

Mr. BULKLEY. Mr. President, I am advised that in the State of Ohio, as well as in other States, very substantial funds have been accumulated to pay losses in connection with workmen's compensation acts. Such funds are in large part invested in municipal bonds, most of which will ultimately be good, but at the present moment, being somewhat under a cloud, they have rather a questionable market, and it is not always possible to make a ready sale of such securities. I am going to offer an amendment to permit the Reconstruction Finance Corporation to make loans to such State insurance funds, the loans, of course, to be secured by adequate collateral.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 4, after line 5, it is proposed to insert the following as a new section:

SEC. —. Section 5 of the Reconstruction Finance Corporation Act, as amended, is amended by adding at the end thereof the following new paragraph:

"The Reconstruction Finance Corporation is further authorized and empowered to make loans to any State insurance fund established or created by the laws of any State for the purpose of paying or insuring payment of compensation to injured workmen and those disabled as a result of disease contracted in the course of their employment, or to their dependents. As used in this paragraph, the term 'State' includes the several States and Alaska, Hawaii, and Puerto Rico."

Mr. BULKLEY. I hope the Senator from Florida will accept the amendment.

Mr. FLETCHER. Mr. President, I think it is a very meritorious proposal, and, so far as I am concerned, I have no objection to it.

Mr. HATFIELD. Mr. President——

Mr. BULKLEY. I yield to the Senator from West Virginia.

Mr. HATFIELD. Should not the Senator add the word "injury"? The word "disease" is mentioned, but in most cases compensation is paid on account of injury.

Mr. BULKLEY. The amendment reads:

Compensation to injured workmen and those disabled as a result of disease.

Mr. HATFIELD. I did not catch those words when the amendment was read.

Mr. KING. Mr. President——

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Utah?

Mr. BULKLEY. I yield.

Mr. KING. Mr. President, I did not catch the full meaning of the Senator's statement. The loans are to be made by the Reconstruction Finance Corporation under the proposed amendment to whom and for what purpose and upon what security?

Mr. BULKLEY. The loans will be made to State funds established for such purposes as I have outlined and on the security of whatever investments the State funds may have. Usually the security would be municipal bonds.

Mr. KING. Would the State be responsible for the obligation thus created or sought to be created?

Mr. BULKLEY. I think the fund itself would be responsible and that adequate security would be provided in each case.

Mr. KING. Is it not a fact that many of these funds are either exhausted or so impaired that it will be impossible to meet obligations against them?

Mr. BULKLEY. My amendment does not provide any exception to the rule under which the Reconstruction Finance Corporation always operates, namely, that its loans must be adequately secured. If any fund is so impaired that it cannot post adequate security or collateral, this amendment would not help it.

Mr. KING. The Senator knows that against some of these funds which have been obtained through contributions by corporations or in part by the employees obligations have been incurred and the funds are wholly inadequate to meet the obligations. The point I am making is, are we not putting the Government in the position of loaning money against a fund that does not exist; that is, nebulous and evanescent?

Mr. BULKLEY. The amendment which I have offered would not be subject, I think, to that criticism; it applies only to State insurance funds, and, as I have said, does not make any exception to the rule that adequate security must be given. The fund, for instance, in the State of Ohio is

about $37,000,000, and no such amount as that would need to be borrowed, and perfectly adequate security can be given for any loan that may be made.

Mr. KING. As I understand the Senator, there has been a fund created and those in charge have loaned the fund and taken collateral; they have invested it in what they considered good securities.

Mr. BULKLEY. They have invested, as I have said, in perfectly good municipal securities, but now, with the defaulting of some interest, they find themselves short of cash, and also without a ready market for the securities.

Mr. KING. Mr. President, I can only say that the Federal Government is now being made the catch-all for municipalities, States, private corporations, and industrial corporations. Where they cannot get credit, the Federal Government, under the Reconstruction Finance Corporation Act and amendatory provisions, is to be made, in the language of the street, "the goat." That expression is not quite appropriate, but it is to be the instrumentality to carry all these organizations through the period of depression, many of which will never be able to pay to the Government the money which they are obtaining. I think we have gone too far. This is just as meritorius as, and, perhaps more meritorious than many of the suggestions which have been made and which have been incorporated into the law. Already demand is being made for all sorts of investments and loans. Three persons today have been to see me. They want loans to develop mining operations and business enterprises and to extend the activities of municipalities, when the municipalities are unable to meet their obligations. If we are not very careful, Mr. President, we will soon be at the brink of the precipice, so far as the credit of the United States is concerned.

Mr. BULKLEY. The Senator's argument, of course, goes to the whole principle of the Government advancing money at all. I am pleased to hear him admit that the suggestion which I have made is more meritorious than most other suggestions which have been already adopted.

Mr. HEBERT. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Rhode Island?

Mr. BULKLEY. I yield.

Mr. HEBERT. The State funds are operated under State laws providing for their establishment and maintenance?

Mr. BULKLEY. Undoubtedly.

Mr. HEBERT. Those who have charge of the funds are State appointees, are they not?

Mr. BULKLEY. Undoubtedly.

Mr. HEBERT. It seems to me there might be some obstacle in the way of incurring obligations on behalf of States by those who have charge of the funds.

Mr. BULKLEY. That is unquestionably true. If the State board having charge of the funds has no authority to borrow, then the loan cannot be made, but that is no reason why a loan should be denied to a board in another State which has legal authority to borrow.

Mr. HEBERT. Does the Senator know whether or not those having charge of the fund in the State of Ohio, for instance, have authority to borrow?

Mr. BULKLEY. I am informed it could be done immediately, and I have no doubt it can be done in other States. Any State could qualify so as to borrow under these terms.

Mr. HEBERT. The funds now in the hands of this activity are invested in municipal bonds, I understood the Senator to say?

Mr. BULKLEY. I so understand.

Mr. HEBERT. And there is no possible way of raising cash by putting up the bonds as collateral?

Mr. BULKLEY. The market for the bonds is bad, and sales are not considered desirable. Banks are in such a condition that they do not like to extend themselves, and it seems appropriate that the Reconstruction Finance Corporation be authorized to make the loan.

Mr. HEBERT. Under the law creating the fund in the State of Ohio, what occurs where the fund is deficient? Of course, the Senator is familiar with conditions there. In other words, where there is not sufficient money to take care of its obligations, then what occurs under the law creating the fund? Does the State undertake by itself to provide funds?

Mr. BULKLEY. There is no question of deficiency of assets. If those in charge of the fund sells the municipal bonds, they will take an undue loss, but they can get the money to pay the obligations. No question of insolvency is involved.

Mr. HEBERT. The fund is amply able to take care of the situation?

Mr. BULKLEY. Oh, there is no question about that.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Ohio.

The amendment was agreed to.

Mr. KING. Mr. President, I would like to ask the chairman of the committee whether he believes the amendment on page 3 is sufficiently clear and mandatory to compel payment in cash into the treasury of the insurance companies seeking a loan before they may obtain the loan? The language is not very clear.

I am sure that is the intention. It is intended, of course, that they shall subscribe one half of the stock and pay in cash that subscription into the treasury of the corporation before there is any obligation upon the part of the Reconstruction Finance Corporation to extend any credit. If the Senator is satisfied with that language, although I think it might be made more mandatory, I shall not complain.

Mr. FLETCHER. Mr. President, I think the language is sufficient. The Reconstruction Finance Corporation must be satisfied that the borrowers are in a position to contribute their half before the Reconstruction Finance Corporation will subscribe the stock. I think it is clear enough and strong enough.

Mr. KING. I should have preferred an amendment providing that the cash shall be paid into the treasury of such applicant before any loan or purchase of stock shall have been consummated.

Mr. FLETCHER. I would rather not make it so drastic as that. It might be that many of the companies could not absolutely pay the cash at once, but they are in a position to do it before the loan is made.

Mr. KING. I hope the Senator does not mean to discredit in advance the solvency of these corporations, so that they will not be able to meet the subscription?

Mr. FLETCHER. No; they are not insolvent, but this is calling upon them to go out among their stockholders and solicit each one of them to contribute additional capital to the corporation so it can proceed. That is going to be rather a difficult task. I have had many letters from companies which would like to come under the provisions of the bill, but which say they cannot do it, because they cannot raise the money. They will be closed out for that very reason. But the committee felt it was fair and just and insisted upon the amendment. We have had more criticism of that provision than any other part of the bill, because it is going to be very difficult for some of the smaller insurance companies to raise additional capital now. It is a very difficult thing to do. Some of them will be closed on that account. I would not like to make it so drastic as to make it impossible for nearly all of them to take advantage of it.

Mr. KING. I want it so drastic that the loan will not be extended or the stock purchased by the Reconstruction Finance Corporation, and then have them find that the corporation is unable to put up its share of the new stock which it has subscribed. We know that there is "many a slip twixt cup and lip." Some insurance companies, doubtless animated by a desire to survive and obtain their share of the hundred million dollars, will make strong representations to obtain a loan and to induce the Reconstruction Finance Corporation to subscribe capital stock and pay for it, of course. No doubt, so animated, they will make many such representations and they will rely upon claims made or assurances given by individuals that they will subscribe, and after the Government has subscribed and paid its money and

extended credit, some of those who have given the assurances will fail to respond, and we will not get the half of the total amount which was to be paid in by the stockholders of the applicant.

Mr. FLETCHER. But the bill provides that the Reconstruction Finance Corporation shall not subscribe for, purchase, or accept as collateral for loans under this bill preferred stock until they are satisfied. The Reconstruction Finance Corporation must first be satisfied.

Mr. KING. Then the Senator understands that the bill provides that no loans may be made unless stock shall be subscribed equal to the loans which are made?

Mr. FLETCHER. Yes; that is my understanding.

Mr. KING. That is to say, if loans are made, the stock must be subscribed by stockholders of equal amount to the loans made, or if preferred stock is purchased by the Reconstruction Finance Corporation, then the stockholders of the applicant must subscribe an equal amount of the preferred stock?

Mr. FLETCHER. Yes.

Mr. COUZENS. Under a previous act an insurance company could borrow without having to put up any money for the purchase of common stock.

Mr. KING. But this is a better protection for the Government.

The VICE PRESIDENT. The clerk will state the next amendment.

The LEGISLATIVE CLERK. The committee proposes, on page 4, line 10, to strike out the word "such" and insert the word "any", and in line 11, to strike out the word "persons", so as to make the section read:

SEC. 5. The right to alter or amend or repeal this act is hereby expressly reserved. If any provision of this act, or the application thereof to any person, firm, association, or corporation, is held invalid, the remainder of the act, and the application of such provision to any other person, firm, association, or corporation, shall not be affected thereby.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

Mr. LA FOLLETTE. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be read for the information of the Senate.

The LEGISLATIVE CLERK. The Senator from Wisconsin proposes, at the proper place in the bill, to add a new section, as follows:

SEC. —. Section 5 of the Reconstruction Finance Corporation Act, as amended, is amended by adding at the end thereof the following new paragraph:

"The Reconstruction Finance Corporation is further authorized and empowered to make loans to any fund created by any State for the purpose of insuring the repayment of deposits of public moneys of such State or any of its political subdivisions in banks or depositories qualified under the law of such State to receive such deposits. Such loans may be made at any time prior to January 23, 1934, and upon such terms and conditions as the Corporation may prescribe; except that any fund which receives a loan under this paragraph shall be required to assign to the Corporation, to the expense of such loan, all amounts which may be received by such fund as dividends or otherwise from the liquidation of any such bank or depository in which deposits of such public moneys were made. As used in this paragraph, the term 'State' includes the several States and Alaska, Hawaii, and Puerto Rico."

Mr. LA FOLLETTE. Mr. President, the amendment which I have submitted was offered by former Senator Blaine in the last session of Congress as an amendment to the Wagner bill. The amendment was adopted and the bill passed the Senate, but, as Senators will remember, the measure was not acted upon by the House of Representatives.

In my own State as the depression deepened the surety companies, which normally issue bonds against public deposits, withdrew from that field. The State, having a provision in its constitution which prohibits it from going into debt and issuing bonds, proceeded in the only manner available to it to protect the deposits of public moneys on the part of municipalities, towns, villages, and school districts, by creating a public corporation which performed the functions carried on in normal times by the surety companies, and set up a charge of 2 percent to be paid into the fund against the daily balances carried in the public deposits.

The Reconstruction Finance Corporation holds that the existing law does not permit it to make loans of this character. Senators will see at once from the provisions of the amendment that it is merely permissive; that is, it grants the Corporation authority to make loans to funds of this character assuming that the corporation is satisfied that the provision for the payment of dividends received from the banks is adequate and properly amortized to repay the loan.

Mr. COUZENS. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Michigan?

Mr. LA FOLLETTE. Certainly.

Mr. COUZENS. How much is now in the Wisconsin fund? Is there some money in the fund?

Mr. LA FOLLETTE. I cannot give the Senator the exact information as to how much is in the fund at the present time, but money has been paid in continuously during the time this plan has been in operation. What is desired is to make a loan so that some of the public funds may be freed in order that the municipality or the town or the school district may have access to its funds pending liquidation of the banks.

Mr. COUZENS. In other words, the Reconstruction Finance Corporation security will be only the pledge of the banks to pay into this fund?

Mr. LA FOLLETTE. That coupled with the fact that of course the depositary fund will be repaid as the banks are liquidated. In other words, they will receive dividends just like other depositors.

Mr. COUZENS. So there is no actual security to pay, except the pledges?

Mr. LA FOLLETTE. The actual security will be an assignment by the corporation of its proportion of whatever dividends the Reconstruction Finance Corporation determines to be necessary in order to protect it.

Mr. COUZENS. Does the Senator know of any other State that has a like arrangement?

Mr. LA FOLLETTE. I cannot answer the Senator's question, but I would like to say that the Reconstruction Finance Corporation is today making or has been in the past making loans to private surety companies which have performed this function. It seems to me it would be only equitable, where a large public corporation has been organized for this purpose, that it should have the same access to the facilities of the Reconstruction Finance Corporation that a private surety corporation organized for profit may have.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield.

Mr. COUZENS. On that feature, the Reconstruction Finance Corporation Act uses the words "adequate security." I do not remember that the Senator's amendment had that language in it.

Mr. LA FOLLETTE. It amends section 5 to the extent of permitting the Corporation to make loans to funds of this character; but, of course, it is not in any sense mandatory upon the Corporation to make such a loan if, in its judgment, the assignments of these future dividends are not sufficient, in the judgment of the Corporation, to protect them.

Mr. COUZENS. Mr. President, would the Senator object to having those banks which are in the future to pay dividends put up some of their assets as security for these loans? I am afraid this amendment is opening the door wide to accepting simple pledges which may or may not be paid, depending upon the methods of liquidation of the conservators or the receivers. The Government cannot control the actions of the receivers or the conservators, and in the meantime it has no security.

Mr. FLETCHER. Mr. President, if the Senator will allow me——

Mr. LA FOLLETTE. I yield.

Mr. FLETCHER. It seems to me this amendment does not belong on this bill.

Mr. LA FOLLETTE. It is a little late for the Senator to raise that objection against amendments; and may I say that this amendment was debated previously and agreed to by the Senate. The same objection that the Senator now raises to this amendment might be raised to other amendments which have already been offered, and which he has accepted.

Mr. FLETCHER. I do not think that is the case at all. This is a proposition for the Federal Government to loan to some State corporation, as I understand. The Senator refers to it as a public corporation. I presume it is a corporation in which the State owns the stock. Is that the idea?

Mr. LA FOLLETTE. Yes.

Mr. FLETCHER. The State owns the stock of a corporation, and that corporation needs some money to liquidate some claims that are made against it, and it wants to come here to borrow that money. I do not see why the State cannot wait until these contributions or assessments come in, and go on with the matter in the regular way. I do not see why the Federal Government should undertake to loan money to such a corporation which is in need of money and which has no assets except some kind of pledge or other from banks, or something of the sort. I do not know just the nature of it. It seems to me a mysterious sort of arrangement.

Mr. LA FOLLETTE. It is on a perfectly sound basis.

Mr. FLETCHER. I do not see what security the Government is going to get.

Mr. COUZENS. Mr. President, will the Senator from Wisconsin yield to me?

Mr. LA FOLLETTE. I yield to the Senator from Michigan.

Mr. COUZENS. Has the Senator a copy of the amendment in his hand?

Mr. LA FOLLETTE. Yes.

Mr. COUZENS. If the Senator will read on line 5, I wonder if it would be satisfactory to the Senator to have it read as follows:

The Reconstruction Finance Corporation is further authorized and empowered to make loans, if adequately secured, to any fund——

Mr. LA FOLLETTE. I will modify my amendment as suggested by the Senator from Michigan; and may I say, in response to the suggestion of the Senator from Florida, that I certainly have not made myself clear if I have left him under the impression that there is anything mysterious or nebulous about the function which this corporation has performed. It was organized to take up the functions of the private security companies, which withdrew from the field, and it was the only means available whereby the State could discharge its responsibility of affording to public funds deposited by municipalities, townships, and school districts a protection to which all such funds are entitled if there is to be any protection at all to that type of deposits.

There is nothing shocking about this suggestion. The mere fact that this corporation was organized by the State is no reason why it should not be given the same opportunity to secure loans from the Reconstruction Finance Corporation as private corporations engaged in the same business.

Mr. FLETCHER. I can conceive of a State desiring to protect the funds of its school districts, and so forth; but it has the same means of protection that the Federal Government has for protecting its funds. It can require the deposit of its bonds to protect the deposits. To take the obligations of some corporation to insure the deposit of public funds, however, is another matter.

Mr. COUZENS. I think this applies to past acts, and is not comparable to making new deposits. That is the reason why I am in favor of the amendment.

Mr. FLETCHER. I shall not make any objection to it.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Wisconsin, as modified.

The amendment, as modified, was agreed to.

The VICE PRESIDENT. Without objection, the clerk will be authorized to renumber the sections.

Mr. KING. Mr. President, I move to strike out the figures "$100,000,000" and to insert in lieu thereof "$50,000,000". I should like to strike out the whole appropriation.

Mr. WALSH. Will the Senator explain his amendment?

Mr. FLETCHER. The Senator will realize that this is not an act of appropriation at all.

Mr. KING. It is an authorization.

Mr. FLETCHER. It enables the borrowing power of the Reconstruction Finance Corporation to be increased to this extent, but that does not mean that this $100,000,000 shall be appropriated at all. It does not mean that they are going to use it. It does not mean that they will have any occasion to use it, really; but it is put in here so as to protect the Corporation, and so as to limit the extent to which they may enlarge or expand their borrowing power. It is a limitation on the borrowing power of the Corporation to this extent for this purpose. It is not an appropriation at all. They may never use it.

Mr. ROBINSON of Indiana. Mr. President, I think it is practically appropriated. I read from the bill:

The amount of notes, bonds, debentures, and other such obligations which the Reconstruction Finance Corporation is authorized and empowered to issue and to have outstanding at any one time under existing law is hereby increased by $100,000,000, in order to provide funds to carry out the provisions of this act.

So I think it is provided for.

Mr. KING. Mr. President, I agree in part with what my dear friend from Florida [Mr. FLETCHER] has said. It is a limitation, but a limitation obviously for the purpose of enabling the Reconstruction Finance Corporation to go to the limit; namely, $100,000,000. My proposition is to fix the limitation at $50,000,000 instead of $100,000,000.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield?

Mr. KING. I yield to the Senator from Indiana.

Mr. ROBINSON of Indiana. I am wondering if the Senator from Utah himself knows, or if the Senator from Florida knows, or if anybody can answer the question as to how much is needed. What is the emergency? Just how much money do these companies need?

Mr. FLETCHER. The Reconstruction Finance Corporation told us that they would like to have that amount of leeway to provide the necessary funds. No one knows exactly what the demands may be.

The VICE PRESIDENT. Will the Senator from Utah permit the Chair to call attention to the fact that the amendment proposed by him is to an amendment which has already been agreed to.

Mr. FLETCHER. I was going to make that point.

The VICE PRESIDENT. In order to consider the Senator's amendment, there must be a reconsideration of the committee amendment that has been agreed to.

Mr. KING. Mr. President, in the haste with which we are putting these measures through, sometimes when we are called from the Chamber to attend committee meetings an amendment is adopted, but there never is any objection to reconsideration. I ask unanimous consent that the vote by which the $100,000,000 was inserted be reconsidered.

The VICE PRESIDENT. Is there objection? The Chair hears none; and the motion to reconsider is agreed to.

Mr. KING. Now I renew the offer of my amendment, if it is necessary.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. KING. I yield to the Senator from Michigan.

Mr. COUZENS. I do not desire to interfere with the chairman of the committee; but I was present when the testimony was given by the directors of the Reconstruction Finance Corporation, and personally I can see no objection to making the amount $50,000,000. If they expend it, they

can come back here and ask for more; but, frankly, I do not think they are going to make any purchases at all of preferred stock under the act because of the difficulty of raising money for common-stock purchases.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Utah to the amendment of the committee.

The amendment to the amendment was agreed to.

The VICE PRESIDENT. The question now is on agreeing to the committee amendment as amended.

Mr. TYDINGS. Mr. President, I should like to ask the chairman of the committee whether or not the committee considered the proposition of lowering or striking out entirely the provision which compels the companies to match any money subscribed for stock in the case of insurance companies?

Mr. FLETCHER. We have just been thrashing out that matter here for nearly an hour.

Mr. TYDINGS. I mean in the committee itself?

Mr. FLETCHER. Yes.

Mr. TYDINGS. The committee is unanimously opposed to doing that?

Mr. FLETCHER. The committee is in favor of what has been reported here.

Mr. TYDINGS. The reason why I asked the Senator the question is that I have been asked to offer an amendment to that effect, and I did not want to have it appear that I was reluctant to do so; but in view of the fact that the committee seems to be unanimously opposed to any such amendment I see no use in offering the amendment, because evidently it would be defeated.

Mr. FLETCHER. I will say to the Senator that the Senator from Utah proposed an even more drastic amendment.

The VICE PRESIDENT. The question is on agreeing to the committee amendment, as amended.

The amendment, as amended, was agreed to.

The VICE PRESIDENT. The question is on the engrossment and third reading of the bill as amended.

Mr. ROBINSON of Indiana. Mr. President, I do not desire to delay the Senate, and shall not do so except for a very few minutes to express my opposition to the policy involved in the bill.

I think the measure has been very greatly improved by a number of the amendments which have been added, particularly the last one, as a result of which the gross amount has been reduced to $50,000,000. Therefore, what remains for discussion is the question of policy, especially at the present time.

I assume that the bill will pass. Most of those on the floor will vote for it. I shall vote against it because I believe there is no emergency that requires its passage. In these days of depression, when everybody groans under tax burdens, and when we are making stupendous efforts to balance the Budget, it seems to me a foolhardy thing to arrange to loan even $50,000,000 to the insurance companies of the country, which, in my judgment, in the great majority of cases are in whatever financial straits that may surround them largely because of their own mismanagement.

In the midst of this depression, Mr. President, the insurance companies of the country, after having ground down their employees to reduced wages and reduced salaries and reduced commissions, have at the same time, without permitting their policyholders to know anything about it, increased the salaries of their executive officers to enormous heights—heights never even heard of during the best days of so-called "prosperity." That was inexcusable, of course. That casts suspicion on their efforts now to borrow money from the Treasury of the United States or from the Reconstruction Finance Corporation.

Mr. President, I have a letter from William F. Streich, a life-insurance consultant of Philadelphia. I cannot vouch for the truth of all that is contained in this letter. I assume, however, that he states the facts. If what he says is true, the pending bill should be defeated; in any event, so far as it may apply to life-insurance companies, and we have found from other evidence submitted to the Senate that conditions are equally bad with the fire-insurance companies.

I shall read from this communication only a small part of all that it contains:

Before getting to the main subject I will dispose of the question you raised relative to Reconstruction Finance Corporation advances to insurance companies claimed to be absolutely necessary for protection of the policyholders. In my opinion the appropriation of $100,000,000 for this purpose, as proposed in the Fletcher bill, is like dropping 10 drops into a leaking 10-gallon bucket of water, and would serve no other purpose than furnish additional working capital for the sole purpose of defraying acquisition costs of new business. These loans to life-insurance companies have no relation to the existing emergency. No solvent insurance company is in need of funds for capital purposes unless construed to mean need for working capital. Insolvent companies should be treated in the same manner as are banks not up to the standard of solvency, irrespective of whether such companies furnish an amount of capital equal to that for which application is made to the Corporation, or whether the compensation to any officer, director, or employee of the applicant be $17,500 per annum or even less. The Reconstruction Finance Corporation advances that have been made to insurance companies have not had the effect they were intended to have, as evidenced by the two outstanding cases—the indemnity concern which recently went to the wall in New Orleans immediately after an advance of over $1,000,000, and the Illinois Life of Chicago immediately after having received, as I remember, $1,500,000, not to mention numerous other cases on the verge of being thrown into receivers' hands.

It was as late as March 10 last that it was declared at the annual congress of the Life Underwriters Association of the City of New York that, "despite the depression the current income of life-insurance companies was 50 percent more than is needed to pay all death claims, maturing endowments, and annuities, together with payment of loans on policies or surrender for their cash value." Why should these companies, therefore, ask for loans except it be for the purpose above stated—working capital for the sole purpose of defraying acquisition costs of new business. If not this, the only construction to be placed upon their requests for loans from the Reconstruction Finance Corporation is their desire for capital for manipulation and to cover reckless extravagances which have become habitual with these institutions, all to the detriment of the policyholders.

Now to get to the point. In one of his messages to the Fifty-ninth Congress, President Theodore Roosevelt accurately stated facts when he said this: "The great insurance companies afford striking examples of corruption. * * * It has been too clearly shown that certain men at the head of these large corporations take too little note of the ethical distinction between honesty and dishonesty, they draw the line this side of what may be called law honesty, the kind of honesty necessary in order to avoid falling into the clutches of the law."

That description given by President Roosevelt of the culprits of those days exactly fits the manipulators of the more than $20,000,000,000 today belonging to over 60,000,000 beguiled policyholders. In some respects life-insurance conditions are worse now than they were prior to the New York legislative investigation in 1905–6.

In their usurpation of bank and trust functions, and by exercising the privilege granted them by State insurance superintendents, in obedience to orders given them by the companies themselves, these concerns, just now when thousands of policyholders are in dire need of funds, are holding up cash-surrender values and are denying policy loans against the cash and loan values set forth in the policy contracts. And this they are doing in the face of paying salaries to company executives three times and more than the salary paid to the President of the United States. Moreover, the stock companies are paying dividends ranging from 15 percent to 25 percent, plus stock dividends, to their stockholders. Not only this, but salaries to executives of mutual companies have been increased despite decrease in dividends to policyholders in these same companies, in some instances as much as 50 percent.

In other words, right at the time when they were increasing all these salaries they were discontinuing the payment of dividends to their stockholders.

Besides the extravagances just mentioned, ocean-going steamers are chartered for excursion conventions, at which agents are instructed how to lure the public into giving up in excess of twice the premiums required to cover the insurance risk assumed by the companies.

I promised the Senate I would not detain Members for any considerable length of time, and therefore I skip large portions of this letter and will try to pick out some of the salient paragraphs:

Adequate reserves are a prerequisite to all forms of life insurance, but cash values created by excessive premiums are not.

* * * * * * *

So-called "cash values" virtually are deposits unwittingly made by the insured with the companies. They are available only as policy loans or upon surrender of the policies.

I pointed out a moment ago that while they were raising their own salaries to enormous heights they discontinued making payments to their policyholders, even though they were impairing the obligations of contracts in doing so.

When loans are taken the insurance is reduced by the amount of the loan. When policies are surrendered for the "cash value" the insurance is automatically canceled. If a loan has not been taken, the cash values are applied by companies as part of the face amount of policies when the policies become payable under death claims. Hence, again, the principle held by life-insurance actuaries that cash values are self-insurance.

Finally, Mr. President, is this exceedingly pertinent paragraph, which I bring to the attention of the Senate:

This condition calls for a Federal investigation like that by the New York legislative committee in 1905–6 previously mentioned, because methods no less reprehensible than those brought to public attention during that investigation are again in evidence.

Mr. President, I shall read no more from the letter at this time.

I would like to suggest, in conclusion, that I dislike the policy of purchasing securities from these insurance companies for a number of reasons. The Federal Government has utterly no control over insurance companies. The Supreme Court of the United States has held that insurance is not commerce. Therefore each State is the arbiter of the question. Each State decides what companies may be permitted to sell insurance within its domain. Generally speaking, an insurance commissioner of a State handles that work. We have no authority for regulating insurance companies. They are purely State institutions, but they now come to the Congress and to the Federal Government and ask for a hundred million dollars in loans.

If they are in a bad way today, Mr. President, I have no doubt that in the great majority of instances their difficulties are due to their own mismanagement. Therefore, as a matter of policy, and because I do not think it is needed at this time, I shall vote against the bill and shall not attempt to delay final consideration or a final vote.

The VICE PRESIDENT. The question is on the engrossment and third reading of the bill, as amended.

The bill, as amended, was ordered to be engrossed for a third reading and to be read a third time.

The bill was read the third time and passed.

PRESERVATION OF VALUABLE HISTORIC DOCUMENTS

Mr. ROBINSON of Arkansas. Mr. President, the able and efficient Secretary of the Senate has brought to my attention a number of old public documents, some of which are of great value. These documents are now in the files of the Secretary of the Senate. They include the numerous messages of the first President to the Congress, which are the originals, bearing the signature of George Washington himself.

Mr. President, among these messages is Washington's first inaugural address, a document of very great value. It is in bad condition and needs to be cared for very promptly.

There are also the certificates of the electoral votes of the Thirteen Original States for the first election of a President and Vice President.

The conference report and several drafts of the first 12 amendments submitted, constituting the Bill of Rights.

A message from the National Assembly of France in regard to the assembly wearing mourning for 3 days as a mark of respect to Benjamin Franklin.

A report of the Secretary of War on the Military Establishment, dated 1789.

A full report of Charles Thomson, appointed by Congress to notify General Washington of his election as President, a description of his visit to Mount Vernon, his speech to General Washington, the latter's reply, and a statement respecting their journey northward to New York.

Various amendments and conference reports dealing with the bill providing for a permanent seat of government in Washington.

Mr. President, these are only a few of the documents on file. There are many others, such as the original messages from the earlier Presidents—Washington, Adams, Jefferson, and others—in their own handwriting, and most of the messages bearing the signatures of their authors.

There is also a letter from Louis XVI of France.

Mr. President, among these very important and interesting papers is a letter from General Washington to Baron von Steuben, dated at Annapolis, December 23, 1783, and the letter concludes with this paragraph:

This is the last letter I shall ever write while I continue in the service of my country. The hour of my resignation is fixed at 12 this day, after which I shall become a private citizen on the banks of the Potomack, where I shall be glad to embrace you, and to testify the great esteem and consideration with which

I am, my dear Baron

Your most obedient and affectionate servant,

G. WASHINGTON.

In order that proper care may be taken of these very valuable documents, I submit a resolution and ask its reference to the Committee to Audit and Control the Contingent Expenses of the Senate. It will be necessary to expend a small sum from the contingent fund of the Senate. The amount has been left blank in the resolution, with the expectation that the Committee to Audit and Control the Contingent Expenses of the Senate will insert such sum as it finds necessary.

The VICE PRESIDENT. The resolution will be received and referred as indicated.

The resolution (S.Res. 73) was read and referred to the Committee to Audit and Control the Contingent Expenses of the Senate, as follows:

Resolved, That the Secretary of the Senate is authorized to expend from the contingent fund of the Senate such sums as may be necessary, not to exceed $———, for the purpose of adequately providing for the preservation of old documents on file in the Senate Library.

TERM OF DISTRICT COURT AT ORLANDO, FLA.

Mr. LONG. Mr. President, I wish to ask unanimous consent for the present consideration of a local bill, which has been reported from the Committee on the Judiciary by the Senator from Florida [Mr. FLETCHER]. It is Senate bill 687, Order of Business 48. I ask unanimous consent that it may be considered at this time.

There being no objection, the bill (S. 687) providing for the establishment of a term of the District Court of the United States for the Southern District of Florida at Orlando, Fla., was considered, ordered to be engrossed for a third reading, read the third time and passed, as follows:

Be it enacted, etc., That a term of the District Court of the United States for the Southern District of Florida shall be held annually at Orlando, Fla., on the first Monday in October: *Provided*, That suitable rooms and accommodations for holding court at Orlando are furnished without expense to the United States.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

REPORTS OF COMMITTEES

The VICE PRESIDENT. Reports of committees are in order.

Mr. BULOW, from the Committee on Civil Service, reported favorably the nomination of Harry B. Mitchell, of Montana, to be Civil Service Commissioner, vice Thomas M. Campbell, resigned, which was placed on the calendar.

He also, from the same committee, reported the nomination of Lucille F. McMillin, of Tennessee, to be Civil Service Commissioner, vice Jessie Dell, resigned, which was placed on the calendar.

THE CALENDAR

The VICE PRESIDENT. If there be no further reports of committees, the calendar is in order.

The legislative clerk announced Executive C (72d Cong., 2d sess.), a treaty between the United States and the Dominion of Canada for the completion of the Great Lakes-St. Lawrence deep waterway, signed on July 18, 1932, as first in order on the calendar.

Mr. VANDENBERG. I ask that the treaty go over.

The VICE PRESIDENT. The treaty will be passed over.

TREASURY DEPARTMENT

The legislative clerk read the nomination of J. F. T. O'Connor, of California, to be Comptroller of the Currency.

Mr. FESS. Mr. President, on behalf of the Senator from Oregon [Mr. McNARY], I suggest that that nomination go over at least until Monday.

Mr. ROBINSON of Arkansas. What was the suggestion?

Mr. FESS. That the nomination of Comptroller of the Currency go over until Monday.

Mr. ROBINSON of Arkansas. Very well.

Mr. FESS. I make the suggestion at the request of the Senator from Oregon.

Mr. ROBINSON of Arkansas. Will the Senator be ready to proceed with the consideration of the nomination then, if an executive session shall be held on that day?

Mr. FESS. So far as I am concerned, I will be.

The VICE PRESIDENT. The nomination will be passed over.

DIPLOMATIC AND FOREIGN SERVICE

The legislative clerk read the nomination of Hugh S. Gibson, of California, to be Ambassador Extraordinary and Plenipotentiary to Brazil.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Warren Delano Robbins, of New York, to be Envoy Extraordinary and Minister Plenipotentiary to Canada.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Laurence A. Steinhardt, of New York, to be Envoy Extraordinary and Minister Plenipotentiary to Sweden.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Cavendish W. Cannon, of Utah, to be secretary in the Diplomatic Service.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of James S. Moose, Jr., of Arkansas, to be secretary in the Diplomatic Service.

The VICE PRESIDENT. Without objection, the nomination is confirmed. That completes the calendar.

JED C. ADAMS—NOTIFICATION TO PRESIDENT

Mr. CONNALLY. Mr. President, on yesterday the nomination of Jed C. Adams to be a member of the Board of Tax Appeals was confirmed. It had not been my purpose to ask unanimous consent that the President be notified, but, in view of the fact that the Senate will probably adjourn or take a recess until next Monday, I should like to ask unanimous consent that the President be notified.

The VICE PRESIDENT. Is there objection?

Mr. COUZENS. Mr. President, the Senator from Oregon [Mr. McNARY] is not present and there was an understanding that such request would not be made.

Mr. CONNALLY. I withdraw the request.

NOTIFICATION TO PRESIDENT OF DIPLOMATIC NOMINATIONS

Mr. COSTIGAN. At the request of the Senator from New York [Mr. WAGNER], who is necessarily absent on official business, I ask unanimous consent that the President be notified of the confirmation of the nominations of Mr. Robbins and Mr. Steinhardt. I do not know whether or not the request conflicts with the desire of the Senator from Michigan.

Mr. COUZENS. Mr. President, we have heretofore had difficulties by reason of having notified the President before the rule has been complied with, and I think it ought to be observed.

The VICE PRESIDENT. Is there objection to the request of the Senator from Colorado?

Mr. COUZENS. I will have to object.

The VICE PRESIDENT. Objection is made.

The Senate resumed legislative session.

ADDRESS BY SECRETARY HULL BEFORE INTERNATIONAL CHAMBER OF COMMERCE

Mr. HAYDEN. I ask unanimous consent to have printed in the CONGRESSIONAL RECORD and referred to the Committee on Finance an address by the Secretary of State, Hon. Cordell Hull, delivered before the American section of the International Chamber of Commerce on May 2.

There being no objection, the address was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

ADDRESS OF THE HONORABLE CORDELL HULL, SECRETARY OF STATE, AT DINNER OF THE AMERICAN SECTION OF THE INTERNATIONAL CHAMBER OF COMMERCE, HOTEL MAYFLOWER, WASHINGTON, D.C., MAY 2, 1933, 9:30 P.M.

Mr. Toastmaster, members of the International Chamber of Commerce, ladies, and gentlemen, it is a high compliment to be invited to address this assemblage of outstanding business men, and I am correspondingly grateful for your invitation. I am greatly pleased to be able to bear testimony to the fine record in many respects that the International Chamber of Commerce, under the leadership of the American section, has made since its meeting in Rome soon after the war, in support of the fundamentals of sound post-war economic policies. Your responsibilities to the general public were never greater than today. The leadership and statesmanship of no other generation were ever subjected to a more serious challenge than is ours by the existing domestic and world difficulties. They will successfully meet that challenge, in my judgment, according to their disposition to recognize the fact that new conditions, new forces, and new ideas have come into our national life since the World War which cannot longer be ignored without serious risk of further business disaster. And, too, all must recognize that we are really living in a new age, which calls for more modernized and modified economic policies. Humanity simply cannot continue indefinitely to endure existing chaotic depression conditions. Civilization itself will ultimately be seriously undermined.

There should by this time be such important points of general agreement as the following:

All nations for many years prior to 1929 pursued the same fatal policy of extreme economic nationalism. Every nation alike was engulfed by the awful panic conditions which began in 1929. Each nation, during the past 3½ years, has been struggling single-handed to restore satisfactory domestic prosperity without regard to the prostrate business conditions in the balance of the world, but thus far without results at all satisfactory. The policy of economic isolation thus universally pursued since 1920 as an infallible guaranty of prosperity, was helpless either to prevent the most destructive business depression on record or to halt or cure it after it came. World conditions, contrary to isolationist predictions, did crash into the internal situation of each country and upset and paralyze its domestic economy.

It is now clear that no nation can live and thrive by itself. The proponents of the policy of economic isolation are now silent as to this world effect, but are still unable to offer any basic remedy for business recovery except this broken down and discredited policy. They can only point to its colossal failure as a guaranty of its future ability to improve business conditions. And yet these blind forces of short-sighted isolation here and elsewhere continue to criticize and to ask a world which has become impoverished and bankrupt under their leadership to continue to heed them and their ruinous policies. The tragedy is that supine and credulous people in numerous countries today still allow them to conduct their governments under this policy of extremism, while all continue to slide further toward insolvency and economic ruin. The limitations of human suffering cannot much longer tolerate this suicidal leadership in any country.

It is high time for an awakening and a disillusionment on the part of those accustomed blindly to cling to preconceived notions or ideas.

Each nation by itself can to a moderate extent restore business conditions by the adoption of a sound and comprehensive fiscal, financial, and general economic program. I am strongly of opinion that the present national administration from the outset has endeavored thus to conceive and as rapidly as possible carry into effect such a broad domestic program for business recovery. I feel, too, that it is entitled to, as it will doubtless receive at every stage, the whole-hearted cooperation of you and other financial and business leaders throughout the Nation. Such united effort will assure improvement in business conditions here at home, including a restoration of confidence, and this in turn will react most favorably upon the broader movement for world recovery.



Every nation must supplement its domestic program with a basic international economic program of remedies for business recovery. These would embrace the reduction of trade barriers, the stabilization of exchanges and currencies, and monetary standardization, all of which would permit a healthy increase of prices of primary commodities bought and sold in world markets.

I need not here detail and describe the universal effects of the present depression. President Hoover accurately stated these world conditions when in August 1932 he summed them up as to America as follows:

"The past 3 years have been a time of unparalleled economic calamity. They have been years of greater suffering and hardship than any which have come to the American people since the aftermath of the Civil War."

The people of all nations must now realize that they are fundamentally worse off, in every material sense at least, than they were 12 years ago, and that, therefore, nothing is more obvious than the necessity to demand new policies and new leadership. These unthinkable results constitute the most damaging and damning indictment that was ever brought against a single economic policy. The United States was the workshop of the world during the war, and should have maintained that relative position since that time. In 1920 it had the foundations soundly laid for the greatest commercial and financial expansion of all time. The Venetian, the Dutch, and the English, with their vast commercial power, would have suffered by comparison with the wonderful expansion within the grasp of America. As these trading countries, to their great enrichment, gathered and brought to their shores the wealth and civilization of every race and clime, so did the wealth of the world lie at the feet of America. But it was not to be ours.

The obsolete pre-war economic theory that prevailed here and elsewhere, ignored our transformation from a debtor and young undeveloped country to the greatest creditor and surplus-producing nation in history. It ignores the fact that today our public and private foreign indebtedness of $28,000,000,000, with annual payments of interest and installments aggregating $1,250,000,000, is due this country, and that nations and individuals can only pay external indebtedness in gold or services or by the establishment of favorable trade balances, whether with the creditor country or with other countries with whom trade is more profitable.

This suicidal theory further is to continue to build our tariff and commercial policy around the sole idea of safeguarding the home market, with no serious thought or concern about our vast surplus-producing capacity of twenty to thirty billion dollars and several millions of unemployed wage earners. It is likewise indifferent to the emigration of 2,000 plants to foreign countries, involving billions of American dollars, and throwing still additional American wage earners out of employment. The theory finally is to separate the home market from the world market, avoiding all semblance of competition, and to create a monopoly in the home market, under which arbitrary prices are artificially fixed which bear no relation to those of other countries. Every other nation is expected to pursue a like policy. The opposing view, while disclaiming extreme economic internationalism, on the other hand, would challenge extreme economic nationalism and launch this country upon a sane, practical middle course. It would supplement our impregnable home market with adequate foreign markets for our ever-increasing surpluses.

The opposing view, following 1920, also contemplated moderate tariffs and liberal commercial policy, calculated to secure not only foreign trade but the fullest measure of employment at high wages, increased production at lower cost, and suitable profits to capital. It taught that the only way to provide full employment of labor and capital at home is to sell our surplus, and that the Nation was equipped with every superior facility for great commercial expansion.

If, as has been the universal practice since the war, each country strenuously endeavors to produce as nearly as possible all that it consumes, regardless of costs, and so offers every sort of artificial stimulus, and at the same time restricts all trade with other nations to the very minimum, the equilibrium between production and consumption would soon be destroyed and the processes of exchange and distribution would break down. This is precisely what occurred in 1928–29, and the collapse would have come years earlier save for our huge foreign loans and other temporary saving agencies. It was inevitable that governments would thus be pauperized, wage scales wrecked, prices dislocated, currencies depreciated, and agriculture and labor impoverished.

The innocent myth that high tariff and other obstructions to finance and trade between nations insures full employment of labor and high wages, with high living standards, is utterly destroyed when we recall that the three countries with the most extreme trade barriers—America, Germany, and Italy—have around 20,000,000 unemployed wage earners. American wage earners have suffered losses of pay below the level of 1929 aggregating near $45,000,000,000. When will they become disillusioned as to isolation and discover that the restoration of a normal and steadily increasing international finance and trade is the key to sound and stable domestic prosperity here and everywhere?

The restoration of these international trade activities is patently wise in the light of even a few of the governing facts. The trade of the world, according to the pre-war rate of gain, would have been $52,000,000,000 for 1932, compared with the actual and shamefully nominal amount of $16,500,000,000. Suppose that all nations today were profitably exchanging surpluses with each other to the extent of this huge loss of $35,500,000,000—who is simple or brazen enough to deny that the world almost immediately would be blessed with a full measure of sound-business prosperity? America's share of these trade losses approaches $6,000,000,000, and who can well overestimate the effects of this amount of exports of our immense surpluses of foodstuffs, raw materials, and manufactures?

The fact that our Nation only exports an average of 8 to 10 percent of its annual surplus production has been deliberately used overtime by the extreme economic isolationist to mislead and deceive millions of credulous American citizens. No one knows better than each member of your organization that this is an utterly false implication and that, on the contrary, from 20 to 50 percent of the production of great staple industries, such as cotton, tobacco, wheat, hog products, copper, oil, coal, automobiles, machinery, tools, and a long list of others must be exported and sold abroad unless stagnation and price slumps are to result at home from the dammed-up surpluses, which in turn have the effect most seriously to undermine the entire economic structure of the Nation. Our national prosperity is directly dependent upon that of these great surplus-producing and exporting industries.

The public must learn that trade between nations does not mean the displacement, more or less, of established home production and trade of one country by that of another. International trade is chiefly barter, or a mutually profitable exchange of surpluses by different countries, either directly or in a triangular manner. It specially contemplates, too, that an enterprising nation goes out into the world and locates and develops new markets for its surpluses. Resolute action is required to accomplish this purpose. The public must realize that, in addition to exchange between countries of commodities the purchaser does not produce, there is a large range of necessary or desirable commodities, the production of which is not economically justifiable, or which are produced in wholly minor quantities compared with home demands. There are many assortments and kinds of novelties, specialties, patterns, and other articles not competitive either materially or at all with home production, which Americans widely seek. There can profitably be a further exchange of commodities under the doctrine that this and other countries cannot justify the prevailing policy of artificial protection for any individual business that is patently inefficient on account of antiquated plant, inflated capital structure, or incompetent management. All efficient industries would thereby be placed upon a much healthier and more prosperous basis. The gradual and careful readjustment of the excesses in tariff and other trade barriers to a reasonable and moderate level would not contemplate either unreasonable or excessive competitive imports against an efficient domestic industry operated under normal conditions on the one hand nor monopolistic price advantages at home on the other.

The very small percentage of imports that might thus become possible would enable other countries in return to purchase our more burdensome surpluses, such as automobiles, textiles, machinery, agricultural products, minerals, and a large range of others. Trade among nations is really a mutually profitable affair. This policy, as the opposition often unfairly charges, does not contemplate no tariffs, nor even low tariffs, but a reasonable, moderate, decent level of tariffs, in lieu of existing rank and wild excesses and discriminations. The Buffalo speech of William McKinley even visualized such moderate level.

The far-reaching effect of international trade is further understood when we recall that most South American countries must export and sell abroad from 30 to 50 percent of their total production; England must sell 25 percent; Germany, 30 percent; Canada, 30 to 35 percent; Australia, 30 percent; New Zealand, 40 percent; and Japan, 45 to 60 percent. America must look mainly to those countries to purchase her surplus foodstuffs, raw materials, and finished manufactures. A slump on the international market, from any cause, with a serious drop of export prices and values, can cause a breakdown of the entire economic and financial life of these large exporting countries, and this in turn paralyzes our own foreign trade, and, as has been demonstrated during this panic, cuts in half our production and trade among ourselves here at home and throws millions of wage earners out of employment.

Probably 75 to 80 percent of the 2,000,000,000 population of the world are living below the poverty line. This means a lack either of adequate food or clothing, or both. This was the actual state of living standards even when the panic broke in 1929.

Shall the greatest financial, industrial, and surplus-producing Nation shirk and renounce the opportunities and responsibilities of economic leadership, leaving the living standards of most of the world population virtually on a level with the ground, withdrawing from most all world business relations and pursuing the permanent policy of living within and unto itself? Who will be the first leader to make the ignoble confession that American leadership is incapable of carrying our living standards and industrial and other phases of civilization to any higher summit? What second- or third-rate country would step to the front and take the place of America? Worst of all, what would soon happen to our 124,000,000 population thus retiring to seclusion from the world? The Nation soon would become decadent.

The view is eternally sound that our home market must be supplemented by a growing foreign trade for the purpose of stable and desirable domestic prosperity. If high wages were a mere matter of legislative enactment, as the opposition asserts every country generations ago would have enacted high wages and high living standards. When each country uses every means to block each other's exports, peoples can neither sell nor buy each other's

surpluses, with the result that both trade and purchasing power are dried up. I fear the policy of extreme isolation as the greatest danger to world peace and as more seriously threatening the world with bankruptcy than war itself.

NATHANIEL MACON—ARTICLE BY WILLIS G. BRIGGS

Mr. BAILEY. Mr. President, I ask unanimous consent to have printed in the RECORD an article by Willis G. Briggs and published in the National Republic on the life of Nathaniel Macon, the first Member of Congress from North Carolina.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

"CINCINNATUS OF AMERICA"—THIS TITLE WAS GIVEN TO THE DISTINGUISHED SOUTHERN STATESMAN, NATHANIEL MACON, BY THOMAS H. BENTON—TERMED "LAST OF THE ROMANS" BY PRESIDENT JEFFERSON

By Willis G. Briggs in the National Republic

Many extraordinary things, particularly in contrast with the modes of today, might be related of Nathaniel Macon (1758–1837). "The last of the Romans", Thomas Jefferson called him. "With the single exception of General Washington there is not one of your times who will stand so fair with posterity as yourself", wrote John Randolph in 1828. "Mr. Macon was the real Cincinnatus of America", says Thomas H. Benton in his Thirty Years' View. "No man in American history left a better name than Macon", is the verdict of the historian Henry Adams.

Macon's service in Congress covered 37 continuous years: 24 years in the House (Speaker three terms) and 13 in the Senate, voluntarily retiring in 1828. He was the recipient of the sister State Virginia's 24 electoral votes for Vice President in 1825 and twice declined a seat in the Cabinet. Yet throughout this long career he never sought public office, never solicited a vote, never made a political speech on the hustings, never asked the appointment to office of anyone at the hand of the Executive, but on the other hand always maintained his independence, claimed that he was a member of no political party, refused to attend the then customary congressional caucuses, and consistently declared that it was a matter of indifference to him who filled the appointive offices so long as the holders were honest and competent. "Independent, unambitious, free from intrigue, true to his convictions, kindly, and honorable," Henry Adams describes him. "A man of independent views and upright character, of frugal tendencies in public and private so constantly reelected as in later years to be called the 'Father of the House'", says the historian Schouler. His frugality, even parsimony, in matters of governmental expenditures, were his preeminent characteristics. "Let it ever be remembered that the public money in all countries is drawn from the sweat of the people", Macon constantly reminded his colleagues.

The annals of Macon's youth can be briefly told. About 1730 Gideon Macon left "the exhausted lands" of Virginia and acquired several hundred acres on Shocco Creek, a tributary of the Roanoke, in what was then a part of Granville but is now Warren County, N.C. In Gideon's home, surrounded by primeval oaks, the first house in all that section with the luxury of glass in the windows, behind the solid shutters, on December 17, 1758, the sixth child was born and named Nathaniel. When only 5 he was orphaned by the death of his father. By him the boy was devised about 600 acres of land and 3 Negroes. His mother did not neglect Nathaniel's education. When 15 he became a student at Princeton, in New Jersey. While there he served several months in the militia, but when, on account of the war with England, Princeton closed, Macon returned to his home on Shocco Creek and spent 2 years reading law and studying English history.

In most sections of North Carolina the Revolutionary struggle, on account of numerous loyalists and Tories, assumed the proportions of civil war. Lord Cornwallis overran South Carolina preparatory to invasion of North Carolina. With this threatened disaster at hand, Macon enlisted as a private. He refused the proffered bounty, rejected a commission as lieutenant, and would neither then nor subsequently accept compensation in any form for his military services, which he considered merely the performance of his duty. Following the Battle of Camden, he was in camp with Sumner's army on the banks of the Yadkin when, without his knowledge, the people of Warren County elected him to the State senate, called to convene January 1781.

Macon determined to ignore the summons and continue a private in the ranks, but General Green, then in command, hearing of the circumstances, called young Macon to his tent and with some difficulty finally persuaded him that the path of his duty led from the army to the halls of legislation. Beginning his long public career at the age of 23 as a member of the State senate in 1781, the policy of his youth was characteristic of his later years. His first concern was inspection and rigid examination of all public accounts. There must be no waste of the people's money. Moreover, the currency must be maintained on a sound metallic basis. Shifting sands of inflation were no basis for stable prosperity.

In 1783 Macon married Hannah Plummer, of Warren County, and there upon his 600-acre farm, called "Buck Springs", on Hubquarter Creek, 12 miles north of Warrenton, N.C., and sufficiently isolated so that the owner "could not hear his nearest neighbor's dogs bark", he built, partly with his own hands, the dwelling which remained his home throughout his long and distinguished career. That house is still standing, doubtless the most unique house in America. It was the "big house" of the plantation, yet it is just 16 feet square, ample fireplace, entrance by 2 doors opposite each other, and 2 windows set nearly 6 feet from the floor, with a wine cellar underneath the house. Fifty feet from the "big house" was another exactly like it except larger chimney and fireplace with crane for pots and kettles, the lower room being used by the family as sitting room and kitchen, while later his two daughters occupied the upper room. The farm road led between the two houses and on one side a short distance away stood quarters, neat and well built, for the Negro slaves, and on the opposite side the barns, stables, and outhouses. The only money crop of the plantation was tobacco, of which from 2 to 3 hogsheads a year were produced. Of course, there was a blacksmith shop, a weaving room, and other equipment which helped to make the little farm a world unto itself. Here all lived together pretty much as one family. When home from Congress Macon worked with his Negroes in the field, topped his tobacco, and helped feed his stock, in which he always took keen pride and kept in best condition.

While not a member of any religious denomination, Macon always said that he was of the "Baptist persuasion", studied the Bible assiduously all his life, and on preaching days, then held on Saturday, he always worshipped in a Baptist meeting house attended by his Negroes. To his young disciple, Bartlett Yancey, in 1821 Macon wrote: "The whole Bible contains great knowledge on the principles of government. The rising generations forget the principles and maxims of their fathers, hence the destruction of free government in every age."

Each Sabbath morning when the master of Buck Springs was home all people on the plantation, white and black, dressed in their best clothes, were required to assemble at the "big house" for worship. Macon read and explained some chapter in the Bible and the Negroes had their part, praying and singing. On the subject of slavery Macon, unlike his friends Jefferson and Randolph, considered it the logical and desirable status of the races (Congress in 1807 enacted statute to make effective the prohibition of importation of Negroes for slaves. Bidwell of Massachusetts moved to amend the forfeiture clause "that no person be sold as a slave by virtue of this act." This amendment was defeated by Speaker Macon breaking the tie vote of the House). Macon did not believe in emancipation or colonization, but did hold and practice a patriarchial relation, bound by ties of affection. Even when his land holdings had perhaps trebled he never owned more than 75 slaves and the welfare of each was his personal concern. Speaking of this intimate attachment he once related a circumstance of one of his friends, sending a slave across the Atlantic to transact a business matter for the master in London. Slavery on the great plantations of the further South and Southwest, under overseers, probably presented a very different condition. The mistress of Buck Springs was described as a woman of rare charm, but she died in January 1790 before her husband began his congressional career and is buried at their home. Although Macon was only 34 years old when widowed he remained so wholly devoted to the memory of his Hannah that he never married again. His only son died in infancy.

When North Carolina finally ratified the Constitution of the United States, November 21, 1789, Nathaniel Macon, without solicitation on his part, was elected the first Representative in Congress from his district and took his seat October 26, 1791. His services during the administrations of Washington and Adams were marked by closest attention to public business and punctilious attendance upon every session. Indeed he was soon recognized as the best parliamentarian in the House.

In 1796, instead of increased salaries for public officials, Macon advocated reduction of salaries. Public servants should keep within their incomes and set a salutary example by plain and simple living. From 1796 until 1815 the per diem of a Congressman was $6 and the mileage $6 for every 20 miles traveled. Macon fought every effort for an increase, declaring that $6 per day while serving was ample pay, and he was scrupulous to collect only his actual mileage. In 1815 when the compensation was made $1,500 per annum, with a proportional reduction for any cause but sickness and in 1817 when the pay was changed to $8 per diem and $8 for every 20 miles traveled, both increases were opposed by Macon. Richard Rush, the American Ambassador to England under Monroe, says that the great English jurist reformer Jeremy Bentham told him in London in 1818 that the success of the United States Government would largely depend upon paying her officials low salaries. Bentham predicted that constant efforts would be made to increase the same but simplicity and direct responsibility could only be maintained by vigilance of the people in keeping the pay of public servants low. Macon fully shared this opinion. Expensive embassies abroad were not, Macon thought, in keeping with the simplicity of this Republic. America, too, would be better off if some of these plenipotentiaries from Europe never set foot on our shores. Lavished expenditures for fortifications he held of doubtful value. Given his way, no vessel of war should leave American waters without express sanction from Congress. A large standing army in time of peace was an unnecessary drain on the public purse.

In the last half of John Adams' administration Macon was chairman of the House Committee on Claims. For a claim to run the gantlet of his committee was like the proverbial camel passing through the eye of a needle. An appropriation of $14,000 to repair furniture for the President was a horrible waste of public funds. Macon later even begrudged his friend President Jefferson the postage on his letters. The proposition for a national university he successfully fought. Expenditure of $70,000 for a granite

monument to General Washington was wrong in his opinion because it would prove an auspicious precedent for future memorials; besides, he added:

"If we decline raising a mausoleum to Washington, no man who succeeds him can ever expect one raised by the Government to his memory."

However, the bill passed by a vote of 45 to 37. But 16 years later when Governor Miller, by authority of the North Carolina Legislature, commissioned Macon to procure a suitable statue of Washington he entered heartily into the work and, by the aid of Thomas Jefferson, secured a marvelous piece of workmanship of Italian marble by Canova, which was placed in the rotunda of the North Carolina capitol, but was tragically destroyed when the capitol burned in 1832. Advocating the repeal of the Judiciary Act of 1801, Macon would, if for no other reason, be for repeal if thereby he could save the people even $1,000.

He opposed the gift of $4,000 to the daughters of Count de Grasse, and cast the solitary vote in Congress against the gift to Lafayette. He was uncompromisingly against any man accepting a gratuity from the Government, either as gift or pension. When the lobbyists for French spoilation claims were besieging Congress in 1856 one of Thomas H. Benton's last speeches was against these importunate claimants. Benton declared that he learned his lesson of senatorial responsibility and policy at the feet of the venerable Nathaniel Macon; that Macon, when considering any claim against the Government, conceived his position as legislator to be analogous to that of a judge on the bench, and no one dared to privately solicit Macon's support.

When the Sixth Congress met in 1799, with the Federalists still in control, Theodore Sedgwick, of Massachusetts, was chosen Speaker by only 6 votes over Macon. The Presidential election of 1800 being thrown into the House of Representatives, Macon was one of the 6 Republicans against 4 Federalists from North Carolina, and was thus able to cast the vote of his State for Jefferson. However, he listened to Jefferson's inaugural address March 4, 1801, with misgivings, fearful lest the President might be misled into some extravagance, but a few weeks later the master of Buck Springs was reassured by a letter from President Jefferson stating, "We shall push you to the uttermost in economy."

When the Seventh Congress convened in December 1801, the temper of the House was such that Macon was easily chosen Speaker, not as a partisan, for Macon declared if there were two parties he belonged to neither, but as a fair and impartial judge who best knew the precedents of the House. Besides geographical considerations recommended Macon to the favorable consideration of the northern adherents of Jefferson. The New England historian, Henry Adams, sums up the geographical situation at the time of Macon's election as Speaker thus:

"In some respects North Carolina, though modest in ambition and backward in thought, was still the healthiest community south of the Potomac. Neither aristocratic like Virginia and South Carolina, nor turbulent like Georgia, nor troubled by a sense of social importance, but, above all, thoroughly democratic, North Carolina tolerated more freedom of political action and showed less family and social influence, fewer vested rights in political power, and less tyranny of slave-holding interests and terrors than were common elsewhere in the South. The best qualities of the State were typified in its favorite representative, Nathaniel Macon."

The liberality of Macon in debate was frequently illustrated. Although the author of a bill in 1799 to repeal the sedition laws, he was free from personalities, declaring on the floor of the House in 1802 "Sooner than attempt to destroy the fame of these worthies (Adams, Hamilton, Marshall, etc.), to whose talents and exertions we owe our independence, I would cease to be an American." Justice Story, in his address on John Marshall, speaks of the acrimonious debates, 1799–1800, as "forever memorable in our political annals", and adds, "No man came out of the struggle with more distinction than Mr. Macon." Senator Otis, of Massachusetts, in debate with Macon in the Senate in 1820, asserted for his opponent a "real friendship and sincere affection" and "respect inspired by his honorable character", although "we have broken together many a political lance." Furthermore, while Macon was Speaker he expressed himself against the impeachment of Judge Chase, who had brought upon his head the wrath of all Jeffersonians by his enforcement of sedition statutes while riding the southern circuits. Macon did not believe a judge impeachable for political harangues before grand juries, though in bad taste. However, Chase was impeached by the House but acquitted by the Senate on every count, much to the chagrin of John Randolph, of Roanoke, who was manager on the part of the prosecution, but clearly in vindication of Macon's judgment.

Immediately upon his election as Speaker in 1801 Macon appointed his friend, the brilliant but eccentric John Randolph, of Roanoke, Chairman of the Ways and Means Committee. The Damon and Pythian friendship of these two men is one of the remarkable incidents in American annals. Macon was 15 years Randolph's senior. Macon stood about 6 feet, well proportioned, always strong and robust. Randolph was almost grotesquely peculiar in physique, but possessed an arresting and commanding personality, coupled with incomparable powers of sarcasm in debate. In his dress Macon always wore a double-breasted suit of best navy blue, turnover top boots, and immaculate linen. Randolph appeared in long black coat, a great white scarf about his throat. In 1802 Speaker Macon and Randolph lived together in a small house near where the Treasury Building now stands in Washington. Nearby they kept their horses. The journey from Buck Springs to the National Capital, 250 miles, Macon always made on horseback, while Randolph came the less distance from his home in his coach, bringing his pack of dogs with him. Both were hunters and delighted in following the hounds. Macon and Randolph differed frequently, but opposing convictions never even strained their devotion one to the other.

Following the census of 1800 Randolph and Macon disagreed as to the ratio for congressional representation, for Macon desired a ratio so small that every man might know personally his Congressman. Furthermore, Macon seems to have agreed with Alexander Hamilton's view that it would be preferable for Presidential electors to be chosen by congressional districts instead of by the States at large, and the electors were so chosen in North Carolina until 1816. After three terms Macon in 1807 relinquished the Speakership without a contest, "dragged down by Randolph's weight."

To regard Macon's career as simply a series of negatives is an error on the part of many historians who mention him at all. (His name does not even appear in the index of Woodrow Wilson's History of the United States.) Upon the very threshold of Jefferson's administration and long before Bonaparte surprised his minister, Talleyrand, and defied his blood brothers by proposing to sell to the United States the immense Louisiana Territory, to which his country held a rather dubious title, Macon had expressed himself as strongly favoring the purchase of Louisiana; also Florida and Canada, provided, of course, the prices were within the country's means. The necessary appropriation to pay France $15,000,000 for Louisiana had no opposition from him, though he agreed with Jefferson's private view that the Constitution contained no provision for the acquisition of territory and that an amendment to this purport might be desirable. However, when it came to governing the people of the newly added empire whom the Napoleonic treaty provided should be incorporated into the United States under the United States Constitution, Macon did not agree with John Randolph, Caesar Rodney, and others that Congress could empower the President to exercise all functions of government over the peoples of that vast territory; this theory of territorial government too nearly resembled despotism for Macon's approval.

The maintenance of local self-government undefiled was the very cornerstone of his creed. His conviction remained so strong on this point that 20 years later he was the only southern Senator who voted against the admission of Missouri as a State because certain legislative provisions by the State were required by Congress as a prerequisite to statehood. His conception that the Missouri compromise was unconstitutional was also in accord with the Dred Scott opinions of Chief Justice Taney and Justice Campbell more than 35 years later.

A century elapsed after the Louisiana territorial government debate before the Supreme Court of the United States in the so-called "Insular cases" (1901–5) held that lands acquired ceased to be foreign territory without being incorporated into the United States, and that until such incorporation Congress might withhold from the inhabitants thereof rights guaranteed by the Constitution to its citizens (*Puerto Rico* v. *Topia*, 254 U.S. 633), the Court then fully adopting the prior views of Chief Justice White. In fact, in 1829 John Marshall in the Canter case held that Congress could so provide a system of government for the Florida Territory. However, Macon's course in the acquisition and government of the Louisiana Territory was at least consistent in that he apparently maintained (1) that territorial expansion by the United States was necessary and should be consummated; (2) that the Constitution of 1789 had not provided for such expansion; (3) that territory acquired by purchase or otherwise was the joint property of all the States comprising the Union; (4) that being owned by the States the constitutional guarantees applicable to the States equally applied to the acquired lands and the inhabitants thereof, and particularly was this true under the Napoleonic treaty.

Certainly Macon escaped the inconsistencies of Randolph, who was extreme in his State-right theory, yet contended that the President or Congress, the National Government, could govern territory outside the domain of the States without constitutional authority or constitutional limitation thereon. Moreover, Macon was as nearly right as the Federalists, who asserted in the Senate that the Constitution only applied to the territory embraced within the Thirteen Original Colonies at the time of its adoption, and the Nation could apply a different system, if needs be, to either subsequent territories or possibly to new States. The incorporation idea long afterward advanced by Chief Justice White and finally adopted by the Court proved to be the golden mean between the two extremes, and is alone consistent with the now accepted theory that the United States is a nation.

Macon supported the embargo during Jefferson's administration, considering it the alternative to war, and was chairman of the House Foreign Relations Committee under Madison when the famous Macon bill no. 2 was enacted. This act was not written by Macon, however, but the authorship is ascribed to John Taylor. Convinced that American rights could not be secured by peaceful means and opposed to the unpatriotic attitude of New England, Macon heartily supported the Government in the declaration of and prosecution of the War of 1812, even voting for the required appropriations. This display of his patriotism is the more marked because he had not been an especial admirer of Madison, whom Jefferson made his heir apparent. In fact, prior to the election of 1808, Macon had expressed his preference

as successor to Jefferson for either Gallatin, of Pennsylvania, the then Secretary of the Treasury, or for Clinton, of New York, above Madison.

Perhaps Macon is more responsible for the adoption of the twelfth amendment to the Constitution than any other one man. In December 1803, Senator De Witt Clinton, of New York, introduced the proposed amendment, which would allow the Presidential electors to vote for candidates for President and for Vice President instead of simply voting two names and the one having a majority in the electoral college becoming President and the next highest Vice President. The bill barely received the necessary two thirds in the Senate (22 to 10), and in the House the vote in January 1804 stood 83 to 42, 1 short of the required two thirds. It was not customary for the Speaker to vote except in case of a tie, but Macon had the Clerk record him "aye" and thus the bill passed. Macon's State was the first to ratify the amendment, but 12 other States acted favorably (New Hampshire failed to act, and Massachusetts, Delaware, and Connecticut rejected it), so that the amendment became effective in time for the 1804 election. (Twelfth amendment has fulfilled the prohpecy of its Federalist opponents in that it nationalized political parties, lessened the importance of the office of Vice President, and has largely confined the choice for President to the larger and more important States, the support of which is deemed necessary for success.)

Notwithstanding the importunities of his friends in 1828, Macon resigned his seat in the Senate and as trustee of the State university and as justice of the peace, he having reached the allotted age of three score as stated by the Psalmist. He intended to let the next 10 years be the Sabbathical period of his life. Accordingly he retired to his Buck Springs farm, but continued to maintain a lively interest in local affairs, particularly in the young people of the community. When his admirers wanted to give a barbecue dinner in his honor, however, he declined, stating that he had never attended one of these big affairs. Like his friend Jefferson, he had entertained serious misgivings as to Andrew Jackson's presidential qualifications and had publicly criticized the latter's high-handed and unconstitutional course in Florida and favored the election of Crawford in 1824. There is evidence that John Quincy Adams would have endorsed Macon as his running mate in 1828. After Jackson's inaugural in 1829, his course, particularly with respect to the United States Bank, won Macon's approval and he soon declared that no one could have convinced him that General Jackson would render to the people the service he did.

When the election of 1836 approached the Whigs made a desperate fight in North Carolina, and in August 1835 elected their candidate for governor. The chances were that Van Buren would lose the vote of the State. Macon had come from his retirement to represent his county in the State constitutional convention of 1835, serving without compensation, and was unanimously elected chairman of that body, where he presided to the satisfaction of all sides. In the constitutional convention of 1835 Macon stood with Judge William Gaston in removing political disabilities from Catholics and Jews. With the ill results from a union of church and state fresh in his mind, he declared: "The mixture of politics and religion is the very essence of hypocrisy." Macon more than anyone else is responsible for putting an end to the pernicious practice of treating at elections, then held on muster day for the local militia.

Hence, when the Van Buren prospects seemed so gloomy, Macon was importuned to permit the use of his name to head the Democratic electoral ticket. This he finally consented to do and his aid thus given not only enabled Van Buren to carry North Carolina but was of great help to the Democratic ticket in other sections of the country.

The death of Macon, June 29, 1837, has become an epic, characteristic of his life. He had been ailing for a short while but on that June morning he recognized the approaching sunset of his earthly pilgrimage. He rose at his accustomed hour, bathed and shaved himself, ate his breakfast, sent for his physician, and, inquiring the amount of his bill, paid the same in full. Then he summoned the undertaker, made all arrangements for his burial, stipulated that those who attended the funeral should, according to the then-existing custom, be furnished dinner and grog. He requested that his old friend, elder of the little Baptist meeting house where he had long worshipped, might preach the funeral sermon. He also picked out the spot for his burial on a piece of sterile ground where no one would wish to plow, and directed that his grave should be marked only by a pile of flint rock, stones which no one could use for building. The undertaker, after these directions, was paid in advance and dismissed. About noon, all arrangements having been completed, Macon went to bed and quietly died. The heap of rough stones on the strip of barren ground near his Buck Spring house, the scene of the joys and sorrows of his long life, alone marks his final resting place.

Compared with contemporaries like Washington, the incomparable; Hamilton, Jefferson, Adams, Marshall, Webster, Clay, and Calhoun, perhaps Nathaniel Macon was neither an intellectual giant, nor a great orator, nor a brilliant debater, nor a fascinating leader, but by his common sense, his industry, his probity, his unfailing devotion to duty, he was a powerful figure in our national life for 40 years. As an exemplification of those stern precepts of rigid economy, of unostentatious democracy for the individual and the State, the career of Nathaniel Macon must ever remain preeminent.

Sources: Dr. W. E. Dodd's Macon (1903); Wheeler's History (1856); Peele's Distinguished North Carolinians; Benton's Thirty Years; History, by Henry Adams; Judge Thomas M. Pittman's address on Macon (1902); Schouler's History; Annals of 1–20 Congresses; Raleigh Register (1799–1835).

ADDRESS BY HON. HARRY B. HAWES BEFORE THE IZAAK WALTON LEAGUE

Mr. WALCOTT. Mr. President, I present an address delivered by Hon. Harry B. Hawes before the Izaak Walton League at Chicago, Ill., April 27, 1933, on the subject of The League and Legislation, which I ask may be published in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Mr. Chairman, this annual national convention of representatives from 33 States of the Union speaks for an association which issues its monthly paper, employs experts, and in more than half of the States of the Union has not one but many chapters. It is, therefore, what might well be called a "grass-roots" organization. Its ramifications extend into local communities and down to the man who carries the rod and the man who carries the gun.

My subject is The League and Legislation.

Legislation in Washington at the present time is going through a unique crisis approximated only by that of war time.

Under ordinary circumstances conservation of our wild-life resources is presented to the proper committees of the House and the Senate, translated into statute law, accompanied by necessary appropriations, and subject, of course, to the approval of the President.

At the moment unusual powers are being delegated to the President, because we are facing the gravest financial and unemployment situation in our history.

Millions of men and women are without employment and dependent upon State, municipal, and national agencies for the necessities of life.

Farms are abandoned with their mortgages long overdue. Foreclosures have been forcibly resisted. Thousands of banks are closed, interest on drainage bonds goes unpaid, flood-control projects are curtailed or delayed. Factories are idle, wages cut, interest payments passed, the incomes of both rich and poor have shrunk. Private enterprises have reduced salaries, dismissed employees, and curtailed expenses. Now cities, States, and the Nation are doing the same things. The facts of the situation can hardly be exaggerated.

In such an emergency the granting of extraordinary powers to the President has been approved first by the Congress and now by the whole Nation.

IMPORTANCE OF RIGHT ADMINISTRATION

The outcome of this grant of power is necessarily dependent upon the genius and understanding of those who will be selected by the President to administer his program under it.

If the men selected by him as administrators have conservation in mind, have been students of the subject, and have had experience, then our conservation movement will be as successful as other industries in our national life.

Uncertainty in a national crisis means national prostration. The Nation has demanded decisiveness from our President. That is what Franklin D. Roosevelt is giving us. Drifting does not appeal to him nor to the American people. They even prefer mistakes to a policy of "do nothing." A mistake demonstrated as such may be corrected. So at least we can say that we are on our way. We are heading for something definite. The President is deciding, and his decisions are looking to solutions.

Our program can be served by the President's initiative and vision if conservation is recognized; if conservationists are consulted.

What is the attitude of President Roosevelt toward conservation?

To answer this question intelligently, we must consider the uncertain conditions in Washington. Many friends of the President—in fact, the leaders of the Nation—are refraining from discussing appointments or subjects of lesser import with him. They are waiting until the major problems are solved. It has not been deemed considerate to ask the President or the members of his Cabinet to discuss subordinate matters while major problems are awaiting action and solution. So, like many others, I have refrained from calling at the White House or intruding upon Cabinet members with advice and suggestions until the emergency programs are met. In my opinion, there will be time enough to do this when Congress has finally decided upon the full extent of the power with which it will clothe the President. At this time patriotic Americans are expected to "sit steady in the boat."

But I can at least express a personal opinion of the President's attitude.

PRESIDENT ROOSEVELT SYMPATHETIC

Somewhat more than a year ago, when he was Governor of New York, I called on him in relation to his campaign, and he inquired why I had announced a year before that I would not be a candidate for reelection to the Senate. When I told him that I expected to devote part of the remaining years of my life to conservation, he expressed approval. He said it was a great public work; that it was a matter in which he had been interested during all his life, and that during his administration as Governor of New York he had given practical attention to conservation.

Later, on a western trip with him during the Presidential campaign, the matter again came up. He reiterated his previous approval of my course and said he wanted to help and that he would help.

I believe I can state that the President intends, as part of his program, and at the proper time, to give consideration to the wishes of the 6,000,000 men who take out hunting licenses, to the 7,000,000 men and women who take out fishing licenses, and to the annual amount of money expended for these sports, estimated at $650,000,000.

I believe I can state with certainty also that our President is conservation-minded, and that he will include in his broad national program a proposal for conservation and respect the views of the patriotic men and women who have devoted themselves so unselfishly and so whole-heartedly to this national cause.

We may rely upon him. We may trust him, I know, when the test comes in the administration of laws and policies.

The point I make is that it is not legislation but administration and official personality that most immediately concerns us in the matter of conservation.

My subject (for 20 minutes) is The League and Legislation. This naturally involves what might be termed the "ideal" in legislation, the completed National and State program which is the goal. But for the few years immediately ahead we must be controlled in our ambitions by the unusual conditions prevailing in our Nation and by the necessity of recognizing conditions and building a program which will make allowance for an abnormal and distressing situation.

BENEFITS TO BE SOUGHT

Accordingly, in asking for National and State aid, we must face the facts.

Individuals, clubs, and associations can be of assistance in our work, but the problem is too great to be handled privately or by purely local agencies or endeavors. It must be solved by the State and National Governments.

So our work must be persistent, intelligent, educational, persuasive. Our objectives are simple when understood, but there must be no slack in the effort to attain them. Our conservation calls for decision, even in the midst of these hard times.

There is now being proposed a 30-hour week, which means 6 hours a day for 5 days—2 days out of 7 to be devoted in part to the home, the church, and the outdoors.

What shall be done with this extra leisure? Shall it be spent in idleness or in healthful recreation? Healthful recreation is found very largely in the outdoors. Especially is this true for the urban citizens who now far exceed the number of suburban or rural residents.

The farmer is asked to curtail production. That means fewer acres under cultivation. What is to be done with these idle acres? Shall they yield only weeds and harbor predators, or be made a source of revenue for the farmer and a source of pleasure for his friends? If he utilizes his land for profit, why can we not assist and advise him, or in return for his privilege of hunting or fishing give him some hospitality that we may devise?

The President, in a congressional act for relief of unemployment, is authorized to carry on works of a public nature in connection with the reforestation of public lands, State as well as Federal. Specific mention is made of flood control, so the act covering both forests and waters, embraces such matters as soil erosion, pollution of streams, and development of game refuges and sanctuaries.

Conservationists have special cause for welcoming and applauding President Roosevelt's program of reforestation. Along with all other citizens we welcome it as a plan for relieving unemployment. As members of this great organization, we see in it also a recognition of the principles of conservation and a magnificent initiative on the part of the Executive that should lead to Federal expansion of conservation efforts in general.

This work of improvement and reclamation can be carried out on all State and National properties, including Army and Navy reservations. In addition there is a vast acreage of cut-over land now lying idle which, with the consent of its owners, might be developed into permanent forests and made into breeding places and habitations for game of all kinds.

The United States Supreme Court has decided in numerous cases that game preservation comes under the inherent police power of the States, and the State has the right to legislate concerning it as a valuable food supply, and for the general welfare.

Under our Migratory Bird Act and our treaty with Canada (which, by the way, should be extended to include Mexico), our Federal Government not only has the right but also the moral as well as the legal duty to protect migratory game birds.

So, too, control over navigable streams is lodged with the Federal Government. The issuance of permits to dam or bridge these streams is a Federal prerogative and function.

Land used for spillways in connection with flood control, especially where a flood occurs only once in 5 or 7 years, can be prepared for both fish and game during the intervening years; and, as these floods (while immeasurably disastrous to property and lives) last only for short periods, they do not present insuperable impediments to this useful purpose.

EVILS TO BE CORRECTED

The pollution of our streams is a continuous menace to our national health. There is no reason why this artificial contamination should not be prohibited and the waters of our rivers and lakes kept clean for drinking and bathing and at the same time be made habitable for edible fish.

For example, the water of the Potomac River (which passes our National Capital) is a threat to health, an offense to the eye, a proof of somebody's incompetence, a cause of humiliation, not only to residents of Washington and its environs but also hundreds of thousands of visitors.

The 6,000,000 hunters and 7,000,000 fishermen I have mentioned pay their own scores. From their pockets comes the cost of conservation. It is not borne by the general taxpayer.

A forest of regrowth timber is a congenial breeding place for birds and animals. It can be made habitable at this time with little or no expense. These regrowth forests will be undisturbed for many years—at least for another quarter of a century. Meanwhile they can become perfect sanctuaries for wild life of all kinds. In providing these forest haunts for birds and animals and clean waters for fish we shall at the same time be furnishing to our people the means of wholesome, healthful recreation and no inconsiderable source of food.

Under the powers given to the President this can be done without burdensome cost to our taxpayers.

Now is the time to use the unemployed in this work as well as in reforestation. It will increase the number of jobs; it will enhance the health, the pleasure, and the food supply of our people. They may also be usefully employed on marginal lands in the creation of wild-life sanctuaries and recreational as well as wilderness areas, in the devising of game covers, in the control of predators, in the supplying of food for birds, animals, and fishes.

How can this be done? By the creation of an advisory committee consisting of experts, men of the knowledge and experience of O'Malley and Radcliffe in the matter of fishes, men like Redington, Sheldon, and Henderson in the matter of birds and animals.

Or, if the President should prefer, there might be a volunteer committee selected by the officers of the Izaak Walton League, the American Game Association, More Game Birds, the Audubon Society, and various other such organizations, and representatives of the Senate committee on conservation of wild-life resources.

This is a brief statement of what the President may do without appreciable cost to the Nation.

CONGRESSIONAL ACTION JUSTIFIED

After Congress has disposed of its major problems, it should pass a revised Federal migratory-bird stamp bill to raise money for the purchase of additional sanctuaries and refuges for our migratory birds through fees paid by the sportsmen of America. The measure should be introduced now and pushed for final passage. This duck stamp bill will pay its way—the whole cost of its operation. It will entail no financial obligation upon State or National Government. Only sportsmen will pay.

It is unnecessary for me to advise this convention that the national conservation situation is deplorable. With only 24 national game wardens, with no money for the purchase of sanctuaries, with curtailment of funds and personnel in all branches of Government having functions with regard to conservation, the situation could hardly be worse than it is.

In the time you have allotted to me I cannot go into details. I have merely tried to point out the things the President may do, the things that Congress may do.

With an awakened sentiment, supported by the millions of men and women who pay for the pleasure and privilege of using a fishing rod or a gun, we can go far and accomplish much. We can do these things if the program is practical and not too ambitious for a period of distress like the present.

We may count upon our President. We may rely on Congress too, once it sees the need and the opportunity.

We must not fail, however, to repeat the warning that when the fishing rod is put away and the gun hung upon the rack, the greatest forces back of conservation will have become inert.

IMPROVEMENT OF CONDITIONS IN PAPERBOARD INDUSTRY

Mr. WALSH. Mr. President, I ask unanimous consent to have printed in the RECORD the plan of the National Paperboard Association for improving conditions in the industry.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

PLAN OF NATIONAL PAPERBOARD ASSOCIATION FOR IMPROVING CONDITIONS IN THE INDUSTRY

(Approved by executive committee Apr. 26, 1933; approved by western groups at meeting Apr. 27, 1933; approved by eastern groups at meeting May 1, 1933)

The members of the National Paperboard Association, comprising over 90 percent in numbers and volume of paper-board manufacturers, have approved the following statement and have requested its submission to the President of the United States:

The paper-board industry is a large and important one, employing approximately 50,000 persons. During the year 1932, and so far this year, it has operated at about 50 percent of capacity. (This statement is based upon complete and accurate statistics, which have been audited.)

Prices are demoralized to an extent which precludes profitable operation, and this condition has forced economies which have reduced wages and the number employed in harmful degree.

The members of this industry favor a 6-hour day in this emergency. They favor the payment of adequate wages. They favor

the elimination of and a curb upon the unsound and the unfair in merchandising practices and prices, which bring chaos to business and a reduction in employment and wages.

Notwithstanding the above, the members of this industry oppose Government regulations of the hours of labor, of wages, and production. It is the opinion of the members of this industry that before the United States Government embarks upon the regulation of business other and probably safer remedies should be attempted.

Before industry is condemned and it is deprived of all freedom of action, it should be remembered that under laws now being proposed industry will be required to do those things which under existing laws it has been refused the privilege to do voluntarily. The many should not be penalized for the sins of the few, over whom all control has been denied to industry.

The members of this industry believe that if business will be permitted to act voluntarily, hours of labor will be reduced, employment will be increased, adequate wages will be paid, and industry stabilization—all to the public good—can be secured.

We recognize that any industry-stabilization plan which has the power to effect the necessary cures includes the power to abuse; that, therefore, for the protection of the public, governmental supervision is necessary. On the other hand, we believe that such governmental supervision will be better than direct regulation through statutory regulation of hours of labor, wages, production, and other business details. It is our opinion that the Government cannot embark upon such program of regulation without it developing new abuses, the curing of which will call for continued additional governmental control until a full license system will be in force and all liberty of the individual will be lost.

The members of this industry therefore respectfully request the enactment of a law that during the period of emergency (as the same may be declared by the President) the operations of the Sherman antitrust law shall be suspended with respect to any plan submitted to and approved by the President, acting through a bureau or representatives to be designated, which shall be responsible to the President, provided such plan shall have the approval of at least 75 percent in numbers and volume of the particular industry; that in case any such plan is so approved, it shall be binding upon and enforceable against all members of the industry; that the approving body may withdraw its approval at any time if operations under the plan shall be deemed to produce results harmful to the public welfare; that any such plan shall, as a condition to approval, contain therein provisions, which are fair and reasonable, covering hours of labor, rates of pay, and other protective features as may be necessary to safeguard the interest of the public.

As illustrative of the above, this industry, if legislation such as the above be enacted, will submit a plan which will, among other things, include the following:

1. A 6-HOUR DAY

(NOTE.—This would mean four 6-hour shifts on paper machines for 24 hours of continuous operation, in place of three 8-hour and two 12-hour shifts now prevailing. It is estimated that this will put 12,000 to 15,000 more men to work in this industry.)

2. ADEQUATE WAGES

We will agree that this wage for 6 hours shall not be less than the 1929 wage for 8 hours, adjusted—plus or minus—to the cost of living in 1929 as compared with the cost of living at any time hereafter prevailing, all as may be necessary so that the wage shall be proportionate and the purchasing power equivalent to that prevailing in 1929.

This will increase the cost of production. It is assumed that the Government will take action as appropriate to protect industries in this country from competition from foreign countries.

3. PRICE LIMITATION

A limitation on prices as may be necessary to prevent unreasonable profits and unfairness to the public.

4. STABILIZATION

The plan will not include agreements as to prices or limitations upon production. Allocation of customers, protection of existing volume, or trade position will not be included. The plan will, however, contain provisions which will operate as a curb upon demoralizing price cuts and other practices now recognized as damaging to industries and to public welfare.

Through recognition of, and adherence to, the principle that each member of the industry should control excess capacity, which is in proportion to the industry's excess capacity, individual operations of capacity in excess of the industry percent will be subject to a progressive tax at an amount per ton to be hereafter determined. The amount of this tax will be so fixed as to operate as a deterrent to volume seeking through unsound price concessions, but will not be so large as to preclude full and free competition under normal, healthy merchandising policies and prices. Penalties in the form of a tax will be applied as protective of wage levels and hours of labor.

5. ADMINISTRATION OF TAX FUND

This tax will be paid to trustees, and its collection will be enforceable by the trustees. These trustees shall be persons approved by the Government. Tentatively it is proposed that the industry shall appoint one, the Secretary of Labor shall appoint one, and the two so appointed shall choose the third. Broad discretion should be given the trustees as to the use of any fund so created. One purpose would be to use the fund as an unemployment fund; another purpose—all in the discretion of the trustees—would be the payment of rental for paperboard mills and properties, this by way of relieving the pressure of excess capacity and aiding through the depression companies which are facing operating difficulties. In case an operating mill should be so leased or carried by this fund, it is proposed that such taking over should be conditional upon the absorption by the industry of the labor of any property so shut down. This would permit of some control of capacity and the relieving of the pressure upon the industry of excess capacity, without at the same time giving the industry power to create capacity shortage. By such use, it is believed that the fund would operate to maintain employment and thus reduce the need of its use for unemployment.

It is appreciated that governmental supervision of operations under any plan is essential in order that its true effect and fairness in operation can be known. This industry will welcome such supervision.

Further details will be included as may be necessary and deemed proper for the benefit of capital invested, those dependent for their livelihood upon the industry, and the public.

The foregoing is not intended to cover details but to set forth the broad outline of the plan proposed.

Respectfully submitted.

NATIONAL PAPERBOARD ASSOCIATION,
By WILLIAM P. JEFFERY, *Chairman*,
No. 1 Wall Street, New York City.

CURRENCY REFORM—ADDRESS BY SENATOR BYRNES

Mr. ADAMS. Mr. President, I ask that there be printed in the RECORD a very able and concise address upon the Thomas amendment to the farm bill, delivered over the radio by the junior Senator from South Carolina [Mr. BYRNES] on May 3.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Ladies and gentlemen of the radio audience, the House of Representatives today by a vote of 307 to 86 agreed to the so-called "Thomas inflation amendment" added by the Senate to the farm relief bill, making it certain that within a week this amendment will become law. The object of this amendment is to increase price levels. This purpose it seeks to accomplish by giving to the President the power to resort to three different proposals. The first directs the Secretary of the Treasury to enter into agreements with the Federal Reserve Board and the Federal Reserve banks, under which agreement the banks will purchase Government obligations to the extent of $3,000,000,000.

This proposal is sound. It constitutes what is called "open-market purchases" by the Federal Reserve banks. It will result in putting $3,000,000,000 of Federal Reserve notes into circulation. As these Federal Reserve notes find their way into the banks, they can be counted as a part of the reserves of the banks and make it possible for commercial banks to secure additional credit from the Reserve banks. In this way the expansion of credit under this proposal will exceed $3,000,000,000. The proposal is safe. It is at all times under the control of the Federal Reserve Board, a group of men whose conservatism is recognized. They are directed to prevent any undue expansion. At any time they believe there has been sufficient expansion, they can sell all or a part of the approximately $2,000,000,000 of Government securities now held by Federal Reserve banks, which will have the effect of contracting credit just as the purchase of Government securities will have the effect of expanding credit. The criticism directed at this proposal is that it causes the officials of the Federal Reserve System to adopt a policy not initiated by them. Whenever the Government of the United States determines upon a policy of raising price levels, the Federal Reserve banks should cooperate with the Government. Should they cooperate in this policy, it is my opinion that the President will never resort to any of the other alternatives in this measure. Should they refuse to cooperate, then the President of the United States is authorized to resort to proposal no. 2, under which the Secretary of the Treasury would cause to be issued $3,000,000,000 of Treasury notes to be used solely for the purpose of purchasing interest-bearing obligations of the Government.

The effect of this would be exactly that which is sought to be accomplished through the Federal Reserve banks under proposal no. 1. As these notes were used to purchase Government obligations, there would be an expansion of credit. Practically, it would mean that the Government would substitute a non-interest-bearing note, which is a demand obligation, for an interest-bearing bond, which is a time obligation. The bond would be canceled so that the debt of the Government would not be increased. Behind the note, just as in the case of the bond, there would be the faith and credit of the Government of the United States. The retirement of the bonds would result in an annual saving to the Government of approximately $120,000,000 interest. The expansion is controlled not only by the limitation of the amount of notes but by the creation of a sinking fund, and annual appropriations are made of an amount equal to 4 percent of the outstanding notes for the retirement of such notes, so that the entire issue would be retired within 25 years. Critics express fear that these notes would not be accepted at par because not redeemable in gold. Today we are off the gold standard. The notes you have in your possession cannot today be redeemed in gold. Therefore there

is no practical difference between the notes presumed to be redeemable in gold and the notes to be issued under this proposal.

Critics further express the fear that we will suffer the experience of Germany with its marks. They forget that in Germany there was no control of the issue of marks and no annual appropriation for retirement; that Germany had just been through a disastrous war and its resources were practically destroyed; that while Germany was hopelessly in debt, the United States is a creditor nation; that while the marks were used to pay current expenses, these notes are to be used to retire interest-bearing obligations of the Government; that while no effort was made to balance Germany's budget, the Budget of the United States is balanced. A government that can control its expenditures can control the inflation of its currency.

There is another power conferred upon the President by the terms of the bill. It would authorize him to fix the weight of the gold dollar if, as a result of an investigation, he finds it is necessary for the protection of our foreign commerce against the effect of depreciated currencies of other governments. It cannot be reduced more than 50 percent. As long as gold payments are suspended by the Government and you cannot demand the gold dollar, even from the Treasury of the United States, the question as to the weight of the gold dollar loses some of its importance. There has been a race among governments to cheapen money in order to obtain an advantage in international trade. Thoughtful persons agree that there must be an end to this competition. There must be an agreement by governments fixing the value for the currencies of every government in international trade. In any conference held for the purpose of stabilization of currencies our Government will be in much stronger position by reason of the increase in price levels, which has resulted from the introduction of this legislation and by reason of the power given to the President by this proposal.

While I have heard some men criticize this measure, I have yet to hear one offer a substitute. They would let deflation continue. The deflation of the past three and a half years not only destroyed values but destroyed the morale of the people. The introduction of this measure effectively stopped the deflation. It has increased the price of all commodities. The increased buying power of more than 30,000,000 people living on the farms of the Nation has increased the sales by chain stores and mail-order houses. It has increased the production of steel and today thousands of men are returning to work in the industries of the Nation. More than $500,000,000 in farm loans are held by banks of the Nation, whether open or closed. The increased prices of agricultural products has increased the price of farm lands, and this, with the increase in the value of the securities held as collateral by the banks, will make possible the opening of many banks now in the hands of conservators, thereby saving millions of dollars to the depositors.

The increase in the price of agricultural commodities, if it continues, may even make it unnecessary for the Department of Agriculture to resort to the allotment features of the agricultural relief bill. The employment of men in industry may make unnecessary a public-works program on the extensive scale at first planned, and certainly should result in reducing expenditures for the relief of the destitute and hungry.

In the face of this improvement in the business world, some politicians, who for the past 3 years have dictated the policies of the Government, are preaching the doctrine of despair. Last fall they declared that bad as things were, they might be worse. Today they prophesy that conditions will be worse. Unhappy are their days. I picture them presenting the blessings of deflation to a man who, as a result of the introduction of this amendment, has just sold his cotton or wheat at a profit, has paid his note at the bank, and is returning home with money in his pocket and hope in his heart. I sympathize with their plight as they tell the laborer who is today employed for the first time in 2 years that the dollar he earns will not purchase as much as it formerly did, for the American workingman knows that only with the end of the cruel policy of deflation can there be any demand for labor, and only with the demand for labor can there be an increase in wages.

It is urged that it will injure the holder of bonds and other investments with fixed income. This is true. For instance, the man who in 1918 purchased a $500 Liberty bond could at that time secure this amount of money by selling 4 bales of cotton, because cotton was then selling for 25 cents a pound, or $125 a bale.

Ten days ago if this investor sold his $500 bond, he could with the proceeds of the sale purchase 20 bales of cotton, because cotton was selling for $25 a bale. As a result of the introduction of this measure, cotton has increased in price from 5 cents to 8 cents a pound. This man who holds a $500 bond which he bought with the proceeds of four bales of cotton in 1918, could today secure for his $500 only 12 bales. The same illustration could be made as to every agricultural commodity. The plight of this investor does not arouse great sympathy. He is not entitled to have the Government continue a policy of deflation in order to enable him today to purchase with his $500 five times as much as he could have purchased with it in 1918. The inability of the debtors of the Nation to discharge their obligations at the price level prevailing for the past 3 years has demoralized business and threatened the very structure of our Government. As banks failed, as corporations went into bankruptcy and families were driven from homes, unrest and fear gripped the people.

Today, under the leadership of President Roosevelt, hope has supplanted fear. Action has supplanted inaction. Something is being done, and try as they will, the politicians cannot destroy the confidence of the people in the leadership of the President. They know that when the President was inaugurated on March 4, every bank in the Nation was closed, and with intelligence and courage he proceeded to place our banking system on a solid basis; that he found a Treasury with a huge deficit, increasing at the rate of $5,000,000 a day; and, in 30 days, he had balanced the Budget without levying additional taxes upon the people. The people have no fear and cannot be frightened into believing that Franklin D. Roosevelt will exercise the discretion placed in him so as to permit any wild inflation or unwise expansion. They trust him. Their confidence is not misplaced.

RECESS TO MONDAY

Mr. ROBINSON of Arkansas. If there be no further business, I move that the Senate take a recess until 12 o'clock noon Monday.

The motion was agreed to; and (at 4 o'clock and 9 minutes p.m.) the Senate took a recess until Monday, May 8, 1933, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate May 4 (legislative day of May 1), 1933

AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY

Dave Hennen Morris, of New York, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Belgium, and also Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Luxemburg.

UNDER SECRETARY OF THE TREASURY

Dean G. Acheson, of Maryland, to be Under Secretary of the Treasury, in place of Arthur A. Ballantine, resigned.

UNITED STATES CIRCUIT JUDGE

Francis A. Garrecht, of Washington, to be United States circuit judge, ninth circuit, to succeed Frank H. Rudkin, deceased.

UNITED STATES ATTORNEY

George E. Hoffman, of Florida, to be United States attorney, northern district of Florida. He is now serving in this position under an appointment by the court.

PUBLIC HEALTH SERVICE

The following-named assistant dental surgeons to be passed assistant dental surgeons with the grade of passed assistant surgeon in the Public Health Service, to rank as such from the dates set opposite their names:

Ray P. Breaux, July 21, 1933.
James F. Lewis, July 21, 1933.
Thomas L. Hagan, July 22, 1933.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 4 (legislative day of May 1), 1933

AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY

Hugh S. Gibson to be Ambassador Extraordinary and Plenipotentiary to Brazil.

ENVOYS EXTRAORDINARY AND MINISTERS PLENIPOTENTIARY

Warren Delano Robbins to be Envoy Extraordinary and Minister Plenipotentiary to Canada.

Laurence A. Steinhardt to be Envoy Extraordinary and Minister Plenipotentiary to Sweden.

SECRETARIES IN THE DIPLOMATIC SERVICE

Cavendish W. Cannon.
James S. Moose, Jr.

HOUSE OF REPRESENTATIVES

THURSDAY, MAY 4, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

O God, our everlasting Father, we have in Thee the source and the magnificent disclosure of all those virtues by which we live, by which love is sanctified and true friendship made. The whole soul of gratitude incites the song of praise. Hear

our prayer, blessed Lord. In these days of wide-spread distress, open all hearts to be bountiful; to give themselves more and more to the unfortunate. Our Father, join us all together in the unity of a true brotherhood. We pray for more willingness, for more patience, and more confidence in all our fellow citizens. Take us unto Thyself, dear Father, save us all from selfishness, from false pride, from envy, and fill our lives with the spirit of love and benevolence which shall bring the summertime of cheer and the promise of a new day to all institutions and to all homes everywhere. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed with amendments, in which the concurrence of the House is requested, the bill (H.R. 4589) entitled "An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1934, and for other purposes."

The message also announced that the Senate insists upon its amendments to said bill, requests a conference with the House thereon, and appoints Mr. THOMAS of Oklahoma, Mr. GLASS, Mr. KING, Mr. NYE, and Mr. KEYES to be the conferees on the part of the Senate.

The message also announced that the Senate had passed with amendments, in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 5081. An act to provide for the common defense; to aid interstate commerce by navigation; to provide flood control; to promote the general welfare by creating the Tennessee Valley Authority; to operate the Muscle Shoals properties; and to encourage agricultural, industrial, and economic development.

ALLOTMENT OF TIME IN GENERAL DEBATE

Mr. BUSBY. Mr. Speaker, I ask unanimous consent to address the House for 7 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi [Mr. BUSBY]?

There was no objection.

Mr. BUSBY. Mr. Speaker, I asked for this time to make a little explanation.

I made a point of order on yesterday afternoon when we were proceeding with very few Members present that there was no quorum present. I was not "peeved." That is not what caused me to do that. I have discussed with the Speaker when he was floorleader and with other gentlemen in authority the manner in which the time of this House is doled out and the fact that the ordinary Member of the House has no standing when it comes to having any say whatever about how the time is to be divided or to whom it is to be given. It so happens that the Committee on Appropriations has many measures on the floor of this House, and the time of the House is absolutely farmed out to the chairmen of the subcommittees of the Committee on Appropriations as to how the time of this House shall be used and as to whom it shall be given. I remind you gentlemen who happen to be in the positions I have mentioned, members of the Appropriation Committee, that it is not your time you are dealing out. It is the time of this House and of the Congress, which belongs to the country.

On yesterday afternoon we proceeded in the usual way and one gentleman continued on the floor with continued allotments of time for quite a while. He made an interesting talk. A number of others were waiting for time without knowing anything about what to expect. There was no limit on the amount of time that might be yielded by the gentleman on the majority side or the gentleman on the minority side, members of the Committee on Appropriations to whom the unlimited time of the House has been farmed out. So after that had concluded the gentleman on the minority side proceeded indefinitely, in a nonchalant sort of way, to yield time to one gentleman who was making a very interesting speech, and who spent some 10 or 15 minutes reading a letter he had received from a corporal in the Army. This gentleman, it is true, is very distinguished and has served notably in the United States Senate for some time, and we were glad to hear the gentleman, but it so happened that that thing went along until the undemocratic situation confronted us very forcibly. It is not a personal matter with me, but I want to suggest to those gentlemen that they were not doling out their time, but our time, and the Committee on Appropriations assumed the role of consuming the time of this House without limit, and as to whom it shall be given and as to how long they shall speak.

Mr. TABER. Will the gentleman yield?

Mr. BUSBY. In just a moment. Now, it so happens in times past a Member could ask unanimous consent and get a special order to address the House at a time definite, and that time could be arranged, and Members who wanted to hear the address would know about it. We are proceeding in a most indifferent sort of way as a deliberative body. We are treated as an institution that merits no consideration, and almost all the Members leave. I resent that sort of tactics, and I do not think that policy makes for very much good for the House of Representatives. I intend to continue making points of order as to a quorum, as I have a constitutional right to do, and we are either going to adjourn or we are going to have Members in this body to listen to the speeches that are made. [Applause.]

I have never asked anybody to elect me Speaker. I have never asked to be elected to the chairmanship of the Appropriations Committee. I have not asked for anything special, but we have certain constitutional rights, and every new Member of this House has those same rights, and that is the right to be considered a Member of the House.

Mr. DOWELL. Will the gentleman yield?

Mr. BUSBY. I yield.

Mr. DOWELL. Is it not true that the gentleman's side of the House has so amended the rules and is so applying them that the only opportunity an individual Member has now is to talk? He has no right to make any amendment to the bills offered or present any legislation, as far as I am able to learn. Is that not coming from the gentleman's own side of the House?

Mr. BUSBY. I am not defending anybody. I hope the gentleman understands that. [Laughter and applause.] I want to say, further, that we are criticized by newspapers for passing legislation with only a few Members present to consider it. If our time is not of enough importance and our deliberations are not of enough importance for us to attend to them and for us to organize our time so that we can have intelligent discussion of the issues, such as the country is entitled to have, we ought to adjourn and all go to our offices.

Mr. BACON. Mr. Speaker, will the gentleman yield?

Mr. BUSBY. I yield.

Mr. BACON. The time is equally divided on both sides of the aisle, and we reserve the right to apportion our half of the time as we see fit. I assure the gentleman that, as far as Republican Members are concerned, they are all going to be given a chance to talk if they ask for time.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. BUSBY. I yield.

Mr. O'CONNOR. The gentleman realizes, of course, that there are almost three times as many Democrats as there are Republicans in this House.

Mr. CLARKE of New York. But they do not make as good speeches.

Mr. BUSBY. Mr. Speaker, to continue my thought, I want to remind the gentleman from New York that he is not yielding his time; he is yielding our time.

Mr. BACON. If the gentleman will yield further, we were given half the time to yield with which to take care of Members on our side of the aisle.

Mr. BUSBY. That is not what I am talking about, but of the system under which the time of the House is allotted, not by the House but by the Appropriations Committee on

all subjects, which precludes everybody but members of the Appropriations Committee when it comes to discussing matters on the floor.

Mr. JONES. Mr. Speaker, will the gentleman yield?

Mr. BUSBY. I yield.

Mr. JONES. I should like to call the gentleman's attention to the fact that in making these points of order he may interfere a good deal with the work of the House. For instance, we have a rather important conference which will be in session all during the afternoon. I hope the gentleman will defer the starting of his program until tomorrow.

Mr. BUSBY. Mr. Speaker, I am not speaking in a personal way. I am speaking in defense of the principle which I think ought to be carried out in this House—of the House or Speaker controlling the time of the House on general debate instead of farming that time out through the Appropriations Committee. This principle is not being maintained. This situation is nothing personal to me.

Mr. JONES. I have no thought of taking issue with the gentleman on the subject that is under discussion. I merely wanted to express the hope that he would not find it necessary to continue no-quorum calls, and thus make it difficult to do the conference work this afternoon.

[Here the gavel fell.]

Mr. BUSBY. Mr. Speaker, I ask unanimous consent to proceed for 5 additional minutes.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. JONES. I agree thoroughly with the gentleman that there should be a liberal division of time, but I was just hoping he would not see fit to have a continuous roll call this afternoon in view of the importance of this conference and certain other matters that are pending.

Mr. BUSBY. Until we get this thing settled in a fair way to Members there is going to be something done.

Mr. O'CONNOR. Further, if the gentleman will permit, following up the statement of the gentleman from Texas, I hope the gentleman will not make his points of order when the Rules Committee is in session, as they may be this afternoon, bringing out important rules for the consideration of the House.

Mr. TABER. Mr. Speaker, will the gentleman yield?

Mr. BUSBY. I yield.

Mr. TABER. I may say to the gentleman that on this side of the aisle, not only when we were in the majority but when we are in the minority, we have taken care of those on this side insofar as we could equitably. Now, if there is some disturbance over on the other side of the aisle as to how the time over there is to be apportioned, I should think that you might call a Democratic caucus and settle the question.

Mr. BUSBY. That is a wise suggestion, but I may suggest to the gentleman that there is no aisle in the question I am talking about. The time you get is my time and it is the time of the other Members and belongs to the House, which fact the members of the Rules Committee and the Appropriations Committee do not seem to realize. You, the Rules Committee, bring in a rule invoking banking and currency legislation, and farm legislation, and the Rules Committee reserves to itself all of the time of debate which was 5 hours, in addition to the 1 hour the rules of the House give the Rules Committee on all rules presented.

Mr. MARTIN of Massachusetts rose.

Mr. BUSBY. And the gentleman from Massachusetts, who is now standing asking me to yield, is one of those members of the Rules Committee which appropriated unto itself the 5 hours' time provided under a rule reported by his committee.

Mr. MARTIN of Massachusetts. I should like to ask the gentleman if he has not voted for all these rules. I voted against them all. What does the gentleman say about that? [Laughter.]

Mr. BUSBY. I do not think it would have made any difference which way the gentleman voted; it would have been just the same.

Now, Mr. Speaker, this is all I have to say, and I say it in defense of the principle that I think ought to be maintained by this House.

Mr. KELLER. Mr. Speaker, will the gentleman yield?

Mr. BUSBY. I yield.

Mr. KELLER. I am not able to understand why—and I should like to have it answered if it can be answered—why one third or almost one fourth of this House should have half the time.

Mr. DOWELL. I can answer the question.

Mr. KELLER. The gentleman looks as though he might be able to. Let us hear from him.

Mr. DOWELL. Because the Democrats have adopted rules that do not permit us to offer any amendment or in any way perfect any bill presented under a rule.

Mr. KELLER. Is the gentleman willing to help change these rules so we can do the thing I am suggesting?

Mr. DOWELL. There never has been a time in the history of the House when there was not an equal division of time on both sides of the aisle.

Mr. KELLER. Why should there be when the division of men is so unequal?

Mr. TABER. Because there ought to be an opportunity to even up the time between those for and against a measure.

Mr. KNUTSON. And the Republicans are the only ones who are informed.

Mr. BUSBY. Mr. Speaker, in conclusion may I say this point I raise is not a party matter, this is not a division-aisle matter, this is not a political matter. This is a question of fundamental principle and of right, that the most humble Member of the House of Representatives is entitled to be considered.

Mr. KELLER. I agree with the gentleman thoroughly.

[Here the gavel fell.]

Mr. BUCHANAN. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BUCHANAN. Mr. Speaker, this is a tempest in a teapot. We decided that general debate on this bill should continue yesterday afternoon with no limit; that the time was to be equally divided between the Republican and Democratic sides. We have just heard complaints on the Democratic side about the division of this time, yet every man who requested time got the time he asked for on this side. [Applause.] Even the gentleman from Mississippi himself [Mr. BUSBY] requested time, and he got the time he asked for. So where is any just complaint?

Mr. WOODRUM. Mr. Speaker, will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. WOODRUM. Our colleague complains about the Appropriations Committee's consuming time. Is it not a fact that the Appropriations Committee now is just in charge of the time in order that the Members may have an opportunity to make speeches if they wish to?

Mr. BUCHANAN. Yes; in charge of the time and giving everybody who requests time the time he asks for.

Mr. BUSBY. Will the gentleman yield?

Mr. BUCHANAN. Yes; I yield.

Mr. BUSBY. I have not got at all heated up over this, and I am not referring to yesterday. I have no complaint about the fact that time was not given me. I did not consume any time. I hope the gentleman will recall that.

Mr. BUCHANAN. No; the gentleman withdrew his request voluntarily.

Mr. BUSBY. I withdrew my time voluntarily, because I decided that the principle I was going to stand for was worth more than the speech I might make, and I did not care for any time on that occasion; and I have no com-

plaint today any more than last month or next month, and I may say——

Mr. BUCHANAN. I yielded for a question and not a speech.

Mr. BUSBY. Well, we will see about that later.

Mr. BUCHANAN. All right; we will see about it.

Mr. SNELL. Will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. SNELL. I may say that the statement of the gentleman from Texas is absolutely correct. I went to him yesterday and told him that several gentlemen on this side wanted some time. The gentleman said, "We will take all the time necessary on this bill", and, so far as I know, he has carried out his statement.

Mr. BUCHANAN. Let me reply to the gentleman by stating that so far as the division of this time is concerned, this morning the gentleman from New York [Mr. TABER] and myself have entered into a tentative agreement to limit the debate to two hours and a half, and the gentleman from New York has generously agreed to allow 30 minutes more on this side than on his side. I say this in fairness to that side of the House. This is a tempest in a teapot.

Mr. BYRNS. Mr. Speaker, I ask unanimous consent to proceed for 3 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. BYRNS. Mr. Speaker, I do not know what all this disturbance is about——

Mr. BUSBY. If the gentleman will yield, I will tell him in a moment.

Mr. BYRNS. Let me make this statement. I think I understand my friend from Mississippi. He is a very valuable and a very useful Member——

Mr. BUSBY. No compliments, please.

Mr. BYRNS. And I think every Member of this House, especially those that were in the last session, know that the gentleman from Mississippi always gets all the time he wants on any subject he wishes to discuss.

The only reason I have asked for this time is because there has been a statement made which leaves the impression that an effort is being made by someone, somewhere—of course, the gentleman lays it at the door of the Appropriations Committee, and I can speak in behalf of that committee, because I am no longer a member of it—but I say that he has left the impression that somewhere, in some way, efforts are being made to stifle Members and prevent them from giving expression to their views upon matters of public moment.

I call my friend's attention to the fact that in the beginning of this session, while we were waiting for legislation to come from the committees, when we were meeting here day after day with very little business to do, the House on many occasions remained in session just as long as was necessary to give everybody who wanted to do so an opportunity to discuss any subject he pleased. The gentleman knows there are 313 Democrats upon this side of the Chamber, and there are about how many on the other side?

Mr. SNELL. Not enough. [Laughter.]

Mr. BYRNS. I wonder if the minority leader has ever counted them. [Laughter.] But there are something over 120 Members on that side. The custom has always been, and it is a proper one, to divide the time for debate between the two great parties in this House, and we have never had any trouble about it.

[Here the gavel fell.]

Mr. BEEDY. Mr. Speaker, I ask unanimous consent that the time of the gentleman be continued for 2 minutes in order that I may ask him a question.

The SPEAKER. Is there objection to the request of the gentleman from Maine?

There was no objection.

Mr. BEEDY. The gentleman from Tennessee has correctly stated that there has been plenty of time permitted for discussion, but I want to ask the gentleman if he will not now state to this House that as the leader of his party he will henceforth attempt to give the Members of this House a chance to offer amendments to legislation, rather than merely stand up here and talk about it.

Mr. BYRNS. I may say to the gentleman from Maine that, in my judgment, the Democratic Party has given just as liberal, and even more liberal, opportunity for amendment than the gentleman's party did when it was in power. I call attention to the fact that out of the bills that have been passed several have been open to amendment. Personally I favor considering all bills with the right of amendment, except where there are extraordinary reasons for not doing so.

Mr. BUSBY. Will the gentleman yield?

Mr. BYRNS. In just a moment.

Mr. BUSBY. The gentleman has referred to me several times, and I think the gentleman should yield.

Mr. BYRNS. I shall yield to the gentleman in just a moment.

Now, in the case of a few bills that were highly involved and where the slightest amendment would serve to defeat the plans of the President of the United States, there have been rules brought in denying the right of amendment.

Mr. MAY. And it takes a lot of time to accommodate 315 Members.

Mr. BYRNS. Absolutely.

Mr. BUSBY. Will the gentleman yield?

Mr. BYRNS. I yield to the gentleman from Mississippi.

Mr. BUSBY. I should like to say that there is nothing personal about this and the gentleman is wholly in error in trying——

Mr. BYRNS. I am not seeking to make anything personal out of it.

Mr. BUSBY. I made no imputation that would cause the gentleman to think that this is a matter personal to myself.

[Here the gavel fell.]

Mr. DISNEY. Mr. Speaker, I demand the regular order.

DUTIES OF THE DEPARTMENT OF AGRICULTURE

Mr. DOWELL. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing an address by the Secretary of Agriculture, Hon. Henry A. Wallace, over the national radio network of the National Broadcasting Co. on Monday, May 1, 1933.

The SPEAKER. Is there objection?

There was no objection.

Mr. DOWELL. Mr. Speaker under the leave to extend my remarks in the RECORD, I include the following address by Secretary of Agriculture Henry A. Wallace over the network of the National Broadcasting Co. Monday, May 1, 1933:

In this series of radio broadcasts it is the custom, as I understand it, for each Cabinet officer to do a little boasting about his own department. I am more than willing to do my share of that on behalf of the Department of Agriculture; but in my remarks tonight I hope not only to discuss the past of this Department, but also to consider its future.

Necessarily, that involves the new farm bill. By tonight I had hoped to be able to talk in some detail about it, but since the bill has not yet become law, detailed discussion will have to wait. In lieu of that, let me discuss the view that the new bill is the logical next step in the work of the Department of Agriculture in particular and of all government in general.

In order properly to appraise the work of this far-flung Department of the Federal Government, suppose we cut through a tedious underbrush of official and legal language, and set forth, in plain words, what the Department of Agriculture was established to do.

If you have thought about mankind's struggle through the ages to build an orderly society, you will agree that there have been two primary problems: First, to produce enough food and fiber to feed and clothe us all; second, to divide what we produce as equitably as possible.

We have always had to be concerned with production. Whatever else man can do without, he cannot live without food. And that was no simple problem back in the days when men lived in tribes in the forests, and when the food supply depended upon a man's skill with crude weapons. When the first faint stirrings of commerce and industry drew men to live in larger groups, in cities, the problem of a food supply became even more acute. Those who lived in the ancient cities could not grow their own food and fiber. Those who remained on the farm had the new job of growing enough not only for themselves but for other families in nearby cities. Thus the dependence of the city dweller upon the farmer is overwhelmingly real. It is the keylog in this structure we call modern civilization.

And there were times when the structure was in danger of collapse, or indeed did collapse, because the key-log weakened and gave way. By reason of abnormal seasons, drought or flood, famines came and wrecked whole segments of human society.

It was customary to blame those catastrophes on nature. Man, weak creature, was powerless if nature chose to starve him, or drown him, or otherwise maltreat him.

Somewhere back in the ages a few individuals more daring, more imaginative than the rest, began to wonder whether that was true. They reasoned that though nature could not be ignored it could be modified. Man began doing that when he learned how to make fire by rubbing sticks together. We have been modifying the behavior of nature ever since to prevent famine, flood, and other disasters until, as Julian Huxley puts it, man has done more in 5,000 years to alter the biological aspects of the planet than nature has done in 5,000,000 years.

By putting nature in harness, so far as possible, we have solved mankind's first great problem—the problem of producing enough food to go around. We have solved it too well, as a matter of fact, but I shall speak of that later.

When it is possible for the farmers of a nation to increase production 50 percent, while crop acreage is increasing only 25 percent, we know that science has been at work. That is exactly what has happened in the United States during the past 30 years. In large part it is a result of the scientific work of the United States Department of Agriculture and the cooperating State institutions.

It was for the purpose of putting science to work in agriculture that this Federal Department of Agriculture was established by act of Congress 71 years ago. Washington, Jefferson, and Franklin saw the need for it even back in their day. The Department was created primarily for scientific research, its main job always has been a research job, and I hope research will always remain a principal duty.

Of course it is not enough to discover facts; a public institution has also the obligation to see that the facts are made available to all who can profit by them.

When a plant breeder in the Department develops a variety of wheat that is highly resistant to rust, the job of the Department has not ended with that discovery. The new variety has to be tried out in various regions in the field. Next the results of those trials have to be made known to wheat growers. That involves publications, both technical and popular, and articles for the press and radio broadcasting. Then the seed of the new variety has to be made available to farmers. The county extension agent may step into the picture at this point and suggest that the interested wheat grower sow some of the new seed in a test plot alongside some of the seed he and his neighbors have been using in the past. And when the old and the new varieties of wheat are up and are harvested, let the neighbors for miles around come in to compare them and decide whether or not the new variety is better than the old and worth investing in.

That is a thumbnail sketch of the way science is applied to agriculture in this country, and it portrays a system that is the envy of many another nation. Sir Horace Plunkett, Ireland's great authority on agriculture, in 1928 was moved to describe the Department of Agriculture as "the most widely useful department in the world." I am inclined to agree, and I only hope that its future will be as brilliantly successful as its past.

Whether he knows it or not, every farmer in the United States is farming differently today—and better—because of the scientific discoveries resulting from State and Federal appropriations. The average hour of man labor and the average acre of land is undoubtedly 20 to 30 percent more productive today because of this scientific work. From the fundamental point of view—that of supplying the food and fiber needed by our modern civilization—the millions of dollars spent by State and Federal agencies during the past generation have been abundantly worth while.

I appreciate that it is often difficult for the layman to see any earthly use in many of the things that scientists do and talk about doing. Of what value is it to you and to me, for instance, for a man to spend his time trying to discover the workings of nature? How can a man—we are inclined to say—do anything useful unless he works directly with the things that we all can touch and see, that we know have practical utility?

Well, when confronted by questions like that, I think of men like Faraday and Mendel, and some of the scientists in the employ of the Federal Government. About a hundred years ago in England Michael Faraday was what we might call an experimental philosopher. He never concerned himself with the invention of machines. His sole aim was to learn something about the workings of nature. He discovered the principle of electromagnetic induction, and if you remember your high-school science, you will recall that without that discovery, we would today have no means of putting electrical energy to work for us. Without Faraday, the amazing inventions of Edison and Marconi would not have been possible, and your radio and your electric lights would not exist.

And Mendel, that cloistered Moravian monk who whiled away the hours studying plants, and experimenting with the cross-breeding of varieties of garden peas—of what earthly use was all that? He did it because it interested him. But was it of any use to the rest of us? I can assure you that it was, for the principles he discovered have been employed by the plant breeders of today in developing more productive varieties of every plant that feeds and clothes you. Scientists like Mendel and Faraday were working in what we call pure science. They were trying to discover nature's fundamental secrets but without thought of any practical application of their discoveries. Had some overzealous administrator tried to restrict their curiosity to some specific object or the immediate solution of some highly practical problem, we would have been deprived, in all probability, of their great discoveries.

It falls upon another group of scientists to apply these basic principles to the pressing problems of the world and turn them to practical account. Thus most of the scientific research in Government departments is applied science. The surprising thing, however, is that even in the field of applied science far-reaching discoveries are made, often as a by-product of the immediate task.

One of the most famous examples was the discovery by scientists in the Department of Agriculture some 40 years ago that a microorganism found in the blood of cattle is the cause of splenetic fever and that the disease is transmitted by the cattle tick.

During the years 1888 to 1893 four men spent most of their time trying to make that discovery. Splenetic fever had become a costly disease of cattle throughout the South. Home-made remedies, treatment by skilled veterinarians, alike proved futile. The disease was costing the livestock industry and ultimately the consumer of meat many millions of dollars.

The four Department of Agriculture scientists, in the employ of the Government because they wanted to pursue scientific research without interruption, and at salaries sadly out of line with their worth to the Nation—these men kept doggedly on the job despite all sorts of obstacles and disappointments. The joy of achievement was their chief reward. And their achievement proved to be of lasting benefit not only to the livestock industry but to all mankind, for their research was the first demonstration that a microbial disease can be transmitted exclusively by an insect host or carrier.

From that came the knowledge, at the hands of other scientists, that yellow fever, malaria, sleeping sickness, and other maladies are similarly transmitted. From that flowed the successful control of yellow fever, for instance, which in turn made possible the building of the Panama Canal. So it can truthfully be said that the success of four Department of Agriculture scientists in discovering the cause of a cattle disease was a first step in the construction of the Panama Canal.

These scientists—by name, Theobald Smith, Curtice, Kilgore, and Salmon—of course, had no idea of the far-reaching consequences of their discovery. They were intent on finding the cause of a cattle disease, not in discovering a fundamental principle in medicine. But that happens often in scientific research.

And at other times a scientist may fail to solve one problem only to solve another unexpectedly. Not long ago some chemists in the Department of Agriculture were examining molds—fungous growths, that is—to find one that would produce tartaric acid. Patiently they tested one after another, until they had exhausted the possibilities of 149 different molds. Finally the one hundred and fiftieth rewarded their long search with success—but not the success they were expecting. Instead of producing tartaric acid, the one hundred and fiftieth mold unexpectedly produced gluconic acid. This is now used in making calcium gluconate, the only calcium salt that can be injected between the muscles without causing abscesses, in treating certain human diseases. This salt used to cost $150 a pound. As a result of this research, it may now be had for 50 cents a pound.

Much of the scentific work of the Department, however, calls for more than the ordinary equipment of a scientist. I am thinking of the plant explorers, the men who cut their way through treacherous jungles or press on across the forbidding deserts of Mongolia in search of plants that we need here at home. Whenever you eat bread made from durum wheat, or enjoy a choice steak or pork chops from cattle or hogs fed on alfalfa and soybeans, or sample a package of dates or a crate of navel oranges from California, or the new Satsuma oranges from Florida—whenever you enjoy any of these things, you are reaping the benefit of the work done by a handful of explorers employed by the Department of Agriculture.

If you live in the Gulf-coast region, you probably are familiar with the rise of a new industry down there—the growing of tung-oil trees. About 25 years ago tung oil revolutionized the manufacture of varnish, but the oil had to be imported from China. Back in 1905 David Fairchild, plant explorer of the Department of Agriculture, brought the first seeds of the tung trees to the United States from the Yangtze Valley of China. Our plant-industry men discovered, after a good deal of experimentation, that the trees do well in the Gulf-coast region, and the new industry is today firmly established there.

Not every trip of a plant explorer, of course, is so productive. Every trip has its dangers and its adventures, but frequently the results are slight. Yet the introduction of a navel orange, or a useful variety of soybean, or a hardy wheat atones for many unsuccessful trips.

In one way or another, I have said, every farmer in the United States is farming differently today because of the scientific discoveries resulting from State and Federal appropriations. To be specific and as up-to-date as possible, suppose we run down the list of research achievements reported by one bureau of the Department of Agriculture for the past year. Before me is a summarized report for the Bureau of Plant Industry, and among their accomplishments I find these items:

Established the superiority of 5 new hybrid lines of corn in Iowa tests; released, for the use of growers, 2 new lines of hybrid sweet corn that will be resistant to bacterial wilt; released,

for the use of growers, a new wilt-resistant variety of tomato, known as the Pritchard; introduced a new blackberry variety, the Brainerd, especially adapted for the West and South; and also introduced 3 improved varieties of strawberry; developed new rootstocks for Satsuma oranges, and found new disease-resistant stocks for California grape vineyards; introduced a new sugar beet, U.S. No. 1, that is resistant to the costly curly-top disease and that also greatly outyields older varieties; tested some promising new sugarcane seedlings, crosses of American and New Guinea varieties; reported distinct progress in breeding alfalfa that will be immune to bacterial wilt; developed a new variety of Egyptian cotton in Arizona.

As another part of its job, this bureau investigates the storing, handling, and processing of foods. For the year under report the bureau scientists discovered, among other things, that putting apples in cold storage immediately after picking almost completely prevents soft scald; that adding sulphur dioxide to the sawdust packing of grapes retards the development of mold; and that treating fruits with carbon dioxide before shipment is as effective as precooling in preventing spoilage.

That is a partial report of the research accomplishments of one bureau. It gives point to the statement that research can stabilize crop production and eliminate or reduce those hazards—of disease, of climate, even of soil—which make agricultural production uncertain. For it remains true that though drought or disease or insect pests may raise the price of a crop by reducing the supply, such higher prices are cold comfort to the particular farmer whose cotton has been destroyed by the boll weevil or whose wheat has been hit by rust. I have, I think, a proper scientific respect for insects and diseases, but I question whether we ought to leave it up to them to determine the size of our crops and the level of our incomes. Nor can I forget that every year, according to Dr. L. O. Howard, the damage wrought by insects nullifies the labor of a million men.

If time and your patience permitted, it would be possible to cite instances to show how research has affected all of our major farm crops and classes of livestock; how the patience, the skill, and the informed imagination of scientists employed by the Department of Agriculture have altered the agricultural map of this country and modified the farm practices of every farmer in the land. Many farmers are not aware of this, for the results of research reach the individual farm by an intricate, devious path, but they get there just the same.

If you will agree with me on that, I suspect you are at the same moment questioning whether this research has proved to be an unmixed blessing. For science and invention, you will say, have not only made it possible for us to produce enough to go around; they have made it possible for us to pile up towering surpluses, which in turn seem capable of bringing our whole economic system crashing down around our ears.

We cannot deny that. When scientists in the Department of Agriculture develop a variety of wheat that produces 5 bushels more per acre than the variety commonly grown one result may be, and often is, too much wheat. When our modern knowledge of nutrition enables 1 bushel of corn to go as far as 2 bushels did in the pioneer days in feeding livestock one result may be too much pork and lard.

Of late years the Department of Agriculture and the colleges have been aware of the problem. They have tried to meet it by helping the individual farmer adjust his own production to changing market needs. They have hoped that advice and complete information on supply and demand would suffice.

Where they have been remiss, in my judgment, is in declining to face the fact that the individual farmer cannot adjust his production intelligently unless he knows with some degree of certainty that his neighbors will do likewise. And it is to face that fact realistically that the new farm bill has been drafted. The essence of it is collective action by all the producers to accommodate their production to the market that actually exists.

Our expenditures for science, our efforts at increasing productive efficiency, have in no sense been unwise. Certainly no thoughtful person could approve the abandonment of scientific research or the relegation of our machines to the ash heap. To do that would be like abandoning the use of automobiles because we have automobile accidents. As a rule, the fault is not with the automobile but with the driver.

It is not the fault of science that we have unused piles of wheat on Nebraska farms and tragic bread lines in New York City at one and the same moment. Rather it is because we have refused to apply science to the development of social machinery—machinery that will regulate our economic system to the end that what we produce can be equitably divided.

I am not one to ask for less efficiency. I want more, and I know that we can get far more. But I want the efficiency to be controlled in such a way that it does more good than harm. I want to see the farmers of the South grow 300 pounds of cotton per acre instead of 150 pounds, and the farmers of the North 50 bushels of corn per acre instead of 35 bushels. I want to see the average milch cow yield 400 pounds of butterfat per year instead of 200. And I see no reason why our hogs eventually should not produce 100 pounds of pork on the average from 6 bushels of corn instead of from 9 bushels.

These things can all be done. The research now going on will make it possible and will pave the way for countless new agricultural achievements as well.

Only the other day I learned that research now in progress indicates that crops grown in some regions of the Nation have a higher nutritional value than do apparently similar crops grown in other areas. If further study bears this out, the consequences will certainly be far-reaching. We may have a new agricultural map a decade from now.

The research job, far from being done, is only well begun. We shall need new varieties of cereals and grasses to resist diseases better than those we now have. We shall have to keep cutting costs of production by increasing yields per acre. Methods of cultivation, like methods of feeding and managing livestock, must be subject to continuing investigation if we are to keep abreast of the continually changing economic world about us.

When our chemists, not long ago, discovered an economical method by which bagasse, a sugarcane waste, could be made into high-quality cellulose, suitable for rayon, we patted ourselves on the back for an achievement of considerable importance. But over in the Bureau of Chemistry and Soils is a small bottle of a brownish cellulose substance called lignin, which was derived from the corn plant after many years of experimentation. The chemist will tell you that lignin is one of the principal parts of woody plant tissues; that it can therefore be obtained in abundance; and that it may yield a startling new collection of products. Already he has discovered in lignin such compounds as phenol and creosol. Lignin may yet rank, in its rich potentialities, in its influence on disposing of farm wastes, with our major chemical discoveries.

No; the job of scientific research in agriculture is not over nor will it ever be. But today we have a new job, a new field for experimenting—that of social control. Research to increase productive efficiency, to widen markets, must continue. Eliminate the less important research activities, in deference to the need for economy; get rid of the deadwood in our scientific organizations—but keep the men of science at the tasks which will always need doing. And add to the old job, the one that has been begun so well, this new job of developing the machinery of social control.

Can we, do you suppose, become as efficient in our social experimenting as we have already proven ourselves in scientific experimenting? If this can be done, we can go ahead into one triumph after another in the scientific world. If it is not done, I fear for the future of our civilization.

The farm bill is an effort in the direction of such social inventiveness. In some ways it is perhaps as crude as the first automobile. But I believe it is profoundly right in purpose, for it attempts a reconciliation between science and social justice; and I believe it can be made to work if the rank and file of the people of the United States—the men who grow our food, the men who handle and distribute it, the men and women who consume it—the new machine will work if all these people are genuinely hungry to distribute the fruits of science in a just way.

For that is our great modern problem. Having conquered the fear of famine, with the aid of science, having been brought into an age of abundance, we now have to learn how to live with abundance. Sometimes I think it requires stronger characters, greater hearts, and keener minds to endure abundance than it takes to endure penury. Certainly it requires a new degree of tolerance among competing economic groups and a willingness to subordinate the will of the few to the welfare of the many.

Personally, I think the last 12 years have imprinted this lesson deeply on all of us. I think we are ready now to reach out toward a new order. I believe we are ready to attempt to plan our economic life in return for stability and security. If this is true, then we have reached a great moment in the history of mankind. We have determined to become the masters rather than the victims of destiny. We are daring to bring the economic interests of men under conscious human control.

We may make mistakes along the way; we may have difficulty in mastering all the intricacies of an economic system that is full of puzzling contradictions; but if we operate our new social machinery with the spirit of social justice in all our hearts, I believe that it will work.

CALL OF THE HOUSE

Mr. BUSBY. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. The Chair will count. [After counting.] One hundred and ninety-four Members present, not a quorum.

Mr. BYRNS. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The doors were closed, the Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 33]

Almon	Cavicchia	Foulkes	Kennedy, N.Y.
Bankhead	Celler	Fulmer	Lanzetta
Black	Cochran, Pa.	Gambrill	Lea, Calif.
Bland	Connery	Gifford	Lee, Mo.
Blanton	Crowe	Goldsborough	Lewis, Md.
Bloom	Culkin	Goodwin	McDuffie
Boland	Cummings	Haines	McFarlane
Brand	De Priest	Hamilton	Montague
Britten	Doutrich	Harlan	Nesbit
Brown, Mich.	Evans	Higgins	O'Brien
Browning	Faddis	Hornor	Perkins
Brumm	Farley	James	Pierce
Buckbee	Fernandez	Jeffers	Randolph
Carpenter, Nebr.	Fiesinger	Johnson, Okla.	Reed, N.Y.
Carter, Wyo.	Flannagan	Kennedy, Md.	Romjue

Sadowski	Stokes	Waldron	Wood, Mo.
Sanders	Stubbs	Werner	Zioncheck
Simpson	Tinkham	Withrow	
Sisson	Underwood	Wolfenden	

The SPEAKER. Three hundred and fifty-seven Members have answered to their names. A quorum is present.

Mr. BYRNS. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

THIRD DEFICIENCY APPROPRIATION BILL, 1933

Mr. BUCHANAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of H.R. 5390, the third deficiency bill; and pending that motion, I ask unanimous consent that general debate be limited to 2 hours and 30 minutes, 1 hour to be controlled by the gentleman from New York [Mr. TABER] and one hour and a half by myself. This is to comply with the requests for time promised yesterday.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. MCREYNOLDS in the chair.

Mr. BUCHANAN. Mr. Chairman, I yield 15 minutes to the gentleman from Georgia [Mr. CASTELLOW].

Mr. CASTELLOW. Mr. Chairman and members of the Committee, on yesterday I had the pleasure of listening to a very interesting discussion by the distinguished gentleman from Texas [Mr. SUMNERS]. Early in the discussion he used this language:

> I have been here 20 years, and it seems to me a great pity that Members of Congress cannot assemble and, figuratively speaking, sit around the council table and, without oratory and without passion, give intelligent, constructive consideration to their difficulties.

Immediately upon that statement I made the request for the time which I am now consuming.

The gentleman from Texas further continued:

> We have in our economic organization a maladjustment which lies at the seat of our trouble. The physician who has a patient ill seeks to intelligently diagnose and discover the origin of the trouble.

Quite often it has occurred to me that there is a marked similarity between the physical body and the body politic. Not only that, according to my judgment, the statesman bears the same relation to the body politic as does the medical doctor to the physical body. If there is a disease of the physical body from which we suffer, there is a perfectly logical reason for its existence, though we may be unable to discover the cause. Many unfortunate citizens have gone to their graves without the cause of the malady ever being ascertained.

So if we are suffering from disease in the body politic, it behooves us to at least undertake to diagnose the case and find the cause of the disease. Oftentimes physicians cannot agree upon this very important question. I apprehend, sir, that oftentimes those who are called to pass upon the condition of the body politic cannot agree, as has been evidenced here during my service in this distinguished body.

According to my diagnosis, there are five fundamental causes of the trouble from which we are suffering today. I know that some of you will not agree with me fully upon all of my conclusions. However, I desire to submit them to you for your consideration. In doing so I shall mention these causes, with respect to importance, in reverse order.

The first, I would say, is governmental extravagance. Our taxes, as we all know, have grown to tremendous proportions not only in the Federal Government but in the State Government, the county and municipal government, to such an extent that I understand the President of the United States, before a congress of Governors in the State of Virginia, made the statement that the people of America are called upon to pay annually the staggering sum of $13,000,000,000. I feel most of you will agree with me upon that subject.

The next is one upon which I am sure some will not agree with me. That is the alienation of American trade by unfortunate or, as the gentleman from Texas [Mr. SUMNERS] would say, maladjustment of our tariff legislation. This is a controversial question I thoroughly realize, and I have not, of course, the time to discuss it now, but that is a part of my diagnosis.

Third, the dissipation of American wealth by investment in practically worthless foreign securities. I apprehend some effort will be made to correct that trouble. I have about come to the conclusion that an American citizen should not have the right to own an interest in a foreign government, in other words, to buy a bond of a foreign government, for the reason that, by way of illustration, when one invests a thousand dollars in a German bond, he automatically becomes $1,000 German, and what we need in America is that every citizen be 100 percent American. [Applause.]

The fourth and, to my mind the most serious question confronting us is the very great increase in the use of labor-saving devices without due regard and provision for the laborers displaced, thereby increasing the ranks of the unemployed. I think we all agree that we are not suffering so much from overproduction as we are from underconsumption. Just a few years back the students in the colleges found employment in Texas helping to gather the wheat crop when the harvest period began, and they followed the season through to Canada. Now what have we?

We have the wheat, we have the crops, we have the young men who need the jobs, but the machines do the work. Year before last in a trip through the West, in the western part of Kansas, driving along one evening, I looked to the left of the road and there saw a great pile in a field that seemed to be sawdust, but I knew it could not be because there was not a tree that was not planted by hand within 50 miles of that spot. I found upon investigation that it was a great pile of wheat, as yellow as gold, and almost as heavy, threshed, ready for the mill, piled in the fields, exposed to the weather, decaying, sprouting, while in the city 100 miles away, strong men and feeble women walked the streets begging for bread. I inquired of two young men near by as to who had produced these crops. They replied, "We did." I then asked, "What help or labor did you employ?" The answer was "None." Then I asked how many acres they cultivated to produce this great pile of wheat. The answer was "1,000." By the use of improved machinery they were able without assistance to cultivate this large area and produce this abundant crop. Gentlemen, this is the problem confronting us now which will cause more trouble in its solution than any other question before us.

The fifth, I would say, is the most important of all, and would have produced this condition, in my judgment, without the aid of the other four. That is the tremendous increase in our obligations necessitating the payment of a multitude of debts with a handful of money. We give to the medium of exchange a dual nature. The primary purpose of money is to function simply as a medium of exchange. As such, we do not expect it to earn anything. No one expects a profit from the money he carries around in his pocket or keeps in his checking account at the bank. Nothing whatsoever; that is, when devoted to its primary purpose and used simply as a medium of exchange. But we gave to it another nature. We consider it as having intrinsic value, and as such expect it to earn us something in the way of rents, which we call simply interest. It is here that the trouble begins. When it is treated as a commodity with intrinsic value, it then becomes subject to the laws governing other property of similar character. We know what would happen if there were only 5,000,000 bales of cotton in the United States and that was owned by members of the New York Cotton Exchange, and the outside public had sold to these men who own the cotton already 200,-

000,000 bales of cotton. It is very apparent what would happen under those circumstances and conditions.

If there were only 5,000,000 bales and the outside public had gone short 200,000,000 bales, and delivery time comes, could the obligations be met? Could it be done? It could not. To deliver what does not exist is simply a physical impossibility. That is exactly where we are today in reference to our financial obligations, and that alone, without the other four causes I have mentioned, would have put us in the position which we now occupy. It might not have done it quite so quickly.

Now, what is the remedy? One of two things must happen. There is no question about it. There is only one of two ways out, and that is that those obligations die a natural death or else that the money with which to liquidate those contracts be increased. That is the proposition. The danger which lies in inflation I understand very clearly. I have some reason to know something about what inflation means, unbridled and uncontrolled. I was one of those unfortunates who invested in German marks, yet I am convinced of this, that a railway train may be run from one side of this country to the other on an even speed of 40 miles or 38 or 42 miles, whichever you decide upon, if you place it in the hands of a competent engineer who has at his command two things; but he must have them. He must have steam and he must have brakes. He must have the moral courage and ability to use either one that is needed. If he will do so, he can keep that engine on an even speed of 40 miles an hour, upgrade and downgrade.

So with our commercial system, place the power of inflation and contraction in competent hands, and if used wisely, honestly, and courageously, business can be maintained on practically an even keel; but that is where the danger lies. We in America especially not only like to ride but we like to ride rapidly. We all say, "Let us put on the steam now; let us get over this grade." After we pass over and things are booming and the track behind us is disappearing the engineer reaches for the throttle to cut off the steam, the passengers say, "Stop; you are our engineer. We put you in this place. This is our train and she is running good. Let her go." But he says, "She is going 45 miles an hour." "It does not matter. The faster the better." He says, "It is going 50 miles an hour." "Well, that is not dangerous." "It is going 60 miles an hour." "Well, she is just going good. Let her go." That is where the danger lies—in uncontrolled power.

We have two media of exchange. The legal medium, money, and the practical medium, commercial paper. The usual cause of what we term "prosperity" is inflation of the practical medium, commercial credit, controlled by financiers who expand and contract it at will for their own profit and to the impoverishment of the Nation. This condition must be replaced, to some extent, at least, by a controlled currency resting in more impartial hands. [Applause.]

The CHAIRMAN. The time of the gentleman from Georgia [Mr. CASTELLOW] has expired.

Mr. AYRES of Kansas. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MCREYNOLDS, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H.R. 5390, the third deficiency appropriation bill, had come to no resolution thereon.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and joint resolutions of the House of the following titles:

On April 14, 1933:

H.J.Res. 152. Joint resolution to provide for the payment of pages for the Senate and House of Representatives for the first session of the Seventy-third Congress.

On April 29, 1933:

H.R. 4225. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge across the Allegheny River at or near Parkers Landing, in the county of Armstrong, Commonwealth of Pennsylvania; and

H.R. 4332. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge across the Allegheny River at a point near the Forest-Venango county line, in Tionesta Township, and in the county of Forest, and in the Commonwealth of Pennsylvania.

On May 1, 1933:

H.J.Res. 135. Joint resolution to amend section 2 of the act approved February 4, 1933, to provide for loans to farmers for crop production and harvesting during the year 1933, and for other purposes.

NATIONAL TRANSPORTATION POLICY (H.DOC. NO. 32)

The SPEAKER laid before the House the following message from the President of the United States, which was read and referred to the Committee on Interstate and Foreign Commerce and ordered printed:

To the Congress:

The steam railways still constitute the main arteries of commerce in the United States. At this time, however, available traffic is not sufficient profitably to utilize existing railway facilities and the supplementary facilities provided by new forms of transportation.

Our broad problem is so to coordinate all agencies of transportation as to maintain adequate service. I am not yet ready to submit to the Congress a comprehensive plan for permanent legislation.

I do believe, however, that three emergency steps can and should be taken at this special session of the Congress.

First. I recommend the repeal of the recapture provisions of the Interstate Commerce Commission Act. The Commission has pointed out that existing provisions are unworkable and impracticable.

Second. Railway holding companies should be placed definitely under the regulation and control of the Interstate Commerce Commission in like manner as the railways themselves.

Third. As a temporary emergency measure, I suggest the creation of a Federal coordinator of transportation, who, working with groups of railroads, will be able to encourage, promote, or require action on the part of carriers, in order to avoid duplication of service, prevent waste, and encourage financial reorganizations. Such a coordinator should also, in carrying out this policy, render useful service in maintaining railroad employment at a fair wage.

The experience gained during the balance of this year will greatly assist the Government and the carriers in preparation for a more permanent and a more comprehensive national transportation policy at the regular session of the Congress in 1934.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *May 4, 1933.*

THIRD DEFICIENCY APPROPRIATION BILL

Mr. AYRES of Kansas. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union, for the further consideration of the bill (H.R. 5390), the third deficiency appropriation bill.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H.R. 5390, with Mr. MCREYNOLDS in the chair.

The Clerk read the title of the bill.

Mr. AYRES of Kansas. Mr. Chairman, I yield to the gentleman from Georgia [Mr. DEEN] 10 minutes.

Mr. DEEN. Mr. Chairman, I appreciate the opportunity to express my feelings or attitude on a given proposition. If there were a subject for what I wish to say, it would be

"National Interdependence." I am convinced more than ever before that Members of Congress have a splendid opportunity to help mold for the country at large the sentiment and spirit of interdependence as related to the whole Nation.

There has come into this country of ours a feeling that those of you who are from the North, those from the East, and the West, and those of us from the South have nothing in common. If I may have your attention for a moment I want to direct your thought and your interest to this idea, that soon after the printing press was invented there appeared in the United States of America that spirit of getting the news of the country to the people of the Nation. From the word "north" we took the letter "n", and then from the word "east", and the words "west" and "south", the first letters, and taken together they formed the word "news."

So from the North, the East, the West, and the South, the four great directions of the country, there came that spirit of patriotism on the part of our forefathers in order that the people of this Nation might develop the spirit of cooperation, the spirit of something in common—interdependence.

My friends here from the North, East, and West, your problems are mine and mine are yours. I may say, not in the spirit of criticism, this aisle separating, as it has all these years and does today, the two great political parties of the Nation has been overemphasized. No one appreciates his party, the Democratic Party, more than I do, but the problems of the people in the North, in the East, in the West, and the South are the problems of all the people of the United States.

Of course, my first obligation is to the people of my district, and I serve my Nation best when I serve my district well, but I have no patience with the person who, because of a spirit of demagoguery or a spirit of selfish greed, holds his section over and above the interests of the entire Nation. I am one of those men who believes that in the Nation there is this spirit of interdependence, loyalty, and patriotism.

"Inter", originating from the Latin, means "between." Your problems and my problems constitute a national necessity for action by this body. In other words, you and I are charged as Members of this House with the responsibility of helping to create good will and put forth in the Nation this spirit of interdependence. It is some of our business what the people do. It is certainly some of their business what we do. Many reasons are given for present conditions in this country. I shall not reiterate those enumerated by my friend and colleague from Georgia and the Members who have preceded me in this House, but may I say that the one thing which, perhaps, as much as any other has caused the people of the United States great difficulty, suffering, and distress is the mechanistic age in which we live, the machine age?

Shortly there will come before this House a bill which will seek to reduce the hours of labor to 6 per day and the days worked per week to 5. Let me say, not in the spirit of protest but in the spirit of fair play, that this bill will force the manufacturing and industrial enterprises of this country into the spirit of seeking more machines to do more work in shorter hours. Labor-saving machines will, therefore, increase and labor will suffer the consequence. In my judgment nothing of a more perilous nature to labor can come in the United States than this shorter-hour proposition, for it will result in more machines. I hope the Congress will not enact a 13-month law, because 12 monthly payments are about as much as most of us can make on the average installment-plan purchase. I hope, however, that Congress will be considerate of the unfairness to labor of the Nation, induced by the development of the machine age. This is one proposition.

Another proposition is that throughout the country, and especially among the common people, the class from which a great many of us come, there is hunger and starvation and the majority of the people have no money. You know, the poorer a man is the more children he has. Everybody knows this fact. Poor people are raising practically all the children. Rich people do not have children any more, or at least they do not have many children. Most of them have poodle dogs in their cars and homes.

Most of the common people of this country, the merchant, the small-town banker, the business man, the millions of fine young men and women employed in our stores and factories, on our farms and fields, the school teachers of the Nation, the other people who are working for wages or small salaries, and approximately 40,000,000 farmers are absolutely without money. A great many of them are without food and clothing. There is spreading throughout this country a spirit of rebellion and largely so, because the money of the country has been impounded into the hands of a few through special legislation. Let us analyze this for just a moment. Our Government, the United States Government, either ought to get into the banking business or ought to get out of the banking business.

There is in the Postal Savings System of the United States around $1,000,000,000, interest on which is guaranteed at 2 percent. Under this system when a person's account reaches $2,500 he is permitted to convert it into 2½-percent bonds in an unlimited amount, guaranteed by the Government of the United States.

Mr. Chairman, only a few Members are here. I want to impress upon them this, and I shall not trespass upon the time of the House, for my time has almost expired: The Federal Government ought either to permit the people to issue checks against these deposits and go into the banking business or it ought to get out of the banking business. In my judgment, there should be more business in the Government and less Government in business. Thousands of small-town banks, such as those in some of our districts, have gradually been going down because the strong arm of the Government has taken out of our respective counties, communities, and States, from the small banks, the money that ought to be there. I am one who opposes this unfair accommodation to the money hoarders. [Applause.]

A guaranty of bank deposits in country banks, as well as the proposed guaranty for the Federal Reserve System, is imperative if confidence is to be maintained in banks. If it is good for the Federal Reserve System, it is good for the country banks. I am opposed to the Government being in the banking business through the Postal Savings. If it is all right for the Government to guarantee the safety of money in a country-town post office, why cannot it guarantee the same money in a country-town bank?

[Here the gavel fell.]

Mr. GOSS. Mr. Chairman, I yield 30 minutes to the gentleman from New York [Mr. FISH].

Mr. BUSBY. Mr. Chairman, I make the point of order that a quorum is not present. There are only 50 Members on the floor.

The CHAIRMAN (Mr. COOPER of Tennessee). The Chair will count. [After counting.] One hundred and twenty Members are present, a quorum.

Mr. FISH. Mr. Chairman, I rise to exercise about the sole remaining right of a Republican Member of the House of Representatives, and that is to speak in general debate.

I propose in the time allotted to me to discuss from an utterly nonpartisan point of view two subjects, one at the request of the gentleman from Illinois [Mr. DE PRIEST], the Negro and communism, and the larger part of my time will be devoted to a discussion of the deplorable situation in Cuba.

The gentleman from Illinois spoke yesterday on the Scottsboro trial and the American Negro. He asked me to discuss the Communist aspects of that trial and the Communist activities among the 12,000,000 Negroes in America.

I am no alarmist. I do not anticipate any revolution from Communist sources tomorrow morning at dawn, or the next day, or the next year. I am satisfied that the Regular Army, the National Guard, the American Legion, and the Veterans of Foreign Wars, using a Russian word, or the

equivalent of a Russian word, could liquidate all the Communists in America in a few weeks' time if they tried to put on a Communist revolution in our country.

Mr. BUSBY. Mr. Chairman, I am sure a quorum is not present. This is an important subject, and I think this discussion should be heard by the Members of the House. Mr. Chairman, I make the point of order there is not a quorum present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and twenty-six gentlemen are present, a quorum.

Mr. FISH. Mr. Chairman, one of the major activities of the Communists in America is directed toward spreading a revolutionary spirit among the 12,000,000 American Negroes. The Communists have the idea, or at least the orders coming from Moscow—and I have seen them myself repeatedly—urge the Communist Party of America to concentrate and emphasize in every possible way their revolutionary activities among the Negroes of the North and of the South.

Numerous Negroes have been sent over to the revolutionary training school at Moscow in order to learn the strategy and tactics of revolutionary communism, and come back here to spread these vicious doctrines among the Negroes of America.

As I stated previously, I am not an alarmist and I do not believe that these revolutionary activities among the American Negroes are going to succeed. I am simply stating to you a fact, that it is one of the major objectives of the Communists who believe that the Negroes are sort of colonials, in the European sense, and that they do not belong in this country and that they are not part and parcel of it. They forget that the American Negroes have lived her for several hundred years; that they have served in all our wars; that they are loyal and patriotic American citizens and believe in our institutions, in our Government, and in the American flag. But the Communists, taking advantage of what they believe to be the inequalities and the prejudices that exist in certain parts of the country, seek to stimulate and encourage a revolutionary spirit, a revolutionary point of view among the Negroes, and the main reason they have not succeeded is the fact that the American Negroes—and you gentleman from the South know it as well as anyone else—believe in God and are a church-going people, and when they find out that the Communists preach hatred of God and hatred of all religious beliefs it does not make much headway among the American Negroes.

Mr. DUNN. Will the gentleman yield?

Mr. FISH. I would rather proceed a little farther.

I rise for the purpose of supporting the contention made by the gentleman from Illinois that if the Scottsboro case results in the death sentence and execution of the 7 or 9 Negroes now being tried in Alabama, it will be regarded by the Negroes of the North and probably the Negroes of the South as a miscarriage of justice, that will do more to spread communism in America than all the activities of the Communists have done in the last 15 years.

There is no question but what the Communists are already parading the Scottsboro case as a part of their revolutionary propaganda. They point out that 7 or 9 young Negroes, under 21 years of age, one of them 13 and another 14, were tried and one of them has been sentenced to death because he was charged with attacking two women of the underworld, according to the judge who presided—two women of low character. One of these boys has been sentenced to death in spite of the testimony presented by one of the white women that they were not attacked and in spite of the testimony of one of the white boys that neither of the women was attacked. These young Negro boys have been in jail already for 2 years, and I say to you, as one who knows somewhat of the issue he is discussing, that if these young boys are sentenced and electrocuted it will be regarded in the North and among the Negroes of America as a miscarriage of justice. The Communists are already saying in every country of the world that there is no such thing as justice in America for the Negro—for the same human beings, for the same American citizens who served in the armed forces of the United States, who paid the supreme sacrifice and whose lives are just as dear to them and their families and their wives and their sweethearts as the life of any white man.

Only a week or so ago four white men were arrested in Warrenton, in the State of Virginia, for attempting to rape a young colored girl 12 years of age. Does any thinking Member of Congress, no matter whether he comes from north or south of the Mason and Dixon's line, believe that these 3 or 4 white men will be condemned to death and executed for attempting to rape a harmless, innocent, and defenseless colored girl 12 years of age? Just reverse the picture, and I say to you, in all fairness, without any partisanship, without having read the record of the Scottsboro trial, except in the newspapers, that I know enough of Communist revolutionary propaganda in this country to say to you gentlemen of the South that if these young boys are electrocuted, it will put a weapon in the hands of the Communists who seek to tear down our homes, our laws, our country, and our flag, such as they have never had, to show not only to the white and the black but in foreign lands that there is no justice in America for the Negro when American Negroes can be tried without a single member of their race on the jury and sentenced to death for attacks on white women of the underworld.

I did not intend today to speak of the Middleburg case in which Judge Lowell, of Massachusetts, refused to extradite a Negro. I know enough of that case to know that if Crawford, the Negro in the case, is guilty of this murder, it is one of the most brutal and outrageous murders ever perpetrated in this country. If this is the man who perpetrated the murder, the sooner he is sentenced to death and electrocuted, the better for the laws and the people of this country. I hold no brief for him, but I am glad I voted the other day against the impeachment proceedings of Judge Lowell, a man whom I know personally, a man of the highest character and integrity and ability as a lawyer and as a judge.

Mr. LEE of Missouri. I do not believe that.

Mr. FISH. We want to be fair to Judge Lowell no matter whether we agree with his decision in this extradition case or not.

Mr. BUSBY. Mr. Chairman, I do not think there is a quorum present, and I make the point that there is no quorum present.

Mr. COCHRAN of Missouri. Mr. Chairman, I make the point of order that the motion is not in order. A quorum was present a few moments ago.

The CHAIRMAN (Mr. COOPER of Tennessee). That is a matter within the discretion of the Chair. The Chair will count.

Mr. BOYLAN. A parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BOYLAN. Does not the Chair think that when the same motion is made three times within the period of a half an hour that it is made for dilatory purposes? I think it is trespassing on the generosity of the Chair in presenting the motion.

The CHAIRMAN. The matter is within the discretion of the Chair, and the Chair will determine it by counting.

Mr. BOYLAN. A parliamentary inquiry.

The CHAIRMAN. A parliamentary inquiry is not now in order. The Chair will count. [After counting.] One hundred and nine Members present—a quorum.

Mr. FISH. Mr. Chairman, I want to continue where I left off in the defense of Judge Lowell. The only reason I do it is the fact that although he was ably defended by the gentleman from Massachusetts [Mr. LUCE] on the floor the other day, he did not have in his possession the fact that the Negro who came before Judge Lowell pleaded not guilty, and also he did not present to the House at that time the fact that Judge Lowell said that the reason for his action was merely to expedite justice in order to get the Negro charged with the murder to trial quicker, because the case would have to go to the Supreme Court on constitutional



grounds, anyhow, and it would save time to determine the constitutional question first. It was to expedite justice and not to retard it that Judge Lowell rendered his decision. He said so at the time, and I am sorry that nobody had an opportunity, because of the limited debate, to take the floor and state those facts. I do not believe the House would have acted as it did to institute impeachment proceedings against Judge Lowell and virtually recall a judicial decision, for that is what it amounts to, if it had all the facts placed before it.

I want to say one word further, and that is that the International Labor Defense, which is representing the Negroes in the Scottsboro case, is an out-and-out communistic organization, and has been from the beginning, and nobody denies it. They are prepared to use this case in every way within their means as revolutionary Communist propaganda. Therefore, I say to you that the verdict in the Scottsboro case, as the gentleman from Illinois pointed out yesterday, is one that may cause American Negroes to despair of justice in certain parts of America.

Mr. O'MALLEY. Will the gentleman yield?

Mr. FISH. I decline to yield.

The CHAIRMAN. The gentleman from New York declines to yield.

Mr. FISH. I do not say that anyone in this House can change the verdict, and I do not say that any one of us, no matter what our opinion is, can affect the judge. As far as I am concerned, I believe the judge conducted himself with the utmost integrity in that case. I am not in any way impeaching him. I am merely serving notice of what the result will be if these boys are condemned to death. It will do more to spread revolutionary communism among the Negroes and among some of the whites in America than anything else the communists can do for themselves.

Mr. COLMER. Mr. Chairman, will the gentleman yield?

Mr. FISH. Yes.

Mr. COLMER. To ask the gentleman from New York just the purpose of this debate, and what he would do about it, or what he would have the court in Alabama do about it. What good purpose can be served by such a futile line of argument when the matter is in the hands of the court? Would he take it out of the hands of the court and have it tried before this body?

Mr. FISH. I think that has already been decided by the judge himself who has stopped the trial temporarily, because of the charges of prejudice that have already been made. I think the judge is competent to handle the case. I think he has shown himself to be impartial from the beginning and can be depended on to protect the rights of the defendants even though they are Negroes.

Mr. O'MALLEY. Mr. Chairman, will the gentleman yield?

Mr. FISH. Yes.

Mr. O'MALLEY. Just what is the connection between the Crawford case and Judge Lowell and the Scottsboro case?

Mr. FISH. The connection between the two is this, that in the Scottsboro case the question of constitutionality arises after the verdict has been given, after the sentence has been declared, while in the Middleburg case, or Crawford case, instead of having it go to trial, where a constitutional question was bound to be raised, because there were no Negro jurors, it goes directly to the court of appeals, and then to the Supreme Court. In other words, one is the reverse of the other, but the same principle is involved.

I have studied this Negro question for a good many years, and I am glad to say that the Commonwealth of Virginia has been fairer to the Negroes than almost any other State in the South. There have been fewer lynchings in the Commonwealth of Virginia, and there has been more justice to the colored man, and the colored man has had his rights protected more in that State than in any other. So there is no reflection, as far as I am concerned, to be drawn from what I say about the Crawford case against the State of Virginia.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. FISH. Yes.

Mr. COX. Does the gentleman approve of the judicial behavior of the Massachusetts judge in the Crawford case?

Mr. FISH. The only answer that I can give the gentleman is that I think it was a rather unusual decision. All I can say is that the judicial body representing the lawyers of Boston and vicinity voted unanimously to support the judge in his decision. I thought it was a rather unusual decision.

Mr. WHITTINGTON. Is it not true that the contrary is the case? They did not support him on the legal proposition at all, but they simply testified to his integrity. They did not undertake to uphold his legal position.

Mr. FISH. I think they upheld his decision.

Mr. DICKSTEIN. Is it not a fact that the gentleman is trying to present a moral question, to show the connection between communism and this Negro trial? What is going on is giving the Communists an opportunity to spread their propaganda because of a condition that has arisen in those cases.

Mr. FISH. That is the purpose of my remarks. It is to show the connection of communism with the Negro, not only in the Scottsboro case but in other ways. The Scottsboro case is merely a weapon put into the hands of the Communists throughout this country who are trying to incite Negroes to a revolutionary spirit by pointing out the injustices, inequalities, and prejudice that exist, so that it will arouse a racial spirit and class hostility.

Mr. LEE of Missouri. Mr. Chairman, will the gentleman yield?

Mr. FISH. I cannot yield any more. That is the entire purpose of my remarks, and I think that every southerner and every northerner who understands the situation wants to do everything in his power to see that communism does not spread among the Negroes or among the whites, because if we let it get started once and let these radicals among the Negroes—and there are some I am sorry to say—make headway and use this and other trials for spreading their poisonous doctrines against our institutions and republican form of government, then it will be an unfortunate day for our country.

Mr. WEIDEMAN. Mr. Chairman, will the gentleman yield?

Mr. FISH. I desire to discuss a resolution which I first offered some months ago in the last Congress, and which I reintroduced on March 15 in this Congress. I want it distinctly understood that when I speak on the Cuban situation I do so from a nonpartisan point of view. I desire simply to emphasize the tragic conditions that exist in this island 100 miles south of Florida, and to point out to the Members of the House that they have certain duties and obligations under the Platt amendment. The American public probably does not even know that the Platt amendment exists, and I doubt if many Members of Congress even know what it means or what its provisions are. The Platt amendment guarantees to the Cuban people a government adequate to preserve life, property, and individual liberty, and every man and woman in this room knows that life and liberty today are not protected in Cuba under the military dictatorship that exists there. When I say I approach this from a nonpartisan point of view, I say so because the recent Republican administration was absolutely blind to the terrible conditions in Cuba. It ignored them completely.

So whatever the Democrats do to remedy the situation, at least they will be one step ahead of the last Republican administration, that evaded its responsibilities under the Platt amendment and did nothing to help restore civil liberties in Cuba or to put an end to a state of terrorism that has existed there for several years. I do not deny that Cuba is an independent nation, but I submit that the United States did not go to war with Spain, at the cost of American lives and the expenditure of large sums of money, merely to drive out a brutal Spanish military dictatorship to have it replaced by an equally despotic Cuban military dictatorship, that has even closed the University of Habana, which for 200 years under Spanish rule was always kept open. Even

if there were no Platt amendment we would have a moral obligation to use our friendly office to preserve the freedom and liberty we gave the Cuban people.

I happen to know Mr. Sumner Welles, who has just been sent as Ambassador to Cuba. I have the highest regard for his qualifications, for his experience, and for his ability. I am led to believe that he will be able to solve that difficult problem for the best interests of the Cuban people, consistent with American interests and obligations under the Platt amendment. There has been no discussion on the floor of this House or the Senate or in the United States of the frightful conditions that exist in Cuba, which are almost identical to those that existed 35 years ago, that so aroused the resentment and anger of the American people that they went to war to free Cuba from a brutal and foreign power. They did not go to war at that time on account of the sinking of the *Maine*. They went to war to put an end to oppression, bloodshed, and terrorism, practically the same conditions that exist today.

Military censorship is so strict in Cuba that it forbids any mention of police activities, assassinations, arrest of political prisoners, or political disturbances. This strict censorship on Cuban news makes it difficult not only for the American public but for the Cuban as well to learn the truth.

I want it understood, because I have been repeatedly misquoted, that I am opposed to armed intervention. I am opposed to annexation or any kind of armed intervention in Cuba. It is not necessary. But it is time for the United States by diplomatic mediation to end the veritable reign of terror in Cuba. All we need do is to take a firm position, and to say to General Machado, the military dictator of Cuba, and his illegal government, that terrorism must cease and that civil liberties must be restored. Our new Ambassador should stand squarely on our obligations under the Platt amendment and demand that a provisional government be established adequate to preserve life and individual liberty, and that the Cuban people be given an opportunity to elect their own President by the provisional government within 1 year. It is the duty of the Congress—it is the duty of the Federal Government, therefore—to say to the military dictator of Cuba, supported by fear and force and violence, that he must get out; that the American Government has a moral obligation and a legal obligation to restore civil rights and liberties to the Cuban people.

I had no sympathy with the past administration in its bombardment of Japan with paper notes some 6,000 miles away, where we had no rights and no obligations. Only recently, when the Nazis persecuted the Jews in Germany, there were mass meetings of protest held throughout this land against a country where we had no rights and where we had no duties and no Platt amendment. The reason is there are 4,000,000 Jews in America. The reason there is no protest against these outrages and atrocities at our doorstep is simply because there are only 4,000 Cubans in America.

Mr. WEIDEMAN. Will the gentleman yield at this point?

Mr. DICKSTEIN. Will the gentleman yield?

Mr. FISH. No. I do not yield. I know what the gentleman from New York is going to say. I am opposed to any form of racial intolerance, bigotry, or persecution such as exists in Germany. I am simply bringing that up to show that at our own doorsteps, where 200 or more of the best blood and foremost citizens of Cuba have been butchered in cold blood, whereas practically not a Jew has been killed in Germany, that not a single voice has been raised in America to protest, where we have a right and duty to do so, the appalling situation in Cuba.

Mr. DICKSTEIN. Will the gentleman yield?

Mr. FISH. I cannot yield. I do not have the time.

The same principle applies, of course, to Manchuria, as I pointed out. We have no duty to police Manchuria. We have no duty to send armed forces there or make finger noses at Japan, but we have a duty to say to this dictator Gerardo Machado in Cuba that terrorism must cease; that civil liberties must be restored; that the people of Cuba must be given the right to elect a president of their own choice. We do not need to send a single soldier there. Our political, economic, and financial influence, if properly exerted, is sufficient to secure the results desired.

The American people own and control three quarters of the property of Cuba; three quarters of the wealth of Cuba. We have $1,500,000,000 invested in Cuba, whereas we do not own more than a few million dollars of property in Manchuria, and much less in Germany than in Cuba. We own three quarters of the sugar plantations, the tobacco plantations, public utilities, railroads, banks, and actually three quarters of the wealth of Cuba. Our economic influence is tremendous, and in addition we have moral rights, geographical rights, and our obligations under the Platt amendment; yet we have not heard a protest regarding the anarchy in Cuba, where 2,000 of their citizens have been exiled, where 200 or more have been butchered and 2,000 more imprisoned, and where half a hundred college boys have been shot down on the streets of Habana in cold blood.

That is why I say to you, not that I want the Congress to act, because it is too late for the Congress to act, because if the American Government, through its Ambassador, does not act within the next 30 or 60 days, I am confident that the liberty-loving Cuban people will act themselves, because they cannot endure any longer the tyranny and bloodshed and atrocities which exist in their own country.

I want to read a resolution which I introduced on March 15. I am not pressing for its passage, either, because I want to give the Democratic Party fair and ample opportunity and time to work out a solution for the best interests of the Cuban people and our own people, which I think they are perfectly competent to do. If there is to be any investigation by Congress into the affairs of the Chase National Bank, it would be very interesting to ascertain the facts concerning the investments of that institution in Cuba and the amount of influence it wields on the Cuban Government and the maintenance of the Machado dictatorship.

At the same time I want the American people back home to know the facts about the fratricidal war being waged in Cuba which is ruinous to that country. The entire political and economic stability of Cuba is in peril. What a travesty on our war to free Cuba! Is it not time for the United States to offer to mediate and to insist on a restoration of the civil rights and liberties of the Cuban people? Anything less, in view of the tragic circumstances, would not be keeping faith with our moral and treaty obligations under the Platt amendment. The resolution which I have introduced is as follows:

House Concurrent Resolution 4

Whereas the Republic of Cuba has been governed during the past few years by a military dictatorship, based on fear, force, and violence; and

Whereas the liberties of the Cuban people, guaranteed by the United States through the Platt amendment, have been suppressed and all but destroyed; and

Whereas a large part of Cuba has been under martial law for various lengths of time; the University of Habana padlocked and schools closed; and

Whereas freedom of speech, freedom of the press and of assembly, and the right of habeas corpus have been suppressed or have virtually ceased to exist; and

Whereas numerous political opponents of the Machado dictatorship have been deported or forced to flee for their lives, and many others imprisoned; and

Whereas innumerable murders of political opponents, members of congress, editors of newspapers, and men prominent in the legal profession and all walks of life have occurred, either at the instigation of the existing government or through its connivance; and

Whereas a serious situation has developed in Cuba, because of the feeling of political desperation that has grown up against the despotic acts of the government among liberty-loving Cubans, whose independence was won through the combined efforts of Cubans and Americans at great sacrifice of lives and expenditure of money; and

Whereas the United States has the unquestioned right to intervene in order to maintain a government in Cuba, "adequate for the protection of life and property, and individual liberty", in accordance with the treaty of independence, containing the Platt amendment: Therefore be it

Resolved by the House of Representatives (the Senate concurring), That it is the sense of the Congress that the President of the United States exert his influence and extend to the Government and the people of the Republic of Cuba the good

offices of the Government and its aid in bringing about a mutual understanding and amity among the various political factions, based on the restoration of the civil rights of the Cuban people, and the establishment of a government in Cuba "adequate for the protection of the lives, property, and individual liberty", as guaranteed by the Platt amendment.

[Applause.]

Mr. AYRES of Kansas. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. YOUNG].

Mr. YOUNG. Mr. Chairman, as Congressman at large from the State of Ohio, representing nearly 7,000,000 citizens who have been compelled to make personal and financial sacrifices by reason of the economic disaster out of which I hope this country will soon emerge, I denounce Federal judges of my State and other States who have failed and are now refusing to voluntarily repay into the Treasury of the United States 15 percent of their salaries. [Applause.]

One of my first votes as a Member of Congress was to support the economy bill of the President of the United States, thereby reducing my salary and that of my colleagues from $10,000 to $8,500. Under authority granted by us, salaries of United States Senators, Cabinet members, Congressmen, and all Federal employees, from the highest to the lowest, except where a constitutional inhibition prevented, were cut.

We authorized this because the Nation was threatened with a crisis more serious than war. We did this to help meet a direful situation. We did this so that the Nation and all of our people might be led out of a wilderness of chaos and disaster into the promised land of contentment and economic security.

I denounce Federal judges of my State, and will name names and tell facts. They have refused to heed the demands of the times. They have been greedy and avaricious. The bailiffs who refer to them as the honorable court, and the scrubwomen who on hands and knees, in the darkness of night, clean their judicial offices so that they may in all dignity and smugness at 9:30 o'clock in the morning commence their judicial duties in immaculate surroundings, have had their pay cut. The scrubwoman, the bailiff, the elevator boy, all employees, each month and from now on as long as the need exists, regularly out of the small wage our Government pays them, make their contribution of 15 percent to bring contentment and economic security to all of our people.

Edmund Vance Cooke, the poet, wrote:

But to be a scrubwoman, with four
  Babies, or more,
Every day, every day, setting your back
  On the rack,
And all your reward forever not quite
  A full bite
Of bread for your babies. Say!
  In the heat of the day
You might be a hero to head a brigade.
But a hero like her? I'm afraid! I'm afraid!

These judges, appointed for life, are secure in the knowledge that until they are 70 years old they may hold forth as judges at salaries of $10,000 and more. Upon attaining the age of 70 they no longer need appear in court and spend 4 or 5 hours on the bench, but by reason of the beneficence of our Government may retire at full pay and receive that full pay as long as they live.

Unfortunately, article III of the Constitution provides that the compensation of United States judges shall not be diminished during their continuance in office. The gentleman from Virginia [Mr. WOODRUM] has rendered needful public service by introducing a resolution to amend the Constitution by striking out this inhibition. [Applause.] These judges, appointed for life, not responsible nor accountable to the people, demonstrate by their failure to voluntarily repay any part of their salary into the Treasury of the United States, that they regard themselves above a law which is being complied with by all other Federal officials and appointees from the highest to the lowest.

I say from the highest. Article II of the Constitution of the United States says that the compensation of the President may "neither be increased nor diminished during the period for which he shall have been elected." Nevertheless, President Franklin D. Roosevelt, as did President Herbert Hoover before him, voluntarily returned and is returning to the Treasury the same proportion of the presidential salary that other officials and employees of the United States were cut under the provisions of the Economy Act.

I denounce the Federal judges who have refused to voluntarily restore 15 percent of their salaries to the Treasury, and now demand that each forthwith voluntarily pay this percentage of his salary into the Treasury.

Section 7 of the Economy Act, which was enacted because the President stated our country was threatened with bankruptcy, is as follows:

In any case in which the application of the provisions of this act would result in the diminution of compensation prohibited by the Constitution, the Secretary of the Treasury is authorized to accept from such person and cover into the Treasury as miscellaneous receipts remittance of such part of the compensation of such person as would not be paid to him if such diminution of compensation were not prohibited.

Here, Mr. Chairman and members of the Committee, is the list of dishonor. I now read the names of the Federal judges from Ohio who have refused to take pay cuts from their salaries: United States Judges Samuel H. West, Paul Jones, John H. Killits, George P. Hahn, Benson W. Hough, and Robert R. Nevin, salary $10,000 each; and United States Circuit Judge Smith Hickenlooper, salary $12,500.

The Temple of Delphi was scarcely more sacred to the ancient Greeks than the Federal judiciary is to many of our fellow citizens. As a lawyer I have lawsuits for clients pending in every court of my State—the Supreme Court of Ohio, the court of appeals, and the common-pleas court of my county, and in the United States court. I respect and admire just and honorable judges. In fact, my father was for more than 10 years a common-pleas judge in Ohio. What I say here, therefore, on my responsibility as representative of the people of my State, I say in a spirit of duty and not in a spirit of rancor.

It is a fact that Federal judges of our country have usurped powers and functions and have too frequently made a mockery of trial by jury. Federal judges have become not a group of public servants, but a group of public dictators and tyrants. Their present refusal in this emergency, when millions of men and women are unemployed and children are underfed, to accept the salary cut of 15 percent is simply further indication that these United States judges have the effrontery to deem themselves above the will of the people and in a class by themselves—and for themselves.

My investigation at the Department of Justice in regard to 151 United States judges and 40 United States circuit judges shows that only 3 have made remittances from their salaries to the Secretary of the Treasury. There are 3 patriotic, unselfish United States judges in the country, and 188 judicial hogs.

Mr. Chairman, there are two ways by which usurpation of dictatorship of the Federal courts of this country can be checked. Federal judges were not meant to be lawmakers, judges, and executioners all in one, and without responsibility to the people of our country. Usurpation of dictatorship by the Federal courts of our land will be checked either by direct election of Federal judges or by people taking the law into their own hands. Let us hope for the former method.

Let us also hope that an outraged public, and bar associations in meetings and newspapers in editorials, will call upon Federal judges to take the 15 percent cut that all others were compelled to take. [Applause.]

[Here the gavel fell.]

Mr. AYRES of Kansas. Mr. Chairman, I yield 10 minutes to the gentleman from Minnesota [Mr. SHOEMAKER].

Mr. TABER. Mr. Chairman, I yield the gentleman from Minnesota 5 minutes.

(Mr. SHOEMAKER asked and was given permission to revise and extend his remarks in the RECORD and include therein House Resolution No. 116.)

Mr. BUSBY. Mr. Chairman, I make the point of order that there is not a quorum present. I think this is going to be a good speech.

The CHAIRMAN (Mr. MCREYNOLDS). The Chair will count. [After counting.] One hundred and ten gentlemen present, a quorum.

Mr. BUSBY. Mr. Chairman——

The CHAIRMAN. The Chair has kept the House counted with a view to being able to state how many gentlemen are in the Chamber.

Mr. BUSBY. Mr. Chairman, I have some rights in this matter, and they are not to be dealt with in this sort of way.

Mr. GOSS. Mr. Chairman, I make the point of order that there can be no appeal from the decision of the Chair.

Mr. BUSBY. I ask for tellers on the count of the Chair.

The CHAIRMAN. The Chair will state for the information of the Committee that the Chair has been sitting here counting the House, and has kept a memorandum of the number. There were 92 gentlemen in the House when the point was made, and some 15 or 20 have come in from the cloakroom since.

Mr. BUSBY. Mr. Chairman, I ask for tellers on the count of the Chair.

The CHAIRMAN. It is only necessary for the Chair to announce the number present.

Mr. BUSBY. I ask for tellers on the count of the Chair. Does the Chair refuse to proceed?

Mr. GOSS. Mr. Chairman, I make the point of order there can be no appeal from the decision of the Chair.

The CHAIRMAN. The point of order is sustained, and the gentleman from Minnesota will proceed.

Mr. BUSBY. Very well.

Mr. SHOEMAKER. Mr. Chairman, we have just listened to a very interesting discourse on the Federal judges of the United States. We have also listened to some very interesting facts in regard to the Negro situation and communism. We also listened to some very interesting facts regarding the situation in Cuba and the Machado government.

I shall try to touch briefly on all three of these points.

First of all, I want to say that the farmers throughout the United States of America, and particularly in the western part of the United States, are today in what might be termed open revolt. Not only the depression has brought about this condition, but the decisions that have been handed down by the judiciary are largely responsible for the situation that exists throughout this country today, not only with regard to the Scottsboro and Crawford cases, but with regard to the property rights that have been so upheld by our judiciary system, while our great human rights have been trampled under foot, and I speak not as one who is inexperienced.

I speak as one who has gone through some of the tyranny and autocracy at the hands of Federal judges, and I wish at this time to bring to your attention the fact that I do not in any way sustain or uphold the action of these Iowa farmers in their conduct with regard to the judge out there the other day, but I do say that this thing can be amiably straightened out and handled out there if a little intelligence is applied to that situation, for these people, after all, are fighting for that one thing for which our fighting forefathers came to America, namely, to establish and maintain their homes. These people are fighting for homes, and this is the first instinct in the heart of a human breast.

I want to say that the decisions that have been handed down by our judiciary throughout the past have been decisions largely in the interest of the property class or of property rights, while human rights have been trampled under foot.

Mr. KENNEY. Will the gentleman yield?

Mr. SHOEMAKER. I will, for a short question.

Mr. KENNEY. Has the gentleman asked for an investigation of our Federal courts?

Mr. SHOEMAKER. No; but it is very likely that he will.

I may say that the very judge who sentenced me to the penitentiary, not because he wanted to sentence me to the penitentiary—he did not want to sentence me to a penitentiary or to send me to jail. He gave me 1 year and 1 day, and then turned around to the court room and to me and said:

I do not believe, Mr. SHOEMAKER, that you are a criminal. However, I do not want to make a martyr out of you, and therefore I am going to suspend your prison sentence of 1 year and 1 day and place you upon probation for a period of 5 years in lieu thereof.

He himself said I was not a criminal. He himself, over his own signature, wrote a letter to the Department of Justice and to the Federal Parole Board and told them in one letter that I was in no sense the criminal type, and then turned around 2 weeks later and wrote another letter condemning me and calling me all kinds of names and saying that I was not liked in my own community, and that if I was paroled at all I should be paroled outside of the State of Minnesota, and in that case he would agree to it. In other words, I would be a good citizen, he said over his own signature, in some other State, but I would be a criminal if left at large in the State of Minnesota.

What was my crime? My crime was to help and try to assist in cleaning up the corrupt politicians in the State of Minnesota, if you please, and among them I am going to name a few for your approval.

There was F. B. Kellogg, to start with. Bill Mitchell, who deliberately beat the United States Government out of about $3,000,000 of Jim Hill's inheritance taxes, who was appointed Attorney General for being a good crook. G. A. Youngquist, the Attorney General of the State of Minnesota, who was within 6 weeks of the State penitentiary in the State of Minnesota and resigned as attorney general of the State and was appointed Assistant Attorney General of the United States. Arch Coleman, one of the authors of the infamous Brooks-Coleman Act of Minnesota, who was run out of the State and was made First Assistant Postmaster General. Pierce Butler was put on the Supreme Bench. Walter Newton was made Secretary to the President. Bill Schilling was put on the Farm Board. Thatcher, at $25,000, was put on the Grain Corporation. Akerson was taken off the Minneapolis Tribune and brought down here and made the official liar for the administration. [Laughter.]

They accused me of being behind the movement to get rid of these fellows in Minnesota, and they put them on the Federal pay roll down here. The stunt was to get rid of Shoemaker. They had to get rid of Shoemaker in any case, and I want to state to you that the banker I referred to as "robber of widows and orphans" was president of the State Bankers' Association, a schoolmate of the Federal judge, also a schoolmate of the brother of the Federal judge, a schoolmate of the then sitting Congressman in this House, who could not even let me alone when I was in the penitentiary but had to proceed to persecute me there.

I am going to read into the RECORD a confidential letter to the warden after they had me locked up in the penitentiary. It reads as follows:

RED WING, MINN., *April 13, 1931.*

Mr. T. B. WHITE,
Warden United States Penitentiary,
Leavenworth, Kans.

MY DEAR WARDEN WHITE: I wish to write you confidentially in regard to FRANCIS H. SHOEMAKER, who is now confined to your institution under sentence for 1 year and 1 day, imposed by Judge Sanborn, of Minnesota, for violation of the postal laws.

I have been informed by several parties who have heard from SHOEMAKER, to the effect that he has been feigning sickness upon several occasions since he arrived at the institution.

I have investigated as to his past conduct and have learned that he is in the habit of complaining of sickness every time the Government has placed some requirements upon him. I am, therefore, convinced that he has been feigning sickness at your institution in order to get away from work, as required by your regulations.

This matter is being called to your attention at this time, as I understand that the prisoner has made application for parole, which will be considered at the next meeting of the Board.

When this man is not confined to a prison he is the most active and vigorous animal, and is on the go by day and night, preaching his radical doctrines in order to "hoodwink" the ignorant into contributing money and support to his cause.

I would appreciate very much if you will cause an investigation to be made as to the alleged sickness of this man, and let me know as to your findings, since I am interested to learn something about this man's record while he is confined at your institution.

With kindest personal regards, I am,

AUGUST H. ANDRESEN,
Congressman Third District, Minnesota.

Now, what business is it of the Congressman to tell the warden down there what to do. I do not think there is any man in this Congress—I am assuming that—that would take on himself that authority. It may be of interest to you to have the confidential answer that the Congressman got to his letter. It is from the warden, and reads as follows:

UNITED STATES PENITENTIARY,
Leavenworth, Kans., April 19, 1931.

Hon. AUGUST H. ANDRESEN,
Red Wing, Minn.

DEAR CONGRESSMAN: I am in receipt of your letter of April 13, 1931, inquiring into the health of our FRANCIS H. SHOEMAKER, registration no. 38163.

Mr. SHOEMAKER was received here February 1, 1931, and will be eligible for parole on April 29, 1931.

In a report from our prison assistant physician, Dr. K. E. Conklin, I find this paragraph: "His (SHOEMAKER's) physical condition is good and is not giving him a bit of trouble; he states himself that he is not sick."

SHOEMAKER's record since he has been here is good, as I find no reports for violation of rules against him.

Thanking you for the information and your interest in the matter, I am,

Very truly yours,

F. L. MORRISON, *Acting Warden.*

I had to be called in about every week and have a physical examination because the Congressman wanted it. [Laughter.] He was so interested in my welfare and hoped that I might die while there.

This tyrannical judge who sentenced me was instrumental in the passage of the Brooks-Coleman Act, which gave the railroad and warehouse commission the right to make rates on street-car lines in Duluth and the Twin Cities. When they had the power they raised the fare from 5 cents to 10 cents, taking that amount out of the dinner pails of those who ride on the street-car lines.

Now, I have here a photograph of four people, a father and mother and two children, who have been harangued and murdered and driven to suicide by the despotic, tyrannical rule over the people of Minnesota. Here it is. Look at that picture of a father and mother and two children. Last week they were harangued and driven to suicide simply because the woman refused on the jury to give the judge a conviction on the case of W. B. Foshay.

Mr. DICKSTEIN. Will the gentleman yield?

Mr. SHOEMAKER. I will yield for a short question.

Mr. DICKSTEIN. Is this judge still on the bench?

Mr. SHOEMAKER. He has been promoted to the circuit court of appeals.

Mr. DICKSTEIN. The gentleman has stated enough facts; why does not he introduce a resolution to impeach him?

Mr. SHOEMAKER. He is the judge who sentenced me.

Mr. DICKSTEIN. Does not the gentleman think the Judiciary Committee would give consideration to these facts?

Mr. SHOEMAKER. I should be very glad to submit to the Committee on the Judiciary any such evidence they may desire. Mrs. Genevieve Clark was on the jury and was asked whether she knew W. B. Foshay, the defendant. She said she did not know him. She voted to acquit Foshay. Several weeks after the jury disagreed they sent out their bunch of snoopers and espionage agents and found that at some time previously, several years before, this poor woman had worked for 2 weeks along with two or three hundred other women who were hired especially to address some envelopes containing advertising matter that was being sent out. She told the truth when she said she did not know Foshay. I have talked with this woman since.

They claimed that because she worked for Forshay she should have volunteered that information, and they brought her up for contempt of court and sentenced her to 6 months and $1,000 fine. The case finally went to the circuit court of appeals. That court upheld the sentence, but cut off the fine. For over a year this woman has spent every penny that she could get. Their family means were depleted. She was to give herself up last week to the Federal marshal in the State of Minnesota, but rather than face the disgrace of going to prison, rather than have the family face the disgrace of having their mother in the penitentiary, the family put the garden hose on the exhaust pipe of their automobile and drove out into the country and turned on the motor, and turned the exhaust into the car, and there is the picture of the four in the family who died at one time as a result of the manipulations and machinations of a Federal court that is supposed to dispense justice in this great land of ours. I say to you the time has come to call a halt on this proposition.

Now, with regard to the speech just made by our worthy colleague, HAMILTON FISH, of New York, regarding the Cuban situation, I wish to emphatically state that I am not here either to condemn or defend the Machado government of Cuba, but I do happen to know that in this country there are at work revolutionary forces who are conniving daily for the sole and specific reason of fomenting an armed intervention of the Cuban Government through the activities of these revolutionists. I have been informed that several armories located in several Southern States have been completely depleted of their arms and ammunition which have been stolen and taken to Cuba for the purpose of fostering and bringing about a revolution. As I understand the situation, the entire Cuban situation resolves itself into a battle of two huge financial groups in the United States of America who are striving to gain control of the natural resources of Cuba. With one group backing the present Machado regime and the other group backing and financing the revolutionists, and in neither case are civil rights considered nor is the welfare of the Cuban people given any thought, and for that reason I wish to insert into the RECORD at this time a resolution which I introduced into this House on April 21, and which was referred to the Committee on Rules. The resolution reads as follows:

Whereas it is of record in the courts of Atlantic County, N.J., that certain underworld characters and Cuban conspirators were heading an expedition to Cuba for the purpose of carrying on a revolution against the government of President Machado, the duly constituted and constitutional authority of the Republic of Cuba, were apprehended and their arms and ammunition were destroyed by New York and New Jersey police officials; and

Whereas Dr. Miguel Gomez, formerly mayor of Habana, Cuba, is now in New York the avowed and acknowledged leader of the revolutionary forces attempting to overthrow the duly constituted government of President Machado; and

Whereas those so-called "political refugees", masking under the guise of exiles, are forming societies and collecting funds to carry on the revolutionary movement, this activity being more particularly evidenced by a widely heralded meeting held in Miami, Fla., on March 22, 1933, at which the following officers were elected: Dr. Carlos De La Torre, president; Dr. Roberto Mendez Penate, vice president; and Louis Barraras, secretary; and among those attending this meeting of revolutionary conspirators were Dr. Gomez, Dr. Juan Espinosa, Carlos Pelaez, Mario G. Menocal, Dr. Pedro Martinez Fraga, Dr. Santiago Verdeja, Dr. Raymon Grau San Martin, Dr. Recordo Dolz, Guillermo Barrientos, Dr. Carlos Mendieta, and Dr. Aurelio Hevia. In addition, the meeting was attended by Dr. Carlos Saladrigias, a known member of the A.B.C. secret society. Immediately after the adjournment of this meeting Dr. Miguel Fomez left for New York to initiate and take charge of the revolutionary movement there aimed at the duly constituted and functioning administration of President Machado, of the Republic of Cuba; and

Whereas it is becoming evident and of current knowledge that those revolutionary activities are being fostered and financed by agents of a foreign power not over friendly to the Government of the United States, for the purpose of distracting public attention from contemplated movements of their own; and

Whereas these activities have a tendency to embarrass the Government of the United States and are against the peace and dignity of the Government of the United States, being contrary and in open violation of its laws and treaties, as well as the laws of its sovereign States: Therefore be it

Resolved, That a committee of five Members of the House of Representatives be appointed to investigate the unlawful and secret plottings of the several revolutionary organizations or individuals who are now enjoying the asylum and sanctuary of the Government of the United States.

SEC. 2. The committee, or any authorized subcommittee thereof, is authorized and directed to sit and act at such times and places as may be necessary, to hold hearings and conduct investigations of the revolutionary activities particularly referred to in this resolution.

SEC. 3. The committee is empowered to subpena persons, records, documents, minutes of meetings, summon and swear witnesses, and to secure data on any or all information, as may be deemed necessary to aid the committee in the ascertainment of the facts, particular attention to be directed to the laxity of the various executive and judicial departments in enforcing the provisions of the Constitution, the treaties and laws of the United States relative to the suppression of the herein-named revolutionary activities.

SEC. 4. The committee shall report to Congress before the adjournment of the special session now pending all findings that they may have determined at that time, a final report to be made on the first day of the first regular session of the Seventy-third Congress, the final report to contain the complete results and findings of its investigations, together with such recommendations for legislation as it shall deem advisable. When its report is led as provided the committee shall cease to exist.

My aim in introducing this resolution, and the purpose that I hope it will accomplish, is that in case investigation is to be made of Cuba that it be a thorough investigation, investigating all parties concerned in the controversy.

The CHAIRMAN. The time for the gentleman from Minnesota has expired.

Mr. AYRES of Kansas. Mr. Chairman, I yield 6 minutes to the gentleman from Mississippi [Mr. COLMER].

Mr. GOSS. I yield the gentleman 4 minutes.

Mr. COLMER. Mr. Chairman and members of the Committee, I believe my record here up to this time will bear out the fact that I have not bored this House with any long-winded or unnecessary speeches, and I regret keenly today that I feel it necessary to rise to answer the gentleman from New York [Mr. FISH] who made a speech here a few moments ago with reference to the racial question, with particular reference to the Scottsboro, Ala., and Virginia (Crawford) cases. I regret that the gentleman saw fit to make his speech, and I regret the necessity, as I view it, for answering his effort. While this country is in the midst of the most hectic days it has ever witnessed, in the greatest crisis in its history, when a great and substantial piece of legislation affecting the economic situation of the Nation is being considered, I do not think, nor do I believe a majority of the membership think, that this is a proper time to bring up a question of that kind. If there ever was a time when we need a unified, patriotic American citizenship to try to save this country for posterity, that time is now. I do not believe this is any time to wave the red flag of racial prejudice or to introduce such a subject before this House. I am at a loss to understand why the gentleman should have seen fit, in the consideration of this important piece of legislation, to inject into the discussion a matter that is entirely foreign. What good purpose is to be served thereby? I asked the gentleman from New York repeatedly to yield to me in order that I might ask some very pointed questions. I was unsuccessful in that, and I think I am justified, therefore, in making this brief reply. What does the gentleman from New York hope to accomplish by discussing a case that is being tried in the courts of the sovereign State of Alabama (the Scottsboro case)?

Does the gentleman hope to influence the jury that will try that case? Does the gentleman hope to influence the judge in granting his instructions to the jury that will try that case? Did the gentleman hope to stop this communism, to which he referred, by advertising in the newspapers of the land what he considers an injustice, and about which he says he knows no more than Will Rogers knows by reading it in the newspapers?

Mr. BLANCHARD. Mr. Chairman, will the gentleman yield?

Mr. COLMER. Since the gentleman from that side did not see fit to yield to me, I decline to yield.

Mr. BLANCHARD. I am a new Member and I will move to the other side if that will help.

Mr. COLMER. That would not help at all. Mr. Chairman, it so happens that I had been a prosecuting attorney for some 12 years immediately prior to coming to this House. I think I know something about the laws and the practice and the procedure in the trial of these cases. I do not rise here now to defend the administration of justice in the States of Alabama, Virginia, or Mississippi, but I say to the gentleman from New York that if a Negro is being tried in a court in Mississippi, that Negro does receive fair treatment at the hands of the court and of the jury. Further, in my practice as a prosecuting attorney, and I say this seriously and truthfully, a poor defenseless Negro, when brought into the court in which I practiced and where I had to prosecute him, received more consideration at my hands, more favorable consideration, if you please, than did many white men who were guilty of some serious offense with able counsel and means to defend them, because we recognized the fact that he was poor and defenseless.

Mr. LEE of Missouri. Mr. Chairman, will the gentleman yield?

Mr. COLMER. Since I have refused to yield over here, I wish the gentleman would let me finish.

Mr. LEE of Missouri. I do not blame the gentleman.

Mr. COLMER. Oh, very well; I yield.

Mr. LEE of Missouri. I ask the gentleman if such speeches of Mr. FISH do not tend to cause a lot of Negroes to get in trouble who ought to be good Negroes, like we have them conduct themselves in our country?

Mr. COLMER. I will say to the gentleman that I was just coming to that point. I understand the gentleman from New York is a lawyer. I may be misinformed about that. I assume that if he is a lawyer, he is an able lawyer, as he is an able speaker, but I say to the gentleman, if he is a lawyer, then he knows that no good purpose could be served by such speeches as this and by waving the red flag of sectionalism and race. There can be no good purpose served by this. These men are to be tried by the courts of a sovereign State, and what the gentleman from New York thinks about it is immaterial; just as immaterial as it may be what I might think about a case that was being tried in the sovereign State of New York. I want to appeal to the patriotism of the gentleman and those who live north of the line and who reside temporarily here in the House on the other side of the aisle, that if you want to help the Negro, this is not the way to do it, as the gentleman from Missouri [Mr. LEE] has suggested.

I recall reading that about a year ago the distinguished gentleman from the State of New York [Mr. FISH] started out on some kind of an investigating committee. I do not know what that cost the taxpayers of America, but I do recall that they went to the principal cities of the United States. They stopped in the finest hotels. They were looking for what? Looking for Communists. I am informed that on one occasion they actually surrounded a warehouse over at Baltimore. They called for the detectives and the police. They threatened to call for the Army, and perhaps the marines, and when they got down there and surrounded it, what did they find? A few crates of rotten cabbage. [Laughter and applause.]

I can see my distinguished friend from New York now in one of these fine hotels with all the luxuries surrounding him; I can see him down there with a flashlight looking under the bed and looking under the chairs and all the furnishings in the hotel, looking for Communists [laughter and applause], while, as a matter of fact, the conduct of the Government under the regime of the party to which the gentleman from New York belongs was making more Communists every day than has ever been known in this country, just as the distinguished gentleman's conduct today is calculated to encourage communism and discontent in the land.

But my purpose in arising is not to condemn the distinguished gentleman from New York no more than it is now my purpose to appeal to sectionalism or racial superiority. My appeal in this hour of need, in this hour of distress, in this hour of crisis, is to patriotism and to common sense. And may I not express the hope in conclusion that, at least during the crisis of the country, misguided Members of the House as well as the citizens generally will refrain from injecting such highly controversial issues into consideration either in the House or in the country? If there ever was a time in the history of the country when the Nation needed the united, whole-hearted, fervent, patriotic cooperation of its citizens of all races, that time is here now. [Applause.]

The CHAIRMAN. The time of the gentleman from Mississippi [Mr. COLMER] has expired.

Mr. TABER. Mr. Chairman, I yield the balance of my time, 20 minutes, to the gentleman from Pennsylvania [Mr. MCFADDEN].

Mr. McFADDEN. Mr. Chairman, the United States is bankrupt. It has been bankrupted by the corrupt and dishonest Federal Reserve Board and the Federal Reserve banks. It has repudiated its debt to its own citizens. Its chief foreign creditor is Great Britain, and a British bailiff has been at the White House and British agents are in the United States Treasury making inventories and arranging terms of liquidation. In close cooperation with the British bailiff a French bailiff has been standing by with a staff of experts and 25 of the leading French journalists. The "united front" has arrived at Washington.

Mr. Chairman, the Federal Reserve Board has offered to collect the British claims in full from the American public by trickery and corruption, if Great Britain will help it to conceal its crimes. The British are shielding their agents, the Federal Reserve System, because they do not wish that system of robbery destroyed here. They wish it to continue for their benefit. By means of it Great Britain has become the financial mistress of the world. She has regained the position she occupied before the World War. For several years she has been a silent partner in the business of the Federal Reserve Board and the Federal Reserve banks. Under threats of blackmail, or by bribery, or by their native treachery to the people of the United States, the officials in charge of the Federal Reserve banks unwisely gave Great Britain immense gold loans of our national-bank depositors' money. They did this against the law. They gave England gold loans running into hundreds of millions of dollars. Those gold loans were not single transactions. They were revolving loans. They gave Great Britain a borrowing power in the United States of billions. She squeezed billions out of this country by means of her control of the Federal Reserve Board and the Federal Reserve banks. As soon as the Hoover moratorium was announced—and it was Great Britain who instructed Hoover how to declare it—Great Britain moved to consolidate her gains. After the treacherous signing away of American rights at the 7-power conference at London in July 1931 which put the Federal Reserve System under the control of the Bank for International Settlements, Great Britain began to tighten the hangman's noose around the neck of the United States. She abandoned the gold standard and embarked upon a campaign of buying up the claims of foreigners against the Federal Reserve banks in all parts of the world. She has now sent her bailiff, Ramsay MacDonald, here to get her war debt to this country canceled. She has a club in her hand. She has title to the gambling debts which the corrupt and dishonest Federal Reserve Board and the Federal Reserve banks incurred abroad. Ramsay MacDonald, the Labor Party deserter, has come here to compel the President to sign on the dotted line and that is what Roosevelt is about to do. Roosevelt will endeavor to conceal the nature of his action from the American people. But he will obey the international bankers and transfer the war debt that Great Britain should pay to the American people, to the shoulders of the American taxpayers.

Mr. Chairman, the bank holidays in the several States were brought about by the corrupt and dishonest Federal Reserve Board and the Federal Reserve banks. Those institutions manipulated money and credit and caused the States to order bank holidays. Those holidays were "frame-ups." They were dress rehearsals for the national bank holiday which Franklin D. Roosevelt promised Sir Ronald Lindsay that he would declare. There was no national emergency here when Roosevelt took office except the bankruptcy of the Federal Reserve Board and the Federal Reserve banks—a bankruptcy which has been going on under cover for several years and which has been concealed from the people so that the people would continue to permit their bank deposits and their bank reserves and their gold and the funds of the United States Treasury to be impounded in the bankrupt institutions. Under cover, the predatory international bankers have been stealthily transferring the burden of the Federal Reserve debts to the people's Treasury and to the people themselves. They have been using the farms and the homes of the United States to pay for their thievery. That is the only national emergency there has been here since the depression began. Someone asked Mr. Ogden Mills what caused the depression. He answered quite truthfully, "The Federal Reserve lent so much money abroad that it broke down the System." Mr. Chairman, those who have lost everything they possessed through the evil practices of the Federal Reserve Board and the Federal Reserve banks should at least be told the truth about how it happened. The veterans of the World War should know that the Federal Reserve Board and the Federal Reserve banks paid the dole in England, and are still paying it, and that that is the reason why the resident agents of England in this country have cut the pensions of the United States soldiers $400,000,000 a year.

The week before the bank holiday was declared in New York State the deposits in New York savings banks were greater than the withdrawals. There were no runs on New York banks. There was no need of a bank holiday in New York or of a national holiday. Roosevelt did what the international bankers ordered him to do. When Sir Ronald Lindsay was at Warm Springs, Ga., when Franklin D. Roosevelt violated the Logan Act, the obnoxious Lindsay was promised that the United States would be taken off the gold standard "without debate" and "by surprise" and that was what England wanted and was insisting upon. Sir Ronald Lindsay hotfooted it to London to tell the good news to the English Cabinet. They did not trust the mail or their favorite instrument, the transatlantic telephone. Do not deceive yourself, Mr. Chairman, or permit yourself to be deceived by others into the belief that Roosevelt's dictatorship is in any way intended to benefit the people of the United States. He is preparing to sign on the dotted line. He is preparing to cancel the war debts by fraud. He is preparing to internationalize this country and to destroy our Constitution itself in order to keep the Federal Reserve Board and the Federal Reserve banks intact as a money-making institution for foreigners.

Mr. Chairman, I have received an inquiry from one of my constituents in regard to his right to have gold and gold tificates, silver and silver certificates, and all other forms of coin and currency issued by the United States Government in his personal possession or in the possession of his agents. Mr. Chairman, I have informed my constituent that he has a constitutional right to have gold and silver in his possession, either in the form of bullion or of coins, and that he has a right to have United States currency of every description in his possession, and that his right to hold such private property is absolute and that such private property may not be taken away from him without due process of law.

Mr. Chairman, I see no reason why citizens of the United States should be terrorized into surrendering their property to the international bankers who own and control the Federal Reserve Board and the Federal Reserve banks. The statement that gold would be taken from its lawful owners if they did not voluntarily surrender it to private interests shows that there is an anarchist in the Government. The statement that it is necessary for the people to give their gold—the only real money—to the banks in order to protect the currency is a statement of calculated dishonesty.

By his unlawful usurpation of power on the night of March 5, 1933, and by his proclamation, which in my opinion was in violation of the Constitution of the United States, Roosevelt divorced the currency of the United States from gold, and United States currency is no longer protected by gold. It is, therefore, sheer dishonesty to say that the people's gold is needed to protect the currency. Roosevelt ordered the people to give their gold to private interests—that is, to banks—and he took control of the banks, so that all the gold and gold values in them or given into them might be handed over to the predatory international bankers

who own and control the Federal Reserve Board and the Federal Reserve banks. Roosevelt cast in his lot with the usurers. He agreed to save the corrupt and dishonest Federal Reserve Board and the Federal Reserve banks at the expense of the people of the United States. He took advantage of the people's confusion and weariness and spread a dragnet over the United States to capture everything of value that was left in it. He made a great haul for the international bankers.

Mr. Chairman, the terms of Roosevelt's surrender were arranged between himself, certain international bankers, and Sir Ronald Lindsay. A British paper has lately said that Roosevelt refrained from accepting responsibility before he acquired authority in all matters except the matter of the war debts. So you see, Mr. Chairman, before entering the Presidency he took up the matter of the war debts. He violated the terms of the Logan Act.

Mr. Chairman, statements in the newspapers to the effect that the conferences now taking place are mere academic and preparatory discussions between officials of the United States Government and representatives of foreign nations are false. The Prime Minister of England came here for money. He came here to collect cash. He came here with Federal Reserve currency and other claims against the Federal Reserve System which England has bought up in all parts of the world and he has presented them for redemption in gold.

Mr. Chairman, I am in favor of compelling the Federal Reserve Board and the Federal Reserve banks to pay their own debts. I see no reason why the general public should be forced to pay the gambling debts of the international bankers.

By his action in closing the banks of the United States, Roosevelt seized the gold value of the forty billions and more of bank deposits in the United States banks. Those deposits were deposits of gold values. By his action he has rendered them payable to the depositors in paper money only, if payable at all, and the paper money he proposes to pay out to bank depositors and to the people generally in lieu of their hard-earned gold values is of no intrinsic value in itself and, being based on nothing into which the people can convert it, the said paper money is of negligible value altogether. It is paper money which is not convertible into gold or silver. It is the money of slaves, not of free men. If the people of the United States permit it to be imposed upon them at the will of the credit masters, the next step in their downward progress will be their acceptance of orders on company stores for what they eat and wear. Their case will be similar to that of starving coal miners. They, too, will be paid with orders on company stores for food and clothing, both of indifferent quality, and be forced to live in company-owned houses, from which they may be evicted at the drop of the hat. More of them will be forced into conscript labor camps under military supervision.

At noon on the 4th of March 1933 Franklin Delano Roosevelt, with his hand on the Bible, took an oath to preserve, protect, and defend the Constitution of the United States. At midnight on the 5th of March 1933 he confiscated the property of American citizens. He took the currency of the United States off the gold standard of value. He repudiated the internal debt of the Government to its own citizens. He destroyed the value of the American dollar. He released, or endeavored to release, the Federal Reserve banks from their contractual liability to redeem Federal Reserve currency in gold or lawful money on a parity with gold. He depreciated the value of the national currency. The people of the United States are now using irredeemable paper slips for money. The Treasury cannot redeem that paper in gold or silver. The gold and silver of the Treasury has unlawfully been given to the corrupt and dishonest Federal Reserve Board and the Federal Reserve banks. And the administration has since had the effrontery to raid the country for more gold for the private interests by telling our patriotic citizens that their gold is needed to protect the currency. It is not being used to protect the currency. It is being used to protect the corrupt and dishonest Federal Reserve Board and the Federal Reserve banks. The directors of those institutions have committed criminal offenses against the United States Government, including the offense of making false entries on their books and the still more serious offense of unlawfully abstracting funds from the United States Treasury. Roosevelt's gold raid is intended to help them out of the pit they dug for themselves when they gambled away the wealth and savings of the American people.

The international bankers set up a dictatorship here because they wanted a dictator who would protect them. They wanted a dictator who would issue a proclamation giving the Federal Reserve Board and the Federal Reserve banks an absolute and unconditional release from their contractual liability to redeem their special currency in gold or lawful money at any Federal Reserve bank. Has Roosevelt released any other class of debtors in this country from the necessity of paying their debts? Has he made a proclamation telling the farmers that they need not pay their mortgages? Has he made a proclamation to the effect that mothers of starving children need not pay their milk bills? Has he made a proclamation relieving householders from the necessity of paying rent? Not he. He has issued one kind of proclamation only, and that is a proclamation to relieve international bankers and the foreign debtors of the United States Government.

Mr. Chairman, the gold in the banks of this country belongs to the American people, who have paper money contracts for it in the form of national currency. If the Federal Reserve banks cannot keep their contracts with United States citizens to redeem their paper money in gold or lawful money, then the Federal Reserve banks must be taken over by the United States Government and their officers must be put on trial. There must be a day of reckoning. If the Federal Reserve banks have looted the Treasury, so that the Treasury cannot redeem the United States currency for which it is liable in gold, then the Federal Reserve banks must be driven out of the Treasury.

Mr. Chairman, a gold certificate is a warehouse receipt for gold in the Treasury, and the man who has a gold certificate is the actual owner of a corresponding amount of gold stored in the Treasury and subject to his order. As Charles N. Fowler, a former Member of this House, said when he was Chairman of the House Banking and Currency Committee, "A gold certificate is its own redeemer."

Now comes Roosevelt, who seeks to render the money of the United States worthless by unlawfully proclaiming that it may not be converted into gold at the will of the holder.

When Daniel Webster was in the Senate, he said, with rugged honesty:

> I profess to be a bullionist in the usual and accepted sense of that word. I am for a specie basis for our circulation and for specie as a part of the circulation so far as it may be practicable and convenient. I am for giving no value to paper merely as paper. I abhor paper; that is to say, irredeemable paper—paper that may not be converted into gold and silver at the will of the holder.

This House and this Government should stay where God put them. We should maintain our intellectual honesty and our dignity. We should be able at all times to say with Webster:

> I am where I have been, and ever mean to be, standing on the platform of the Constitution—a platform broad enough and firm enough to uphold every interest of the whole country.

Roosevelt's next haul for the international bankers was a reduction in the pay of all Federal employees. The poor clerk in a Government office is compelled to give up 15 percent of his salary while the international bankers are presented with all the gold in the country. Next in order are the veterans of all wars, many of whom are aged and infirm and others sick and disabled. Those men had their lives adjusted for them by acts of Congress determining the amount of their pensions, and, while it is meet that every citizen should sacrifice himself for the good of the United States, I see no reason why these poor people, these aged Civil War veterans, and war widows, and half-starved veterans of the World War should be compelled to give up their pensions for the financial benefit of the international vultures who have looted the Treasury, bankrupted the country,

and traitorously delivered the United States to a foreign foe. There are many ways of raising revenue that are better than this barbarous act of injustice. Why not collect from the Federal Reserve Board and the Federal Reserve banks the amount they owe to the United States Treasury in interest on all the Federal Reserve currency they have taken from the United States Government? That would put billions of dollars into the United States Treasury. If Franklin D. Roosevelt is as honest as he pretends to be he will have that done immediately. And, in addition, why not compel the Federal Reserve Board and the Federal Reserve banks to disclose their profits and to pay the Government its share? Until that is done, it is rank dishonesty to talk of maintaining the credit of the United States Government.

The Federal Reserve Board and the Federal Reserve banks have stolen the income taxes and other taxes paid into the United States Treasury by Federal employees, and because that money and other public funds have been stolen by them and the United States Treasury is bankrupt, the Government clerk is told, "Yes; we know you paid your income tax, but the Federal Reserve Board and the Federal Reserve banks took your money out of the United States Treasury and treated it as their own and they have it where Uncle Sam cannot get it, so you, poor creature, must let your salary be reduced by 15 percent."

Mr. Chairman, the salaries of Members of Congress may not be changed during the lifetime of the Congress in which the Members participate. Nevertheless the salaries of Members have been reduced. I object to this on constitutional grounds.

Mr. Chairman, my own salary as a Member of Congress has been reduced, and while I am willing to give the part of it that has been taken away from me to the United States Government, I regret that the United States has suffered itself to be brought so low by the vultures and crooks who are operating the roulette wheels and faro tables in the Federal Reserve banks that it is now obliged to throw itself on the mercy of its own legislators and charwomen, its clerks, and its poor old pensioners, and to take money out of our pockets to make good the defalcations of the international bankers who were placed in control of the Treasury and given a monopoly of United States currency by the misbegotten Federal Reserve Act.

Mr. Chairman, I am well aware that the international bankers who drive up to the door of the United States Treasury in their limousines look down with scorn upon Members of Congress because we work for so little, while they draw millions a year. The difference is that we earn or try to earn what we get and they steal the greater part of their takings.

Mr. Chairman, I do not like to see vivisections performed on human beings. I do not like to see the American people used for experimental purposes by the credit masters of the United States. They predicted among themselves that they would be able to produce a condition here in which American citizens would be completely humbled and left starving and penniless in the streets. The fact that they made that assertion while they were fomenting their conspiracy against the United States shows that they like to see a human being, especially an American, stumbling from hunger as he walks. Something should be done about it, they say; 5-cent meals or something! But Franklin Delano Roosevelt will not permit the House of Representatives to investigate the condition of the Federal Reserve Board and the Federal Reserve banks. Franklin D. Roosevelt will not do that. He has certain international bankers to serve. They now look to him as the man higher up who will protect them from the just wrath of an outraged people.

Mr. Chairman, the international bankers have always hated our pensioners. A man with a small pension is a ward of the Government. He is not dependent upon them for a salary or wages. They cannot control him. They do not like him. It gave them great pleasure, therefore, to slash the veterans. The veterans are counted upon to make up $400,000,000 a year to pay for the defalcations of the Federal Reserve Board and the Federal Reserve banks. The plutocrats who own and operate those un-American institutions have their gold safely bestowed, while the American people have a huge deficit in their Treasury. But Franklin D. Roosevelt will never do anything to embarrass his financial supporters. He will cover up the crimes of the Federal Reserve Board and the Federal Reserve banks.

Before he was elected, Mr. Roosevelt advocated a return to the earlier practices of the Federal Reserve System, thus admitting its corruptness. The Democratic platform advocated a change in the personnel of the Federal Reserve Board and the Federal Reserve banks. Those remarks were campaign bait. As a prominent Democrat lately remarked to me—and he is not very far away from where I am standing at the present moment—"There is no new deal. The same old crowd is in control."

Mr. Chairman, the claims of the foreign creditors of the Federal Reserve Board and the Federal Reserve banks have no validity in law. The foreign creditors were the receivers—and the willing receivers—of stolen goods. They have received through their banking fences immense amounts of currency, and that currency was unlawfully taken from the United States Treasury by the Federal Reserve Board and the Federal Reserve banks. England discovered the irregularities of the Federal Reserve System quite early in its operation and through fear, apparently, the Federal Reserve Board and the Federal Reserve banks have, for years, suffered themselves to be blackmailed and dragooned into permitting England to share in the business of the Federal Reserve banks.

The Federal Reserve Board and the Federal Reserve banks have unlawfully taken many billions of dollars of the public credit of the United States and have given it to foreign sellers on the security of the debt paper of foreign buyers in purely foreign transactions, and when the foreign buyers refused to meet their obligations and the Federal Reserve Board and the Federal Reserve banks saw no honest way of getting the stolen funds back into their own possession, they decided by control of the Executive to make the American people pay their losses. They likewise entered into a conspiracy to deprive the people of the United States of their title to the war debts and, not being able to do that in the way they intended, they are now engaged in an effort to debase the American dollar so that foreign governments will have their debts to this country cut in two and then by means of other vicious underhanded arrangements, they propose to remit the remainder.

Mr. Chairman, I am of the opinion that England should be left to secure redress from the original welchers on the gambling debts of the Federal Reserve Board and the Federal Reserve banks. Failing that, let her look to the international bankers who undertook to finance the world—at a price—with the funds they stole from the United States Treasury.

So far as the United States Treasury is concerned, the gambling counters have no legal standing. The United States Treasury cannot be compelled to make good the gambling ventures of the corrupt and dishonest Federal Reserve Board and the Federal Reserve banks. Still less should the bank deposits of the American people be used for that purpose. Still less should the national currency have been made irredeemable in gold so that the gold which was massed and stored to redeem the currency for American citizens may be used to pay the gambling debts of the Federal Reserve Board and the Federal Reserve banks for England's benefit. The American people should have their gold in their own possession, where it cannot be held under secret agreement for any foreign central bank or world bank or foreign nation. Our own citizens have the prior claim to it. The paper money they have in their possession deserves redemption far more than the United States currency and credit which were stolen from the United States Treasury and bootlegged abroad. Why should foreigners be made preferred creditors of the bankrupt United States? Why should the United States be treated as a bankrupt? This Government has assets. This Government has immense sums due to it from the Federal Reserve Board and the

Federal Reserve banks. The directors of those institutions are men of great wealth. Why should the guilty escape the consequences of their misdeeds? Why should the people of the United States surrender the gold value of their bank deposits and the gold value of their currency to pay the gambling debts of the bankers? Why should Roosevelt promise foreigners that the United States will play the part of a good neighbor "meeting its obligations"? Let the Federal Reserve Board and the Federal Reserve banks meet their own obligations.

Every member of the Federal Reserve Board and every Federal Reserve bank director should be compelled to disgorge, and every acceptance banker and every discount corporation which has made illegal profits by means of public credit unlawfully bootlegged out of the United States Treasury and hired out by the crooks and vultures of the Federal Reserve Board and the Federal Reserve banks should be compelled to disgorge. After the disgorgement, if the amount of the contributions is not sufficient to pay the gambling debts of the Federal Reserve Board and the Federal Reserve banks, then let there be a capital levy to pay them. Yes, Mr. Chairman, if those gambling debts must be paid, let them be paid by a capital levy so that the corporations which profited by the international bankers' exploits shall be the ones who pay the international bankers' gambling debts. Gambling debts due to foreign receivers of stolen goods should not be paid by sacrificing our title to the war debts, the assets of the United States Treasury, which belong to all the people of the United States and which it is our duty to preserve inviolate in the people's Treasury. The United States Treasury cannot be made liable for them. Federal Reserve currency must be redeemed by the Federal Reserve banks or else the Federal Reserve banks must be liquidated.

Mr. Chairman, we know from assertions made here by the Honorable John N. Garner, the present Vice President of the United States, that there is a condition in the United States Treasury which would cause American citizens, if they knew what it was, to lose all confidence in their Government. That is a condition which Roosevelt will not have investigated. He has brought with him from Wall Street James Warburg, the son of Paul M. Warburg. Mr. Warburg is the head of the Bank of Manhattan Co. Mr. Warburg, alien born and the son of an alien who did not become naturalized here until several years after this Warburg's birth, is a son of a former partner of Kuhn, Loeb & Co., a grandson of another partner, a nephew of a former partner, and a nephew of a present partner. He holds no office in our Government, but I am told that he is in daily attendance at the Treasury, and that he has private quarters there. In other words, Mr. Chairman, Kuhn, Loeb & Co. now control and occupy the United States Treasury.

Mr. Chairman, the text of the Executive order which seems to place an embargo on shipments of gold permits the Secretary of the Treasury, a former director of the Federal Reserve Bank of New York, the practices of which have been corrupt, to issue licenses in his discretion for the export of gold coin, or bullion, earmarked or held in trust for a recognized foreign government or foreign central bank, or for the Bank for International Settlements. Now, Mr. Chairman, if gold held in trust for those foreign institutions may be sent to them, I see no reason why gold held in trust for American citizens as evidenced by their gold certificates and other currency issued by the United States Government should not be paid to them. I think an American citizen is entitled to treatment at least as good as that which the present administration is extending to foreign governments, foreign central banks, and the Bank for International Settlements. I think a veteran of the World War with a $20 gold certificate is at least as much entitled to receive his own gold for it as any international banker in the city of New York or London.

Mr. Chairman, by the terms of the same Executive order, which seems to place an embargo on shipments of gold, the Secretary of the Treasury, in his discretion, may issue licenses authorizing the export of gold coin or bullion imported for reexport of gold in reasonable amounts for usual trade requirements of refiners importing gold-bearing materials under agreement to export gold. This, Mr. Chairman, would permit foreign nations who hold our gold coins to send them here and have them melted down for reshipment back to Europe.

Again, Mr. Chairman, by the terms of the Executive order, gold may be exported if it is actually required for the fulfillment of any contract entered into prior to the date of this order by an applicant who, in obedience to the Executive order of April 5, 1933, has delivered gold coin, gold bullion, or gold certificates. This means that gold may be exported to pay the obligations abroad of the Federal Reserve Board and the Federal Reserve banks which were incurred prior to the date of the order, namely, April 20, 1933.

If a European central bank should send $100,000,000 in Federal Reserve currency to a bank in this country for redemption, that bank could easily ship gold to Europe in exchange for that currency. Such Federal Reserve currency would represent "contracts entered into prior to the date of the order." If the Bank for International Settlements or any other foreign bank holding any of the present gambling-debt paper of the Federal Reserve Board and the Federal Reserve banks should draw a draft for the settlement of such an obligation, gold would be shipped to them because the debt contract would have been entered into prior to the date of the order. So you see, Mr. Chairman, every provision seems to have been made for the export of gold to pay the gambling debts of the Federal Reserve Board and the Federal Reserve banks.

Mr. Chairman, the Federal Reserve Act requires the Federal Reserve banks to redeem their Federal Reserve notes in gold or lawful money. Federal Reserve currency constitutes a first and paramount lien on all the assets of the Federal Reserve banks. That is the law of the United States. They have to give up everything they possess and go through liquidation and have their books examined before they can run out on the public and refuse to redeem their currency. Roosevelt, however, by his action has said to them, "You need not pay American citizens gold in exchange for the paper money you took from the United States Treasury. You need not pay them anything of value."

Mr. Chairman, I demand that all the gold in the custody of the Federal Reserve Board and the Federal Reserve banks be placed in the Treasury of the United States. The Federal Reserve banks cannot be relieved of their contractual liabilities and at the same time keep the gold belonging to the Treasury and to the people in their private possession. That gold must be placed in the people's Treasury in the custody of the United States Government.

Mr. Chairman, we will fight it out on this line if it takes all summer. We will fight it out until every dollar stolen from the American people by the international bankers of New York is repaid with compound interest to the United States Treasury. [Applause.]

Mr. AYRES of Kansas. Mr. Chairman, I yield 30 minutes to the gentleman from Texas [Mr. PATMAN].

BANKING SYSTEM AND VETERANS

Mr. PATMAN. Mr. Chairman, I want briefly to refer to what the distinguished gentleman from Pennsylvania has just stated about the gold reserve and the Federal Reserve Banking System.

I agree with him in many statements that he made. However, there are a few statements with which I take issue. The first one is his accusation of the present administration's being responsible for the closing of all the banks in the country. May I suggest that a few days before the preceding administration left the Capital City, Mr. Ogden Mills, the Secretary of the Treasury, asked the people of the United States and the banks to lend this Government $90,000,000. He asked them to submit bids ending on Saturday before the new administration took office on Tuesday; and may I suggest to the gentleman that the bids submitted required this Government to pay the highest rate of interest for short-

term paper it has ever had to pay in the history of our Nation. The Government was required to pay 4¼ percent for 90-day paper. Before that we had been getting money for the Government for as low as the equivalent of 13 cents for the use of $100 one year on 90-day paper. Within the last month we have obtained the use of money on Government 90-day securities for a rate of 40 cents for the use of $100 one year. This goes to show that there was a scarcity of money and credit and the banks were in serious condition when the new administration came in. There was such a scarcity of money and credit and confidence had become so completely destroyed it was absolutely necessary that Congress enact the banking law March 9, 1933.

Mr. PARKER of Georgia. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. PARKER of Georgia. Does the gentleman know in how many States the banks were closed prior to March 4?

Mr. PATMAN. All the banks in the Nation were closed or restricted when the new administration came into power March 4, 1933. I will insert the status of banking restrictions by States as compiled by the Associated Press March 4, 1933. It is as follows:

Alabama: Closed until further notice.
Arizona: Closed until March 13.
Arkansas: Closed until March 7.
California: Almost all closed until March 9.
Colorado: Closed until March 8.
Connecticut: Closed until March 7.
Delaware: Closed indefinitely.
District of Columbia: Three banks limited to 5 percent; 9 savings banks invoke 60 days' notice.
Florida: Withdrawals restricted to 5 percent plus $10 until March 8.
Georgia: Mostly closed until March 7, closing optional.
Idaho: Some closed until March 18, closing optional.
Illinois: Closed until March 8, then to be opened on 5-percent-restriction basis for 7 days.
Indiana: About half restricted to 5 percent indefinitely.
Iowa: Closed temporarily.
Kansas: Restricted to 5 percent withdrawals indefinitely.
Kentucky: Mostly restricted to 5 percent withdrawals until March 11.
Louisiana: Closing mandatory until March 7.
Maine: Closed until March 7.
Maryland: Closed until March 6.
Massachusetts: Closed until March 7.
Michigan: Mostly closed, others restricted to 5 percent indefinitely; Upper Peninsula banks open.
Minnesota: Closed temporarily.
Mississippi: Restricted to 5 percent indefinitely.
Missouri: Closed until March 7.
Montana: Closed until further notice.
Nebraska: Closed until March 8.
Nevada: Closed until March 8; also schools.
New Hampshire: Closed subject to further proclamation.
New Jersey: Closed until March 7.
New Mexico: Mostly closed until March 8.
New York: Closed until March 7.
North Carolina: Some banks restricted to 5 percent withdrawals.
North Dakota: Closed temporarily.
Ohio: Mostly restricted to 5 percent withdrawals indefinitely.
Oklahoma: All closed until March 8.
Oregon: All closed until March 7.
Pennsylvania: Mostly closed until March 7, Pittsburgh banks open.
Rhode Island: Closed yesterday.
South Carolina: Some closed, some restricted, all on own initiative.
South Dakota: Closed indefinitely.
Tennessee: A few closed, others restricted until March 9.
Texas: Mostly closed, others restricted to withdrawals of $15 daily until March 8.
Utah: Mostly closed until March 8.
Vermont: Closed until March 7.
Virginia: All closed until March 8.
Washington: Some closed until March 7.
West Virginia: Restricted to 5-percent monthly withdrawals indefinitely.
Wisconsin: Closed until March 17.
Wyoming: Withdrawals restricted to 5 percent indefinitely.

PUNISHMENT OF GOLD HOARDERS

In connection with the question as to whether it is legal or illegal for people to turn in their gold, why should the people resist this order if the gold is needed for a greater reserve to protect and make stronger the credit of the Nation at a time when so much will have to be expended for public purposes? They receive for the gold they turn in currency—money that is worth just as much as the gold—that can be used in any market in the United States or in any market in the world to purchase just as much as the gold would purchase. So why should they refuse to turn in their gold if they can get for it value that is equivalent to the gold that has been deposited?

We have today the largest gold reserve of any nation in all the world. We have more gold than all other nations in the world combined, except France. We have almost as much gold as we had at the highest point of gold reserve in our history.

There is no lack of gold. There is no lack of gold reserve. We have a sufficient gold reserve to authorize the issuance of $4,000,000,000 additional money, and then still have a gold reserve exceeding 40 percent. No country on earth has ever said by legislative act that more than 40 percent in gold should be required to maintain its currency. Instead of giving so much time and attention to broadening the gold base by devaluation of the gold dollar, we should expand the currency on the present gold base. If we will not expand on the present base, what assurance have we that there will be expansion if the base is broadened?

THE SO-CALLED "ECONOMY ACT"

Now, in connection with money, budgets and Government expenditures, I want to discuss the recent Economy Act. We will have before us in a few days what is known as "the independent offices appropriation bill." This appropriation bill is going to carry into effect the economy bill Congress passed on the third day of this special session, the 11th day of March 1933. When this independent offices appropriation bill is submitted to you and you read it you will be reminded of the hardships and the misery that are going to be imposed upon a large group of people in the United States. This question must be viewed from the standpoint of the general welfare, the interest of the country must come first, and ahead of that of any group or any class.

ADMINISTRATION'S ECONOMY PROGRAM

The administration submitted the general program of economy carrying out the policy that was declared in the Democratic platform of reducing expenditures 25 percent, and I think it was the duty of this Congress to take that proclamation from the President and carry out his wish and his desire by reducing the appropriations of this Government 25 percent; in other words, carry out the promise made to the people in the Democratic platform.

SUBSTANTIAL REDUCTIONS FOR VETERANS ONLY

The only criticism I have to offer, if you want to call it a criticism—it should not be considered a criticism—is that we did not make more reductions in other places and fewer reductions when it came to veterans and their dependents of the World War and Spanish-American War. Now is no time to reduce the buying power of the people or to slow up the velocity of money and credit. These checks represent practically the only medium of exchange in many communities of this Nation. Every dollar turns over on an average of 15 times a year, so while one veteran is helped $1, other people—not necessarily veterans—are helped $14 more.

NON-SERVICE-CONNECTED CASES

We have on the pension rolls—we will call them all pensions for convenience—at this time 760,000 World War veterans. Four hundred and twenty-five thousand of these veterans are suffering from disabilities that they cannot prove, according to the rules and regulations of the Veterans' Bureau, to be connected with their military service. Consequently 400,000 of the 425,000 will automatically be stricken from the pension rolls June 30, 1933. There will remain 25,000 who are now receiving $40 a month, but who will receive $20 a month after June 30 because they are permanently and totally disabled from doing work of any kind whatsoever and cannot furnish the necessary proof to service connect their cases.

SERVICE-CONNECTED CASES

There are 365,000 veterans of the World War who are now drawing compensation for disabilities connected with their military service in time of war. By reason of this

recent Economy Act approximately 160,000 of these veterans are going to be cut off. Congress has said by legislative act and decree in the so-called "Economy Act" that these 160,000 have disabilities that are not connected with their service, when the best-trained legal and medical advice available to Congress has heretofore said that their disabilities were connected with their military service. These veterans were persuaded to cease and desist from further efforts to collect information from hospital records, doctor's records, living witnesses, and from other sources, but were told by legislative act that they had service-connected disabilities. Now they are removed from the pension roll, and the testimony that was then available to them in many instances is not available to them now.

NUMBER REDUCED MORE THAN 60 PERCENT

When you sum it up, you find that you are reducing the number on the pension roll by reason of the World War alone by 470,000, and you are allowing only 290,000 to remain on the roll.

HARDSHIPS THAT WILL FOLLOW

Let me suggest to you some of the abuses and hardships that will follow the enactment of this so-called "economy law." I am submitting this in order that you may know just what this bill does and in order that you may use your influence to correct some of these major hardships at least. This morning a representative of blind veterans came to my office, a blind veteran with his two little children. He lives in Baltimore. He has a disability that was connected with his military service, but by reason of this act he and 24 of his comrades who live in Baltimore will be stricken from the compensation roll on June 30, and after that not a penny of compensation will they draw, when the best medical testimony on earth has declared that their disabilities were connected with their military service. They will possibly be permitted to draw a disability allowance of $20 a month if they are unable to earn anything; that is, if they are totally and permanently disabled.

Congress passed a law back in 1924 which said to these veterans that they need not furnish further proof that their disabilities are connected with the military service in time of war; that Congress has made an investigation and is convinced that their disabilities are service-connected and their names will accordingly be placed on the compensation rolls. The proof that was then available to them is possibly in many instances now lost or destroyed.

Mr. WEIDEMAN. Are all the 25 blind?

Mr. PATMAN. The representative of them came to my office. Yes; all of them are blind.

Mr. WEIDEMAN. And they will be stricken from the rolls, will they?

Mr. PATMAN. They will be stricken from the rolls; yes.

WIDOWS AND ORPHANS OF VETERANS OF DIFFERENT WARS

Consider the cases of widows and orphans of veterans of the different wars in connection with this recent law. Suppose a case where a veteran dies from a disability in no way connected with his military service. If his widow was the wife of a veteran of the war between the States on the side of the North, she will continue to draw every dollar that she has been drawing in the past except a 10-percent reduction for 1 year. If the widow was the wife of a Spanish-American War veteran, she will draw in the future one half of what she has drawn in the past, $15 a month. If she is the widow of a World War veteran, with little children, she will not draw 1 penny on earth in the future. How can Congress defend a law making such discriminations against widows of different wars.

AN UNFORTUNATE SITUATION FOR WIDOWS AND ORPHANS

Let me tell you where an abuse or hardship comes in. The husband before he died thought, in the event of his death caused by a service-connected disability, that his widow would be placed on the pension roll because the law required it. He thought that his widow would continue to draw a pension and that further proof of service connection of his disability would never be required. He was justified in believing it.

The husband, therefore, made no effort to otherwise connect his case than by presumption of law. He was told by Uncle Sam, "Your case is on the compensation roll and you have a service-connected-disability case, connected with your service in time of war." Then the husband dies, and after he is gone the widow is stricken from the rolls. Ah, the lips of that poor veteran are sealed by death. He cannot come back to this earth and tell that poor widow and these poor, innocent little children the names of the witnesses or the testimony that might be produced in order to service connect his case according to the rules and regulations of the Veterans' Bureau and the laws of this country. Is not this doing all these widows and children an awful injustice? Certainly it is; and I can point out not one but dozens of such instances where hardships will be worked upon various classes of veterans and their dependents of the World War and the Spanish-American War under this law.

TOLD SERVICE-CONNECTED CASES NOT TO BE DISTURBED

We were told that there would be no reductions in the case of veterans who suffered their disabilities in combat or in line of duty—"No; we are not going to take a penny from them"—but may I suggest, Mr. Chairman, that this bill will take from one man, whose name I can mention if necessary, who lost a leg from a wound received in no man's land, the sum of $30 a month, or a 35 percent reduction. Another man who had a gunshot wound in the shoulder, receiving $22, will be reduced to $8 a month. Another man who lost a leg, from $80 down to $40 a month; and practically all service-connected cases are reduced 50 percent. Yet we were told that we were not going to molest the veterans whose disabilities were connected with service in line of duty.

Mr. MOTT. Will the gentleman yield?

Mr. PATMAN. For just a brief question.

DID MEMBERS KNOW PRINTED HEARINGS AVAILABLE?

Mr. MOTT. Who told us all that? Who gave us the assurance that such disabled veterans would not be interfered with?

Mr. PATMAN. We were told that by the National Economy League, the United States Chamber of Commerce, and other promoters of this iniquitous legislation. They sold it to the country and to the Congress by making such representations and, too, by misrepresenting the facts in many other ways. When this bill was introduced in the House on March 10, it was also introduced in the Senate, and on March 10, at 3 o'clock, our Economy Committee, composed of the Honorable JOHN MCDUFFIE, of Alabama; the Honorable CLIFFORD WOODRUM, of Virginia; the Honorable JACOB MILLIGAN, of Missouri; and the distinguished gentleman from New York [Mr. TABER] who is sitting over here; and the gentleman from Kansas [Mr. MCGUGIN], also from that side of the aisle, were present at a hearing at the Senate Finance Committee. They had extended hearings.

Mr. Hines testified, and so did Mr. Douglas, the Budget Director. The hearing commenced at 3 o'clock p.m., March 10, and closed at 5:30 o'clock p.m., March 10. The Democratic caucus was held Saturday, March 11, at 10 o'clock a.m. The Democratic caucus refused to approve the bill as written, but consented for the veterans to take a 25-percent reduction. Notwithstanding the action of the Democratic caucus, the bill was brought in the House shortly after 12 o'clock noon, March 11, and a special rule adopted for its consideration which prevented amendments.

CAMPAIGN OF LIES AND MISREPRESENTATIONS

These printed hearings were available on March 11 at 9 o'clock. Five hundred copies of them were delivered to the Senate Finance Committee, and these gentlemen on the Economy Committee evidently had access to these hearings. You were charged and are now charged with knowledge of what was in these printed hearings, because they were available, and if you did not obtain a copy before your vote in the House and learn all about the bill, it is presumably your fault and your funeral and no one else's. In the printed hearings Mr. Douglas disclosed what was expected to be done if the bill were enacted into law; it was enacted and what Mr. Douglas said would be done has been done. I will con-

fess that I did not know there had been a hearing on the bill; I understood no hearing had been held; I did not see a printed copy of the hearings for 2 weeks; when the copy was obtained it had printed on the top of it, "Executive session—confidential." I immediately made an investigation and obtained the facts as I have related them to you. Although we knew nothing about the printed hearings' being available, I am of the opinion that we were charged with notice.

Mr. MOTT. I quite agree with the gentleman, and I will state for the information of the gentleman that I voted against the economy bill, as he did, but the question I asked the gentleman was from whom did he get these assurances.

Mr. PATMAN. We had them here on the floor of the House. And from the National Economy League, and other sponsors of the campaign of lies and misrepresentations. The National Economy League was and is now an outlaw organization. It is a lawbreaker. It refused to comply with the Corrupt Practices Act of 1925. The officers did not want the people to know who was furnishing them money and how much they were making by deceiving the people and destroying the rights of the veterans.

Mr. MOTT. We got them from the White House, did we not?

Mr. TABER. Will the gentleman yield?

Mr. PATMAN. I yield to the gentleman.

Mr. TABER. They did not come from me. I knew they were going to be cut. I did not know the amount, but I never told anyone they would not be cut.

Mr. PATMAN. Did the gentleman vote for the bill?

Mr. TABER. Certainly I voted for the bill.

Mr. PATMAN. Why did not the gentleman tell the Members of the House that these committee hearings were available?

Mr. TABER. I had the hearings with me and I read from them on the floor here.

Mr. PATMAN. I did not know the gentleman was reading from printed hearings. I heard no reference to printed hearings during the debate. If the Members of this House had seen these hearings, I do not believe they would have voted for this bill without making material changes in it. On page 40 of the hearings the proposed reductions and eliminations are itemized. The story was told on that page.

Mr. CARPENTER of Kansas. Will the gentleman yield to me so that I may add something?

Mr. PATMAN. I yield.

Mr. CARPENTER of Kansas. I will ask the gentleman from New York [Mr. TABER] if I did not ask him if they did not contemplate cutting the veterans $400,000,000, and his answer to me was that they would be cut $375,000,000.

Mr. PATMAN. When they told you they were going to cut $400,000,000 or $375,000,000 annually from veteran benefits, there was only one conclusion for you to reach, that service-connected cases would have to bear a reduction of around $200,000,000 annually. That is the reason I did not vote for the bill. I knew where these cuts and reductions would have to come from. I knew that these service-connected cases were going to have to be cut 50 percent, and you did, too. There was no way around it, and yet we were told by many that service-connected cases would take no losses.

Mr. MOTT and Mr. DUNN rose.

Mr. MOTT. We were told that by the President, were we not?

Mr. PATMAN. I am sorry, but I cannot yield further to the gentleman. I have heretofore stated who told us that service-connected cases would take no loss.

THE NATIONAL ECONOMY LEAGUE

The four great means of communication are the press, the radio, the screen, and the stage. The National Economy League, with substantial support from these means of communication with the people, backed by millions of dollars, propagandized the country with false and misleading information, which has deceived good people. It is said "every dog has his day." The National Economy League, which received support from war profiteers who made money by reason of this country's misery and misfortune during the war, and from high ranking officers and ex-officers who are now drawing from $5,000 to $18,000 a year pension from the Government, has had its day. The veterans will have their day. They will never ask for more than justice; no one should ask that they accept less. As they sacrificed in time of war, they are willing to sacrifice during a great emergency in time of peace. I hope they will not be called upon to make a greater sacrifice than any other class. When the people are in a position to more soberly consider veteran's legislation, without the interference of the Economy League, I am sure they will be convinced that many of the benefits that have been taken away from veterans and their dependents should be restored; that economies in government can be effected in other ways that will be less harmful to the general welfare.

Now I will yield to the gentleman from Pennsylvania.

DEFLATIONARY MEASURE

Mr. DUNN. I want to say that I did not vote for the bill; but is there any way that we can give the soldiers back this money?

Mr. PATMAN. Until the awful consequences of this legislation are brought home to the people I doubt that the Congress or the President will recommend substantial changes. Each congressional district in the United States is going to lose about $1,000,000 a year under this bill. This money would turn over about 15 times during the year. Therefore each congressional district is going to lose $15,000,000 a year in buying power. This will not only hurt the veterans; it will hurt everybody. In addition to that, I shudder to think of the misery, want, and despair that is likely to be caused. Regardless of the merits of the legislation, is not this a bad time to place into effect such a deflationary measure when buying power among the masses is so badly needed?

HOW COMBAT INJURIES AFFECTED

Through the courtesy of Mr. Tom Kirby, national legislative chairman of the Disabled American Veterans, and Mr. Ralph L. Chambers, national rehabilitation chairman of the Disabled American Veterans, I have been furnished with a list of actual cases, including names and claim numbers, which disclose the enormous reductions that will be suffered by veterans who were injured in combat with the public enemy.

One veteran who was drawing $26 a month for a disability suffered on the field of battle will draw $8 hereafter, under the terms of this bill.

Another one drawing $19 a month will get $8. Another one drawing $65 a month for a disability incurred in combat, a man who spilled his blood for the cause of his country upon the field of battle in time of war, will be reduced from $65 to $20 a month.

Another one for a similar disability reduced from $50 to $20, and I could go on and give you a lot of similar examples.

Mr. MOTT. Who made these recommendations? Was it not the President?

Mr. PATMAN. I hope the gentleman will bear with me for a few minutes. I have explained how people were sold on and were demanding these reductions by reason of the campaign conducted by the so-called "National Economy League."

Mr. JOHNSON of Minnesota. Will the gentleman yield?

Mr. PATMAN. Yes.

Mr. JOHNSON of Minnesota. I understood the gentleman to say a moment ago that the cut should have been taken from other veterans.

Mr. PATMAN. From other sources.

Mr. JOHNSON of Minnesota. Does not the gentleman think that Senators and Representatives themselves and others could have well afforded to take a little bit larger cut?

Mr. PATMAN. I thank the gentleman for his suggestion.

Mr. JOHNSON of Minnesota. I should like to have the gentleman answer the question.

Mr. PATMAN. I agree with the gentleman. Start at the top with reductions and come down.

Mr. JOHNSON of Minnesota. I served in the Senate for $7,500 a year, and I had to work much harder there than I do over here.

Mr. PATMAN. If you want to distribute the purchasing power, do not start at the top but the bottom, then everybody will be benefited. It is much easier for money to go from the bottom to the top than it is for money to go from the top to the bottom.

CLAIMED NEW YORK PAYS ONE THIRD ALL INCOME TAXES

It is said that we will save by this act $450,000,000. Will we save that money? No; it is going to shift the burden from the shoulders of the National Government to the shoulders of local charity and to the States. That is what it is going to do. The State of New York pays a lot of money in income taxes. It is not paid by all the people of New York. It is paid by a few people in New York. Much of it has been collected from the people from all over the Nation by reason of exorbitant prices received and with the aid and support of the Government. If they exact too much money from the people for services, commodities, and interest by using the credit of the Nation free, as many of them are doing today, it occurs to me that a large part of it, over a certain amount, should be taken into the Public Treasury and used in the interest of the general welfare. Why should one State be permitted to keep it? There is too much concentration of wealth now, and we should not do anything to encourage further concentration of wealth.

The statement is made that people of New York pay one third of all income taxes to the National Government. If they pay according to their ability to pay, why should not they pay one third if they are paying like everyone else? They should not be discriminated against; neither should they be favored over the people of any other State. Is there anything wrong about the citizens of New York State paying money into the Treasury according to the same laws, same conditions, and the same amount as paid by citizens of other States?

SHIFTING TAX BURDEN IN INTEREST OF WALL STREET BANKERS

But let me show you where it is in the interest of Wall Street and the international bankers to shift this burden. Let me show you where it is for their interest to shift every burden or expenditure they can from the National Government to the State and local governments.

We are told that this act will save the Government $450,000,000 annually. If New York pays one third of the income tax, that would be $150,000,000 for the State of New York. If $450,000,000 a year can be saved on veterans, a few people in New York City will be saved almost $150,000,000 a year in income taxes. New York State will then furnish assistance to the veterans of that State through the charity organizations at a possible expense of around $15,000,000 a year, thereby saving the few income-tax payers around $135,000,000 a year. There is an incentive to change the burden from the National Government to the local charities. Should that be done? No. It is contrary to the established policy of the Government. The National Government has always opposed requiring one who served the country honorably in time of war to resort to local charity for help if later in life he is dependent and needs his country, just as in time of war his country needed him.

The pensions paid to the veterans and their dependents of the War of 1812, Mexican and Indian Wars, and the War between the States were paid by the National Government. The money was raised principally through customs duties, thereby equally distributing the burden to all the States, not in proportion, however, to ability to pay, but according to the amount of goods purchased, including the barest necessities of life.

From 1791 to 1917 practically all of the ordinary receipts of the Government came from customs and internal revenue. The income tax law changed our tax system. Import duties being high in order to raise this revenue, manufacturing industries were thereby enabled to collect high prices for what they produced. The people paid several dollars to every one that went into the Treasury. However, just because New York profited doubly by this arrangement is no reason why an unjust burden should be placed upon the good people of that State at this time. At the same time our governmental policy should not be changed in order to accommodate a few people in New York.

The sixteenth amendment to our National Constitution changed our system of raising revenue. The principal support for the Government now comes from the income tax, the fairest tax on earth, which is based upon ability to pay; if no profit is made over and above a liberal exemption, no income tax is paid.

This is no time to change the policy of our Government in regard to pensions. If the policy was right after every war in the history of our country it is right now.

ABUSES UNDER THE OLD LAW

I admit that under the old law there were abuses. The Government was being defrauded in some cases, I am sure, but every day the perpetrators of those frauds were being discovered by the Veterans' Bureau, and they were being eliminated and eliminated quickly from the rolls. Certain veterans were also enjoying certain rights that could not be defended. These rights should have been taken away without destroying all the good laws that have been enacted for veterans. In other words, we should not burn down the barn to get rid of the rats. I believe that had the old law continued, in a very few months you would never have been able to point your finger to a single case and say, "There is a man drawing compensation or pension from the Government who is not entitled to it," for every one of such cases would have been stricken from the rolls. Do you not think that would have been the better course to pursue, especially at a time when we have a currency famine and when there is an insufficient medium of exchange throughout the length and breadth of this country? And further, in view of the fact that in many communities in this Nation the checks sent there by the Veterans' Bureau from the National Government represent practically the only medium of exchange the people of those communities have? Do you not think this should have been postponed, that it would have been in the interest of the general welfare of all of the people, for it to be postponed, regardless of how you feel as to a permanent policy in the future?

I am not saying this in criticism; I am saying it to suggest to you these abuses in order that we may try to get them corrected in a way that will satisfy the country and the administration, and at the same time do justice to the helpless ones in every State in this country of ours.

WHAT ABOUT THE BIG BOYS WHO CAUSED THIS REDUCTION?

Take the ones who caused this great economy move to be perpetrated, this move which is deflationary instead of a needed inflationary movement. Let us see if it is fair for them to receive what they are receiving from the United States Government, considering the unbalanced Budget they have told you so much about.

Archibald Roosevelt, Admiral Richard Byrd, General Harbord, General Pershing, and Admiral Sims are entitled to the credit or responsibility—whichever you choose to call it—for the passage of this legislation. Of course, they had the support of the Mellons, Morgans, Mills, Myers, and Mitchells, who represent millions, misery, misfortune, mortgages, and malfeasance. Let us see how these gentlemen are coming out after the economy storm has blown over. Archibald Roosevelt, of Teapot Dome and black-satchel fame, and his gang will continue to raid the Treasury each month to the tune of many thousands of dollars on an ocean mail contract.

Admiral Byrd will continue to draw around $4,000 a year, after his contribution of $300 a year toward balancing the Budget, for a disability in no way connected with military service in time of war. General Harbord will draw more than $5,000 a year, after his $400 contribution toward the cause that is so near and dear to his heart—balancing the Budget. Admiral Sims the same; neither is receiving his pension for disabilities in any way connected with his military service. General Harbord also receives a salary of

$50,000 or $75,000 a year as president of the Radio Corporation of America. General Pershing, whom we all admire and respect, very foolishly permitted the use of his name for this unworthy cause. The general is enthusiastic about balancing the Budget, but he will fare pretty well in the future. Before the Economy Act was passed he was receiving $19,709.05 a year pension from the Government; his reduction amounted to $1,434.05, leaving him $18,275 a year, or $1,522.91 a month. He is drawing that amount for a disability in no way connected with the military service during war.

PETTED AND PRIVILEGED NEPHEWS OF UNCLE SAM

Admiral Byrd, Admiral Sims, and General Pershing entered Government service when they were very young boys; they were educated at public expense, actually paid by the Government to go to school. The admirals went to the Naval Academy and the general went to West Point. They have never known what it was to want for anything; they have all had life jobs with the Government or life pensions. General Harbord spent his life in the Army since boyhood. Are they in a position to sympathize with the veteran who is down and out, who has a wife, children, and aged parents to support, without a job and no property? I venture to say that they have been viewing the situation more from the cold-blooded standpoint of money and Budget than from the human standpoint.

HUMAN BUDGET SHOULD BE BALANCED

It is as important that the human budget be balanced as it is that the Government's Budget be balanced. It is not right for the citizens who build our country in time of peace and who save it in time of war to actually be in want in this land of plenty. If the human budget is balanced, the Government Budget will automatically balance itself.

Under the present law the veteran who has suffered in battle the loss of both feet and both hands or is blinded in both eyes will receive $125 a month. Should any general or admiral receive more?

SPANISH-AMERICAN WAR VETERANS

The Spanish-American War veterans are disturbed more than the veterans of any other war. Only about 10 percent of the present number will remain on the pension rolls. It is very difficult for one of these veterans to prove service-connection; hospital records were not very well kept in those days, witnesses have died, and evidence has been destroyed. They have reached an age in life when it is almost impossible for them to get a job or to earn a livelihood. They will not suffer alone; their families and other dependents will be forced so suffer along with them.

GREAT VICTORY OVER SICK VETERANS

Now that the so-called "Economy Act" has become a law, the National Economy League is becoming inactive. The generals and admirals are sending in their resignations. I wonder why they do not pursue their economy program and cause some of the big fellows to take a little reduction along with the veterans. It seems that they had one object only in mind, and since that has been accomplished they are not interested further. Under date of April 22, 1933, the National Economy League sent out a letter thanking Members of Congress for voting for the economy bill. This letter was signed by Admiral Byrd. It states:

At the last meeting of the managing committee of the National Economy League a resolution was passed instructing me to express to you the appreciation of the members of the league for your vote on the economy bill. The members of the league admire your courage and patriotism.

I did not vote for the so-called "economy bill"; I voted against it. That assumption was just about as well founded as most of the statements published by the league to mislead and deceive the people. The courage and patriotism of a Member who voted for the bill is admired by the members of the league. Does it take much courage and patriotism to condemn helpless, innocent, sick, and diseased veterans who are drawing $12 a month from their Government? They do not own any newspapers; they have no rights over the air; they never rent a hall and cause an audience to be assembled in order that people may be either commended or condemned. They are merely at the mercy of those who hold such rights and exercise such privileges. One voting for the bill had the consolation of knowing that he would be called great by the so-called "big men and women"; that most of the newspapers would sing his praises; that he would be supported in his views by the radio, screen, and the stage.

BUY, BUY, BUY CAMPAIGN

Times were good in 1928–29. The slogan then was "Buy! Buy! Buy!" Money and credits were moving rapidly; they had great velocity. Then the Economy League type commenced the slogan, "Save! Save! Save!" As velocity of money and credit is slowed up times commence to get harder; deflation, which should be as much dreaded as a plague or epidemic of disease, commences to stalk over our fair land. Old Man Deflation brings poverty, misery, distress, suicides, and despair. When a wage earner loses his job business loses a customer. The smaller the wages received by the wage earners and the smaller the amount received by the farmers for what they produce the less business is transacted. The National Economy League has done more to cause, aggravate, and accentuate the depression than all other organizations and people in America. The selfish-type creditor wants money high so that the 4-percent interest he receives will purchase as much in commodities and services as 10 percent would purchase under normal conditions. He overlooks the fact that the people may not be able to pay even the 4 percent; it is not to his interest, because it is better for him to accept a dollar that will not purchase so much than not be able to collect any dollar at all. However, he is greedy, he cannot see beyond the end of his nose. Where there is greed there is no vision. The Good Book says where there is no vision the people perish.

NO UNBALANCED BUDGET IF BANKING LAW COMPLIED WITH

If the Federal Reserve Act, to which the gentleman from Pennsylvania [Mr. McFADDEN] referred, was complied with, we would not have an unbalanced Budget and we would have plenty of money. These powerful bankers that have been controlling the monetary system of this Nation would have to pay a fair and reasonable interest charge for using the credit of our Nation. Every bill—currency—that is issued represents a mortgage on all the homes and other property of all the people in this Nation. A few powerful bankers are giving these mortgages daily by issuing money on the credit of the Nation. Section 16 of the Federal Reserve Act says that an interest rate "shall" be charged—made mandatory. The Federal Reserve Board set the zero rate and the Government has thereby lost billions of dollars in revenue.

CAN SAVE $360,000,000 A YEAR

Let me show you how we can save enough money to restore these helpless, dependent men, women, and orphans to the pension roll and put the buying power out amongst the people and let it remain there until conditions are a little different. Then, if you want to change the policy of this Government as to pensions do it, but do not do it now, when they need this money in every community, and when in many instances it is the only medium of exchange they have. We have a national debt of $21,000,000,000. Our country is not bankrupt. It is worth more than $300,000,000,000, with a debt of $21,000,000,000. More than half of these bonds are held by Federal Reserve banks, private institutions, not one dollar of stock being owned by the Government and by other private banks. The Government is paying $725,000,000 a year interest on those bonds.

The bankers have the privilege of placing the bonds held by them with the Treasury of the United States and receiving new money in return. They can loan this new money to the people and receive interest for its use; at the same time they will be receiving interest from the Government on the bonds deposited with the Treasury to secure the new money. Instead of paying bondholders a bonus of $725,000,000 a year, let us at least pay off half of that amount, the part held by the banks of the Nation, with new money and save about $360,000,000 a year, and through that saving restore most of these cases, especially the cases where such great hardships have been worked, put them back on the roll, and

send this purchasing power back into every nook and corner of our Nation.

In order to provide for an elastic currency or to make sure that there would not be too much money a law may be enacted permitting the holder of any part of the money so issued to be exchanged for United States Government bonds drawing a certain rate of interest and to reconvert the bonds under certain conditions into money. This is not necessary but may be done to answer the argument of the reactionary, who is holding onto the coat tail of progress screaming "Too much money!" It is not the amount of money that alarms the powerful bankers; it is the possible loss of control of the monetary system that they are concerned about. They can control the monetary system and value of everything as long as there is so little money that people must depend on credit. May I invite your attention to the fact that during the last few months this country has deflated in bank deposits more than $15,000,000,000, in addition to the five billions tied up in closed banks? [Applause.]

The CHAIRMAN. The time of the gentleman from Texas [Mr. PATMAN] has expired.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and to include therein certain excerpts in connection with the subject matter I have discussed.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. BUCHANAN. Mr. Chairman, the Clerk may read.

The Clerk read as follows:

Compiling testimony in contested-election cases: For services in compiling, arranging for the printer, reading proof, indexing testimony, stenography and typewriting, supervision of the work, and expenses incurred in the contested-election cases of the Seventy-second Congress, as authorized by the act entitled "An act relating to contested elections", approved March 2, 1887 (U.S.C., title 2, secs. 201–226), $1,000.

Mr. BUCHANAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Committee amendment offered by Mr. BUCHANAN: On page 2 strike out lines 15 to 22, inclusive.

The amendment was agreed to.

The Clerk read as follows:

ARCHITECT OF THE CAPITOL

Capitol power plant: For an additional amount for lighting, heating, and power for the Capitol, Senate and House Office Buildings, Supreme Court Building, Congressional Library Buildings, etc., including the same objects specified under this head in the Legislative Appropriation Act for the fiscal year 1933, $30,000.

Mr. GREEN. Mr. Chairman, I move to strike out the last word.

I ask unanimous consent to extend my remarks to include a brief resolution from my State legislature addressed to Members of the House.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. GREEN. Mr. Chairman and my colleagues, the citizens of Florida are deeply interested in further Federal aid for highways. We believe road building to be one of the best means of relieving the unemployed and at the same time expending public money in a safe and profitable investment. Probably over 80 percent of road expenditures goes directly or indirectly into labor and, consequently, relief of the unemployed.

Senate Concurrent Resolution No. 12 by the Florida Legislature urges the further expenditures of Federal funds for road building and particularly urges the completion of the Florida Gulf Coast Highway. This is one of the most necessary and important highways in my State and should be now completed.

The resolution follows:

Senate Concurrent Resolution 12

Whereas the Legislature of the State of Florida by joint resolution in 1929 memorialized Congress, the Federal Bureau of Public Roads, and the State Road Department of Florida to use every possible effort to federalize the Gulf Coast Highway, which is legally known as "State Roads 10, 15, and 115"; and

Whereas the resolution referred to above has only been partially carried out; and

Whereas the State of Florida and the counties of the Gulf coast of Florida have spent approximately $15,000,000 and the funds of both the State and counties are now exhausted; and

Whereas all of the Gulf coast counties and cities and civic bodies have passed resolutions setting forth the necessity for continuing the construction of the Gulf Coast Highway in order to relieve the distressing unemployment situation in the Gulf coast counties and cities owing to the serious decline in the oyster, fishing, and other businesses peculiar to these counties and cities; and

Whereas the State road system of Florida cannot be properly rounded out and completed, nor can the hundreds of millions of dollars invested therein begin to pay a full return on this investment until the Gulf Coast Highway is completed; and

Whereas the construction of the Gulf Coast Highway has been officially declared of military and strategic importance to the United States Government; and

Whereas the public-works committee now arranging the public-works program for President Roosevelt has the authority and power to include in said program the construction of Federal roads; and

Whereas road construction in Florida will provide work for the relief of unemployment, both in direct employment and in the manufacture and transportation of Florida road-building material: Now, therefore, be it

Resolved by the Senate of the State of Florida (the House of Representatives concurring), That the Public Works Committee of President Roosevelt, the Federal Bureau of Public Works, our Senators and Congressmen in Washington, the Governor of Florida, and the State road department are hereby requested to secure the immediate federalization of all of the Gulf Coast Highway and to use every effort at their command to allocate funds to Florida for the immediate construction of the Gulf Coast Highway in this State; be it further

Resolved, That a copy of this resolution be forwarded by the secretary of the State of Florida, under the great seal of the State of Florida in due form to the Congress of the United States, and the several Members thereof from Florida, to the Governor of Florida, and to the State road department.

Approved by the Governor of Florida, May 2, 1933.

STATE OF FLORIDA,
Office Secretary of State, ss:

I, R. A. Gray, secretary of state of the State of Florida, do hereby certify that the foregoing is a true and correct copy of Senate Concurrent Resolution No. 12, passed by the Legislature of Florida, session 1933, and filed in this office.

Given under my hand and the great seal of the State of Florida, at Tallahassee, the capital, this the 2d day of May A.D. 1933.

[SEAL] R. A. GRAY, *Secretary of State.*

The Clerk read as follows:

DEPARTMENT OF LABOR

BUREAU OF IMMIGRATION

For refund to Joseph Vigliotti, of Detroit, Mich., as authorized by Private Act No. 318, approved March 4, 1933, $1,500.

Mr. LOZIER. Mr. Chairman, I move to strike out the last word.

I have introduced a bill (H.R. 5203) to reduce the allowable deposit of one individual in Postal Savings banks from $2,500 to $500 and to reduce the interest on Postal Savings accounts from 2 to one half of 1 percent. This measure is designed to halt the mounting deposits in Postal Savings accounts, which has reached the $1,000,000,000 mark, practically all of which represents funds drawn from country banks.

In recent years Postal Savings banks have become a menace, not only to our legitimate banking system but to the people, especially in small towns and rural communities, who are interested in the maintenance of well-managed and solvent local banks.

Under my bill the deposits of one individual is limited to $500 and the interest rate is made so low that hoarders will not be encouraged to withdraw their money from banks and place it in postal savings accounts. If my bill is enacted, we may reasonably anticipate that in a few months a large part of the $1,000,000,000 now in Postal Savings banks will be returned to legitimate banks and trust companies or invested in safe loans or in productive industry.

Under my bill if a man is determined to hoard his money in a postal savings account he may do so, but not in excess of $500, and while his deposit will be guaranteed he would get only nominal interest thereon. My bill will take the profit out of hoarding.



In my opinion the Federal Government should not sanction any system that encourages people to withdraw their money from solvent and well-managed banks and hoard it in Postal Savings banks. At a future date I hope to find time to discuss this subject in detail.

I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri [Mr. LOZIER].

Mr. GOSS. Reserving the right to object—and I shall not in this case—I think these matters should be taken up in the House rather than in the Committee, and I am going to object to any further requests, if they are made this afternoon, until we get back into the House.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri [Mr. LOZIER]?

There was no objection.

The Clerk read as follows:

Treasury Department: Chester A. Poling, Inc. (United States District Court, Eastern District of New York, November 22, 1932, damages due to collision between the lighter *Poling Brothers No. 1* and the Coast Guard vessel *Thippe*), $11,215.02; Seacoast Trawling Co. (United States District Court, District of Massachusetts, March 6, 1933, damages due to collision between the fishing vessel *Juneal* and the Coast Guard patrol boat *C.G. 212*), $945.42.

Mr. BUCHANAN. Mr. Chairman, I offer an amendment to correct the spelling of a word.

The Clerk read as follows:

Committee amendment offered by Mr. BUCHANAN: On page 5, line 15, strike out the word "*Thippe*" and insert the word "*Trippe.*"

The amendment was agreed to.

The Clerk concluded the reading of the bill.

Mr. BUCHANAN. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and the bill as amended do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MCREYNOLDS, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H.R. 5390, the third deficiency appropriation bill, directed him to report the same back with sundry amendments, with the recommendation that the amendments be agreed to and the bill as amended do pass.

Mr. BUCHANAN. Mr. Speaker, I move the previous question on the bill and all amendments to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them en grosse.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

On motion by Mr. BUCHANAN, a motion to reconsider the vote by which the bill was passed was laid on the table.

SALE OF SECURITIES

Mr. POU, from the Committee on Rules, submitted the following privileged resolution (H.Res. 130) for printing under the rules:

House Resolution 130

Resolved, That upon the adoption of this resolution, it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 5480, a bill to provide full and fair disclosure of the character of securities sold in interstate and foreign commerce and through the mails, and to prevent frauds in the sale thereof, and for other purposes, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and shall continue not to exceed 5 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be considered as having been read for amendment. No amendments shall be in order to said bill except amendments offered by direction of the Committee on Interstate and Foreign Commerce, and said amendments shall be in order, any rule of the House to the contrary notwithstanding. Amendments offered by direction of the Committee on Interstate and Foreign Commerce may be offered to any section of the bill at the conclusion of the general debate, but said amendments shall not be subject to amendment. At the conclusion of the consideration of the bill for amendment the committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit.

ORDER OF BUSINESS

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

In explanation of that I will say that it is hoped that if the House will meet at 11 o'clock tomorrow and remain in session for a very reasonable time tomorrow afternoon it will be possible to pass the securities bill and enable the House to adjourn over Saturday. If this request is granted, I hope the Members will be here at 11 o'clock tomorrow, so that no point of order with regard to a quorum can be made and prevent carrying out the wishes of the chairman of the committee [Mr. RAYBURN] to dispose of this bill tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

Mr. MCFADDEN. Reserving the right to object, how much time for general debate is allowed on this bill?

Mr. BYRNS. Five hours.

Mr. MOTT. Reserving the right to object, does the rule provide for amendments?

Mr. POU. It only permits amendments offered by the committee.

Mr. MOTT. The usual rule?

The SPEAKER. Is there objection to the request of the gentleman from Tennessee [Mr. BYRNS]?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. JOHNSON of West Virginia, for today, on account of official business.

To Mr. LANZETTA, indefinitely, on account of illness.

To Mr. BLAND, indefinitely, on account of illness.

To Mr. REED of New York, indefinitely, on account of illness.

REMONETIZATION OF SILVER

Mr. WHITE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a resolution introduced by myself.

The SPEAKER. Is there objection to the request of the gentleman from Idaho?

There was no objection.

Mr. WHITE. Mr. Speaker, under the leave to extend my remarks in the RECORD I include the following resolution introduced by me, stating in substance that it is the sense of the House of Representatives that the delegates appointed by the President to the International Economic Conference shall work unceasingly for the remonetization of silver:

Resolution

Whereas the nations of the world, conforming to the operation of economic law from time immemorial, have based their system of money currencies upon the coinage of the precious metals, gold and silver, thereby securing automatic control of the money volume necessary to the vital and controlling function of money;

Whereas under the operation of economic law it is necessary that the increase in the volume of primary money or money of ultimate redemption must keep even pace with expanding business and growing population in order that the relation of debtor and creditor can be maintained on a just and equitable basis, thereby insuring the stability of the banking and financial systems of the several countries, and at the same time to supply a stable medium of exchange between the people of the several nations, the use of both gold and silver is necessary;

Whereas in the wisdom acquired from the experience of the ages, the Government of the United States recognizing and conforming to this economic law, has placed upon its statute books and there is now in force a law contained in section 311 of the United States Code of Laws passed November 1, 1893 (c. 8, 28 Stat. 4), reading as follows: "It is hereby declared to be the policy of the United States to continue the use of both gold and

silver as standard money, and to coin both gold and silver into money of equal intrinsic and exchangeable value, such equality to be secured through international agreement, or by such safeguards of legislation as will insure the maintenance of the parity in value of the coins of the two metals and the equal power of every dollar at all times in the markets and in the payment of debts. And it is hereby further declared that the efforts of the Government should be steadily directed to the establishment of such a safe system of bimetallism as will maintain at all times the equal power of every dollar coined or issued by the United States, in the markets and in the payment of debts";

Whereas in the present state of civilization and education attained by the great mass of the human family the adoption of money systems based on managed currencies must prove impractical and disastrous in operation; that for many generations to come the nations of the world must conform to economic law and adhere to the automatic system of money based on the coinage of the precious metals—gold and silver; and

Whereas in conforming to our national policy as expressed in section 311 of the United States Code of Laws: Therefore be it

Resolved, That the delegates to the International Monetary Conference, to be appointed by the President of the United States, be instructed to work unceasingly for the adoption of international bimetallism and to work to bring the several governments into an agreement to admit both gold and silver metal to their several mints for coinage at a stipulated ratio and to standardize the gold and silver coins of the several nations as to weight, fineness, diameter, tolerance, and value, so that the coins of the several nations may circulate internationally to stabilize currency, exchange, and facilitate international trade.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 52 minutes p.m.) the House, under its previous order, adjourned until tomorrow, Friday, May 5, 1933, at 11 o'clock a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

43. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated April 29, 1933, submitting a report, together with accompanying papers and illustrations, on a preliminary examination and survey of the coast of Hawaii at Honuapo, Kailua, Kawaa, and Punaluu, authorized by the river and harbor act approved July 3, 1930; to the Committee on Rivers and Harbors.

44. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated April 25, 1933, submitting a report, together with accompanying papers and illustrations, on a preliminary examination and survey of Port Allen, Kauai, Hawaii, authorized by the River and Harbor Act approved July 3, 1930 (H.Doc. No. 30); to the Committee on Rivers and Harbors and ordered to be printed, with an illustration.

45. A letter from the Secretary of War, transmitting, pursuant to section 1 of the River and Harbor Act approved January 21, 1927, a letter from the Chief of Engineers, United States Army, dated April 20, 1933, submitting a report, together with accompanying papers and illustrations, containing a general plan for the improvement of Kanawha River, W.Va., for the purposes of navigation and efficient development of its water power, the control of floods, and the needs of irrigation (H.Doc. No. 31); to the Committee on Rivers and Harbors and ordered to be printed, with illustrations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. POU: Committee on Rules. House Resolution 130. Resolution providing for the consideration of H.R. 5480, a bill to provide full and fair disclosure of the character of securities sold in interstate and foreign commerce and through the mails, and to prevent frauds in the sale thereof, and for other purposes; without amendment (Rept. No. 84). Referred to the House Calendar.

Mr. RAYBURN: Committee on Interstate and Foreign Commerce. H.R. 5480. A bill to provide full and fair disclosure of the character of securities sold in interstate and foreign commerce and through the mails, and to prevent frauds in the sale thereof, and for other purposes; with amendment (Rept. No. 85). Referred to the Committee of the Whole House on the state of the Union.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Pensions was discharged from the consideration of the bill (H.R. 5348) granting a pension to Mary R. Currier, and the same was referred to the Committee on Invalid Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. WOLCOTT: A bill (H.R. 5493) to amend the World War Veterans' Act, 1924, as amended; to the Committee on World War Veterans' Legislation.

Also, a bill (H.R. 5494) to amend the act approved March 3, 1927, entitled "An act to permit the granting of Federal aid in respect to certain roads and bridges"; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H.R. 5495) to amend an act entitled "An act creating the Great Lakes Bridge Commission and authorize said commission and its successors to construct, maintain, and operate a bridge across the St. Clair River at or near Port Huron, Mich", approved June 25, 1930; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H.R. 5496) to provide for a preliminary examination and survey of Black River, St. Clair County, Mich.; to the Committee on Rivers and Harbors.

By Mr. TRUAX: A bill (H.R. 5497) to amend an act entitled "An act to provide emergency financing facilities for financial institutions, to aid in financing agriculture, commerce, and industry, and for other purposes", approved January 22, 1932 (Reconstruction Finance Corporation Act), to prohibit farm and home foreclosures and confiscation of real property by financial institutions that borrow money from the Government under the provisions of the Reconstruction Finance Corporation Act; to the Committee on Banking and Currency.

By Mr. McREYNOLDS: A bill (H.R. 5498) to amend the act approved July 3, 1930 (46 Stat. 1005), authorizing commissioners or members of international tribunals to administer oaths, etc.; to the Committee on the Judiciary.

By Mr. COLDEN: A bill (H.R. 5499) making an appropriation for completion of the Los Angeles-Long Beach Outer Breakwater project; to the Committee on Appropriations.

By Mr. RAYBURN: A bill (H.R. 5500) to relieve the existing national emergency in relation to interstate railroad transportation and to amend section 5, 15 (a), 19 (a) of the Interstate Commerce Act, as amended; to the Committee on Interstate and Foreign Commerce.

By Mr. MUSSELWHITE: A bill (H.R. 5501) providing for an examination and survey of Pentwater Harbor, Mich.; to the Committee on Rivers and Harbors.

Also, a bill (H.R. 5502) providing for an examination and survey of Leland Harbor, Mich.; to the Committee on Rivers and Harbors.

By Mr. CALDWELL: A bill (H.R. 5503) to provide for a preliminary survey and examination along the Gulf coast of transportation and to amend section 5, 15 (a), 19 (a) of the the State of Florida from the Apalachicola Bay to the Withlacoochee River with a view to securing a waterway for barge traffic approximately 9 feet deep and 100 feet wide, and for the purpose of extending the Gulf Coast Intracoastal Canal southward to some waterway connecting the Gulf Coast with the Atlantic East Coast Intracoastal Canal; to the Committee on Rivers and Harbors.

By Mr. COFFIN: A bill (H.R. 5504) providing that the proceeds from hunting and fishing permits within the Fort Hall Indian Reservation, Idaho, may be expended under the

direction of the tribal council for the benefit of the Indians; to the Committee on Appropriations.

By Mr. PETERSON: A bill (H.R. 5505) to provide for a preliminary survey and examination along the Gulf coast of the State of Florida from St. Marks River to the Withlacoochee River; to the Committee on Rivers and Harbors.

By Mr. SUMNERS of Texas: A bill (H.R. 5506) to amend section 1025 of the Revised Statutes of the United States; to the Committee on the Judiciary.

By Mr. LEWIS of Maryland: A bill (H.R. 5507) to amend section 207 of the Bank Conservation Act with respect to bank reorganizations; to the Committee on Banking and Currency.

By Mr. SCRUGHAM: Resolution (H.Res. 129) requesting the delegates appointed by the President of the United States to the International Conference for the Stabilization of International Exchanges to work unceasingly for an international agreement to remonetize silver on a basis not to exceed 16 fine ounces of silver to 1 fine ounce of gold; to the Committee on Foreign Affairs.

By Mr. POU: Resolution (H.Res. 130) providing for the consideration of H.R. 5480, a bill to provide full and fair disclosure of the character of securities sold in interstate and foreign commerce and through the mails, and to prevent frauds in the sale thereof, and for other purposes; to the Committee on Rules.

By Mr. McSWAIN: Resolution (H.Res. 131) providing for the consideration of H.R. 5081; to the Committee on Rules.

By Mr. SMITH of Virginia: Resolution (H.Res. 132) authorizing the payment of the expenses of the Judiciary Committee in investigating the official conduct of James A. Lowell; to the Committee on Accounts.

By Mr. WOLCOTT: Joint resolution (H.J.Res. 172) to amend the Tariff Act of 1930; to the Committee on Ways and Means.

Also, joint resolution (H.J.Res. 173) authorizing the restoration of a limitation on the importation, free of duty, of Philippine sugar; to the Committee on Ways and Means.

By Mr. SANDLIN: Joint resolution (H.J.Res. 174) to authorize the Reconstruction Finance Corporation to make loans for financing the repair or reconstruction of buildings damaged by cyclones in 1933; to the Committee on Banking and Currency.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the State of Illinois, congratulating the President of the United States upon his program for the relief of agriculture, and urging the Congress to cooperate with the President in putting into effect the program; to the Committee on Agriculture.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. HOEPPEL: A bill (H.R. 5508) for the relief of John Frank Peters; to the Committee on Military Affairs.

By Mr. REECE: A bill (H.R. 5509) for the relief of George M. McNabb; to the Committee on Military Affairs.

By Mr. SIROVICH: A bill (H.R. 5510) extending the benefits of the Emergency Officers' Retirement Act to Wolcott Le Clear Beard; to the Committee on World War Veterans' Legislation.

Also, a bill (H.R. 5511) granting 6 months' pay to St. Clair Livingston Dodd; to the Committee on Military Affairs.

By Mr. WOLCOTT: A bill (H.R. 5512) granting a pension to Richard J. Huss; to the Committee on Pensions.

Also, a bill (H.R. 5513) granting a pension to Mary Elizabeth O'Keefe; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5514) granting a pension to Kate Hess; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5515) granting a pension to Jane Davis; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5516) granting a pension to Maud Patterson; to the Committee on Pensions.

Also, a bill (H.R. 5517) granting a pension to Gussie Gates; to the Committee on Pensions.

Also, a bill (H.R. 5518) granting an increase of pension to Joseph Tritschler; to the Committee on Pensions.

Also, a bill (H.R. 5519) granting a pension to Anna Lovejoy; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5520) granting a pension to Margaret Fonda; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

888. By Mr. CRAVENS: Petition of John Conroy, president Jim Fork Coal Co. and Midland Coal Mining Co., Hartford, Ark., protesting against passage of the Black bill, S. 158; to the Committee on Labor.

889. By Mr. GIBSON: Petition of Green Mountain Post, No. 1, American Legion, opposing removal in part or whole of the regional office from the State of Vermont; to the Committee on World War Veterans' Legislation.

890. By Mr. LAMBERTSON: Petition of J. L. Dignan, of Kelly, Kans., and a number of other citizens, urging support of the Frazier bill, S. 1197, providing for governmental refinancing of distressed farm indebtedness; to the Committee on Banking and Currency.

891. By Mr. LINDSAY: Petition of Grain Transit Corporation, New York City, opposing House bill 3759; to the Committee on the Judiciary.

892. Also, petition of Reginald G. Narelle, of New York City, opposing House bill 3759; to the Committee on the Judiciary.

893. Also, petition of Innis, Speiden & Co., importers, manufacturers, exporters of industrial chemicals, colors, etc., New York City, opposing House bill 3769; to the Committee on Interstate and Foreign Commerce.

894. By Mr. RUDD: Petition of Innis, Speiden & Co., New York City, opposing the passage of the Reilly bill, H.R. 3769; to the Committee on the Judiciary.

895. Also, petition of Grain Transit Corporation, New York City, opposing the passage of the Reilly bill, H.R. 3759; to the Committee on the Judiciary.

896. Also, petition of Reginald G. Narelle, New York City, opposing the passage of the Reilly bill, H.R. 3759; to the Committee on the Judiciary.

897. By Mr. SUTPHIN: Petition of the Ocean County executive committee, American Legion, Department of New Jersey, praying for the continuance of lighter-than-air activities at the Naval Air Station, Lakehurst, N.J.; to the Committee on Naval Affairs.

898. By Mr. WALDRON: Memorial of the Pennsylvania Legislature, requesting the Congress to reject any proposed legislation to compel blending alcohol with gasoline; to the Committee on Ways and Means.

899. By the SPEAKER: Petition of Department of Georgia, Veterans of Foreign Wars, supporting the vote of Congressman M. C. TARVER against the economy bill; to the Committee on Expenditures in the Executive Departments.

900. Also, petition of the State Water Conservation Board of Ohio, recommending that the Allegheny and Monongahela watersheds in Pennsylvania, and the States of Ohio, West Virginia, and Kentucky be made the second unit of the national program of development for rehabilitation by source stream control and water conservation; to the Committee on Flood Control.

901. Also, petition of the Common Council of the City of Racine, Wis., that Congress adopt measures whereby municipalities can receive cash from the Reconstruction Finance Corporation or other Federal agency at a rate of interest not to exceed 3 percent per annum by putting up delinquent real-estate taxes for their interest therein as security for the repayment of such sums; to the Committee on Banking and Currency.

HOUSE OF REPRESENTATIVES

FRIDAY, MAY 5, 1933

The House met at 11 o'clock a.m.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Thou Spirit of the Most High, who dost prefer above all temples a pure and upright heart, make the path of duty plain; instruct us, for Thou knowest the way. May we desire and seek above all things a noble passion for Thee and a fine idealism of life. Let Thine hand be with us that we may be kept from the evil. As we are conscious of real power, may we be willing to be consecrated to the immediate and the essential needs of our land. With all honor and heroic faith may it be placed on the altar of our country. Heavenly Father, as Thou dost love us with a peculiar love, hear our prayer. By Thine unerring wisdom lead us on, and allow not our devotion to the public interest to die down, but rather may it mount higher and higher until our labors are ended. In the name of our Savior we pray. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 687. An act providing for the establishment of a term of the District Court of the United States for the Southern District of Florida at Orlando, Fla.; and

S. 1094. An act to provide for the purchase by the Reconstruction Finance Corporation of preferred stock and/or bonds and/or debentures of insurance companies.

SALE OF SECURITIES

Mr. POU. Mr. Speaker, I call up House Resolution 130 and ask for its immediate consideration.

The Clerk read as follows:

House Resolution 130

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 5480, a bill to provide full and fair disclosure of the character of securities sold in interstate and foreign commerce and through the mails, and to prevent frauds in the sale thereof, and for other purposes, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and shall continue not to exceed 5 hours, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be considered as having been read for amendment. No amendment shall be in order to said bill except amendments offered by direction of the Committee on Interstate and Foreign Commerce, and said amendments shall be in order, any rule of the House to the contrary notwithstanding. Amendments offered by direction of the Committee on Interstate and Foreign Commerce may be offered to any section of the bill at the conclusion of the general debate, but said amendments shall not be subject to amendment. At the conclusion of the consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion, except one motion to recommit.

Mr. POU. Does the gentleman from Pennsylvania desire to use time in debate on the rule?

Mr. RANSLEY. We would like to have the usual time on this side of the House.

Mr. POU. Mr. Speaker, I yield the gentleman from Pennsylvania one half of the time, to be used by him as he sees fit.

Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, this resolution brings before the House the securities bill reported by the Committee on Interstate and Foreign Commerce. It provides for 5 hours of general debate. It provides that amendments may be offered by authority of the committee only.

I am informed that the securities bill had practically a unanimous report from the Committee on Interstate and Foreign Commerce. There may have been differences of opinion, but the committee was practically unanimous as to the bill as a whole.

I cannot see that any extended discussion of the rule can avail anything. It may be called another gag rule, but almost every rule that is brought in here fixing an order of business is more or less restrictive in its nature. It limits the procedure in this House that would take place if measures were considered under the general rules of the House. So the Committee on Rules felt that we were pursuing the wiser course in allowing 5 hours of debate and in confining amendments to the committee that has been working on this bill over a long period.

I am informed by members on both sides of the Committee on Interstate and Foreign Commerce that every line in the bill from beginning to end has been carefully considered by that committee, and, inasmuch as it comes here with the unanimous support of that great and powerful committee, after having given it such prolonged and careful consideration, the Committee on Rules felt that the House would not want the measure thrown open to indiscriminate amendments, and in this belief we have reported this rule, and we hope it will be unanimously adopted. [Applause.]

I reserve the remainder of my time, Mr. Speaker.

Mr. RANSLEY. Mr. Speaker, I yield the full time allotted to this side, 30 minutes, to the gentleman from Michigan [Mr. MAPES].

Mr. MAPES. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein certain short excerpts from reports of committees and other documents relating to the subject.

The SPEAKER. Is there objection?

There was no objection.

Mr. MAPES. Mr. Speaker, this is another one of those closed or gag rules which have become so common during this session of Congress; in fact, they have become the regular thing instead of the exception. Under it the bill will not be read under the 5-minute rule, and the individual Member will have no opportunity to offer any amendment to any part of the bill. The only amendments that will be in order are those that may be offered by the committee, and the committee does not intend to offer any very important ones, as I understand it.

The Republican members of the Committee on Rules voted against this rule, the same as they have voted against other gag rules which have been reported at this session. They are opposed to this rule. It is subject to the same objections that have been made to the other rules, but it is apparent that the large majority of the House is going to pass gag rules, and it would probably be futile to reiterate at this time the statements and objections which have been made to the other rules of the same character as this one, except I should like to point out that the viciousness of this sort of rule is demonstrated in the pending rule perhaps as well or better than any other rule which has been considered during this session of Congress. This securities bill contains something like 38 pages and 25 different sections. It deals with a very complex and controversial subject, and there are two outstanding provisions involving fundamental principles of public policy upon which the House of Representatives ought to be allowed to express itself sometime during the consideration of the bill. Under this rule there will be no such opportunity for it to do so.

One of the questions that the House ought to express itself upon is the one referred to in the minority views filed by the gentleman from California [Mr. LEA] and the gentleman from Connecticut [Mr. MERRITT], relating to the question of putting into effect in this Federal statute the blue sky laws of the different States, and another is the matter of making responsible for false statements or for omitting to state material facts the members of the boards of directors of corporations filing statements with the Federal Trade Com-

mission giving information relating to such securities. I shall have more to say about this provision later, but the House as a whole ought to have the right to vote upon these two propositions especially.

But under this rule the House of Representatives will not be allowed to express itself on these two important questions. The Constitution guarantees freedom of speech to the ordinary citizen, but the House of Representatives during this session of Congress has not had freedom to express itself on important policies of legislation submitted to it. So much for that. I do not want to take any more time in the discussion of the rule, because I want to use a part of my time to discuss the merits of the legislation which the rule seeks to make in order.

Mr. BYRNS. Will the gentleman yield?

Mr. MAPES. I yield to the gentleman.

Mr. BYRNS. The gentleman was a member of the subcommittee that considered this bill.

Mr. MAPES. I was.

Mr. BYRNS. I do not suppose any bill was ever brought before the gentleman's committee which received closer and more undivided attention than this particular bill.

Mr. MAPES. I think in a general way the gentleman's statement is correct.

Mr. BYRNS. I understand the gentleman himself approved of the bill in committee.

Mr. MAPES. That is correct, although there is one important provision in the bill about which I differed from the rest of the subcommittee. I shall explain that later; but the general purpose of the bill I am in hearty accord with, and I can support the legislation with a great deal of enthusiasm.

Mr. BYRNS. The gentleman is a very able Member of the House and is in the habit of giving legislation his careful attention, particularly that which comes before the Committee on Interstate and Foreign Commerce. I want to ask the gentleman this question: After giving this matter 2 weeks of close, undivided attention, having rewritten, as I understand, the bill in many particulars, does the gentleman think any particular advantage could occur in the consideration of amendments offered from the floor to this bill, having in mind that the rule gives the right of free expression from Members of the House in general discussion?

Mr. MAPES. As I have said, for the most part I approve of the bill; but, regardless of my position on the bill, I do not believe it is good policy to bring in a rule which does not give the Membership of the House of Representatives generally an opportunity to express itself upon the different provisions of a bill of this importance. I believe that every Member should have an opportunity to express himself if he so desires. Debate is often very helpful and brings out points which may not have been thought of by the committee, but whatever may be the fact in that respect I do not believe that the committee, no matter how able or powerful it may be, ought to be allowed to say to a membership of 435, all of them equals, "You have got to swallow this particular piece of legislation as it is or reject it altogether."

Mr. BYRNS. I do not want to take up the gentleman's time, but I want to ask one further question. The gentleman says that after 2 weeks of thorough consideration of this particular measure there is only one provision to which he has some slight objection. I want to ask the gentleman if this rule, which gives the right to offer a motion to recommit, would not permit the gentleman as a member of the committee to secure a record vote on his amendment to that particular provision to which he refers, and, therefore, whether or not in the gentleman's opinion any right is denied the Membership of the House upon a highly involved bill like this?

Mr. MAPES. I will say to the gentleman that I could not qualify to make the motion to recommit on this particular bill if anyone who is opposed to it desires to make the motion, because I am not opposed to it. I am in favor of it, although I might change some provisions of it.

Mr. BRITTEN. Will the gentleman yield?

Mr. MAPES. I yield.

Mr. BRITTEN. If the contention of the gentleman on the other side is correct then every piece of legislation brought onto the floor of the House from a committee should be closed by some such a rule as this so that Members of the House can have no initiative or imagination? Not only that, but in every piece of legislation——

Mr. BYRNS. Oh, not at all.

Mr. SNELL rose.

Mr. MAPES. Mr. Speaker, I yield to the minority leader.

Mr. SNELL. Mr. Speaker, a great many complicated pieces of legislation have come from the gentleman's committee in the last 10 or 12 years and never yet, to my knowledge, has one of them been brought on the floor of the House and provision made that it be not even read. Is that correct?

Mr. MAPES. That is correct, as far as my recollection goes.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. MAPES. Yes.

Mr. O'CONNOR. The gentleman has stated that the four Republican members of the Committee on Rules voted against this form of rule.

Mr. MAPES. The gentleman from New York will confirm that, will he not?

Mr. O'CONNOR. Oh, yes; they are following a certain policy, but they had their fingers crossed when voting. Will the gentleman tell us how many Republicans on the Committee on Interstate and Foreign Commerce were opposed to this form of rule?

Mr. MAPES. There was no vote on the question in the Committee on Interstate and Foreign Commerce.

Mr. O'CONNOR. Was there any objection to this form of rule in the gentleman's committee?

Mr. MAPES. The matter was not considered by the committee.

Mr. O'CONNOR. Was it not understood that this was the way it was to be brought in?

Mr. MAPES. The gentleman from New York knows that the rules do not permit the disclosure of what took place in an executive session of the committee.

Mr. O'CONNOR. The only reason I ask is that a certain disclosure was made in the Committee on Rules.

Mr. MAPES. The statement was made in the Committee on Interstate and Foreign Commerce at the end of a session of the committee that this kind of a rule was going to be asked for, and I for one stated that I would have to oppose it.

Mr. O'CONNOR. The gentleman does not feel very badly about it?

Mr. MAPES. Mr. Speaker, I did not intend to take up nearly so much time in the discussion of this rule; but as long as we are on the subject, let me call attention to how this sort of thing may work. Some mathematicians have figured out what a small minority of a body can control under a procedure like this. The majority of the Committee on Interstate and Foreign Commerce, for example, might favor this legislation as against a very substantial minority on that committee. That small majority might bring the legislation before a Democratic caucus, and again a very small majority of the Democratic caucus possibly might support the legislation as against a very large minority of the caucus, and by binding the Members to carry out the action of the caucus bring in a resolution or rule of this kind, and in that way make it possible for a small majority of the Committee on Interstate and Foreign Commerce practically to dictate legislation of great importance.

Mr. COX. Mr. Speaker, will the gentleman yield?

Mr. MAPES. Yes. I yield to my colleague on the committee.

Mr. COX. Is it not the gentleman's opinion that the adoption of this rule will insure better legislation than might be expected if the whole matter were thrown open for the writing of the law by the House.

Mr. MAPES. I could not admit that. I have too much respect for the Membership of the House.

Mr. Speaker, I did not intend to take so much time on the rule, because I want to discuss briefly the merits of the legislation. As I have said in answer to the questions of the distinguished gentleman from Tennessee [Mr. BYRNS], the majority leader, I am very much in favor of the object sought to be accomplished by this legislation. It has been very carefully considered by a subcommittee, and by the full committee, of the Committee on Interstate and Foreign Commerce, with the help of the drafting service and others who were called in for consultation. Practically every word of the 38 pages of the bill has been weighed and considered, first by the subcommittee and then by the full committee, and I think, from the standpoint of drafting, the bill is in very excellent condition, and few indeed will question the general purposes sought to be accomplished by the legislation.

Mr. HOWARD. Mr. Speaker, will the gentleman yield?

Mr. MAPES. I wish the gentleman would permit me to proceed for just a few minutes, if he will pardon me. The administration of the legislation, if the bill is enacted into law, will come under the supervision of the Federal Trade Commission. The object of the legislation, in brief, is to require those who issue securities to be sold to the public through the mails or by the use of the instruments of interstate commerce to furnish material information to the public about the securities which they are asking the public to buy. That, in my judgment, will be the chief and primary accomplishment of the legislation. It will make available to the public the information upon which the public is asked to invest its money. The information must be given in a statement to be filed with the Federal Trade Commission before the mails or the instruments of interstate commerce can be made use of to sell securities. Certain securities are excepted, but I shall not attempt to name the exceptions at this time.

The bill is not foolproof. It will not prevent anybody from putting his money into rat holes or into highly speculative ventures if he sees fit to do so, but in the exercise of reasonable care he can go to the Federal Trade Commission or to the underwriter or the dealer in the securities and find out the facts relating to the business of the corporation issuing the securities, the profits which the dealers are to receive in selling them, and the amount of money that is to go back into the treasury of the corporation after the sale is made—how much of the $100 per share, or whatever amount he pays for his stock, is really going back to the corporation, going into the treasury for the promotion of the business of the corporation.

It is not necessary here to dwell upon the need for this kind of legislation. Mr. Huston Thompson in testifying before the committee made the statement that the United States is farther behind than any other civilized nation that he knew of with respect to preserving the rights of the purchasers of securities. The American public in the last few years has become particularly "investment minded", and there probably is no other country where securities are so widely distributed among the people. It is said that during the 13 years immediately after the war something like $50,000,000,000 of securities—bonds and stocks together—were bought by the investing public in the United States. A large part of those were, as a matter of general information, of little value, and some of them had no value at all. Anything that this Congress can do to supplement the blue-sky laws of the States to protect the public in investing its money ought to be done. Of the 48 States in the Union, all but 1 have some sort of blue-sky legislation. This law does not interfere with, but supplements, those laws and makes it impossible for dealers and underwriters to evade the State laws by the shipment of their securities and prospectuses and other material in interstate commerce or through the mails.

The enactment of this law will prevent that sort of thing. I have always wanted to believe in the copy-book statements that those who occupy high positions in the business and financial world were not only men of ability but men of character as well; that the fact that they occupied such positions was an evidence that they were men worthy of confidence. The revelations of the last few years have had a tendency to shake my faith in that respect. For example, I have in my hand a report of a Senate committee which quotes from another report of a Senate committee, namely, "Report No. 1655, Seventy-first Congress, third session", relating to what took place in the District of Columbia relating to the sale of bonds of the Wardman Realty Co. I am not going to take the time to read it, but under the leave which has been granted me, I will put in an excerpt from it in the RECORD.

The excerpt is as follows:

Four members of the Investment Bankers' Association of America, namely, Halsey, Stuart & Co., Inc., Hambleton & Co., A. B. Leach & Co., Inc., and Rogers Caldwell & Co., Inc., together with William R. Compton Co., sponsored and participated in the public offering throughout the country of what they designated on their circular to be "$11,000,000 first and refunding mortgage 6½-percent serial gold bonds" of the Wardman Real Estate Properties, Inc. Even the printed description of this issue was deceptive, for, in reality, the authorized issue of bonds was $16,000,000 and the security back of the bond issue was not a first mortgage on all of the property of the issuing corporation but a second, and possibly third, mortgage as to some of the properties involved.

The same properties were made the basis of a $2,500,000 so-called "general mortgage", which was, in reality, a third or fourth mortgage as to some of the hotels and apartments listed as security for the issues. In addition the very questionable and doubtful "equities" in the properties, encumbered by the various mortgages mentioned, were made the basis for two issues of so-called "gold debentures" in the amount of $4,900,000. The companies issuing these various securities also issued common stocks to the amount of 200,000 shares.

As this excerpt shows, four investment banking houses supposed to be reputable—at least, they had a reputation for being reputable before they were put to the test by this depression—namely, Halsey, Stuart & Co., Hambleton & Co., A. B. Leach & Co., Rogers Caldwell & Co., and William R. Compton Co., put out statements which were totally misleading and in some respects false, in order to secure the sale of these bonds. With this legislation in effect that sort of thing will not be possible. If it is done, those responsible for it will be held responsible, both in the civil and criminal courts.

Mr. HOWARD. Will the gentleman yield?

Mr. MAPES. I have not the time to go into the details of this bill and to make a close analysis of the different provisions of it, but I do want to call attention to one feature of it about which there were some differences of opinion in the subcommittee. I will say at the outset that I was the only member of the subcommittee which took the view which I am going to dwell upon.

I yield to the gentleman from Nebraska for a brief question.

Mr. HOWARD. I am in hearty sympathy with the gentleman's views regarding this rule. The gentleman has great regret that the rule has been brought in here. I have still greater regret than his own. My great regret is that the Democratic Rules Committee has seen fit to follow a precedent established by the committee connected with the gentleman's own party for 10 long years. I join in his protest against the rule.

Mr. MAPES. I cannot yield any further for a discussion of the rule. I am sorry. I yielded for a question and not for a statement. It is possible that the gentleman is misconstruing some precedent to which he has referred, or his recollection about it may possibly be faulty.

The particular point of the bill to which I was about to call attention is the difference between the House bill and the bill reported by the committee of the Senate, and the original draft of the legislation which accompanied the President's message and which was introduced in the House of Representatives, as to the liability of the directors of issuing corporations, for false statements which are made in the registration statement filed with the Federal Trade Commission, and upon which the innocent investing public has relied in putting its money into securities.

I have taken so much time with the interruptions that I will not have time to go into this matter in detail, but the

Senate committee in its report states the quesion at issue this way:

The question is whether ignorance of an untruth should excuse the director and leave the loss upon the buyer. To do so, in our opinion, would fail to give the buyer the needed relief and fail to restore confidence. If one of two presumably innocent persons must bear a loss, it is familiar legal principle that he should bear it who has the opportunity to learn the truth and has allowed untruths to be published and relied upon. Moreover, he should suffer the loss who occupies a position of trust in the issuing corporation toward the stockholders, rather than the buyer of stock who must rely upon what he is told. * * *

If a director can excuse himself by saying that he has in good faith relied upon an accountant's statement, or the statement of some other person, then the investor will continue in the same position from which the Nation is struggling to extricate him. It has been stated in prospectuses repeatedly that the information given is believed by the company to be true, but not guaranteed.

Let me say that the original draft as introduced in the House contained a provision which made directors responsible and liable to the investing public for the return of its money if misstatements of material facts were made or if there were any omissions of material facts in this statement which is required to be filed with the Federal Trade Commission. That has been changed in the bill as reported by the committee so that a director, if he shows that he exercised reasonably good faith and believed that the statements were true, or that no omission to give material facts had been made, then he is not liable. I may say that the issuer himself in all such cases is responsible for the return of the money to an innocent investor if he desires to rescind his contract. That is a good provision and has a tendency to some extent to take care of the situation which I have in mind. The directors, however, are not responsible if they can show the exercise of good faith and reasonable diligence. It seems to some of us that, as between directors and the innocent investing public, that the directors should be held civilly liable as well.

Let me say that among those appearing before the committee who entertained this view were Mr. Houston Thompson, former member of the Federal Trade Commission, who had a great deal to do with preparing the original draft of the bill; Mr. Walter L. Miller, Chief of the Foreign Service of the Bureau of Foreign and Domestic Commerce of the Department of Commerce; Mr. Ollie M. Butler, an attorney in the same Department, who also had to do with the drafting of the original bill; and Mr. Robert E. Healy, chief counsel of the Federal Trade Commission, who has been conducting the public-utility investigations. They all testified they thought the original draft in this respect should be adopted rather than the draft of the committee. Their testimony to this effect is in the printed hearings. I am taking the liberty of quoting from a statement which Mr. Butler made to the subcommittee, which does not appear in the printed hearings, although it expresses the same thought as his statement which will be found in the hearings. He said in this statement to the subcommittee:

The differences between the draft submitted by the President and the one now before the committee are clear cut. All arguments in support of the original draft must necessarily favor the investor. All those in support of the new draft must necessarily be to the advantage of the director.

Stripped of legal phraseology the original bill proposes that if the directors of a company misstate a material fact they shall give the purchaser's money back to him, even though the directors, in the exercise of due diligence, did not know the statement of that fact to be untrue. Give the purchaser's money back—not the vendors' money—for it was never rightfully theirs.

The new draft proposes that, even if the directors make a mistake about a material fact, they shall retain the purchaser's money with all their incidental profits, if upon the exercise of reasonable care they believed the statements to be true. We are discussing ascertainable facts—not opinions or expectancies concerning which both drafts are silent.

Mr. Butler continues:

In the heart of New York's financial district the Wall Street Journal approvingly said that "the measure aims to deprive caveat emptor of any usefulness it may have had or may have been thought to have had in the justification of smoothly deceptive practices. The heart of this measure is that it links full disclosure of pertinent facts respecting a security, offering to pertinent responsibility that can be definitely placed."

The same view was taken editorially by almost every paper in the United States. The Dallas (Tex.) News, for example, took issue with the defense of the old regime offered by Seligman, the eminent investment lawyer, by saying:

"Surely there can be no question as to who should sustain the loss for misrepresentation of fact in security marketing, whether willful or mistaken. The investor can rely only on the efficiency of the directors; the latter should be able to protect themselves."

The Christian Science Monitor, recognized as a fair cross section of the country, expressed itself much more strongly. It said:

"Too long has high finance been low business. * * * For a horse trade where the buyer has full opportunity to examine his purchase, 'Let the buyer beware', was a good rule. * * * When to the natural complexities of pyramiding holding companies is added the wizardy and worse of some types of financial priestcraft, even the most alert buyer has little chance."

It should be kept in mind that no one is asked to guarantee the success of any enterprise. He is only asked to tell the truth about existing facts. If he makes the statement that he is organizing a company to drill oil wells and so states, that is a perfectly fair statement, and everybody who puts money into the proposition takes his chances and has no redress even though nothing but dry wells are found; but if a misstatement relative to a material fact is made, then it seemed to some of us that the members of the board of directors ought to be held responsible as against the rights of the innocent investors who made their investments relying upon such statements even though the directors acted in good faith.

Mr. Healy stated the matter before the committee in this way. I quote from page 245 of the hearings:

I can only interpret the philosophy of this bill as it appeals to me. The philosophy of this bill is that where the director has made a mistake, and the purchaser has not made any, except to buy the security, that the responsibility falls on the seller. Let the seller beware. The purchaser has not made any mistake, but the director has made one, no matter how honest a mistake it may be, but he has made a mistake, and it has resulted in somebody else's disadvantage.

Now, under the terms of this bill, the philosophy of this bill, if interpreted correctly, why should not the responsibility be upon the seller?

Let me ask you: Suppose you and I were in partnership, and I made a mistake or I was guilty of fraud within the scope of the partnership business, and you knew nothing whatever about it. I think there is no doubt but that you would be liable civilly.

Again, Mr. Healy said:

If a director or an accountant has acted in good faith, and has actually made a mistake, his corporation has gotten some money from the sale of those securities as a result of that mistake.

In closing I should like to say this one thing more. The investing public should keep clearly in mind that this legislation does not contemplate that the Federal Trade Commission will attempt to pass upon the soundness or unsoundness of any security. The investor must do that for himself. It will make the material facts relating to any security available to him if he cares to investigate them, but he must exercise his own judgment as to the merits of the investment. The bill expressly provides that it shall be unlawful for anyone to represent to a prospective purchaser that the Federal Trade Commission has in any way passed upon the merits or given approval to any security coming within the purview of the act. [Applause.]

Mr. POU. Mr. Speaker, I yield 10 minutes to the gentleman from Indiana [Mr. GREENWOOD].

Mr. GREENWOOD. Mr. Speaker, my study of this bill convinces me that there is no politics involved in the bill. I think all of us are agreed that a situation exists in the sale of securities in our country that calls for some reform and regulation.

I never have read a bill that appeared to be more carefully drawn, with reference to all of its features and technicalities, than this bill. I am informed that the Committee on Interstate and Foreign Commerce itself and through its subcommittee, has spent a great deal of time and careful thought and has called before it many experts as draftsmen students of economy, commerce, and banking and that they used more care upon particular features of this bill than any bill that has come before the House in many a day.

The bill uses the commerce clause of the Constitution conferring power upon Congress to regulate through interstate agencies of communication the sale of securities. All lines of publicity, whether by use of the mails, the telegraph, the telephone, radio, prospectuses, or any other form of publicity that will lead an investor to purchase securities have been covered by this bill.

This bill should not be mutilated or garbled by amendments that have not been thought out; and I take it that we legislate in this House largely through our committees. The majority party is simply expressing its confidence in this committee and the subcommittee that have drawn this particularly technical bill by giving them the special authority of amending the bill, allowing abundance of time for debate—5 hours in addition to the rule—in which all phases of the bill will be explained.

The House retains its privilege of adopting or rejecting the rule or of accepting or rejecting the bill as written. The bill is directed to transactions that reach out into every nook and corner of our land. Wherever there are savings accounts, wherever people invest their funds in postal savings, building and loan companies, or in banks they have suffered because of lack of information concerning investments that have been recommended to them—very often by their bankers who thought they were recommending with full faith and understanding securities both foreign and domestic—this measure will afford protection. These investments have drained funds from local saving accounts through the channels of banking and have taken them into the metropolitan centers, there to be invested in securities many times that were worth scarcely more than the paper they were written upon.

Commercial banking has been confused with investment banking. International bankers and investment bankers in the cities have sent out their lines of contact with every bank in America. By that contact, by their high-powered salesmen, and by their publicity they have induced these corresponding banks to take allotments of investments, and oftentimes the local bankers in good faith have taken them solely on the word of the investment banker and the international banker as to the worth and value of the securities. So instead of confining their efforts to commercial banking, they have gone into this field of investment banking or sent their money to the financial centers to be invested in securities. They have failed to use their funds locally for the needs of the community and its industries; they have failed to put it into the channels of trade and deprived the local community of the money because an opportunity to make profits has been offered to peddle questionable securities.

The time has come when the full light of publicity must be thrown upon these transactions of promoting sales of these securities and the manner in which they are sold, so that the investor may know more about the value of the security he is buying.

It has been said that we have drifted into a gambler's civilization, in which men are no longer inclined to invest their money in proven and honest business; but, believing they can make more money in the negotiation and sale of securities, sometimes upon a margin and upon a basis of gambling, our whole financial system has taken on the psychology of gambling instead of honest methods of banking and industry.

So publicity concerning investments will have a wholesome psychological effect in every community and many of these banks will cease their high-powered promotion in connection with big city banks, which procedure in the past has induced their depositors to send their funds out of the communities where funds should remain to assist local enterprise.

If there is any one thing that has destroyed confidence in the banking system of America it is this system of gambling in securities. The channels of publicity I have outlined, the forms of contact, and the use of high-powered salesmen have resulted in the people losing their savings in large part and even their confidence in their local bankers.

So the necessity for this legislation to help restore confidence in our local banking institutions is great. These practices must stop. The President of the United States called attention to this in a special message. We are attempting here to reform these crooked methods.

There is a peculiar fact with respect to such investments in that the corporation that issues the securities knows more about them than anyone else, and the old rule of caveat emptor, or the buyer beware, certainly should not apply to this character of investments. The man who sells them ought to give all the facts, and the Government ought to require the issuer of securities to give all the facts, and be honest with the public.

This is the purpose of the legislation, so that every investor may know more about the assets behind the securities, the practices of the corporation issuing the securities, the motives that are behind the negotiating bank, whether it is a promoter who wants to make a commission rather than to serve the public in an honest way or not. These are the facts that the American people are entitled to know not only to save the investment funds of the small investor but to restore confidence in the banking system of America.

I think this panic has demonstrated one fact, that we have one of the worst banking systems in the world, because many of the leading bankers of the country no longer have the old-time sense of ethics that the bankers of a former generation had. The banker has become so impersonal in dealing with the public that he no longer has a strict sense of ethics or pays attention to the strict detail of honest business like the bankers of a former day. The investment bankers send their men out and they are none too particular in telling the small banks or the investors all the facts concerning the investments they are peddling over the country. The sale of such securities has reached the point where it is a scandal and a gigantic racket in America, and the Federal Government is the agency to stop it.

No State has power to control publicity of securities. Some issues come from abroad, some of them are national in character, and no State has such authority or power. It is the duty of the Federal Government, using the commerce clause of the Constitution and the mails, to compel these investment bankers to lay their cards on the table and to show all the facts concerning the securities they are asking the American people to buy.

Mr. MOTT. Will the gentleman yield?

Mr. GREENWOOD. I yield.

Mr. MOTT. Did I understand the gentleman to say that no blue-sky law would prohibit the advertising of a foreign security within the State where these advertisements are printed?

Mr. GREENWOOD. No; that was not my statement. I say this system of sale is Nation-wide, and, perhaps, there is a different blue-sky law in every State, and some States have none, and, therefore, there ought to be uniform security for every investor in America, and the Federal Government is the power that can provide this uniform system of protection. The States can assist and support the Federal Government.

Mr. SAMUEL B. HILL. Will the gentleman yield?

Mr. GREENWOOD. I yield.

Mr. SAMUEL B. HILL. You cannot have such uniformity if you incorporate in this bill in section 18 the blue-sky law of the various States, because each State has its own particular blue-sky law. I agree with most of what the gentleman has said here, but if you pass this rule in its present form, there will be no opportunity to eliminate from the bill section 18, which, in my judgment, is absolutely vicious.

[Here the gavel fell.]

Mr. POU. Mr. Speaker, I yield 3 minutes to the gentleman from Missouri [Mr. SHANNON].

Mr. SHANNON. Mr. Speaker, there is not a Member of this House on either side whose heart is not in sympathy with remedial legislation along the lines proposed in this measure.

However, we are now confronted with a rule, an unnecessary one, a gag rule, which permits amendments to be offered only by the committee which has had the bill under consideration. We cannot even offer an amendment to the amendments offered by the committee on the floor.

If I am a reader of the hearts of men, the heart of the Chairman of the Rules Committee is not for these rules that he brings in here day after day.

We are absolutely in the position of the striker in an old-fashioned blacksmith shop. In the blacksmith shop of old, the master smith took his light hammer in one hand and his tongs in the other, and by gentle movements of the hammer he directed the striker, who struck the powerful blows that finally welded into form the work of the shop.

This House is made the striker. We drive these measures through by our votes, as shown in the RECORD. The master smith is the committee, which directs the work, aided, too frequently, by the soft, velvety, and unseen hand of those backing the measure.

The strikers in this congressional shop are given another duty of the striker in the blacksmith shop. By 5 hours' debate we do the work of furnishing the hot air for the bellows; the more we pump the greater the heat to pass a measure we are not permitted to amend, even to the extent of dotting an "i" or crossing a "t", and yet this is called "deliberative legislation."

The gentleman who just left the floor said we had 5 hours to debate this measure. There you have it; we can blow hot and cold on this measure for 5 hours after adopting this infamous rule. [Laughter and applause.]

There is but one man in this House who, year after year, has stood and voted against gag rules whenever offered, and by whichever side offered. I refer to the distinguished gentleman from Nebraska, who got his doctrines from the great leader of the people, William J. Bryan, whose companion and associate he was for many years. Mr. Bryan believed that the people should rule, and not cliques or coteries, either within or without legislative bodies. I am proud that we have in this House Mr. EDGAR HOWARD, who has voted against every gag rule that has come up since he has been a Member of this body. [Applause.]

Mr. Speaker, I yield back the balance of my time.

Mr. POU. Mr. Speaker, I yield 2 minutes to the gentleman from New Jersey [Mr. KENNEY].

Mr. KENNEY. Mr. Speaker, I am in favor of this rule, and I believe every other Member of the House favors it, although there are some who will not admit their approval.

The Federal Securities Act comes here after long and industrious work by the committee which has dealt with it. The committee has given it the greatest and most careful consideration. Its members have spared no effort to present a satisfactory measure. The chairman of the committee, for his particular zeal and industry, is deserving of the utmost commendation.

Now, there is on matter I should like to invite to the attention of the House. In our zeal for the public we must not overlook the protection of advantages now accruing to the employees of many of our great industries. And it is these advantages that I wish to preserve to the employees of the Nation by an amendment which I shall later ask unanimous consent to offer.

In section 4, subdivision (3), of the bill it is provided that the transaction exempted from the provisions of the bill shall include—

> * * * the issuance of additional capital stock of a corporation sold or distributed by it among its own stockholders exclusively, where no commission or other remuneration is paid or given, directly or indirectly, in connection with the sale or distribution of such increased capital stock * * *.

I should, therefore, like to recommend an amendment, which would insert before the word "stockholders" the words "employees or", so as to assure to employees consideration upon the sale or distribution of stock by the corporation to its own stockholders.

Otherwise a corporation inclined to include its employees in an offer of stock to its own stockholders might disregard its employees, because an issuance to them would not be exempted by the provisions of the act.

We all know that our great American public, by investment, has built up our great industries. We know, too, that the employees of our industries have invested in their own enterprises by purchasing out of their wages stock offered to them by their employers on favorable terms. We must preserve the rights and advantages now enjoyed by the employees of our industries. [Applause.]

[Here the gavel fell.]

Mr. POU. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Speaker, ladies and gentlemen of the House, I regret that it was necessary for the Rules Committee to bring in this rule depriving the Members of an opportunity to offer amendments. But I have been for many years vitally interested in legislation of this kind. Three years ago, and again 2 years ago, I pleaded with the committee to give favorable consideration to my bill to regulate the stock exchanges and the issuance and sale of stock.

I realize that there is no perfection in anything and that this proposed legislation is, after all, a compromise. This bill does not go as far as I had hoped it would go. I should like to see included in this bill a provision that would apply not only to the stocks that will be listed but to all stocks that have been listed on the many stock exchanges in the United States.

Mr. HOEPPEL. Will the gentleman yield?

Mr. SABATH. I cannot yield. We have today millions upon millions of shares of stock outstanding that were at the time of listing of questionable value and are now of no value at all, but that are still being manipulated in. The gentlemen who control and manipulate the stock exchanges, hungry as they are for profit and more profit, have listed stocks that should never have been listed, and they will continue for many years to unload worthless stocks upon the American people until we pass a law that will prevent them from perpetrating the frauds that have been practiced upon the people of this Nation for many years. [Applause.]

During the years 1928 and 1929 they listed over 300 different stocks, the majority of which should not have been listed. Yet not only did they do that but they issued false statements to induce people to invest their entire savings in these securities, knowing full well that the securities were worthless and that they were committing fraud upon the Nation.

We are today a nation suffering from the misdeeds of these investment bankers and crooked manipulators on the stock exchanges. I had hoped that we would enact a bill at this time that would forever prevent dishonest listings and transactions. But unfortunately the committee came to the conclusion that at this time they could not do it all in one bill. Consequently I am in favor of this proposed legislation, although I deplore the lack of the provision I mentioned. I believe this measure will remedy to some extent the evils that have been practiced by these dishonest bankers and unprincipled manipulators on the stock exchange.

But I renew the notice that I served on the House three and a half years ago that I will not desist until these invidious and thoroughly reprehensible practices of short selling, "selling against the box", and floor trading are abolished.

Mr. Speaker, ladies, and gentlemen, I am satisfied that if my advice had been heeded and my bill and resolution adopted in 1929 the liquidation of securities then, though necessarily severe, due to the criminal inflation, would never have reached the catastrophic proportions of that in the last 3 years that has brought about a terrific loss in all property value, that has closed thousands of banks, that has forced tens of thousands of small merchants into bankruptcy, and that has thrown 15,000,000 people out of employment. [Applause.]

Mr. POU. Mr. Speaker, I feel constrained to say a word in conclusion. We have here a measure which will be passed by this House with probably very few dissenting votes. And yet we have had the usual complaint about gag rules.

I believe the country is more concerned about what we do than about the way we do it, and I believe that the country is more concerned about the results of our deliberations here than about the way that measures are considered. During this session already quite a number of great measures have been passed. So far as I can judge, the country almost unanimously approves these measures. And yet we have heard someone complain about gag rules whenever these measures were presented to the House. I believe the country is practically unanimous behind this measure, and I believe that when it becomes law there will be very little thought given to whether or not Mr. A from this State or Mr. B from some other State had opportunity to offer amendment. With the Nation facing imminent complete economic breakdown our people demanded action, prompt action. This House has responded. It will hardly be denied that the Nation approves what we have done.

I demand the previous question.

The previous question was ordered.

The SPEAKER. The question is on the adoption of the resolution.

The resolution was agreed to.

Mr. RAYBURN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 5480) to provide full and fair disclosure of the character of securities sold in interstate and foreign commerce and through the mails, and to prevent frauds in the sale thereof, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H.R. 5480, with Mr. ARNOLD in the chair.

The Clerk reported the title of the bill.

The CHAIRMAN. Without objection, the first reading of the bill will be dispensed with.

There was no objection.

Mr. RAYBURN. Mr. Chairman, I yield myself 30 minutes. Before I begin my remarks I feel I must acknowledge gratefully the cooperation of the subcommittee that worked upon this bill and of the 24 members of the committee who worked unselfishly and diligently and patriotically to try to bring in a bill that would meet the hopes that were raised by the President's message and that would cure a situation which has become absolutely intolerable in this country.

I would not feel that I was doing justice to myself or to the committee if I did not also make the same grateful acknowledgment to some gentlemen who have patriotically and unselfishly worked with us. Mr. Houston Thompson, a former member of the Federal Trade Commission, now a resident of the city of Washington, did splendid service upon this bill. Judge Healy and Mr. Miller, of the Federal Trade Commission, also gave their time and talent without stint. Mr. Butler and Mr. Miller, of the Department of Commerce, also gave their time and talent. Mr. Felix Frankfurter, of the Harvard Law School, whose name is known all over the country, and also Mr. James M. Landis, of the Harvard Law School, and Mr. Benjamin N. Cohen, a splendid lawyer of New York, who sat with us during all of the sessions of the committee, gave their splendid talent to us, also Messrs. Beeman and Perley, of the Legislative Counsel, did their usual efficient work.

I am compelled to do something today that I do not usually do, and that is ask the indulgence of the House while I read at least a part of my remarks. I have been with this matter for 3 weeks, day and night, and, frankly, I am just a little tired. If gentlemen will bear with me until I can give them the background and some of the conditions that have grown up in this country which call for this legislation without interruption, then I shall be very glad to answer any questions I can about this very technical measure. In the 20 years that I have been a Member of Congress I have dealt with matters touching interstate commerce. When you deal with matters affecting interstate commerce in transportation you do so with a law that has been upon the statute books for more than 40 years. You have the decisions of the courts as your chart, and you have the decisions of the Interstate Commerce Commission and of the various State commissions. With this bill we are embarking upon a practically new and untried sea; and, as I say, since I have been a Member of Congress, this is the most technical matter with which I have ever been called upon to deal.

The first permanent settlement of English-speaking people in Virginia was accomplished through a joint-stock company. The successors of these early Colonies, through a series of amazing adventures, have wrested a continent from the aborigines, have explored and utilized its natural resources until more than a hundred million people comprise the citizenship of this Republic. The initiative, self-reliance, inventive genius, organizing ability, and industry of the people who have occupied this continent have created a national wealth of some $300,000,000,000.

The production and distribution of goods by the Americans have given rise to new institutions and to many refinements and new uses of old methods. The corporation has reached a development and has been put to uses never dreamed of by the adventurers who united their slender capital in a joint-stock company to found a colony in the wilderness of Virginia.

The conquest of this continent was made by individual human beings, each pursuing his own happiness in his own way. There was impatience with restraint. Rugged individualism characterized the pioneer. Thomas Jefferson and Andrew Jackson, the idols of frontiersmen, were trusted and followed as they taught that the best government is the least government. Those were the days of a self-reliant agricultural people. During the past 75 years this country has experienced an industrial revolution. Through corporations, great aggregations of capital have been assembled to build railroads, develop mines, fell forests, fabricate goods, and finally to carry on the ordinary processes of merchandising.

The early corporations were in each case composed of a few stockholders who contributed to a joint fund. These stockholders never traded in their own stock. The corporations usually were closed. If the ventures were successful, the profits were divided between those who contributed the capital; if unsuccessful, the contributors of the capital lost what they had risked—that is, the amount they had paid into the capital stock. As corporations became older, as their founders died, as their operations became more extensive, as they came to demand increasing and frequent additions of capital, their stockholders ceased to be a few fellow adventurers known to each other and became a multitude. The relations between the stockholder and the corporation ceased to be personal and became impersonal.

The thousands of stockholders of a great corporation have come to trust implicitly the board of directors. The directorates have come to be composed of men who sit on many such boards. In our investigation of the stock ownership and control of railroads, we found that the chairman of the board of one railroad was a director in some 70 other corporations. In such a situation—and this is rather typical—the board of directors have to rely on the officials of the corporation. Where the stock is widely distributed, as is the case of so many American corporations, the officials of a company, through the use of proxies and of the advantage they have in obtaining proxies, are able to continue in office without much regard to their efficiency. The proof is that when a corporation goes into receivership some official of the corporation is usually appointed receiver. Two hundred companies own 25 percent of the total wealth of the United States. We have in this country more than 300,000 corporations. The total assets of all nonbanking corporations in 1930 have been estimated at $165,000,000,000. (American Economic Review, March 1931, pp. 15 and 16.) The combined assets of the 200 largest of these corporations amounted in 1930 to $81,000,000,000. That is, 200 big corporations control half of the wealth of all the nonbanking companies. Two hundred companies have as much assets

as the more than 300,000 smaller companies. When we look to the New York Stock Exchange, we find that 130 of the largest companies control more than four fifths of all the assets of all the companies represented by securities listed by the exchange.

To indicate the importance to the American people of stocks and bonds, we merely have to call to mind that 75 percent, probably 80 percent, of American business wealth is owned and controlled by corporations and that 200 of the biggest corporations control 40 percent or more of all business wealth. In 1928 the National Industrial Conference Board estimated that the total national wealth was $360,000,000,000. In this wealth is included agricultural land and improvements, residential real estate, personal property including automobiles, and a large volume of Government property. In agriculture the corporation is still relatively unimportant. Yet when we consider the total national wealth, we find that 200 corporations control roughly one fourth of the total wealth of this country. To recapitulate, 200 of our biggest companies out of more than 300,000 corporations control one fourth of the total national wealth, two fifths of the business wealth other than banking, one half of the corporate wealth, and more than four fifths of the wealth represented by the securities traded in on the stock exchange. The influence of these 200 big companies is not limited to themselves. They dominate or in some measure determine the policies of many of the smaller corporations. About 2,000 individuals making up the dominant directors and officials of our largest corporations really control or dominate more than one half of the industry of this country.

During the past 10 years the big corporations have grown in size much more rapidly than the smaller companies. Further, to illustrate the rapidity of the growth of our big corporations, the National Industrial Conference Board—in its bulletin no. 30, published February 25, 1930—estimated an increase between 1922 and 1928 in the national wealth of 12½ percent as compared with an increase in the assets of 200 of the largest corporations of 45 percent. That is, while the national wealth was increasing at an annual rate of 2 percent, the assets of 200 big companies was increasing at an annual rate of 6 percent. A list of these 200 nonbanking corporations may be found in a book by Berle and Means entitled "The Modern Corporation and Private Property", page 19.

In 1800 the corporation was used in this country mainly for undertakings of public interest, such as the construction of turnpikes, bridges, and canals, and the operation of banks and insurance companies. Up to 1800, 355 profit-seeking corporations had been formed in the United States. Today we have a thousand corporations for one that existed in 1800. The operation of half of our industry is now in the hands of 200 companies. This concentration has brought a change in the character of competition, and production is carried on under the ultimate control of a very few individuals. What is of great concern is that the value of tangible goods is becoming increasingly dependent upon these corporate organizations.

With the concentration of the ownership of our national wealth in corporations there has also developed a dispersion of stock ownership. Of 144 companies out of the 200 largest corporations in this country, 20 each had less than 5,000 stockholders, 71 companies each had over 20,000 stockholders, and more than one half of the assets belonging to the 200 largest corporations were held by companies each with 50,000 stockholders or more. These 144 largest companies whose stock lists have been examined reported 5,800,000 stockholders of record. According to an investigation made by your Committee on Interstate and Foreign Commerce, under authority given by this House, it was found that the largest stockholding of the Santa Fe Railroad was only three fourths of 1 percent of the total and there were over 59,000 stockholders. The largest holding of the Southern Pacific Co. was 1.65 percent of the total and there were over 65,000 stockholders. The largest holding of the Southern Railway Co. was 1.9 percent of the total and there were over 20,000 stockholders. The largest holding of the Baltimore & Ohio was 2½ percent of the total and there were nearly 40,000 stockholders. In 1931 the Pennsylvania Railroad reported more than 240,000 shareholders of record; the United States Steel Corporation, 174,500; the American Telephone & Telegraph, 642,000.

The managements of these big corporations, as a rule, own an insignificant percentage of the outstanding voting stock. For example, the management of 44 steam railroads owns only 1.2 percent of the common stock, the management of 22 gas companies owns only 1.4 percent of the common stock, the management of 36 mining corporations owns only 1.8 percent of the common stock, the management of 378 transportation and public utility companies owns only 1.2 percent of the common stock, the management of 46 electric light and power companies owns only about 4 percent of the common stock, the management of 102 telephone companies owns only about 5 percent of the common stock, the management of 53 petroleum mining companies owns only about 5 percent of the common stock, the management of 43 coal mining companies owns only 8 percent of the common stock, the management of 1,363 manufacturing companies owns only about 15 percent of the common stock, the management of 4,367 corporations engaged in all sorts of industries owns less than 11 percent of the common stock.

It is estimated that in 1928 there were 18,000,000 stockholders of corporations in the United States. This is an increase of about 50 percent over 1920. Much of this increase in numbers has been due, in a very large measure, to the sale of securities to customers and to employees of corporations.

Merely to bring home to the Members of this House the great importance of supervising trading in the securities of corporations, in the interest of honesty and fair dealing, I will give you some figures compiled in 1922. The total par value of outstanding stock in mining and quarrying in 1922 was $8,775,000,000, and the estimated number of stockholders of record was 2,000,000. Of manufacturing corporations, the par value of outstanding stock in 1922 was estimated at $3,400,000,000, with over 3,000,000 stockholders of record. In transportation, the total par value of outstanding stock was $17,532,000,000, with 3,293,000 stockholders, of which the steam railroads had $8,600,000,000 par value of stock, with 965,000 stockholders. As a further illustration of the importance of corporation securities to American investors, it has been estimated that in 1922, 54 percent of the reported income from investment was received from corporate securities, and in 1927, 63 percent.

When we consider the welfare of our people the enacting of this bill into law seems imperative. Any casual consideration of the development of this country impresses on one that the size of our industrial unit is increasing, and with its growth there has come a dispersion in the ownership of the unit. Today an important part of the wealth of individual citizens consists of interest in great enterprises of which no single person owns a major portion. Today the owner does not possess actual physical properties but he holds a piece of paper which represents certain rights and expectations. But the owners of these pieces of paper have little control over the physical property; the owners of these pieces of paper carry no actual responsibility with respect to the enterprise or its physical property.

As Professor Berle so well says:

> The spiritual values that formerly went with ownership have been separated from it. * * * Physical property capable of being shaped by its owner could bring to him direct satisfaction apart from the gain it yielded. * * * It represented an extension of his own personality. * * * This quality has been lost to the property owner.

Again the value of the wealth of a particular person is coming more and more to depend on forces beyond his own reach and control. The wealth of the individual is represented by securities subject to the great swings in the appraisal by society of its own immediate future. Wealth in this form can be directly enjoyed by its owner in a less and less degree. Only through sale in the market can the owner

obtain direct use of his wealth. In other words, the owner of securities is chained to the market. The purpose of this bill is to place the owners of securities on a parity, so far as is possible, with the management of the corporations, and to place the buyer on the same plane so far as available information is concerned, with the seller. Many of us in this House come from small communities where most of the wealth consists of real estate and improvements. In such a situation, the corporation is of importance only as our constituents purchase and consume the products and services of corporate endeavor. Those in this House who come from industrial centers, from the so-called "metropolitan areas" in which we have permitted an amazing concentration of activity, are familiar with the fact that today the owner of shares in a corporation possesses a mere symbol of ownership, while the power, the responsibility, and the substance which have characterized ownership in the past have been transferred to a separate group which holds control. It is for the protection of these 18 million owners of symbols that this bill has been drawn.

We have, on the one hand, 18,000,000 passive citizens having no actual contact with their companies; on the other hand, a few hundred powerful managers directing and controlling the destinies of the companies and the physical properties which they own. The owners of these symbols are entitled to know what the symbols represent. Those who are interested in purchasing these pieces of paper have the right to demand information as to the actual condition of the issuing company. Up to this time such information has depended on the grace of an intrenched management. These managers are truly trustees. One of their duties as trustees is to furnish security owners, in being and in prospect, with reliable information. This bill has been drawn to enforce that responsibility.

Mr. BRITTEN. Mr. Chairman, will the gentleman yield there for the purpose of giving us his definition of the word "management"?

Mr. RAYBURN. The ones in active control—the president, the vice president, and the board of directors.

A few individuals really control the destinies of these companies. Millions of people own the stocks and bonds of the corporations; that is to say, the actual wealth, the physical property, the mines, the railroads, the ships, the factories, the warehouses, the office buildings, the gold in the vaults of the central banks, the raw materials awaiting the processing of the manufacturer, the finished products in the warehouse or in transit are owned in most cases by corporations. The rank and file of the people possess stocks and bonds; that is, evidences of a share in equities or of a claim in the event of corporate failure.

The conditions under which these stocks and bonds are issued have been those of the greatest freedom. P. T. Barnum once remarked that the American people pay to be gulled. Millions of citizens have been swindled into exchanging their savings for worthless stocks. The fraudulent promoter has taken an incredible toll from confiding people. So-called "blue sky laws" have been passed by the States in an effort to arrest the predatory promoter and outright swindler.

May I say right in this connection that the bill as proposed by the committee preserves the jurisdiction of the States' securities commissions to regulate transactions within the States. We think it is proper to uphold the laws of the States and by this measure we prohibit the sale through the instrumentality of interstate commerce or by the mails of a security, the sale of which is unlawful in that State. Upon this section of the bill two members of the committee filed a minority report. The other members of the committee cannot agree with their reasoning. We not only believe that Congress has the power to enact such a provision but we believe that it is only just that we should do so.

This bill is not so much a response to the frauds of criminals as it is to the reticence of financiers. Today we are forced to recognize that the hired managers of great corporations are not as wise, not as conservative, and sometimes are not as trustworthy as millions of American investors have been persuaded to believe. During the last 12 years, an era that is falsely designated as one of prosperity, American people lost perhaps a hundred billion dollars through the purchase of stocks and bonds. This catastrophe so colossal as to stagger the imagination did not come upon our people through the machinations of the common fraud. This loss of an amount equal to perhaps a third of the total national wealth did not follow from the kind of confidence game against which parents warn their sons. It came through the leadership that the average investor had a right to believe that he could trust. These securities were peddled among the people by firms like Halsey, Stuart & Co. and by great financial houses like the National City Bank.

Through the deliberate action of the hired officials of our greatest corporations, we have had during the past 15 years an amazing inflation of credit. The printing press has been used to turn out bright new stock certificates to distribute among the stockholders. These new stocks have been distributed as dividends, have been impounded to support issues of bonds. These bonds have been offered over the counter of every bank in exchange for the savings and surplus funds of depositors. The printing presses were not slowed down until the market for securities was paralyzed through the literal impoverishment of millions of people. More than $200,000,000,000 in bonds were issued and sold and are now outstanding. Hundreds of billions of stock were sold, not as offerings in highly speculative enterprises, but they were represented to be evidences of valuable equities in established and going concerns. As the result of this bald inflation directed by the hired managers of our big corporations, we have bonds outstanding almost to the amount of the actual wealth of this country. This orgy of inflation has imposed upon the physical properties of this country fixed charges far beyond the present productive capacity of the country to meet. This unbridled expansion has rendered the stocks almost worthless. A friend of mine, the other day, showed me a list of holdings which within the past few years had been purchased for $165,000 in cash. Last week when we were going over the list, the value according to the quotations of the day was less than $25,000.

These hired officials of our great corporations who permitted, who promoted, who achieved the extravagant expansion of the financial structure of their respective companies today present a pitiable spectacle. Five years ago they arrogated to themselves the greatest privileges. They scorned the interference of the Government. They dealt with their stockholders in the most arbitrary fashion. They called upon the people to bow down to them as the real rulers of the country. Safe from the pitiless publicity of Government supervision, unrestrained by Federal statute, free from any formal control, these few men, proud, arrogant, and blind, drove the country to financial ruin. Some of them are fugitives from justice in foreign lands; some of them have committed suicide; some of them are under indictment; some of them are in prison; all of them are in terror of the consequences of their own deeds.

This bill is drawn to enable a would-be purchaser of a bond or of a stock to require some information from the officials of the issuing company. The financial statements of the most conservative and the most reputable of our corporations are more mystifying than enlightening. The average stockholder cannot tell much about the condition of his company from the statements he receives. The inquiring investor has been able to get little except blurbs. This bill undertakes to define the duty of officers of corporations issuing securities, of syndicates underwriting issues, the duties of these corporate officials to the investing public. It undertakes to fix responsibility for information.

As set forth fully in the report, this bill prohibits the sale of securities in interstate commerce which are not registered with the Federal Trade Commission. The registration statement must contain complete information and all facts asked for under schedule A to be found in the last pages of the bill. If the Commission finds that any of the questions

asked, or information demanded, are not full and complete, they have the authority to refuse registration. If after registration it is discovered that the registration statement omits to state any material fact or makes a false statement, the Commission may issue a stop order, and the security can only be sold after issuance of the stop order in violation of the laws and subjects the seller to both civil and criminal liability.

The prospectus or advertisement of the security, if it is more than a mere announcement of the name and price of the issue offered, must include any part of the matter contained in the registration statement which the Commission, in its discretion, may require. The purpose of this section is to insure that prospective buyers of securities may have a complete understanding of the transaction in which they are invited to participate.

Let me repeat that what we seek to attain by this enactment is to make available to the prospective purchaser, if he is wise enough to use it, all information that is pertinent that would put him on notice and on guard, and then let him beware. On the other hand, we demand of the seller that he give full and complete information with reference to the security offered, under penalty of both civil and criminal liability if he evades or conceals material facts. If the seller is a wise man he will also beware. The people expect the Government of the United States to be clean. They expect the men who run it to be clean. This must be so if the people are to have confidence in, and respect for, their Government and fight in peace and in war to preserve it. Their Representatives have the right to demand that the men who run the business of the country shall conduct a clean business, to be fair and honorable with the other people of the country. In this bill we demand not only a new deal, we also demand a square deal. Less than this no honest man expects nor a dishonest man should have. When a people's faith is shaken in a business the business becomes halting and lame; when a people lose faith and confidence in the men who administer government it follows as the night the day they lose faith in government. Only one thing can follow in the wake in this destroyed confidence, that is, lack of support; and in its wake must follow the evils that attend socialism, bolshevism, and communism. We have reached the time in this country when we need the best brains and the greatest patriotism of large business, small business, the little man, big man, and all Americans who love the flag, to protect and defend their institutions if they are in these awful times to be preserved. [Applause.]

Mr. KELLER. Mr. Chairman, will the gentleman yield?

Mr. COX. Mr. Chairman, will the gentleman yield for a question?

Mr. RAYBURN. I believe the gentleman from Illinois [Mr. KELLER] was on his feet first, but let me say about yielding, that there are other gentlemen on the subcommittee who are very able to discuss this, as well as other gentlemen on the committee who want some time. If I take too much time, it would do them a great injustice. I should be very glad to yield during the few minutes remaining that I have allotted to myself.

Mr. KELLER. Mr. Chairman, does the requirement of registration apply to stocks already listed on the stock exchange or only to new stock?

Mr. RAYBURN. New stocks.

Mr. KELLER. Does the gentleman mean to say that all stocks now listed on all of the stock exchanges are entirely free from the operation of this law?

Mr. RAYBURN. They are to this extent: If a company has put its stock upon the market but goes out and buys that up and makes a new issue, then that new issue will come under the provisions of this bill. If a corporation had authorized an issue and had sold none of it and holds it in its treasury, that all comes under this bill. If it has sold 10 percent or 20 percent or 50 percent, what it still holds in its treasury is subject to the provisions of this bill.

Mr. KELLER. Why should it not apply to all stocks already issued?

Mr. RAYBURN. Frankly, the committee discussed that very thoroughly, and we doubt very seriously whether or not we can do that, and we doubt very seriously whether or not it would be very helpful in trying to gather up those stocks that are scattered throughout the country. In other words, there must be a provision in this bill somewhere that has to do with an isolated transaction. Otherwise we will follow those stocks through. This bill makes absolutely responsible the issuer, the underwriter, and the dealer. It makes him responsible civilly if he sells stocks upon a misrepresentation; it makes him guilty of fraud and criminally liable if he sells it with misrepresentation and fraudulent intent. We believed if we went as far as this bill goes, as far as we probably can go, we would have been challenged by lawyers throughout the country and the act would have been held up in the courts at a very early date. If we can from now on with the stocks that are issued, if we can from now on with the stocks that have been issued and not sold, if we can, when these great corporations go out and buy up their own stocks that they have distributed to the public and then reissue, if we can cover those things, our committee thought we were going a long way for one enactment, and that we had better try that out for a while before we entered the broader and more uncertain field.

Mr. KELLER. I can only say that I am sorry there is not some application made as to all stocks.

Mr. COX. Will the gentleman yield?

Mr. RAYBURN. I yield.

Mr. COX. I, of course, agree with the gentleman on the desirability of the things sought to be accomplished, but I wonder if the gentleman is prepared to discuss the question of the competency of Congress to do the things which are proposed in the resolution that is before us. For instance, I presume it is conceded that it is in the exercise of the commerce powers of the Constitution that this resolution comes to this House. As I understand from a hurried reading of the bill, it is proposed to extend that power beyond the point of where the courts have heretofore said an article becomes a part of commerce. In other words, the courts have held, without dissent, that no article is a part of commerce until it has entered the channel of commerce. Here it is proposed, as I take it from a reading of the bill, to reach back to the point of the preparation or production or manufacture of the article which is intended to be put into commerce.

The CHAIRMAN. The time of the gentleman from Texas has again expired.

Mr. RAYBURN. I yield myself 5 additional minutes, and then I will not take any further time.

Mr. COX. Is it the position of the gentleman that Congress has a right to supervise and control, or exercise any influence whatsoever, upon the formation of a corporation, which is a thing done entirely within the domain of the State?

Mr. RAYBURN. Not at all, and if a man does not intend to sell these securities in interstate commerce he is not compelled to register them.

Mr. COX. But does the gentleman contend that the mere intention to put his products in interstate commerce empowers the Congress to impose a condition that attaches then, and prior to the time the article does actually enter commerce?

Mr. RAYBURN. No; and that is not what this bill does.

Mr. COX. Then what does the language of section 20 mean?

Mr. RAYBURN. This bill says to the man who issues a security, "You may register that security; you are not compelled to register that security, but if you do not register it and you send it through interstate commerce we will penalize you."

Mr. COX. That, I understand, is probably within the power of Congress; but what is the meaning of the language in section 20?—

Whenever it shall appear to the Commission, either upon complaint or otherwise, that the provisions of this act, or of any rule or regulation prescribed under authority thereof, have been or are

about to be violated, it may, in its discretion, either require or permit such person to file with it a statement in writing, under oath—

And so forth. In other words, what is the meaning of the language "about to be violated" if it is not proposed in this resolution to extend the power of Congress to the point of the mere intention to do a certain thing which cannot, under the rulings of the court as heretofore held, be a part of commerce until it actually enters the channel of commerce?

Mr. RAYBURN. Well, if a man has any property in interstate commerce or the Commission decides he has made a false statement in his registration, and that the seller is making false representations in circulars that he is circulating——

Mr. COX. But is a mere circular, is a mere representation, commerce, within the meaning of the law?

Mr. RAYBURN. It is not commerce unless something you are selling in commerce attends it.

Mr. COX. But a mere representation, a mere prospectus, or a mere advertisement, is that property, in the sense that the advertisement represents something of value?

Mr. RAYBURN. If it travels in interstate commerce or through the mails I do not see any reason why the Congress has not the power to deal with it.

Mr. COX. Does not the gentleman see in this measure the projection of the Federal power, under Congress exercising its authority under the commerce clause to the point of uprooting and destroying all police power of States, insofar as the regulation of purely intrastate matters is concerned?

Mr. RAYBURN. No; because this bill specifically provides that nothing in this act shall be construed to in anywise interfere with any State law on this subject, but it goes farther than that and says that the States shall be protected, and that it shall be unlawful to ship into a State through the instrumentalities of interstate commerce or the mails, a security, the sale of which is prohibited in that State.

Mr. COX. But is it the contention of the gentleman that it is in the competency of Congress to confer any commerce powers upon a State?

Mr. RAYBURN. That is a moot question.

Mr. COX. It is not a moot question in law, but it may be moot here, as far as the attitude of the gentleman is concerned.

Mr. RAYBURN. I do not think we have to approach that in this bill. If the gentleman remembers the Reed law and the Webb-Kenyon law——

Mr. COX. The gentleman is here proceeding under the decision of the Court as set out in the *Kansas Liquor case*.

[Here the gavel fell.]

Mr. RAYBURN. Mr. Chairman, I yield myself 2 additional minutes.

Mr. SUMNERS of Texas. Mr. Chairman, will the gentleman yield?

Mr. RAYBURN. I yield, for I have no doubt the gentleman is better informed on the law of this matter than I am.

Mr. SUMNERS of Texas. I understood from the statement of my colleague that what is attempted to be done is the establishment of conditions precedent to engaging in interstate commerce.

Mr. RAYBURN. That is right.

Mr. COX. Of course it is within the power of Congress to fix a condition.

Mr. SUMNERS of Texas. A condition precedent.

Mr. COX. Yes; a condition precedent.

Mr. SUMNERS of Texas. As I understood my colleague, the intention was to undertake to establish regulatory conditions for engaging in the interstate commerce of securities.

Mr. RAYBURN. That is true.

Mr. COX. And merely gives the use of the instrumentalities of commerce upon the condition that these conditions have been complied with. It is not within the power of Congress to confer——

Mr. RAYBURN. That is exactly what this bill seeks to do. In effect it says to a man, "You do not have to register this security, but if you are going to sell it in interstate commerce, or through the mails, you will violate the law unless you do register.

[Here the gavel fell.]

Mr. PARKER of New York. Mr. Chairman, I yield myself 20 minutes.

Mr. Chairman, no one could possibly object to the principles set forth in this bill. There are certain clauses in the bill that I personally do not like.

This is the worst time in the history of the country to write a bill of this kind. As the gentleman from Texas so well said, this is the most intricate bill we have ever seen, and he and I have been members of the Committee on Interstate Commerce for the same length of time, 20 years.

This bill is written, and we cannot help it. It is written in the spirit of prejudice, because we have had before us in the past 3 or 4 years perfectly colossal, rotten failures in several large corporations and in several of the large banks of the country, which does not leave us in the proper mental attitude to write a bill of this magnitude and have it as clear as it should be. We are very apt to bend over backwards.

Two things must be considered in connection with this bill. We want to protect the gullible investor, the investor who has been imposed upon. This is tremendously important. But more important is the protection of the honest business man upon the success of whose business depends the success of the country. Under present conditions we are apt to think only of the man who has lost his money and not think of protecting the men who are trying to do business and do business honestly.

The gentleman from Michigan spoke about the directors being guarantors. The gentleman from Texas very emphatically brought out the small percentage of interest that the directors have in the large corporations.

For illustration, let us say you are a director of the United States Steel Corporation. It is nothing unusual for this corporation to bring out an issue of $10,000,000 of stock or debentures. If the directors of this company have got to be guarantors of every single statement that is made, nobody would sign the statement, because the directors cannot know. They must depend upon their accountants, their engineers, and their appraisers for statements.

Now, if they willfully make a misstatement, I am willing to go as far as anybody possibly could go. Send them to jail if the misstatement is willful. But if it is a statement founded on a mistake made by somebody else after the use of due diligence, I do not believe they should be held personally responsible.

Mr. COX. Is the gentleman conceding that the commerce clause of the Constitution confers upon Congress authority to carry the Federal power to the point of holding liable one who merely participates in the formation of a corporation within a State?

Mr. PARKER of New York. I am not. I am not discussing the constitutionality of it; I am discussing the wisdom of it.

Mr. COX. Does not the gentleman appreciate the fact that the extension of the principle announced in this bill simply means the swallowing up of the police power of the States by the Federal Government?

Mr. PARKER of New York. In answer I will simply say that the Senate bill does carry that absolute guaranty to the investor.

Mr. COX. Could not Congress accomplish what it seeks—that is, the full play of State laws—by making possible their application to all these matters, as it did when it made subject to State laws liquor transported within a State where traffic was prohibited?

Mr. PARKER of New York. That is an entirely different question.

Mr. COX. Certainly. This is the proposition: It is within the power of Congress to withdraw immunity from

any article entering commerce which it may see fit to do, subjecting the article to the operation of State law.

Mr. PARKER of New York. Yes.

Mr. BRITTEN. Mr. Chairman, that is not quite correct, I am sure. The gentleman has confined his question to intrastate business and not interstate business.

Mr. PARKER of New York. This law does not affect intrastate business in the least.

Mr. BRITTEN. Of course it does not, but the gentleman answered in the affirmative.

Mr. COX. Let me make this observation: It is within the power of Congress to declare that an article loses its interstate character upon entering a State where the article is under the condemnation of State law.

Mr. PARKER of New York. I will answer the gentleman in this way: If, in the gentleman's State, it is illegal to sell a certain article, this law makes it illegal to ship it in from another State. Is that clear?

Mr. COX. I did not catch the gentleman's statement.

Mr. PARKER of New York. If it is illegal to sell any particular article or any bond in the gentleman's State——

Mr. COX. The sale of which is claimed to be legal because of its interstate character?

Mr. PARKER of New York. No; because your State makes it illegal by your own law.

Mr. COX. Here is the position I take——

Mr. PARKER of New York. Let me answer the gentleman's question first. If the laws of your State make it illegal——

Mr. COX. That is, have outlawed traffic in a certain article——

Mr. PARKER of New York. All right, then, it is illegal to ship it in interstate commerce into your State under this bill.

Mr. COX. That is correct, sir, but could not Congress do that same thing as applied to all the States without involving the question of encroachment upon the sovereign rights of States——

Mr. PARKER of New York. I do not think they have.

Mr. COX. By simply making a declaration to the effect that any article in commerce entering any State, traffic in which is prohibited by that State, loses its interstate character?

Mr. PARKER of New York. I will say to the gentleman that it was the intention of the committee to do exactly what the gentleman is advocating, as I understand it.

To get back to the liability of directors, if you should follow out the policy of making the directors civilly liable—I would make them criminally liable for any misstatements if they were made intentionally, but that is a different proposition—when you make a man liable for a misstatement when he has employed the very best accountants he can get, the very best engineers he can get, the very best appraisers he can get, and then he sits in his office with the board of directors and they go over these figures and use the utmost diligence in setting forth what is correct, I believe they should have the opportunity to go before the Commission and prove that they did not know and therefore should not be held. The burden of proof under this bill is not on the buyer; the burden of proof is on the director, and he must go before the Commission and prove that he did not make a false statement knowingly.

Mr. STUDLEY. Will the gentleman yield?

Mr. PARKER of New York. Certainly.

Mr. STUDLEY. Does this bill reach the dealer in securities as well as the directors?

Mr. PARKER of New York. Yes; just the same.

Mr. STUDLEY. And the brokerage and bond houses that sell the securities?

Mr. PARKER of New York. Yes; just the same.

There was some discussion about stocks that are already listed. If the theory of the gentleman from Missouri and the gentleman from Illinois were carried out and the stocks that are now listed on the market were required to be registered, you would close every market for months at least, or until they could get the registration papers ready; and allow me to say that in the New York Stock Exchange, the Curb Exchange, and I presume in the Chicago Exchange, they require more data to be filed with them before a stock is registered than we require under this bill.

Mr. MOTT. Will the gentleman yield?

Mr. PARKER of New York. Yes.

Mr. MOTT. I am pleased to hear the gentleman state that. Does the gentleman know that the Insull stock and the stock of the Central Public Service Corporation of Illinois, two of the biggest rackets in the country, were listed on the New York and Chicago Stock Exchanges?

Mr. PARKER of New York. That is perfectly true, but you can go right down the list and take any stock that you have in mind, and you will find that taking any railroad stock, for instance, they have gone down, and gone down to practically nothing.

Mr. MOTT. The gentleman knows why they listed that stock on the New York Stock Exchange.

Mr. PARKER of New York. I am not defending the stock exchange or going into that question at all. The gentleman can do that in his own time.

Mr. MOTT. I shall try to.

Mr. BRITTEN. Will the gentleman yield for a question?

Mr. PARKER of New York. Yes.

Mr. BRITTEN. I am interested in the statement the gentleman just made. He indicated to his former questioner that the New York Stock Exchange and the Chicago Stock Exchange require greater detail in statements upon the listing of new securities than may be required by this bill.

Mr. PARKER of New York. As great, anyway; yes.

Mr. BRITTEN. How are we going to protect the prospective investors in the future if they have not been protected in the past by the filing of statements of a more detailed character than the ones we are now requiring?

Mr. PARKER of New York. I will answer the gentleman in this way: When they file a misstatement with the New York Stock Exchange or any of the other large exchanges their stock is immediately taken off the board, and it is a greater penalty to the stockholders to have that stock taken off the board than any fine you could possibly put on.

Mr. BRITTEN. If I may ask the gentleman one more question, if that is true—and I am satisfied it is—what protection are we giving to the poor lamb in the street who may buy more stock, when we are not improving existing conditions?

Mr. PARKER of New York. We have gone as far as human ingenuity can go. If you will take the bill and read schedule A and schedule B, if there is anything you can think of that we have not asked them to file, I wish the gentleman would tell me what it is.

They have to file what compensation the company is going to get from the sale, and as the gentleman from Texas says, they have to register and wait 30 days before they sell.

Mr. MERRITT. Will the gentleman yield?

Mr. PARKER of New York. I yield.

Mr. MERRITT. The issuer and the underwriter are absolutely liable?

Mr. PARKER of New York. That is what I said.

Mr. BRITTEN. Will the gentleman yield?

Mr. PARKER of New York. I yield.

Mr. BRITTEN. Will not the effect of the bill be this because of the deflation in value? Will not the bill have this effect: That the big corporations from now on will issue no more stock, but continue to do business for years with the present stock issue, whereas if the legislation was not in force they might reduce the outstanding stock 3 to 1 or even 10 to 1? This bill prevents that, and I think it is a bad thing.

Mr. PARKER of New York. If they can go on and do business with the present stock issue, I do not think it is a hardship. We are trying to protect the man who buys stock. There have been millions and millions of fraudulent stocks sold in this country in the last 10 years, and that is what we are trying to stop. I do not want to stop the honest man from doing business.

Mr. HASTINGS. Will the gentleman yield?

Mr. PARKER of New York. I yield to the gentleman from Oklahoma.

Mr. HASTINGS. I am much interested in this discussion. I was wondering if the committee had considered having the stock that is now issued and previously issued registered.

Mr. PARKER of New York. Yes; but did not approve.

Mr. HASTINGS. I can see a difficulty with reference to the outstanding issues of stock; there is so much of the stock that in order to protect the public the committee should have taken into consideration the outstanding stock issued before this time.

Mr. PARKER of New York. The gentleman from Oklahoma does not understand the question. That stock is already on the market now; it is being peddled and distributed by individuals who are selling their holdings. That is not covered. If you paid $100 for stock, and it is now down to $10, all right, you get your $10. That is not covered in this bill. You will have to accept your loss.

Mr. MOTT. Will the gentleman yield?

Mr. PARKER of New York. I yield.

Mr. MOTT. The gentleman is very familiar with the provisions of the bill, and I would like to name three outstanding financial wreckages. One is the Insull Co., the second is the Central Co., and the other is the Foshay Co. How, if this bill had been in force at the time that stock was sold, would it protect the public from the investment?

Mr. PARKER of New York. In this way: They have up to 10 years to go through the registration and certificate, and if the registration certificate were not correct on it you could sue them civilly and criminally.

Mr. MOTT. What good would it do to sue them criminally 7 or 8 years afterward?

Mr. PARKER of New York. There is an old saying that you cannot protect a fool from his folly.

Mr. BRITTEN. Will the gentleman further yield?

Mr. PARKER of New York. Yes.

Mr. BRITTEN. Is there anything in the bill that would prevent a condition of this kind? A big utility corporation, like the Cities Service Co., a highly regarded company—is there anything in the bill to prevent the company buying up its stock today and foisting it back on the public?

Mr. PARKER of New York. Under this bill it would be absolutely illegal. They could not do it, because they would immediately become dealers. The definition of a dealer governs that, and it covers their own stock. They would be dealing in their own stock.

Mr. SAMUEL B. HILL. Mr. Chairman, will the gentleman yield?

Mr. PARKER of New York. Yes.

Mr. SAMUEL B. HILL. After this bill goes into effect I understand that stocks listed on the stock exchange will have to be registered just the same as other stocks?

Mr. PARKER of New York. Stocks that are listed now?

Mr. SAMUEL B. HILL. That will be listed.

Mr. PARKER of New York. Yes.

Mr. SAMUEL B. HILL. Do the securities that are listed on the stock exchanges and which become the subject of open-market operations through those exchanges enjoy exemptions which are not equally applicable to other stock issues?

Mr. PARKER of New York. Not at all.

Mr. SAMUEL B. HILL. So there is nothing here that really places the stock listed on the stock exchanges in a preference class as against other stocks?

Mr. PARKER of New York. Not at all. The only preference they get is the confidence of the people that they are sound, because as a matter of fact more people will look at the stock market than will ever look at the prospectuses that are gotten out by the Federal Trade Commission; they know that if a stock is listed that at least the prospectus has been filed with the Federal Trade Commission.

Mr. SAMUEL B. HILL. Section 18 prohibits the sale through the channels of interstate commerce in the States having so-called "blue sky laws", and the language is:

To sell or deliver, directly or indirectly.

To what extent does that section prohibit sending advertising matter, circulars, newspapers, through the mails or by radio, which does not result in a sale or delivery, directly or indirectly, of the securities? In other words, does it prohibit the advertising through the channels of interstate commerce within those States, without first having complied with the securities acts of the various States?

Mr. PARKER of New York. Yes. I am not clear upon that, but my impression is that it does.

Mr. SAMUEL B. HILL. The language is "to sell or to deliver directly or indirectly", and I am wondering if when it does not result in a sale or delivery whether there will be any violation of the act.

Mr. PARKER of New York. There will be no harm done in that case.

Mr. BRITTEN. Mr. Chairman, will the gentleman yield?

Mr. PARKER of New York. Yes.

Mr. BRITTEN. What is the penalty for a dealer, a so-called "corporation", dealing in its own stocks?

Mr. PARKER of New York. It is just the same as though they were putting out new stock. To use an illustration, if Cities Service should put up its own stock and advertise it and sell it to the gentleman at 50 under a fraudulent statement, a fraudulent registration, then the gentleman can recover from them in a civil suit.

Mr. BRITTEN. But they would not be registered at all.

Mr. PARKER of New York. They have got to register when they operate as a dealer.

Mr. BRITTEN. Suppose they sell through a dealer?

Mr. PARKER of New York. Then the dealer has to register.

Mr. BRITTEN. He will not register that stock.

Mr. PARKER of New York. He cannot help it, unless it is an isolated transaction.

Mr. BRITTEN. I am talking about stocks now on the board.

Mr. PARKER of New York. He cannot get rid of it, if he is going to sell it to the public, unless he registers it.

Mr. BRITTEN. The gentleman means because it comes from a corporation?

Mr. PARKER of New York. It does not make any difference where it comes from.

Mr. BRITTEN. Evidently I have not made myself clear to the gentleman. I am talking about stocks now outstanding. The corporation buys it in, paying a small amount of money for it.

Mr. PARKER of New York. Yes.

Mr. BRITTEN. It inflates that stock in value as they have done in the past, illegally or otherwise.

Mr. PARKER of New York. Yes.

Mr. BRITTEN. It then has its broker offer that stock for sale.

Mr. PARKER of New York. Yes.

Mr. BRITTEN. Surely that stock is not going to be listed.

Mr. PARKER of New York. That stock would have to be listed. It is practically new stock. The only thing that is exempted would be an isolated transaction. If the gentleman had some stock and sold it through a broker to me, that would not have to be registered. If the gentleman advertised it for sale, it would have to be registered, be it old or new stock.

Mr. BRITTEN. Suppose the corporation, being the owner of the stock, does not advertise it, but merely through ordinary channels turns it over to its broker.

Mr. PARKER of New York. The broker could not sell until he had it registered. He would have to have it registered through the corporation, and be subject to the Federal Trade Commission.

Mr. BRITTEN. That stock will never have been listed, I am sure, even under the provisions of this bill.

Mr. PARKER of New York. I am certain they would not sell it, unless they violate the law.

Mr. REILLY. What becomes of the banker in another State that sells the stock, stock issued under this law, which



has the approval of the Federal Trade Commission? Suppose it comes to my State and a local banker sells the stock, and it turns out to be fraudulent. Is he liable under the bill?

Mr. PARKER of New York. No; it would be the original sellers.

Mr. KELLER. Mr. Chairman, will the gentleman yield?

Mr. PARKER of New York. Yes.

Mr. KELLER. The gentleman was chairman of this same committee for some years.

Mr. PARKER of New York. Yes.

Mr. KELLER. Does the gentleman think this bill will help matters?

Mr. PARKER of New York. I think it will very decidedly.

Mr. KELLER. The gentleman knows of the investigation of the Pujo Committee?

Mr. PARKER of New York. Oh, yes; I was in Congress at that time.

Mr. KELLER. Why was not a bill of this kind written some years ago?

Mr. PARKER of New York. Your powers of prophecy are just as good as mine. I could not tell.

Mr. KELLER. Not to embarrass the gentleman, but what I am trying to ask is, Could this not have been prevented if a proper law had been passed years ago?

Mr. PARKER of New York. It could have been prevented, but still this speculation of the last 4 or 5 years is what brought this to the public attention. As the gentleman from Texas [Mr. RAYBURN], so well pointed out, corporate interests did not amount to much 20 years ago. They have grown by leaps and bounds until practically everything in this country is run by corporations, and we are all stockholders. There are very few of us who have any property except pieces of paper which represent an interest in a certain corporation.

Mr. KELLER. As a matter of fact, has not every one of the panics in recent years, since the Civil War, been precipitated by a stock crash on the New York Stock Exchange?

Mr. PARKER of New York. Well, to a certain extent, the gentleman is probably correct.

Mr. ADAMS. Will the gentleman yield?

Mr. PARKER of New York. I yield.

Mr. ADAMS. As I understand it, certain information must be given to the commission prior to the registration?

Mr. PARKER of New York. Yes.

Mr. ADAMS. Does this bill, in the gentleman's opinion, make adequate provision for the availability of that information to the public?

Mr. PARKER of New York. Why, it is a public record.

Mr. ADAMS. I am asking for information.

Mr. PARKER of New York. Yes; it is a public record; and after the application, if you are going to form a corporation and you file your prospectus, answer all these questions, and I am going to underwrite or handle it for you, I cannot sell it for 30 days after you have filed your prospectus, so that everybody will have a chance at least to be put on notice as to what is behind that stock.

Mr. ADAMS. In other words, there are no rules and regulations by which the public may be prevented from getting the information?

Mr. PARKER of New York. Not at all.

Mr. BRITTEN. Will the gentleman yield right there?

Mr. PARKER of New York. Yes; I yield.

Mr. BRITTEN. The hearings before the gentleman's committee bear out my contention quite conclusively.

Mr. PARKER of New York. I think the gentleman has the Senate hearings.

Mr. BRITTEN. Well, they were just handed me.

Mr. PARKER of New York. That is the Senate hearing.

Mr. BRITTEN. Mr. Huston Thompson says this:

As I said before, my interpretation is that any security that has been put on the market and is being sold is exempt.

Exempt from this act. I was talking about securities that are on the market and are being resold. They will never be listed, and this same inflation, this same method of extraction from the public, will occur again unless by some means that stock can be listed.

Mr. PARKER of New York. It is specifically stated in this bill that if a company buys and trades in its own stock, advertises and puts it back on the market, it must be registered.

Mr. BRITTEN. On a reissue?

Mr. PARKER of New York. Yes; and on an old issue, too. The minute they become dealers, dealing in their own stock, they must register the stock.

Mr. McFADDEN. Will the gentleman yield?

Mr. PARKER of New York. I yield.

Mr. McFADDEN. That does not prevent the organization of pools entirely outside the company from accumulating that stock and reselling it?

Mr. PARKER of New York. It absolutely does, because they are dealers under the definition of "dealers", if the gentleman will read that definition.

Mr. McFADDEN. I am referring to stock that is not under this rule and is not a new issue, but is an established issue, like United States Steel or General Electric.

Mr. PARKER of New York. Yes.

Mr. McFADDEN. Pools can be organized and accumulate that stock when it is low and then unload it on the public when it is high. Does the gentleman mean to tell me they must register that stock?

Mr. PARKER of New York. If they are dealers, they certainly must. If they advertise through interstate commerce, they certainly must register that stock.

Mr. McFADDEN. Suppose there is a confidential pool that is buying just through three or four brokers and accumulating it; does the gentleman mean to say that those brokers must register that stock with this board?

Mr. PARKER of New York. I think a confidential pool would come under the heading of fraud, because they must register it, and if they do not register it, it would be pure and simple fraud.

Mr. KELLER. Will the gentleman yield?

Mr. PARKER of New York. I yield.

Mr. KELLER. What does this do with regard to holding companies?

Mr. PARKER of New York. Oh, this has nothing to do with that.

Mr. KELLER. They are going to do just as they please?

Mr. PARKER of New York. Oh, there is a bill regarding holding companies to be considered next week. We had an investigation that lasted over 2 years on holding companies.

Mr. KELLER. Thank you.

The CHAIRMAN. The time of the gentleman from New York [Mr. PARKER] has again expired.

Mr. HUDDLESTON. Mr. Chairman, I yield 20 minutes to the gentleman from North Carolina [Mr. BULWINKLE].

Mr. BULWINKLE. Mr. Chairman—

We advocate protection of the investing public by requiring to be filed with the Government and carried in advertisements of all offerings of foreign and domestic stocks and bonds true information as to bonuses, commissions, principal invested, and interests of the sellers.

These are the words of a plank in the Democratic national platform of 1932.

In compliance with that platform pledge, the President of the United States on March 29, 1933, in a message transmitted to the first session of the Seventy-third Congress, among other things said:

Of course, the Federal Government cannot and should not take any action which might be construed as approving or guaranteeing that newly issued securities are sound in the sense that their value will be maintained or that the properties which they represent will earn profit.

There is, however, an obligation upon us to insist that every issue of new securities to be sold in interstate commerce shall be accompanied by full publicity and information, and that no essentially important element attending the issue shall be concealed from the buying public.

This proposal adds to the ancient rule of caveat emptor, the further doctrine "let the seller also beware." It puts the burden of telling the whole truth on the seller. It should give impetus

to honest dealing in securities and thereby bring back public confidence.

The purpose of the legislation I suggest is to protect the public with the least possible interference to honest business.

The necessity for this declaration in the party platform and the necessity of the message of the President of the United States arose from the fact that for the past 10 years the United States has been flooded with not only worthless stock but fraudulent stock as well. The amount in value that the people of the United States paid for these securities is purely a conjecture, but it is safe to say that it runs well into the billions.

Many of these securities that were worthless were in a sense handled by American dealers, who made vast profits upon the same, and the American public who bought them have held the bag ever since. Every Member here present is familiar with the testimony of the various investment bankers before the Senate committee, and nearly everyone has read those lurid advertisements issued by American concerns advising the American public to purchase these securities.

During the past 10 years, therefore, the American dealers, the American underwriters, the American investment bankers, and the officers of American corporations in many instances were responsible for the sale of these worthless and fraudulent securities. But they alone were not to blame. The administration aided in no small degree the sale to the American public of these securities.

The necessity for this legislation is apparent to all, and the objective to be sought by the legislation is the publicity of all necessary and material facts connected with the sale of securities in interstate commerce. In other words, the title of the bill is—

To provide full and fair disclosure of the character of securities sold in interstate and foreign commerce and through the mails, and to prevent frauds in the sale thereof, and for other purposes.

The committee, after extended hearings, referred the matter to a subcommittee, consisting of the chairman and four other members of the committee, who diligently and carefully, with the assistance of the capable legislative drafting service, brought before the full committee the bill now under consideration, H.R. 5480.

The necessity for legislation of this character having been admitted by practically all, including many of the investment houses and dealers in securities in the United States, and the objective being, as I have stated before, to give full publicity to the sale of all securities in interstate commerce, the question will then be asked, "How do you propose to attain this objective?" And it is not amiss for me, in the brief time that I have at my disposal, to state how the end will be accomplished under the bill if it is enacted into law.

Every issuer, every dealer, every underwriter, who would sell securities in interstate commerce, either by newspaper advertisement or by radio or any means of transportation or communication, must obtain a registration statement from the Federal Trade Commission. This statement must show all the information required in schedule A or schedule B, under such rules and regulations as the Federal Trade Commission should hereafter prescribe. And the careful study by you of schedule A and schedule B will show the extent of the information which will be required by every issuer, dealer, or underwriter who attempts the sale of securities in interstate commerce. The registration statement should be—

Signed by the issuer or issuers, its principal executive officers, its principal financial officers, its comptroller or principal accounting officers, and the majority of its board of directors or persons performing similar functions (or, if there is no board of directors or persons performing similar functions, by the majority of the persons or board having the power of management of the issuer), and, in the event that the issuer is a foreign or Territorial person, by its duly authorized representative in the United States—

And so forth.

The requirements here are that the board of directors of a corporation and its managing officers must know what they are signing. They are not only liable civilly for an untrue statement of a material fact and for the omission to state a material fact, but they are also criminally liable when they fail to do that which was required of them and which was done with the purpose to defraud the purchaser of the security.

There are many classes of exempted securities from the provisions of this bill, as well as exempted transactions. Any security issued prior to within 60 days after the passage of this act is exempt, and also any security issued by the United States or any Territory, or by the District of Columbia, or by any State of the United States, or any political subdivision thereof, or by any corporation created and controlled or supervised by and acting as an instrumentality of the United States, Federal bank, State bank, notes, drafts, bills of exchange, or bankers' acceptance; securities issued by religious, educational, benevolent, fraternal, and charitable bodies for reformatory purposes and not for pecuniary profits; securities issued by building and loan associations, savings and loan associations; securities issued by a common carrier; certificates issued by a receiver or by trustee in bankruptcy; any insurance policy issued by a corporation subject to the supervision of the insurance commissioner; and also the Commission may from time to time, by its rules and regulations, add any class to these exempted securities if it is found by the Commission that the enforcement of the act is not necessary for the public interests.

And then we have the exempted transactions, transactions by an issuer and by a broker, and the distribution by a corporation of its stock dividends, and so forth. Subscribers of shares of the organization of the corporation are under certain restrictions. So you can find that with the exempted transactions and the exempted securities under the act and under the rules and regulations of the Commission, that the public and business will in no wise be affected.

Mr. SAMUEL B. HILL. Mr. Chairman, will the gentleman yield?

Mr. BULWINKLE. I shall be pleased to.

Mr. SAMUEL B. HILL. Directing the gentleman's attention to page 9 of the bill, line 5, can he tell us if open market transactions on the stock exchange are exempted; are they permitted?

Mr. BULWINKLE. Yes.

Mr. SAMUEL B. HILL. This portion of the bill does not refer to transactions in securities that are registered, or, to ask the question in another way, need the securities be registered in order to be exempt under this provision?

Mr. BULWINKLE. No.

Mr. ARENS. Mr. Chairman, will the gentleman yield?

Mr. BULWINKLE. Certainly.

Mr. ARENS. Was it the intention of the committee to exclude from the exemptions enumerated on page 7, lines 4 and 5, cooperative organizations? Was it the intention of the committee that the provisions of this act should apply also to farm cooperative organizations?

Mr. BULWINKLE. May I ask the gentleman if the cooperatives he has in mind lends money except for the business of the members of the organization?

Mr. ARENS. I do not know of any that do, but they do sell stocks and securities.

Mr. BULWINKLE. If they sell stocks as an issuer or a dealer or underwriter, then of course they will come under the provisions of this act.

Mr. ARENS. Cooperatives should be exempted from the operation of this act, for they are not organized for profit.

Mr. BULWINKLE. That is correct.

Mr. ARENS. Was it the intention of the committee to include cooperatives that are not organized for profit?

Mr. BULWINKLE. To be frank about it, the consideration of cooperatives did not come up before the committee, but I do not see how the ordinary stock of the cooperatives will come under the provisions of this act.

Mr. ARENS. Would the committee accept an amendment specifically naming them in the exemptions?

Mr. BULWINKLE. I would suggest that the gentleman take it up with the chairman of the committee. Personally, I would have no objection to it at all.

Mr. BRITTEN. Mr. Chairman, will the gentleman yield?

Mr. BULWINKLE. I yield.

Mr. BRITTEN. Of course, if the stock of the cooperative enters into interstate commerce and is sold, and it is a new issue, that stock will have to be listed under the provisions of this bill.

Mr. BULWINKLE. Certainly; but I understood that the gentleman from Minnesota wanted to exempt the original issue, although I think it is covered under the exemptions. It may not be. So far as I am concerned personally I will be perfectly willing that they be included.

Mr. ARENS. I think the intent of the bill is to exempt cooperatives, but the language is not plain. Several of the cooperatives have asked me to offer an amendment of the nature I have indicated.

Mr. RAYBURN. I may say to the gentleman that no such provision was ever suggested either to the full committee or to the subcommittee. As far as I am concerned individually, if an amendment of the nature indicated by the gentleman is adopted in the Senate, speaking for myself alone, as a conferee I would certainly agree to it.

Mr. BRITTEN. Mr. Chairman, will the gentleman yield further?

Mr. BULWINKLE. I yield.

Mr. BRITTEN. The gentleman from Texas will agree to such an amendment, provided it is not organized for profit; but the gentleman did not say he would agree to an amendment that would authorize a cooperative to exchange in interstate business new securities it may be selling.

Mr. RAYBURN. I would agree to certain types of cooperatives being included in the exemption.

Mr. DOBBINS. Mr. Chairman, will the gentleman yield?

Mr. BULWINKLE. I yield.

Mr. DOBBINS. As I understand the bill, it does not exempt the securities of public-utilities companies?

Mr. BULWINKLE. No.

Mr. DOBBINS. The only public-utilities securities which are excepted are common carriers.

Mr. BULWINKLE. Common carriers come under the jurisdiction of the Interstate Commerce Commission.

Mr. DOBBINS. Was any consideration given in the committee to exempting them since they have already been passed upon by existing commissions?

Mr. BULWINKLE. They are not exempted.

Mr. DOBBINS. I am glad they are not, but some State laws do exempt them.

Mr. STUDLEY. Mr. Chairman, will the gentleman yield?

Mr. BULWINKLE. I yield.

Mr. STUDLEY. Is this bill intended to reach municipal bonds?

Mr. BULWINKLE. No; they are exempt.

Mr. STUDLEY. Is the bill intended to reach bonds of irrigation districts or levee-improvement districts?

Mr. BULWINKLE. Those are all exempted.

Mr. STUDLEY. There is nothing in the bill which could prevent the issuance of these bonds and their sale in interstate commerce?

Mr. BULWINKLE. The act does not apply to any subdivision of a State government or any instrumentality of any State government.

Furthermore, under the provisions of the act, an applicant shall have 30 days after the filing with the Commission, except as otherwise provided, and if the Commission should find that the statement is incomplete in any material respect, the Commission may cause amendments thereto to be filed. And, also, if it appears to the Commission, if the registration statement contains any untrue statement of facts or omits to state any true condition of facts, a hearing can be had, and the Commission can issue a stop order.

The power is given to the Commission not to guarantee the securities to the purchasers thereof but merely to require that there be filed with the Commission a true and accurate statement of all material facts, which the purchaser of a security should have knowledge of.

Then, the advertisement, which covers all notices, circulars, communications by radio, and so forth, must contain certain facts which the investing public have a right to know before purchasing the securities. Then, in addition to that, the registration statement is a public record, which under the proper rules and regulations, any person can examine, or cause to be examined, before purchasing the securities. Under the provisions, then, of this act there can be no more "old counselors", who, by means of radio, cause the widows and others to invest in securities which are worthless. For the information of the new counselors it will be so that any person of ordinary intelligence, by due care and due diligence, can protect himself against purchasing securities which are either fraudulent or worthless.

Mr. BRITTEN. Mr. Chairman, will the gentleman yield?

Mr. BULWINKLE. I yield.

Mr. BRITTEN. Is there anything in this bill which will preclude an issuing house from carrying in its advertisements the fact that an issue has been listed with the Federal Trade Commission, or approved by the United States Government, and by so doing convey a false representation of its character?

Mr. BULWINKLE. Yes. Under the original bill which was introduced an express provision was put in the bill that they could not advertise that they had listed. In my opinion, and I think I am correct, under this bill that subject is covered.

Mr. HUDDLESTON. If the gentleman will permit, that subject is covered by section 22 of the bill and is fully covered to the satisfaction of everyone.

Mr. BULWINKLE. Yes; it is fully covered.

The machinery of the bill is not complicated or it is not hard to understand. It will not prove unjust to any issuer of securities, dealer, or underwriter, but it will prove an aid to every purchaser of securities. It fully complies with the Democratic platform. It fully complies with the message of the President of the United States, and it should be enacted into law for the benefit of the public as well as the benefit of all legitimate sellers of securities. [Applause.]

Mr. MAPES. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. KELLY].

Mr. KELLY of Pennsylvania. Mr. Chairman, I am for this securities bill for two reasons. First, it will provide a measure of protection for the investing public. Second, it will give protection to honest and legitimate industry which has been, in many instances, made the victim of greedy and ruthless investment bankers.

The report of the committee on this measure states that during the past 10 years some fifty billions of securities were floated in the United States, and that fully half, or twenty-five billions, have proved to be worthless.

Involved in that statement are countless tragedies for individuals who lost all their possessions because of misplaced trust in supposedly reliable institutions.

Just as important is the tragic effect upon industrial enterprises and the workers who have invested their lives and their labor in them. The committee report contains this statement:

> Because of the deliberate overstimulation of the appetites of security buyers, underwriters had to manufacture securities to meet the demand that they themselves had created. The result has been that investment bankers, with no regard for the efficient functioning of industry, forced corporations to accept new capital for expansion purposes in order that new securities might be issued for public consumption. Such conduct has resulted both in the imposition of unnecessary fixed charges upon industry and in the creation of false and unbalanced values for properties whose earnings cannot conceivably support them. Whatever may be the full catalog of the forces that brought to pass the present depression, not least among these has been this wanton misdirection of the capital resources of the Nation.

Mr. Chairman, this excess capitalization took great sums which should have gone into American purchasing power through increased wages and shorter hours. This money expanded productive capacity at the expense of buying power and had a part in creating the lack of balance which is mainly responsible for our deplorable situation. If we can take the destructive hand of the investment banker off industry, a long forward step will be taken out of the present jungle.

BREAKDOWN OF INDUSTRIAL MACHINE

There is no use evading the main problem. Our economic order has broken down. Everyone admits it, even the captains of industry who have been parading past the House Labor Committee on the 30-hour week bill.

We will not remedy conditions until we deal with the disease, not symptoms. The false dawn which has been seen at times during the past 4 years has given way each time to greater darkness.

I hold in my hand a circular sent out last June by a large investment firm. It was issued at a time when a rise in prices had brought hope to many persons.

The circular contains a chart showing the booms and the depressions since 1860. Strangely enough, this chart does not show a single year where business followed the line marked "Normal." Every year was abnormally high or abnormally low. The depressions gave way to boom periods and they in turn went down into the gulfs of panic.

This investment broker says:

> You will see that during certain periods of America's economic progress there were certain definite areas of profit. This was just at the bottom of depressions and profits made by wise investors were then "panic profits", because they were made by investors who took advantage of panics and depressed conditions and bought sound securities at the lowest prices and sold them when prices were high, the proper time to sell always.

This investment concern staked its reputation on the statement that 1932 would be the year of profits. Those who followed their advice would reap tremendous gains immediately.

We know that after the temporary unturn, prices of stocks and commodities went to the lowest point in history. It was certain to be so, since there was no solid foundation for our industrial structure. It was built on quicksands.

Cutthroat competition in production and prices and lack of purchasing power through unemployment and part-time wages made impossible the fulfillment of the rosy promise of 1932 as the profit year.

CONTROL OF PRODUCTION

Mr. Chairman, we will be compelled to control the actual products as well as the pieces of paper called securities. This bill deals with symbols. Far more important is control over the realities, the goods back of the symbols.

Last night, before the United States Chamber of Commerce, the President of the United States made an eloquent plea for far-seeing industrial leadership. Here is what he said:

> I call your attention to what must be clear to all of us, that each and all of you in your own units and your own industries are but an integral part of a great whole, and that our national economy must be expressed in terms of the whole rather than in terms of the unit.
>
> It is ultimately of little avail to any of you to be temporarily prosperous while others are permanently depressed. I ask that you translate your welfare into the welfare of the whole, that you view recovery in terms of the Nation rather than in terms of a particular industry; that you have the vision to lay aside special and selfish interests, to think of and act for a well-rounded national recovery.

PRIVATE INDUSTRY CANNOT ACT

The President correctly expressed the need. But I submit that under present conditions it is impossible for industrial leaders to carry out any program based on unified action and regard for industry as a whole.

Few of them can look beyond the interests of their own companies. They know that wage reductions mean lower purchasing power and thus prevent recovery. That fact does not help them meet the pay roll on Saturday.

Then those who see their own industry as a whole cannot agree with other members of the industry on the all-important matters of prices and production. Any effective agreement is in violation of the antitrust laws.

The attempts at cooperation which are permissible have uniformly proved futile on account of a "racketeer" minority which seeks to profit by breaking any agreement made.

No, Mr. Chairman; we must get it into our heads that new economic conditions have made a new order of things imperative. We must amend our minds as well as amend the laws.

We face the situation described in the problem given Washington high-school students recently.

Through a mistake in orders, two freight trains, each a thousand feet long, faced each other on a single track. A spur 500 feet long runs from the track to a dead end. How are the trains to pass each other?

Now, Mr. Chairman, they might work on improving the roadbed until doomsday, but that would not serve. No matter how much the efficiency of the engines was bettered, it would not help the trains to pass.

One thing only was needed. That was clear thinking to evolve the required plan. With that clear thinking the problem was easily solved, and the trains proceeded on their way.

We are in a deadlock today. In October 1931 Justice Brandeis, from the United States Supreme Court bench, pointed out that "unprecedented unemployment, a catastrophic fall in commodity prices, and economic losses" had brought an emergency greater than war.

During the year and a half since that time the tragic process has continued, and every effort made has failed to bring industrial recovery. We are swamped in a man-made depression. The depths we have reached make further inaction the most radical proposal possible.

FEDERAL ACTION NECESSARY

There must be immediate action to establish effective control of our vast industrial machine. Private industry is helpless alone. The Government of the United States must lay out the program for industrial recovery and secure the cooperation of every industry and every group in this time of emergency.

We must honestly recognize that unbridled competition has failed as a working principle in our modern industrial age. It must be curbed and controlled for the protection of the public. It is this cutthroat competition which has driven prices of most commodities below production cost.

It is this unrestrained competition which has resulted in millions of men being deprived of their jobs, with wages for those still employed brought to a mere subsistence level.

Only through partnership control by industry and government such as I suggest can the evils of child-labor and sweatshop practices be eliminated. These evils are growing in industrial States and will continue as production rises. They form a vicious method of unfair competition which results in cutthroat prices and destruction for humane and right-thinking employers. Only through such control will we be able to deal with these vicious industrial methods indulged in by a minority in every industry.

Mr. Chairman, the gentleman from Texas [Mr. RAYBURN] has just referred to the wealth of the United States in 1928 as the gigantic sum of 360 billions of dollars.

With poverty all around us in 1933 we forget that there is more real wealth today than in 1928. We have 20 million more acres under cultivation. We have 150,000 more miles of improved roads. We have more buildings, more machines, more airways, more waterways, more gold, and more currency. We have 5,000,000 more people than in 1928, with their wants and needs.

No one denies our ability to produce not only roofs, rations, and raiment for every American but also comforts and luxuries for all.

All that is necessary is for industry and government to meet their tasks in a spirit of teamwork. The real job of industry is to provide food, clothing, and housing, and other goods for Americans. The real job of government is to organize the economic life of the Nation so that every citizen shall have a fair chance to earn a decent living for himself and his family.

Today both industry and government stand convicted of failure. Success can only come through cooperation in putting 13,000,000 unemployed men back to work making the goods so badly needed.

FEWER WORKERS, GREATER PRODUCTION

Mr. Chairman, the outstanding fact in our industrial system is that machine development has progressed until production can be increased without any increase in the number of workers.

The year 1919 marks that turning point. While in the 20 years before that year the production per worker remained about the same, in the next 10 years it increased about 50 percent. By 1929 production had greatly increased but 3,000,000 workers were out of work because machines had taken their places.

The following table gives a comparison between 1923 and 1927.

Industry	Change in output	Change in employment
Oil: Petroleum refining	84 percent more	5 percent less.
Tobacco	53 percent more	13 percent less.
Meat: Slaughtering, packing	20 percent more	19 percent less.
Railroads, 1922-26	30 percent more	1 percent less.
Construction, Ohio only	11 percent more	15 percent less.
Automobiles, 1922-26	69 percent more	48 percent more.
Rubber tires	28 percent more	7 percent more.
Bituminous coal	4 percent more	15 percent less.
Electricity, 1922-27	70 percent more	52 percent more.
Steel	8 percent more	9 percent less.
Cotton mills	3 percent more	13 percent less.
Electrical equipment	10 percent more	6 percent less.
Agriculture, 1920-25	do	5 percent less.
Lumber	6 percent less	21 percent less.
Men's clothing	1 percent more	7 percent less.
Paper		Do.
Shoes	7 percent less	12 percent less.

The unemployment which began in 1928 has been increased continually as purchasing power declined.

The following table compares 1929 with 1932, not only as to wages but other elements of purchasing power:

[All figures are in millions of dollars]

	Wages	Dividends	Interest	Rent	Other	Total
Year 1929:						
Raw materials	$3,537	$492	$327	$1,291	$5,469	$11,116
Manufacturing	17,966	2,546	209	182	7,115	28,018
Distribution	17,129	625	52	1,780	8,288	27,874
Services	14,931	1,776	2,064	2,598	1,218	22,577
Total	53,563	5,439	2,652	5,851	22,080	89,585
Year 1932:						
Raw materials	2,354	219	222	673	2,544	6,012
Manufacturing	8,015	1,001	88	101	1,709	10,914
Distribution	6,552	135	14	1,010	4,210	11,921
Services	10,544	803	1,135	1,303	852	14,637
Total	27,465	2,158	1,459	3,087	9,315	43,484

Mr. Chairman, unemployment is not due to coincidence or famine or accident or economic law. It is due to uncontrolled human action. We had far better attempt to control that human action in industry now than attempt to control it when chaos has come.

The price of survival is a planned and controlled economy. If it cannot be provided in our democracy, it will be provided under some other form of government. For my part I want to help prove that democracy can preserve itself by assuring jobs and a decent living for all its people.

Mr. Chairman, for 3 years I have pointed out that the unemployment which is the root evil in this depression has been due to the unbridled competition which destroyed all balance between production and consumption.

I introduced in 1931 a measure to meet that condition in the bituminous-coal industry, the sickest of all our industries. It provided for sound cooperative control of production and prices.

Then in the first session of the Seventy-second Congress I introduced a measure for the creation of a national board to cooperate with all industries in coordinating production and prices and restoring employment.

I reintroduced that proposed legislation on the first day of this session. I believe such a plan will meet the need pointed out by the President's Committee on Recent Economic Trends. This body of distinguished Americans boiled down two huge volumes into the single statement that our economic ills are mainly due to the fact that we have not provided social inventions to match our mechanical inventions.

The bill I have introduced establishes a governor for our industrial machine to meet this emergency need. It will prevent destructive processes due to uncontrolled competition.

Under the plan I have proposed we can solve the great triple problem of prices, wages, and hours. It will empower industrial leadership to act for the public good. It will give American workers "sharity" instead of charity. It will give protection against forces which have dragged us at their heels. It will provide a method through which America can use her men, machines, money, and materials for the security and prosperity of the Nation.

In this program of coordinating production and balancing it with purchasing power there are several essential features. There should be a declaration of the existence of a national economic emergency undermining the standards of living of the American people. The declared policy of Congress should be to harness the resources of Government and industry to the task of providing employment and expanding purchasing power.

BOARD FOR INDUSTRIAL RECOVERY

There should be a national board appointed by the President for the coordination of industry. It should be empowered to cooperate in the organization of trade associations within each industry. Its purpose should be to help increase employment, expand purchasing power, and stimulate the recovery of private business.

It should be guide and umpire, acting with the industrial group in the establishment of fair production plans and reasonable prices.

This board should have power to approve agreements made by the trade groups within the industry. When the agreement is shown to be such as will tend to increase employment, the board should have the power to exempt such agreement from the restrictions of the antitrust laws.

The board also should be authorized to call upon the Reconstruction Finance Corporation for the advancement of credit facilities where necessary.

TRADE ASSOCIATIONS

There should be responsible and effective trade associations organized within each industry. Where such organizations now exist they should be utilized. Where they do not exist, they should be organized. In all cases proper rules and regulations must make these associations really representative of the industry, or its subdivisions, with freedom of membership for all in the industry and fair voting representation for each member or unit.

Upon these associations would rest the responsibility for initiating price and production standards and establishing fair trade practices. The national board would have the veto power as to the agreements made.

In order to meet the menace which has destroyed cooperative efforts to better conditions in the past, there must be power to deal with the so-called "racketeers" in industry. They are always present. When 82 percent of the cotton textile manufacturers agreed to the 8-hour day and a prohibition of night labor for women and children, the 18 percent outside destroyed the benefits desired.

The Appalachian Coals Corporation, just given a tentative approval by the Supreme Court, involves the agreement of 73 percent of the operators. The 27 percent outside will inevitably destroy the stabilization which is attempted.

There must be compulsion for the minority of blind and destructive operators in every industry. This can be accomplished by the declaration that violation of an agreement, fairly made and approved, shall be considered unfair competition within the meaning of the Federal Trade Commission Act.

COLLECTIVE BARGAINING

The workers employed in these industries should be guaranteed the right of collective action. The establishments and industries benefited should be required to guarantee to employees the right to organize and bargain collectively

through representatives of their own choosing. No employee should be required to refrain from joining an organization of his own choosing.

The hours of labor should be agreed upon by representatives of organizations of employers and employees. This method would permit of elasticity, under the express requirement that the hours of labor should progressively absorb unemployment in the industry.

PUBLIC WORK CREATING PROGRAM

As an essential part of the program for industrial recovery there should be an adequate place for public improvements. Funds should be provided for needed projects such as highways and those post-office branches, stations, and garages which now add about $7,000,000 yearly expense for rental charges. There are needed river and harbor improvements, ship-building, and flood-control projects, which would add to the national wealth. Far more important, they would expand purchasing power. The money expended would immediately enter the channels of business and create the demand needed to start the wheels of private industry.

Under the controlled production made possible by the cooperation of Government and industry the balance between production and consumption can be reached and maintained.

Restore American purchasing power. The way to that objective is through wages to workers. That money circulates rapidly from worker to merchant, to manufacturer, and it continues to circulate. Of course, Mr. Chairman, there will be difficulties in substituting a system of regulated cooperation for one of unbridled competition. Difficulties have never yet daunted the American spirit. The builders of this Republic found dangers and difficulties as they conquered the continent, but they went through to Golden Gate.

Price and production control seems a danger to many persons. It does not arouse fear in the breast of the hard-driven business man, who faces ruin because of unrestrained competition. Prosperity and less-than-cost prices cannot live together. What matters the ruinously low prices of today to the millions who cannot buy at any price? What really matters is providing jobs for workers with pay sufficient to purchase goods sold at profitable prices.

There will be cries of paternalism against these suggestions I have made. Well, we have followed stark individualism to almost complete destruction, and a change in course should not horrify anyone. But this is not paternalism. It is self-help, with the Government and industry cooperating in the public interest.

My colleagues, there is no time to lose. We are, indeed, at war and the enemy has captured one fourth of our people. The jobless and their families make up 30,000,000 Americans lost to the Republic in every economic sense.

Not only do they add nothing to the national wealth but they cost billions for just such relief as will keep body and soul together.

Have we not witnessed enough human misery to impress us with the need of united action? Have we not suffered sufficiently to make us realize that all industry today is affected with a public interest? To those who protest against any interference with property rights I answer that there will soon be no property rights if we do not protect human rights. To those who cry "unconstitutional" I answer in the words of Justice Brandeis:

We do not need to amend the Constitution. We only need to amend men's minds.

Two forces oppose the necessary action. Those who desire destruction and overthrow wish us to drift on to ruin. There are also stupidly selfish interests who will permit destruction rather than surrender what they regard as their right to reap profit from the helplessness of others.

Both these enemies can be overcome by enlightened representatives of the great mass of the people, who ask only a square deal and no favors.

Mr. Chairman, after passing this securities bill, let us pass a security bill setting up an agency for the teamwork of industry and government in establishing a fair and stable price level, balanced production, fair wages, and regular employment. [Applause.]

Mr. RAYBURN. Mr. Chairman, I yield 10 minutes to the gentleman from Indiana [Mr. PETTENGILL].

Mr. PETTENGILL. Mr. Chairman, I wish to confirm everything said by the preceding speaker, the gentleman from Pennsylvania [Mr. KELLY]. That must be one of the next steps, but this is one of the first steps that must be taken. A burned child fears the fire, and the public has taken such a terrific burning with worthless securities in recent years that I doubt if investment can be tempted back into industry unless the public feels more sure in the future than it has been warranted in feeling in the past, that when they again buy securities they are going to buy not only with open eyes but with honest information, so that they can see what they are buying—that the cards will not be stacked against them. This is a part of the new deal; and if there is any bill in the President's program that fits into the description of a new deal with respect to the shuffling of a pack of cards, it is this particular bill, because the cards have not been shuffled honestly in recent years, as we all know. They have been shuffled very dishonestly—so much so that the testimony before our committee is that the American public has been swindled out of $25,000,000,000 in the last dozen years, almost as much as the World War cost us.

The particulars of the bill have been well covered by previous speakers, and I think I would be trespassing on your time if I were to attempt to again go over the bill itself; but in view of the long years that this bill has been maturing in the minds of liberal and progressive thinkers of America, and as a tribute to a great man in the rich evening of his life, I want to go back just a little in the historic background of the bill. The President in his message urging Congress to enact this legislation said:

What we seek is a return to a clearer understanding of the ancient truth, that those who manage banks, corporations, and other agencies, handling or using other people's money, are trustees acting for others.

In his inaugural address the President said:

There must be a strict supervision of all banking and credits and investments. There must be an end to speculation with other people's money.

These words of the President, "other people's money", were first used to attract the attention of the Nation 20 years ago by a man who for the past 40 years has taken a preeminent part in progressive and liberal thinking, and in behalf of honest relationships betwen human beings, a man whom I consider of all the men who have participated in public life in the last 40 years, who are still active, as the outstanding one of them all, the economic prophet, and the greatest liberal of our time, Mr. Justice Louis D. Brandeis, now of the United States Supreme Court. If you want to get the background of this bill you should read his book, Other People's Money, published in 1913. In 1913 the American public had just taken another terrible beating by the unscrupulous money changers of the Nation. Another Mellen—spelled M-e-l-l-e-n—had wrecked the New Haven Railroad. Others of his stripe had been bringing great insurance companies of New York almost to their knees, causing the famous Armstrong and Pujo investigations.

Twenty years ago Mr. Justice Brandeis saw the necessity of this very legislation, and I am quoting from his book in which he speaks of the fraudulent practices prevailing then. This bill, this part of the new deal, is a child of the new freedom of the Wilson administration, because I am convinced from my reading of Wilson's speeches that if we had not entered the World War, if the attention of the American people had not been distracted by the World War, as early as 1914, legislation along this line would have been enacted in Wilson's first term. Justice Brandeis says:

We must break the money trust or the money trust will break us.

That has a familiar sound to it, 20 years after the words were written. He goes on:

The Interstate Commerce Commission said in its report on the most disastrous of the recent wrecks, the one of the New Haven Railroad:

"On this directorate were and are men whom the confiding public recognize as magicians in the art of finance and wizards in the construction, operation, and consolidation of great systems of railroads. The public, therefore, rested secure that with the knowledge of the railroad art possessed by such men investments and travel should both be safe. Experience has shown that this reliance of the public was not justified as to either finance or safety."

And now permit me to quote a little further from Justice Brandeis' book. The opening paragraph of that book is a quotation from a speech made by Woodrow Wilson in 1911, when Governor of New Jersey, as follows:

The great monopoly in this country is the money monopoly. So long as that exists our old variety and freedom and individual energy of development are out of the question. A great industrial nation is controlled by its system of credit. Our system of credit is concentrated. The growth of the Nation, therefore, and all our activities are in the hands of a few men, who, even if their actions be honest and intended for the public interest, are necessarily concentrated upon the great undertakings in which their own money is involved and who, necessarily, by every reason of their own limitations, chill and check and destroy genuine economic freedom. This is the greatest question of all; and to this statesmen must address themselves with an earnest determination to serve the long future and the true liberties of men.

"The long future and true liberties of men." Disagree as we may with various acts of Woodrow Wilson, it must be admitted that in this respect he foresaw the future of today with uncanny prophecy. The great monopoly in this country is still the money monopoly, and it is because statesmen have not addressed themselves in recent years to that question that we are in the greatest and cruelest depression of American history. It was the money changers of Wilson's time who fought to the last gasp the weakening of that monopoly through the Federal Reserve System, which was the first great challenge to the money changers of our generation, as President Roosevelt's program is the second challenge.

It is the great tragedy that the administration of the Federal Reserve System has in recent years fallen under the control of those same money changers who have used the system to finance speculation both here and abroad.

Justice Brandeis says further at various points in his book:

But this enlargement of their legitimate field of operations did not satisfy investment bankers. They were not content merely to deal in securities. They desired to manufacture them also. They became promoters or allied themselves with promoters.

The investment banker is naturally on the lookout for good bargains in bonds and stocks. Like other merchants, he wants to buy his merchandise cheap. But when he becomes director of a corporation, he occupies a position which prevents the transaction by which he acquires its corporate securities from being properly called a bargain. Can there be real bargaining where the same man is on both sides of a trade? The investment banker, through his controlling influence on the board of directors, decides that the corporation shall issue and sell the securities, decides the price at which it shall sell them, and decides that it shall sell the securities to himself. The fact that there are other directors besides the banker on the board does not, in practice, prevent this being the result. The banker, who holds the purse strings, becomes usually the dominant spirit.

These banker barons levy, through their excessive exactions, a heavy toll upon the whole community; upon owners of money for leave to invest it; upon railroads, public service, and industrial companies, for leave to use this money of other people; and, through these corporations, upon consumers.

Compel bankers when issuing securities to make public the commissions or profits they are receiving. Let every circular letter, prospectus, or advertisement of a bond or stock show clearly what the banker received for his middleman services, and what the bonds and stocks net the issuing corporation. That is knowledge to which both the existing security holder and the prospective purchaser is fairly entitled. If the bankers' compensation is reasonable, considering the skill and risk involved, there can be no objection to making it known. If it is not reasonable, the investor will "strike", as investors seem to have done recently in England.

Such disclosures of bankers' commissions or profits are demanded also for another reason: It will aid the investor in judging of the safety of the investment. In the marketing of securities there are two classes of risks: One is the risk whether the banker (or the corporation) will find ready purchasers for the bonds or stock at the issue price, the other whether the investor will get a good article. The maker of the security and the banker are interested chiefly in getting it sold at the issue price. The investor is interested chiefly in buying a good article. The small investor relies almost exclusively upon the banker for his knowledge and judgment as to the quality of the security, and it is this which makes his relation to the banker one of confidence. But at present the investment banker occupies a position inconsistent with that relation. The banker's compensation should, of course, vary according to the risk he assumes. Where there is a large risk that the bonds or stock will not be promptly sold at the issue price, the underwriting commission—that is, the insurance premium—should be correspondingly large. But the banker ought not to be paid more for getting investors to assume a larger risk. In practice the banker gets the higher commission for underwriting the weaker security, on the ground that his own risk is greater. And the weaker the security the greater is the banker's incentive to induce his customers to relieve him. Now, the law should not undertake (except incidentally in connection with railroads and public-service corporations) to fix bankers' profits. And it should not seek to prevent investors from making bad bargains. But it is now recognized in the simplest merchandising that there should be full disclosures. The archaic doctrine of caveat emptor is vanishing. The law has begun to require publicity in aid of fair dealing. The Federal pure food law does not guarantee quality or prices, but it helps the buyer to judge of quality by requiring disclosure of ingredients. Among the most important facts to be learned for determining the real value of a security is the amount of water it contains. And any excessive amount paid to the banker for marketing a security is water. Require a full disclosure to the investor of the amount of commissions and profits paid and not only will investors be put on their guard but bankers' compensation will tend to adjust itself automatically to what is fair and reasonable. Excessive commissions—this form of unjustly acquired wealth—will in large part cease.

But the disclosure must be real, and it must be a disclosure to the investor. It will not suffice to require merely the filing of a statement of facts with the commissioner of corporations or with a score of other officials, Federal or State. That would be almost as ineffective as if the pure food law required a manufacturer merely to deposit with the Department a statement of ingredients, instead of requiring the label to tell the story. Nor would the filing of a full statement with the stock exchange, if incorporated, as provided by the Pujo committee bill, be adequate.

To be effective, knowledge of the facts must be actually brought home to the investor, and this can best be done by requiring the facts to be stated in good, large type in every notice, circular, letter, and advertisement inviting the investor to purchase. Compliance with this requirement should also be obligatory and not something which the investor could waive. For the whole public is interested in putting an end to the bankers' exactions. England undertook years ago to protect its investors against the wiles of promoters by requiring a somewhat similar disclosure, but the British act failed in large measure of its purpose partly because under it the statement of facts was filed only with a public official, and partly because the investor could waive the provision. And the British statute has now been changed in the latter respect.

This bill does not directly strike at interlocking directorates, but one of its great benefits should be that it indirectly does so by making the responsibility of corporate directors such that few men can afford to sit on more than one or two corporate boards and thus achieve indirectly one of the great objects that Mr. Brandeis pleaded for a generation ago. By the passage of this bill the day will have gone when directors can limit their function spending a few minutes at a directors' meeting for the purpose of collecting a fee.

Mr. McFADDEN. Mr. Chairman, will the gentleman yield?

Mr. PETTENGILL. Yes.

Mr. McFADDEN. The gentleman is referring to this class of fraudulent securities, I presume, with reference to the New York, New Haven & Hartford Railroad securities at that time?

Mr. PETTENGILL. Yes.

Mr. McFADDEN. If my recollection serves me right, those securities at that time occupied a position in the public mind of the highest class of investment securities.

Mr. PETTENGILL. I think we all will agree to that.

Mr. McFADDEN. They were able to float large quantities of those bonds at 3 or 3½ percent, in the light of the high standing of those securities. The New York, New Haven & Hartford Railroad practically went broke through the exploitation of the bankers and the officers of that road.

Mr. PETTENGILL. I agree with every word the gentleman says.

Mr. McFADDEN. Can the gentleman tell us who those bankers were?

Mr. PETTENGILL. I regret to say I do not remember their names. I know that Mr. Morgan, Sr., had a large interest in the New Haven road. I do not know who all of the bankers of Mr. Mellen, president of the New Haven road, were.

Mr. McFADDEN. My recollection is that J. P. Morgan & Co. were the principal bankers.

Mr. PETTENGILL. They were the principal bankers.

Mr. McFADDEN. And they got into serious legal difficulties because of misrepresentation to the public in the sale of those securities.

Mr. PETTENGILL. I believe that is correct.

Mr. McFADDEN. I am wondering whether, under this bill, there are provisions that will secure the innocent investing public from further losses when those securities are dealt out to the public by concerns of the type of J. P. Morgan & Co.

Mr. PETTENGILL. Does the gentleman have any specific question in mind?

Mr. McFADDEN. I have this in mind: That the public is being exploited by banking houses of that reputation, whose very names lend confidence to the public. Their very names lend confidence to the public, when upon minute examination in 1929 and previously, as the gentleman has referred to, those securities are not worth the paper they are written on.

Mr. PETTENGILL. That is correct; yes.

Mr. McFADDEN. That is what I want to deal with, and I want to know whether this bill will cover situations like that.

Mr. PETTENGILL. I can only express my judgment on it. I think this bill does cover the situation.

Mr. MOTT. Will the gentleman yield?

Mr. PETTENGILL. I yield.

Mr. MOTT. Will the gentleman state how this bill covers that situation—how, if this law had been in effect at the time of the New York, New Haven & Hartford swindle which the gentleman just mentioned, it would have saved any investors in that company?

Mr. PETTENGILL. Well, with respect to railroad securities, they have been previously placed under the control of the Interstate Commerce Commission and therefore do not come under this bill, because their sale is already regulated; but speaking of securities generally, if the gentleman will read the bill carefully and will read the schedules that are attached at the back of the bill and will see the information that must be filed with the Federal Trade Commission showing the amount of commissions that the bankers are receiving from the sale, showing the prior liens of all kinds and their character, showing how much properties actually cost to the exclusion of "water" and "balloon juice", showing the conversion rights of other classes of securities that may be ahead of the one that is to be sold, and a multitude of other particulars, then I think that, with the information which is to be furnished under schedule A to the Federal Trade Commission, all of which becomes a matter of public record, to which any investor may refer, he will have as clear a picture of the value and worth and prospects of that security as it is possible to furnish. I might say as a member of the committee which reported the bill, if the gentleman can suggest any additional safeguards in the way of honest information to the investing public, I personally should be glad to have the gentleman's recommendations.

The CHAIRMAN. The time of the gentleman from Indiana [Mr. PETTENGILL] has expired.

Mr. RAYBURN. Mr. Chairman, I yield to the gentleman from Indiana 1 additional minute.

Mr. MOTT. Does the gentleman mean suggestions by others that have been given to the committee or suggestions for amendments that may be made here now?

Mr. PETTENGILL. Well, under the rule the bill is still capable of amendment by agreement on the part of the committee. As I say, I am speaking for myself; but if the gentleman can suggest any way of strengthening this bill, personally I should be glad to receive his suggestions.

Mr. MOTT. I can suggest a half a dozen ways to improve the bill, and all securities commissioners in the United States, who are the only people who have any practical experience in the administration of any securities laws, can do so, too. The State blue sky laws constitute the entire corpus juris of security regulation. I cannot amend that bill in committee. Your committee did not call the governor of any State or any securities commissioner or any authority on the subject.

The CHAIRMAN. The time of the gentleman from Indiana has again expired.

Mr. RAYBURN. Mr. Chairman, I yield myself 1 minute. I will say the committee did not call anybody. People volunteered, and if we started out to call commissioners of States and governors we would never have gotten through the hearings.

Mr. MOTT. I will state for the information of the chairman of the committee that on the second day on which the committee had this bill under consideration I appeared before the committee for the purpose of offering some suggestions and was advised that the testimony had been closed and that no further testimony would be taken.

Mr. RAYBURN. Of course, if the gentleman did not appear until after the testimony had been closed, that could not be helped; but if the gentleman had come to me and told me he wanted time before the testimony was closed, he certainly would have had it.

Mr. MOTT. Of course, I supposed this bill would receive more than 1 or 2 days' hearings, given by people who are familiar with security regulations.

Mr. HUDDLESTON. Will the gentleman yield?

The CHAIRMAN. The time of the gentleman from Texas [Mr. RAYBURN] has expired.

Mr. RAYBURN. Mr. Chairman, I yield myself 1 more minute, and now yield to the gentleman from Alabama.

Mr. HUDDLESTON. If the gentleman from Oregon [Mr. MOTT] will be kind enough to read the bill, he will see very clearly that this is not that kind of bill at all.

Mr. MOTT. Not what kind of bill?

Mr. HUDDLESTON. This is not a blue sky bill. The gentleman totally miscomprehends the purpose of the legislation. It is merely to give information to those who want to buy securities. In no sense is it a blue sky bill.

Mr. MOTT. It depends on what the gentleman means by a blue sky bill.

Mr. HUDDLESTON. It is in no sense what the gentleman means by a blue sky bill, as he has indicated by what he has said.

Mr. MOTT. I beg the gentleman's pardon, but it is exactly what the gentleman has in mind.

Mr. HUDDLESTON. I am reading the gentleman's thought and not undertaking myself to describe what a blue sky law is.

Mr. MOTT. I might remind the gentleman there are some 45 so-called "blue sky" laws. They are regulatory statutes.

Mr. HUDDLESTON. The gentleman is giving information which others have to an equal degree with himself.

The CHAIRMAN. The time of the gentleman from Texas [Mr. RAYBURN] has again expired.

Mr. MAPES. Mr. Chairman, I yield 10 minutes to the gentleman from New Jersey [Mr. WOLVERTON].

Mr. WOLVERTON. Mr. Chairman, the purpose of the bill under consideration is to protect the investing public from fraud in transactions involving the sale of stock, bonds, and other securities.

When it is realized that more than one half of the entire wealth of the United States is represented by securities in one form or another, that corporate securities alone amount to more than $160,000,000,000, and that by conservative estimates at least $1,700,000,000 is lost each year by the purchase of spurious or worthless securities, then the need for effective legislation on the subject can be readily understood.

Legislation seeking to give protection to the purchaser of securities has been enacted in a variety of forms by nearly every State. However, notwithstanding the general existence of statutes to prevent such frauds, the fact, nevertheless, remains that the fabulous amount already mentioned is

lost each year by innocent purchasers of securities having little or no value, who have been misled by fraudulent misrepresentations and deception as to the real character and value of such securities.

The failure to prevent such losses is not due to any lack of stringency in the statutes already enacted by the several States, but, in a large measure, because of the inability of State laws to reach interstate transactions in such securities. Fraudulent securities are largely sold and distributed by agencies of communication which extend beyond State lines. The jurisdiction of State regulatory measures is necessarily confined or limited to transactions within the State. The channels of interstate commerce are open and free from such State regulation and control. Thus securities that may be precluded from sale in an intrastate transaction are immune when the transaction extends beyond the boundaries of that particular State.

Because of the ineffectiveness of State statutes to give adequate protection, there is a demand for the Federal Government to enact regulatory legislation to supplement and make more effective the State regulation designed to protect the investing public. This bill now before us for consideration, representing the thought of the Committee on Interstate and Foreign Commerce, is the answer to such demand.

The theory upon which this bill has been drawn is to give the public complete information as to the security offered for sale, rather than a governmental approval of the security. Until the detailed information required by the act has been filed with the Federal Trade Commission, such security cannot become a subject of interstate and foreign commerce. However, when there has been a compliance with the provisions of the bill, the information so filed is made available to prospective purchasers, and thereupon the duty and responsibility of passing upon the desirability of the security as an investment is placed upon the individual who contemplates purchase thereof and not upon the Government.

To have adopted the alternative theory, to wit, the assumption of a governmental responsibility as to the worthiness of such securities, it would have been necessary to set up a vast and extensive bureau of investigation, charged with the appraisal of property, estimating the probable usefulness of patent rights, or likelihood of productivity of every kind of enterprise. Furthermore, the effort to protect, by the adoption of such a principle, might easily lead to injustices through hampering developments based upon patent or other rights that at the time the security was offered would have little if any other than a problematical or possible future value. A very apt illustration, and one with which I am thoroughly familiar, is the development of the talking machine by the Victor Co., of Camden, N.J., my home city. In the beginning, the recording of the human voice was only an idea in the brain of the originator. Those who were willing to invest their money in order that the idea might be developed had no security that would have gained the approval of any governmental agency charged with a responsibility to pass upon the desirability of such an investment. Yet, in subsequent years, by wise and judicious development, it has brought financial reward in large measure to those early investors. Thus it would seem that a more proper sphere for governmental activity would be for it to require full and complete information to be placed at the disposal of the prospective investor, that he might intelligently decide for himself whether or not the investment is desirable, rather than the Government itself decide the question of what is or is not desirable.

There are other reasons that might be urged if time permitted as further justification of the policy adopted by the committee in this matter. Permit me to point out the care with which provision has been made to preclude any unwarranted use being made of the fact of registration of any security, and to preclude the possibility of any prospective purchaser from being misled thereby into believing that the Government has approved such security as an investment. The bill in section 22 specifically provides that the fact that the registration statement for a security has been filed or is in effect shall not be "held to mean that the Commission has in any way passed upon the merits of or given approval to such security." Furthermore, "it shall be unlawful to make, or cause to be made, to any prospective purchaser any representation contrary to the foregoing provisions."

Thus the theory that underlies this proposed legislation is different in its scope from that which forms the basis of many of the so-called "blue sky" laws enacted by the States. The latter quite frequently embody the thought that there is a duty upon the State in the fulfillment of its obligation to protect its citizens from fraudulent practices, to determine the quality of the security to be offered before granting a permit for the sale thereof. This is well illustrated in the act of one of the States which contains this provision:

> If the commissioner of corporations finds that the proposed plan of business of the investment company is unfair, unjust, or inequitable, or that it does not intend to do a fair and honest business, he shall refuse to issue the certificate—

And so forth.

And in another act of the same State it is further provided:

> If he (commissioner) finds * * * that the securities that it proposes to issue and the methods to be used by it in issuing or disposing of them are not such as, in his opinion, will work a fraud upon the purchaser thereof, the commissioner shall issue to the applicant a permit authorizing it to issue and dispose of securities, as herein provided, in this State, in such amounts and for such considerations and upon such terms and conditions as the commissioner may in said permit provide. Otherwise he shall deny the application and refuse such permit—

And so forth.

Though there is a wide difference between the principle of merely requiring the filing of full and true information concerning the proposed security as provided for in the bill and the principle of assuming an obligation to pass upon the "honest" intent of the issuer and determine whether it "will work a fraud upon the purchaser" and actually fix the "terms and conditions" including the "amounts" and "considerations", yet it cannot be denied that the information required to be filed by schedules A and B of this bill will give all the information that is necessary for any prudent person to have in passing upon the desirability of the investment security. By requiring the purchaser to be judge of his own investment, based upon facts made available to him, the Government is thereby relieved of a responsibility that some would not be willing to acknowledge as a proper function of government.

Every possible precaution to obtain the full truth has been provided by the terms of the bill. Power is given to the commission to withhold the right to deal in any proposed security until every requirement has been complied with. And, to insure care and remove possibility of untrue or extravagant statements of fact, civil as well as criminal responsibility is fixed upon the issuer, every officer, director, or agent who permits his name to be used in connection therewith.

While it denies to no one the right to offer any security to the public, after the facts required by the statute have been disclosed, yet it attaches personal responsibility respecting the truthfulness of the facts submitted, and provides a right of recovery in money damages for anyone aggrieved by any misstatement of material fact. The bill makes no attempt to change the rule "Let the buyer beware", but extends it to include "Let the seller also beware." The bill denies the seller the immunity so long provided by the duty of the buyer alone to beware, and brings the seller into a position of fixed and determined responsibility as well.

The merit of this bill lies in the fact that it provides a means of protection to the investing public without the Government's assuming the stupendous task of passing upon the value, quality, or desirability of the multitude of various types and kinds of securities that are subjects of interstate and foreign commerce.

The plan or policy of the bill is sound. It will prove highly beneficial to any investor who is intelligent and

prudent enough to utilize the information made available by its provisions. [Applause.]

Mr. McFADDEN. Mr. Chairman, will the gentleman yield?

Mr. WOLVERTON. I yield.

Mr. McFADDEN. Is there not the implied obligation that in order to give out the information which the Government under this bill is going to give out, they have got to analyze these companies to see that the statements are correct? Otherwise the Government possibly will be giving false information.

Mr. WOLVERTON. No. If the gentleman will read section 22 of this bill, he will find that the Government, through the agency of the Federal Trade Commission under this bill, does not in any way whatsoever assume to pass upon the desirability, the value, or the quality of the security offered or the truthfulness of the statements.

Mr. McFADDEN. The point I am making is, if the gentleman will yield, that any information which the Government gives to a prospective investor is going to be considered as absolutely correct and will determine the individual's judgment as to whether he will purchase a particular security.

Mr. WOLVERTON. If the gentleman will read section 22 of the bill, he will find that so far as legislative enactment is concerned it has been made just as plain and definite as words could possibly make it that it is not to be assumed that the Commission, by the acceptance of the information, accepts it as true and accurate, or that it does not contain untrue statements of fact or omit to state a material fact or to be held to mean that the Commission has in any way passed upon the merits or given approval to such security. The bill further provides that it shall be unlawful to make or cause to be made to any prospective purchaser any representation contrary to the foregoing provisions of this section.

Mr. REILLY. Mr. Chairman, will the gentleman yield?

Mr. WOLVERTON. I yield.

Mr. REILLY. Does not the merit of this bill lie in the fact that it will prevent the sending in interstate commerce of securities that should not be so sent? And is it not a fact that the judgment of the ordinary citizen will to a large extent be influenced by the fact that the Government has permitted the security to be sold?

Mr. WOLVERTON. The gentleman may be correct.

[Here the gavel fell.]

Mr. PETTENGILL. Will not the gentleman from Michigan yield the gentleman from New Jersey an additional minute or two, that I may ask him a question?

Mr. MAPES. I yield 5 additional minutes to the gentleman from New Jersey.

Mr. PETTENGILL. I wish to direct the gentleman's attention to 2 or 3 lines from a book written by Mr. Justice Brandeis. I quote from page 103 of his book entitled "Other People's Money and How the Bankers Use It."

> And it should not seek to prevent investors from making bad bargains. But it is now recognized in the simplest merchandising that there should be full disclosures. The archaic doctrine of caveat emptor is vanishing. The law has begun to require publicity in aid of fair dealing. The Federal pure food law does not guarantee quality or prices; but it helps the buyer to judge of quality by requiring disclosure of ingredients.

Mr. WOLVERTON. I agree with the statement of Mr. Justice Brandeis. A careful reading of the bill will show that the basic theory on which it has been drawn is in accord with the view expressed by Mr. Justice Brandeis in the quotation which you have just read.

Mr. RAYBURN. Mr. Chairman, I yield 5 minutes to the gentleman from Oklahoma [Mr. MARLAND].

Mr. MARLAND. Mr. Chairman, I will vote for this bill. The committee and the subcommittee of the Committee on Interstate and Foreign Commerce have labored for weeks in its preparation, and the committee has almost unanimously agreed that its provisions will protect innocent purchasers from the designs of fraudulent stock and bond promoters; that it will, in fact, cause the seller to beware of the penalties for its violation, and relieve the purchaser somewhat of the old rule of caveat emptor, "Let the buyer beware."

I am very sorry that the committee could not see with me the necessity of attempting one step farther in the protection of the purchaser of stocks from one of the greatest evils in our present method of financing and operating corporations.

In my opinion, the greatest of all the evils from which our corporations suffer is that the investment bankers have forced a position for themselves upon the boards of directors of the corporations they finance; bleed them white with commissions for financing and refinancing, and mismanage the corporations they are supposed to direct, because of their conflicting interests and because of their lack of knowledge of the business they are directing.

My chief criticism of this bill is that it should have provided: "That it shall hereafter be unlawful for any person to act as a director of a corporation which is the issuer of securities in interstate and foreign commerce who, at the same time, shall be either a partner of or financially interested in any investment-banking concern buying and selling the securities of such corporation from such corporation for profit."

I speak from experience in this connection. I have had business relationship with many of the invesment-banking houses in the United States, including the banking house of J. P. Morgan & Co., which latter experience lasted over a period of 6 years.

Mr. BACON. Will the gentleman yield?

Mr. MARLAND. I will.

Mr. BACON. I am inclined to agree thoroughly with what the gentleman has said, but does he not think that the provision he suggests properly belongs in a banking bill rather than in the bill that comes from the Interstate and Foreign Commerce Committee? I believe that such a provision is in the so-called "Glass banking bill", which is being considered in the Senate.

Mr. MARLAND. I am glad the gentleman has made that suggestion. I did not suggest such an amendment, because I was informed it would be out of place.

Mr. Chairman, in justification of my criticism I will quote several eminent authorities, first, a declaration of President Wilson, who said:

> The great monopoly in this country is the money monopoly. So long as that exists, our old variety of freedom and individual energy of development are out of the question. A great industrial nation is controlled by its system of credit. Our system of credit is concentrated. The growth of the Nation, therefore, and all our activities are in the hands of a few men, who, even if their actions be honest and intended for the public interest, are necessarily concentrated upon the great undertakings in which their own money is involved and who, necessarily, by every reason of their own limitations, chill and check and destroy genuine economic freedom. This is the greatest question of all; and to this statesmen must address themselves with an earnest determination to serve the long future and the true liberties of men.

In further support of my criticism I will quote from the report of the Pujo Investigating Committee in 1912, which found:

> Far more dangerous than all that has happened to us in the past, in the way of elimination of competition and industry, is the control of credit through the domination of these groups (investment bankers) over our banks and industries. * * *
>
> It is impossible that there should be competition, with all the facilities for raising money or selling large issues of bonds in the hands of these few bankers and their partners and allies, who together dominate the financial policies of most of the existing systems. * * * The acts of this inner group, as here described, have nevertheless been more destructive of competition than anything accomplished by the trusts, for they strike at the very vitals of potential competition in every industry that is under their protection, a condition which if permitted to continue will render impossible all attempts to restore normal competitive conditions in the industrial world.

During the hearings held on this bill before the Committee on Interstate and Foreign Commerce several witnesses testified, part of whose testimony I will quote:

Mr. George W. Bovenizer, partner in Kuhn, Loeb & Co., of New York City, in answer to a question of mine whether he

believed it was entirely proper for an investment banker to serve as a director on the board of a corporation while dealing in the shares that it issued, said:

I think it would be a great deal better if he does not serve. One of the things that have been hurting the quality of investment-banking business has been its occupying that dual position.

And when I asked him if it might not have the effect of leading to the issue of unnecessary securities, he answered:

Yes, sir; there might be a desire to issue securities that the corporation perhaps should not issue.

Mr. Frank M. Gordon, president of the Investment Bankers Association of America, to a similar question from me, answered:

I should say that as a general practice it is not necessary and probably not advisable.

Mr. William H. Breed, counsel for the Investment Bankers Association of New York, New Jersey, and Connecticut, in answer to a question of mine whether an investment banker who buys and sells securities of a corporation should be permitted under the law to serve as a director of that corporation, answered:

Well, if he were not on the board perhaps there would be more competition; there might be better competition, I think.

Further, in support of my criticism and to show that I am not alone in thinking it necessary, I quote from the book written by Justice Louis D. Brandeis, of the Supreme Court of the United States, entitled "Other People's Money and How the Bankers Use It." He says:

The dominant element in our financial oligarchy is the investment banker. * * * The development of our financial oligarchy followed lines with which the history of political despotism has familiarized us.

The original function of the investment banker was that of dealer in bonds, stocks, and notes; buying mainly at wholesale from corporations, municipalities, States, and governments which need money, and selling to those seeking investments. The banker performs, in this respect, the function of a merchant, and the function is a very useful one.

Large business enterprises are conducted generally by corporations. The permanent capital of corporations is represented by stocks and bonds. The bonds and stocks of the more important corporations are owned, in large part, by small investors, who do not participate in the management of the company.

Corporations require the aid of a banker middleman, for they lack generally the reputation and clientele essential to selling their own bonds and stocks direct to the investor.

Investors in corporate securities also require the services of a banker middleman. * * * For a small investor to make an intelligent selection from these many corporate securities—indeed, to pass an intelligent judgment upon a single one—is ordinarily impossible. He lacks the ability, the facilities, the training, and the time essential to a proper investigation. Unless his purchase is to be little better than a gamble, he needs the advice of an expert, who, combining special knowledge with judgment, has the facilities and incentive to make a thorough examination.

This dependence, both of corporations and of investors, upon the banker has grown in recent years, since women and others who do not participate in the management have become the owners of so large a part of the stocks and bonds of our great corporations.

But this enlargement of their legitimate field of operations did not satisfy investment bankers. They were not content merely to deal in securities. They desired to manufacture them also. They became promoters, or allied themselves with promoters. Thus it was that J. P. Morgan & Co. formed the Steel Trust, the Harvester Trust, and the Shipping Trust. * * *

It was in this way that the Morgan associates acquired their holds upon the Southern Railway, the Northern Pacific, the Reading, the Erie, the Pere Marquette, the Chicago & Great Western, the Cincinnati, Hamilton & Dayton. Often they insured the continuance of such control by the device of the voting trust; but even where no voting trust was created a secure hold was acquired upon the reorganization. * * *

But the banker's participation in the management of corporations was not limited to cases of promotion or reorganization. An urgent or extensive need of new money was considered a sufficient reason for the banker's entering a board of directors. Often without even such excuse the investment banker has secured a place upon the board of directors, through his powerful influence or the control of his customers' proxies. Such seems to have been the fatal entrance of Mr. Morgan into the management of the then prosperous New York, New Haven & Hartford Railroad in 1892. When once a banker has entered the board, whatever may have been the occasion, his grip proves tenacious and his influence usually supreme, for he controls the supply of new money.

The investment banker is naturally on the lookout for good bargains in bonds and stocks. Like other merchants, he wants to buy his merchandise cheap. But when he becomes director of a corporation he occupies a position which prevents the transactions by which he acquires its corporate securities from being properly called a bargain.

Can there be real bargaining where the same man is on both sides of a trade?

The investment banker, through his controlling influence on the board of directors, decides that the corporation shall issue and sell the securities, decides the price at which it shall sell them, and decides that it shall sell the securities to himself.

The fact that there are other directors besides the banker on the board does not in practice prevent this being the result.

The banker, who holds the purse strings, becomes usually the dominant spirit.

Through voting trusteeships, exclusive financial agencies, membership on executive or finance committees, or by mere directorships, J. P. Morgan & Co., and their associates, held such financial power in at least 32 transportation systems, numerous public-utility corporations, and industrial companies, companies with an aggregate capitalization of $17,273,000,000. Mainly for corporations so controlled, J. P. Morgan & Co. procured the public marketing in 10 years of security issues aggregating $1,950,000,000. This huge sum does not include any issues marketed privately nor any issues however marketed of intrastate corporations.

The goose that lays the golden egg has been considered a most valuable possession. But even more profitable is the privilege of taking the golden eggs laid by somebody else's goose. The investment bankers and their associates now enjoy that privilege. They control the people through the people's own money. * * * The fetters which bind the people are forged with the people's own gold.

All the foregoing was written by Judge Brandeis in 1913. The truth still holds. We need only to multiply the figures to bring it down to date.

These fetters can only be broken by compelling the investment banker to return to his original field of operations; that of a dealer in bonds and stocks and notes, and prohibiting his becoming the maker and issuer of investment securities.

Congress has ample power to impose the prohibitions I suggest upon practically all corporations engaged in interstate commerce in investment securities.

Congress must break the strangle hold which our Money Trust has on the industrial corporations of this country.

This can best be done by making it unlawful for an investment banker to serve on the board of directors of a corporation issuing securities and selling them in interstate commerce.

Justice Brandeis says:

We must break the Money Trust or the Money Trust will break us.

My experience in business proves to me beyond peradventure of a doubt that the failure of many of our great industrial corporations is due to investment-banker management.

This should not be a surprise to anyone.

It would indeed be surprising if banker management could be good for a corporation.

Banker management contravenes the fundamental laws of human limitations.

First. That a man can serve two masters, or two interests, his own and that of the stockholders.

Second. That a man can at the same time do many things well.

Banker management fails partly because private interest destroys soundness of judgment and partly because banker directors living remote from the properties operated have no understanding of the operating problems of the industry they direct.

The banker, with his multiplicity of interests, cannot give the time essential to the proper supervision and to acquiring that knowledge of the facts necessary to direct the operations of any one of the many corporations upon which he serves as a director.

Many of our investment bankers are upon scores of boards of directors of corporations whose securities they have marketed.

It is impossible for them to direct these corporations wisely.

The deplorable situation of many of our great industrial corporations is directly due to their banker management.

In the interest of honesty and fair dealing in the creation of and marketing of securities and in the interest of the corporations themselves Congress must make it unlaw-

ful for any person to act as a director of any corporation which is the issuer of securities in interstate and foreign commerce who shall also be a partner or financially interested in any investment-banking concern or other company buying and selling securities of the issuer from the issuer for a commission or for profit. [Applause.]

Mr. PARKER of New York. Mr. Chairman, I yield 10 minutes to the gentleman from Connecticut [Mr. MERRITT].

Mr. MERRITT. Mr. Chairman and gentlemen of the Committee, I need not say that the committee does not believe that this bill or any bill will be a panacea for all the evils in connection with investment by the public. No bill can make everybody honest, virtuous, or wise. That has been proved in connection with the eighteenth amendment. Nor can any bill protect the foolish investor.

I suppose when good times come again, with money plentiful and the people hopeful, it will happen, as it happened before, that a man will ask some friend what he thinks is a good thing to buy and the friend will name a stock, and the man will buy without any more inquiry or information.

I think, therefore, that this legislation is useful, but in rather a limited way. I think also it would have been better—and I tried to influence the committee in that direction, but was unsuccessful—it would have been better if we had confined ourselves to the English system, which requires the filing in the proper office of such a statement as we call for here and then leaves the man to his legal rights and does not provide for the issue of any certificate by the Government, because, as has been said, you can put a clause in the bill that it does not mean a guarantee, but the fact that the Government has inspected this report and approved it sufficiently to issue a certificate will in the minds of many people be construed as a sort of guarantee.

One other thing which I think is most doubtful in the bill is the liability of the directors. Of course, as the chairman has said, a great proportion of the business of the country is done by corporations, and it is important to have high-grade directors.

Now, the bill proposes to hold directors for errors in statements not confined to willful errors, but to errors. Here again I think the English practice is better; namely, they require a statement to be filed, and they require that the figures of the statement shall be approved by a certified accountant. When this is done, except in the case of willful fraud or suppression of facts, no director is liable.

In this bill if there are mistakes the director can be sued. The presumption is against him, and he has to rebut the presumption that he has willfully or carelessly made a mistake. There you reverse the presumption that has been in vogue since the time when memory of man runneth not to the contrary. The presumption of the common law is that a man has acted honestly. This bill reverses the presumption and a director or other responsible party must prove that his statement was made in good faith and that he acted with due care in order to escape liability.

Mr. PETTENGILL. Mr. Chairman, will the gentleman yield?

Mr. MERRITT. Yes.

Mr. PETTENGILL. The gentleman recognizes that there are many legal situations in which the law reverses the burden of proof when the knowledge is peculiarly within the mind of the person who is charged with that knowledge.

Mr. MERRITT. Yes; but I think this bill accomplishes the same object as the English bill, only in a more complicated manner.

Mr. CANNON of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. MERRITT. Yes.

Mr. CANNON of Wisconsin. May I ask one question in reply to the remarks of the gentleman from Indiana? Any procedure that would be taken with respect to false representations with respect to these securities would have to be a criminal proceeding.

Mr. MERRITT. Civil or criminal.

Mr. CANNON of Wisconsin. The thing that the public would be interested in would be the criminal proceeding.

Mr. MERRITT. It would depend upon whether you had bought the stock or had not.

Mr. CANNON of Wisconsin. And the burden of proof in criminal cases in every respect rests upon the State, so the statement of the gentleman from Indiana would not be correct in criminal cases.

Mr. COX. Oh, no. You set up a rule of evidence in this case in which you put the burden on the accused.

Mr. MERRITT. So that it seems to me it would have been wiser if we had followed the English practice. I mention that only to make my own position on the bill clear, not because I think it is sufficient to warrant voting against the bill.

With regard to section 18, on which one of my colleagues and I have signed a minority report, I suppose there is no man here more anxious to maintain State rights than I am; but under the Constitution of the United States, interstate commerce is put under the jurisdiction of the Congress of the United States. We also know that in recent times there has been a great movement in many States by excise laws, and that sort of thing, to keep products of adjoining States from coming over their borders.

I know that is so in my own State and in Massachusetts with reference to the New York City market. The people want to keep a market, and they try, by excise provisions with regard to milk and other products, to rule out the products of other States. One of the great benefits of this Union is that every State has a perfect right to trade freely throughout the United States, if it can do so under the laws of the United States; and I think as this bill relates especially to interstate commerce in securities, section 18 interferes with the constitutional rights which should exist for every American citizen. As I have said, these objections of mine I do not think are of sufficient importance to warrant voting against the bill, but I hope, if the bill goes to conference, that they will be considered. [Applause.]

Mr. RAYBURN. Mr. Chairman, I yield to the gentleman from Kentucky [Mr. CHAPMAN].

Mr. CHAPMAN. Mr. Chairman, this bill, involving many extremely technical legal and constitutional questions, as well as economic problems, has been considered carefully and thoroughly by the Committee on Interstate and Foreign Commerce, which reported it. We of the committee do not contend that it is perfect, but it does represent the best thought of a number of gentlemen who have devoted their diligent and sincere efforts to its preparation. It is a bill intended for the protection of the American public from the purchase of worthless and fraudulent securities. Under its provisions the issuer, the underwriter, and the technical expert (including the engineer, the lawyer, the appraiser, the accountant, in connection with the issuance of securities) are held responsible for making a full disclosure of every material fact in connection with an issue of corporate securities. They are liable for the purchase price, or for damages not exceeding the purchase price, if they make a false statement, omit a material fact, or fail to exercise due care in discovering the truth or falsity of such statement or omission.

The burden of proof is placed on them to show that after the exercise of the degree of diligence expected of reasonably prudent men they "had reasonable ground to believe and did believe * * * that such statement was true or that there was no such omission." These facts are peculiarly within the knowledge of the corporation, its managers, its underwriters, and its technical advisers. The purchaser cannot be expected to have such intimate knowledge. The seller's legal status is that of a trustee. His obligation is tantamount to that imposed on one who occupies a fiduciary position.

Under the terms of this bill, the corporation itself is held absolutely responsible, but its management, underwriters, and so forth, are held only to the degree of responsibility above set out. To have made them guarantors of such securities, as some urged that they should be, would have worked an intolerable hardship on many honest and responsible business men, deprived commercial enterprises of some

of their most-needed talent, and driven many capable and honorable men from the directorates of corporations, to the great detriment of the country. But it is obvious that when one man is a director of 50 or more corporations, as it has been shown in the hearings on this bill that some men are, he cannot possibly give the necessary and proper attention to the duties of his offices and must of necessity neglect his responsibilities. Many men have been careless of the use to which their names have been put.

They have permitted themselves to be elected directors of corporations and have paid scant attention to the business of those corporations. Comparatively few have been as scrupulous as was the noble and peerless Robert E. Lee when he declined the presidency of a corporation at a salary equal to that of the President of the United States, because he knew that the corporation wanted to capitalize his illustrious and stainless name. The average investor has little, if any, technical knowledge concerning the value of securities. He relies largely upon the reputation of the management of the corporation and upon the representations of the issuer, the underwriter, and the technical advisers of the corporation.

The inevitable result is that unscrupulous issuers and underwriters, acting under the protecting wing of interstate commerce, have preyed ruthlessly upon the uninformed and the credulous. They have unloaded worthless and fraudulent securities upon innocent purchasers to their irreparable loss amounting to billions of dollars. Notwithstanding the existence of blue sky laws in nearly every State, the issuers of worthless stocks have avoided their penalties by establishing an office in one State and selling across State lines to people in other States under protection of interstate commerce. For example, although Pennsylvania has a blue-sky law, it has been developed by hearings before the Federal Trade Commission that 90 percent of all security sales in that State are made through the instrumentalities of interstate commerce and the sellers are not subject to the penalties of the State law.

Those engaged in this nefarious practice are able, because of the absence of a Federal statute, such as that which we expect to pass today, to evade punishment by State authorities and to continue with impunity the commission of heinous crimes against the investing public.

It is to protect people from such crooks that this legislation was conceived. It goes even farther than that remedy provided in the civil courts. It provides a criminal liability for the willful misrepresentation or concealment of a material fact. The seller must disclose not only the truth and nothing but the truth but also the whole truth concerning an offer of securities to the public. Not long ago our country was shocked to read that a mother had been sent to jail for selling a pint of beer to obtain the means with which to purchase bread for her starving children. Recently I read of a hungry boy being sentenced to the penitentiary for stealing chickens. The counterfeiter of currency is sentenced to a felon's cell, but the salesman of worthless stocks and bonds in interstate commerce has continued to operate upon an innocent public free of punishment, because no such law as this has been placed upon the Federal statute books.

Many a man in an intemperate moment commits a crime of violence. Many a man in sudden heat and passion snuffs out the life of a fellow being. Frequently there are extenuating circumstances for such offenses. But there are no extenuating circumstances when shrewd and crafty men, skilled in the tricks of a crooked game, sit around a table and deliberately and premeditatedly plan, and ruthlessly execute the plan, by devising cunning schemes and resorting to every conceivable trick of financial legerdemain, to loot an unwary public of millions of dollars earned by the sweat of the brow. Such criminals ought to be held not only to full civil responsibility but also to full criminal responsibility, as provided in this bill. They ought to be driven out of the business world like gangsters and hoodlums in other lines.

This legislation is designed to protect not only the investing public but at the same time to protect honest corporate business. The honest director and underwriter will have no fear of the provisions of this law. One of its purposes is to protect them from the illegitimate competition of financial racketeers. [Applause.]

Under the inspiring leadership of President Franklin D. Roosevelt we have been, and are still, waging relentless warfare upon the practice of hoarding. We believe the enactment of this bill into law will bring money from the hoarders' hiding places. It will be conducive to confidence on the part of investors. It will stimulate industry; it will accelerate the wheels of commerce.

What a blessing such a law as this would have been during the past decade. We believe it would have saved tens of thousands of people from the losses incident to a wild orgy of speculation. Such a remedial measure would have saved $25,000,000,000 to the American people during that period. If it had been upon the statute books, it would have been the salvation of thousands of people who today shudder at the mention of Insull's name and thousands of others who are haunted by the ghost of Kreuger. If there had been such a law, thousands of widows and orphans would not today be saddened and crushed as the result of having invested their money in worthless securities and having had their earnings filched from them by unconscionable promoters.

The enactment of this bill into law will mean the fulfillment of one of the most vital pre-election promises of our great President and will be another forward step in ushering in a brighter and better day for American business and the American public. [Applause.]

Mr. PARKER of New York. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. BECK].

Mr. BECK. Mr. Chairman, that this bill has been drawn with great care and that its aims are very praiseworthy is a matter about which I imagine no Member of this House will disagree. There are features of it, however, that seem to me to justify the careful consideration of the House. My chief concern is that the bill is a perversion of the commerce power to accomplish ends that, if the Constitution any longer means anything, were reserved to the police powers of the States. The act is based, as far as constitutional power is concerned, upon two grounds: One, the power of the United States over post roads, and therefore the mails; and the other, the commerce clause.

The power over the mails is a much broader power than the power over interstate commerce. The United States mails are the instrumentality of the Government, and therefore, while its power with respect to those mails is not absolute or arbitrary, yet it is much broader than that over that indefinable field called "interstate commerce", as to which the citizen has the primary and fundamental right to engage in interstate commerce. This right was not created by the Constitution.

The Constitution was called into existence to insure the freedom of commerce between the States. Before it was adopted every State burdened the free flow of commerce with conflicting and hostile regulations. To emancipate commerce, the power to put it into shackles was taken from the States by the simple grant that Congress should have power to regulate such commerce. It was never intended that Congress should then proceed to put upon commerce the very shackles that it had been created to destroy, and this is shown by the fact that in the first century of our existence under the Constitution Congress never exercised any power to regulate interstate commerce, unless we except the subsidies of land to the transcontinental railroads.

In the absence of any Federal regulation it was held by the Supreme Court that the failure of Congress to exercise its power of regulation was its mandate that commerce should be free, and for 100 years this policy of freedom remained, and, under it, a great continent was conquered, the Atlantic and Pacific linked by steel rails, and the Republic became one of the greatest nations in the world.

Exactly one century after the Constitution was adopted Congress abandoned that policy and began to forge the chains for commerce by bureaucratic regulation. That year

it created the Interstate Commerce Commission, and this was followed in 1890 by the Sherman antitrust law, which vainly attempted to limit the inevitable tendency of business to combine into larger units. Ever since, there has been an ever-increasing regulation of American business by Federal bureaus, until today our Government may differ in degree but not in kind from that of Moscow and Berlin in seeking to regulate all forms of industry by an elaborate and oppressive bureaucracy.

In the first century of the Republic it was generally recognized that Federal powers could only be exercised to accomplish Federal purposes, but the destruction of the Constitution began when Congress entered upon the revolutionary policy of utilizing Federal powers to usurp the powers reserved to the States. It was soon seen that if Congress could appropriate moneys for non-Federal purposes without challenge, it could supervise the use of such moneys, and thus usurp fields of power, which were the exclusive province of the States.

About a generation ago it was first asserted that Congress could deny the privilege of engaging in interstate commerce to anyone who did not conform to the views of Congress as to the methods of production. This heresy has now been carried to the extreme of holding that no one can engage in interstate commerce as of right, and that the Government may license or refuse to license a citizen to engage in interstate commerce. Such a right was not created by the Constitution. Indeed, it is one of the natural rights which are included in the solemn guaranty of the right to "life, liberty, and the pursuit of happiness", but the present theory is that unless the manufacturer conforms to the wishes of the Federal Government in regard to the hours of labor, his maximum output, a minimum-wage law, and other restrictions, he can be proscribed by his own Government and denied the privilege of selling his products in interstate trade.

This is economic slavery. It destroys not merely the rights of the States but the basic freedom of the individual to engage in lawful occupations. It concerns both employer and employee, and, to quote Jefferson's words in his first inaugural, it "takes from the mouth of labor the bread it has earned."

The two basic industries of America are concerned with the production of agricultural products and the manufacture of goods. The Constitution did not attempt to give any power over the production of either class of commodities. If they required regulation, such power belonged to the States, and, as stated, the Federal Government acted upon this theory for more than a century. The Government could tax products and it could regulate their interstate transportation or their exportation to foreign countries. Nothing would have more amazed the generation which created the Constitution than the idea that the Federal Government, which they were creating, could regulate the conditions of the farm or the factory. Notwithstanding this, the Federal Government for many years past has, through its many bureaus and commissions, and notably through its Departments of Agriculture and Labor, attempted to control both the factory and the farm, and if the legislative proposals which are now before Congress, with the powerful imprimatur of the President and the "brain trust", become law, the Government's control will be complete.

However, it is not of that that I wish to speak at any length, because, in the first place, it is almost futile to discuss questions of constitutional power and the exact fields of the Federal and State Governments in Congress, but also because when I last attempted to challenge the attention of the House to the question of its own powers, when we were discussing the embargo resolution, I remember my good friend and valued associate, the gentleman from Tennessee [Mr. MCREYNOLDS], made the remark that, as far as the Democratic side of the House was concerned, it had ceased to pay as much respect as it had formerly to any expression of opinion of mine on questions of constitutional law, because, as he said in utmost good humor—and I accepted it as such—my views were more or less influenced by partisan considerations.

I want to say, in the first place, although it has nothing to do with the merits of this bill, that I never made an argument in this House upon a question of constitutional power in which the spirit of partisanship had any influence whatever. On the contrary, when the entire Democratic Membership in a former Congress decided, as it seemed to me it was their duty, to protest that the delegation of the taxing power to the Tariff Commission was a clear violation of the Constitution, I parted company with all my associates on the Republican side of the aisle and supported the Democratic view. I thought it sound then and I think so still. I could instance other cases where my views of constitutional questions have been so clearly free from any element of partisanship that while I know my friend Mr. MCREYNOLDS said it in the good-humored exchange of debate, yet I do want my friends on the Democratic side to believe me when I say in all sincerity that while I may be a partisan on questions of legislative policy, yet when it comes to a question of constitutional law, in which I have taken for 50 years a very deep interest, my views, even though they be the views of an old-fashioned constitutionalist, one of a class rapidly passing, are sincere and not influenced by any question of partisan politics. Certainly they will not be so today, for this bill is noncontroversial so far as party politics is concerned.

I was about to say that the power over the mails might have been invoked, I think, to justify this legislation. If the Congress has power to prevent fraudulent matter from being sent through the mails, it has the equal power, by preventive methods, to determine whether a matter is fraudulent that is about to be sent through the mails. Even there, please note the contrast between the solicitude that once prevailed in this Chamber in respect to the rights of the States and the apathetic indifference that now prevails on both sides of the aisle as to whether another reserved right of the States shall be torn from them and vested in an already excessively centralized Government. Ninety-eight years ago in this Chamber, at a time when it was of the utmost importance to the Union that antislavery literature should be excluded from the mails, an attempt was made to pass a law authorizing any postmaster to exclude from the mails any literature of an antislavery character. It passed the Senate. It reached the House. John Quincy Adams then rendered one of his great public services. He was not an abolitionist, because he believed that slavery had been recognized by the Constitution and was as much a part of it as any other guaranty of the Constitution. Nevertheless John Quincy Adams rose in the House of Representatives and protested against any power to use the mails in order to achieve the ulterior purpose of suppressing an agitation that even then was menacing the existence of the Union; and this House, in its very deep solicitude for the rights of the States, and above all, its jealousy of any attempt to pervert Federal power to accomplish ulterior ends, refused to pass the bill.

However, we have long passed that period of extreme solicitude for the rights of the States.

We have now reached possibly the necessary conclusion that a Federal instrumentality, like the United States mails, may not be used in the frustration of Federal authority.

If this act sought as its constitutional basis the power to exclude from the mails even in a preventive or anticipatory way the distribution of securities, it might well be within the powers of Congress.

This bill deals with the issuance of securities and their purchase and sale as though it were interstate commerce. It defines it as interstate commerce. Our Supreme Court from the time of Paul against Virginia, decided 70 years ago, and in a long line of cases have said again and again that choses in action of the same character as a share of capital stock, a bill of exchange, or any similar matter, is not a commodity of commerce, which can be regulated by the Federal Government but is purely intrastate in character. Yet this bill says in effect that if I telegraph to-

morrow to New York to buy 500 shares of Pennsylvania that in purchasing this stock on the floor of the New York Stock Exchange I have engaged in interstate commerce. This, to my mind, is a false idea; and if carried to its extreme there is no power of the States that cannot be taken from them by the Federal Government in this highly complicated civilization by simply misusing the commerce powers to achieve that end.

This is a striking vindication of a prophecy I heard uttered 25 years ago at a public dinner of the Pennsylvania Society of New York. The chief speaker was a man whose rank as a lawyer and a statesman is such that no one would question it, Elihu Root. Mr. Root said then, in substance—and his speech attracted adverse comment, especially in the South—that if the States were not wise enough to suppress fraud and bring about good government within their borders, the Federal Government would do for the American people what the States thus neglected. As I said before, this was very widely criticized at the time as an extreme assertion of Hamiltonian federalism.

His prediction has come true to the uttermost letter, for anyone who for 25 years has studied the legislation of Congress and the decisions of the Supreme Court, which slowly and reluctantly yields to one usurpation of Federal power after another, must realize that the commerce power, with its infinite ramifications, has now been used to take from the States reserved police powers given to them by the Constitution. This is strikingly illustrated by proposed legislation about to come before this body, where an attempt will be made to regulate, through the commerce power, the hours of labor in manufactories, and the Labor Department will be given the power to prescribe the maximum of output and minimum wages.

The whole system of our dual government can be torn down, as it has been very largely torn down, if you allow some of these tremendous powers of the Federal Government to be used for purposes, for which they were not given by the Constitution.

In the *Trade Mark cases* (100 U.S. 96) the Supreme Court held:

> When, therefore, Congress undertakes to enact a law which can only be valid as a regulation of commerce it is reasonable to expect to find on the face of the law, or from its essential nature, that it is a regulation of commerce with foreign nations or among the several States or with the Indian tribes. If not so limited, it is in excess of the power of Congress. If its main purpose be to establish a regulation applicable to all trade, to commerce at all points, especially if it be apparent that it is designed to govern the commerce wholly between citizens of the same State, it is obviously the exercise of a power not confided to Congress.

In *Paul* v. *Virginia* (8 Wall. 168) the same Court ruled:

> Issuing a policy of insurance is not a transaction of commerce. The policies are simple contracts of indemnity against loss by fire entered into between the corporations and the assured for a consideration paid by the latter. These contracts are not articles of commerce in any proper meaning of the word. They are not subjects of trade and barter offered in the market as something having an existence and value independent of the parties to them. They are not commodities to be shipped or forwarded from one State to another and then put up for sale. They are like other personal contracts between parties, which are completed by their signature and the transfer of the consideration. Such contracts are not interstate transactions, though the parties may be domiciled in different States.

I recognize that the term "commerce" not only includes navigation but the transportation, by whatever agencies, of commodities or of passengers, even on foot, or the transmission of ideas, and it is immaterial whether such transportation is connected with a sale. I argued as much in the famous *Lottery case* (188 U.S.). Included in the term "transportation" are all the services in connection with the receipt and delivery of the property transported. A contract may or may not be a transaction of interstate commerce. If it is in the form of a bill of lading, it is; but if in the form of a bill of exchange, or of a contract to perform labor outside the State, or of a contract for future delivery to be executed in another State, or of the contract of a private banker with his depositors, it is not.

Let us consider this question realistically. A group of business men project a corporate enterprise.

Is that interstate commerce? No.

Their lawyers prepare the papers for a charter and the form of the securities.

Is that interstate commerce? No.

They then list the securities and sell them on the New York Stock Exchange.

Is that interstate commerce? No; even when the buyer, represented by a New York broker, lives in another State.

Securities, negotiable or otherwise, may then be shipped from New York to another State.

Is that interstate commerce? Possibly, but it is a very slender thread to hang Federal supervision of corporate securities upon it. No one has hitherto dreamed that such a construction could be put upon the commerce power until the "brain trust" evolved the idea. A bill of lading is an instrumentality of commerce because it represents the property, but a bill of exchange, which is a matter of banking, is not a part of interstate commerce even when sent from one State to another. There is no limit to the Federal power over all business transactions if the commerce power can be perverted to regulate intrastate business transactions. This is "nullification by indirection", a term I first used about 25 years ago, when I addressed the Rhode Island bar. I then predicted that this pernicious doctrine, by which the reserved rights of the States could be destroyed by the indirect effect of the commerce power, would one day destroy our dual form of government. That prediction is in process of verification, if it be not already verified. I was a Cassandra then, as it is probable that in my present warning I am a Cassandra now.

This bill, on its face, shows that it seeks a power to reach police regulations which the States ought to have passed.

No one need question the abhorrence I have for corporate abuses. I practiced for 17 years in the city of New York and had a good many influential clients. Some of them, I am very glad to say, were honest men.

Mr. PETTENGILL. How many?

Mr. BECK. I would not attempt to take a census, but if Diogenes, with his lamp, in his eternal quest for an honest man, had gone into Wall Street in those days, his search would not have been short or easy. [Laughter.] Let me give you my opinion of one great cause of the financial immorality of some Wall Street adventurers.

Philosophically, it is the device known as the "corporation." The corporation, of all artificial institutions of man, is at once the most beneficent and the most maleficent. It is the most beneficent in combining capital so that large and important undertakings can be carried on, for which the capital even of a Rockefeller might not be adequate. Our stupendous growth as a nation has resulted from the corporate form of transacting business. It is, unfortunately, also infinitely maleficient, because the corporation dissipates moral responsibility. I have seen it, and any practicing lawyer I suppose has seen it, that a man who, in his private life will be scrupulously honest, yet as president of a corporation he will at times do things of an immoral character on the theory that he is only the trustee for the stockholders and is acting in their interests.

The financial irresponsibility that has resulted from the corporation is immeasurable.

This has been greatly increased by the fact, and this is a strange fact—I am dealing with moral psychology now—that of all the peoples of the world the freeman of America is the last to resent being robbed. You let a corporation fail in England, even honestly, and all the stockholders want to know the reason why and ask the managers to give an accounting of their stewardship; but a corporation here can fail to the extent of hundreds of millions of dollars, in which thousands of investors have lost their all, and not a stockholder will ever appear at a meeting, ask a question, or commence a civil suit, or institute a criminal proceeding.

Why, in England they have a minimum of regulations by law of corporations, but they have prosecuting officers who

prosecute. When I was in London last year I went into the criminal court to hear the trial of Lord Kylsant. Lord Kylsant was the managing director of the Royal Mail Steam Packet Co. In order to issue bonds or debentures, he had issued a prospectus, or rather it was issued over his name, in which only two things were alleged to be false. One, that he gave the average earnings of the Royal Mail for the last 10 years. He stated them accurately, but he was convicted for not telling the investors that the earlier years of the 10 years were abnormal and made the average of the 10 years misleading; and the second charge for which he was convicted, was that he forgot to say that in the earnings of one year there was a nonrecurring and an extraordinary profit; and Lord Kylsant, one of the greatest peers in England, was convicted, the conviction affirmed, and he went to jail, and it was done very promptly. In England they ask no other remedy and it has proved effectual.

From what I have seen of corporate business in this country, I believe that if we had prosecuting attorneys and judges who would speed the trial of criminal cases, and as a result, if there were more of this class of predatory millionaires in jail and less of them in palatial homes on Fifth Avenue, we would not have any necessity for this legislation. [Applause.]

I mention all this because it is a kind of psychological background to the question. The American will not fight for his rights, I do not know why.

In the second place, the corporate skulduggery of this country has been also due to the greed of States in their mad rush to get a few little fees for chartering corporations, under which they have issued piratical letters of marque and reprisal to prey upon the people of the country.

With this disposition of the States to make corporation laws so simple that a man can put a coin in a slot and draw out a charter and do anything he pleases, and with all the artificial divisions into holding companies and affiliated securities, and God knows what other skulduggery, the corporate life in this country is rotten to the core [applause], and if a pragmatic sanction is necessary for this legislation, it has it in this fact. This may justify the usurpation of power that now seeks to use the commerce power to deal with a situation that is essentially not one of interstate commerce, as the Supreme Court has held, but wholly of the police powers of the States. The losses have been in billions, and it is not unnatural that an outraged citizenry, Constitution or no Constitution, want to enact this legislation—but what are you going to accomplish when you do it?

You have put the power not in the Secretary of Commerce but in the Federal Trade Commission, easily one of the most futile of the bureaucratic agencies in Washington. The Commission will undoubtedly employ more men and subdivide itself into new bureaus and will receive these papers, which nobody will read, and when this is done the high-pressure salesman will go out to the people and tell everybody to whom they want to sell a rotten bond, "Oh, you know this has been supervised by the Federal Trade Commission." The United States Government has given its imprimatur, and the poor woman who has a little money to invest——

Mr. HUDDLESTON. Will the gentleman yield?

Mr. BECK. I yield.

Mr. HUDDLESTON. I just want to call the gentleman's attention to the fact that there is a section of the bill that puts such a man in jail.

Mr. BECK. Yes; but it is very hard to catch him, may I say to my friend.

Mr. HUDDLESTON. Of course, you have to catch a rabbit before you can have hash.

Mr. BECK. I know this is a very carefully drawn bill, and has sought to safeguard against this result; but I know my friend from Alabama will agree with me that in the actual detection of these fugitive and peripatetic salesmen they will have a hard time in ever proving he ever said anything of the kind, but he will have said it nevertheless, and I am inclined to think the bill may thus increase the sale of rotten securities, and not decrease them.

Mr. PETTENGILL. Will the gentleman yield?

Mr. BECK. Yes.

Mr. PETTENGILL. I want to applaud what the gentleman has said about rottenness of corporation regulation, but I would like to get clear in my mind whether the gentleman thinks this is outside of interstate commerce under Paul against Virginia, which was an insurance-policy case.

Mr. BECK. Yes.

Mr. PETTENGILL. And is the gentleman familiar with the Textbook cases, in Two hundred and Seventy-first United States Reports?

Mr. BECK. I argued International Text Book against Pegg in the Supreme Court, and therefore know the decision very well.

Mr. PETTENGILL. The gentleman will remember that in that case the Supreme Court held that insurance policies are not subjects of trade and barter offered in the market as something having an existence and a value independent of the parties to them.

Mr. BECK. I ought to be familiar with that.

Mr. PETTENGILL. And there are very many other Federal cases holding that securities are articles of interstate commerce.

Mr. BECK. But in the case referred to, the subject matter was not securities.

Mr. PETTENGILL. Not in those cases. They were correspondence-school courses.

[Here the gavel fell.]

Mr. PARKER of New York. Mr. Chairman, I yield the gentleman 5 additional minutes. [Applause.]

Mr. PETTENGILL. And there are many Federal cases holding that stocks and bonds are articles of interstate commerce.

Mr. BECK. Well, I am not so sure that is so, although my friend may be right. There are plenty of decisions, from Paul against Virginia down, which was an insurance-policy case, with respect to where various kinds of choses in action were held not articles of commerce within the meaning of the Constitution. The *International Textbook case* related to printed, scholastic literature sent as any other book through the mail.

Grant for the purposes of the argument that when I buy a share of stock in New York and the broker ships it to me—provided I do not pick it up in New York—the transmission of the share of stock to Washington is a transaction of commerce. Yet the fact remains that you are using the power to enact essentially police regulations, which for one hundred and forty-odd years have been universally accepted as the province of the States. You cannot have it both ways. Let us see how far this bill may carry us. If this is a Federal function, then many State laws regulating the sale of securities may be illegal as being a burden on interstate commerce, and if, on the contrary, they are within the power of the States how has the Federal Government the right to regulate it?

Mr. PETTENGILL. Does the gentleman believe that the *Lottery cases* were wrongfully decided by the Supreme Court?

Mr. BECK. I do not. I argued, and successfully, that great case in the Supreme Court.

Mr. COX. If the gentleman will yield, the decision of the Court in the Lottery Case was based upon the theory that the lottery tickets were things of value in that they represented the chance for a very large prize and were therefore the proper subject matter of commerce, whereas, in the bill before the House Congress seeks to bar from commerce a mere prospectus which simply extolls the merit of some article or thing. A prospectus is not a thing of value, it is not even intercourse, and therefore is not commerce, and not subject to the control of Congress.

Mr. BECK. The gentleman has answered it better than I could. But the fact remains that this bill is so broad that any communication with respect to the purchase or issuance of securities is sought to be brought within the commerce power of the country, and that means the preemption of a



vast field of power that for 140 years has been exclusively the province of the States respectively.

Mr. COX. And the Federal power never attaches until the article, which is the proper subject matter of commerce, enters commerce, and the Federal power is exhausted when that article finally reaches its destination, and becomes intermingled in the common mass of property.

Mr. BECK. When it merges into the property of the State of destination.

Mr. REILLY. I should like to ask the gentleman if this bill becomes a law, will it be of any assistance to my State or my county?

Mr. BECK. That is a question I shall not pretend to answer. I believe that all this confusion of Federal and State laws is a mistaken policy.

Mr. TERRELL. Will the gentleman yield?

Mr. BECK. I yield.

Mr. TERRELL. If the court holds that this provision is legal, then the State law might fail.

Mr. BECK. I have already indicated that possibility.

I am in sympathy with the objectives of this bill, but I cannot reconcile myself to this method of regulation through the commerce power, as I regard it as a clear usurpation of the reserved police powers of the States. [Applause.]

The CHAIRMAN. The time of the gentleman from Pennsylvania has again expired.

Mr. RAYBURN. Mr. Chairman, I yield 5 minutes to the gentleman from Connecticut [Mr. KOPPLEMANN].

Mr. KOPPLEMANN. Mr. Chairman and gentlemen of the Committee, I could add nothing to this discussion. The measure before us will undoubtedly be adopted without a dissenting vote, but it seems to me, in the light of what the gentleman from Pennsylvania [Mr. BECK] a moment ago stated, and his recalling the prophecy of Elihu Root 25 years ago, it might be well for me to state to this House that the State of Connecticut, from which I come, attempted on three occasions, through measures introduced by me in the legislature of that State, to adopt some sort of a blue sky law. Each time it failed because of the fact that those who constitute these investment bankers, a certain group of them, engaged able lawyers and lobbyists to defeat the measure. So the State of Connecticut, as many other States undoubtedly, was unable to adopt a measure such as this. It is well that we have a Congress; it is well that we Members of this Congress are in a position to do that which our several States have been unable to accomplish, and so I am happy in the thought and in the knowledge that as a Member of this Congress I shall vote for a measure which means so much to all of the people of this country.

Of course no industry wants to be regulated, of course here and there somebody finds fault with the provisions of this bill. That is to be expected. None of us is so optimistic as to believe or even contend that we have a measure that is 100 percent perfect in all its provisions, but we are happy to know that that for which many of the people of this country have been pleading and demanding and which should have been a part of the laws of this country for a number of years is about to be accomplished.

Mr. CANNON of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. KOPPLEMANN. Yes.

Mr. CANNON of Wisconsin. Does the gentleman not think this bill would have been much stronger if bankers had been included?

Mr. KOPPLEMANN. I believe this bill would have been stronger if bankers had been included. I believe if the bill had included issues heretofore made it would be stronger, but as I said a moment ago, none of us is so optimistic as to contend that this measure is 100 percent perfect. It is a very great stride forward, however.

Mr. CANNON of Wisconsin. Why is it when any measure ever comes up before this House or before the Senate, which affects big business and affects bankers, that they always sneak out in some way?

Mr. KOPPLEMANN. Unfortunately that is true, but in this measure they are going to be held to certain accounting.

Mr. CANNON of Wisconsin. What protection has the mass of the investing public in purchasing securities from banking institutions in this country?

Mr. KOPPLEMANN. I am frank to admit that I do not know, and I prefer to yield to a member of the committee to answer that question.

The CHAIRMAN. The time of the gentleman from Connecticut has expired.

Mr. PARKER of New York. I yield 1 minute more to the gentleman.

Mr. MAPES. Mr. Chairman, in view of the question of the gentleman from Wisconsin, it ought to be said that investment bankers and all bankers who deal in the securities of other corporations do come under the provisions of this bill. They will be required to furnish the information which these statements require. They are held to strict accountability for the truth of the statements of all material facts which they make, the same as other people are. The only provision which relates to the exemption of bankers is the one which exempts securities issued by a national bank and in certain cases State banks. The reason for such exemption is that such banks are already under the control of Federal and State authorities, and they are exempt only in the sale of their own securities or stock.

Mr. KOPPLEMANN. Mr. Chairman, after 3 years and 7 months the people of this Nation, with the help of Congress, will be offered a measure of protection against unscrupulous securities operators. The consideration of the securities measure in the House today marks a new recognition of responsibility on the part of the Government for the safety of investments made by millions of wage earners and small business men. It is a responsibility that should have been realized long ago. But it is, however, as the saying goes, "better late than never."

Since the crash of 1929 we have witnessed a steady downfall in the general price structure of commodities and securities. As a result of that catastrophe, there has been created a wide-spread doubt and shattered confidence in the business and financial structure of the Nation. This has been a direct result of the unethical practices of promoters and fly-by-night investment propositions.

Today, as a Congress, we are considering a measure designed to correct the ills of the past and to insure investment safety for the future. It is a measure resulting from the insistent demands of the day for the reestablishment of sound business principles and ethical business practices. Confidence in the integrity of business must be restored before we can expect the investing public to support any enterprise and continue faith in those already in existence.

Decrying the experiences of the past and criticizing the actions of those responsible for the almost unbelievable losses sustained is not enough to bring about a correction of the practices. During prosperous days losses of the past are soon forgotten. The time has come when legislative action is needed to prevent a recurrence of the debacle of 3 years and 7 months ago.

A money-seeking people goaded on by the lures of those who appeared successful were only too willing to follow untried leadership. Any business which seemed to make large profits rapidly was one in which all wanted to participate. The man who had that enterprise was forthwith acclaimed a genius and a financial pillar. His words were listened to with awe and were accepted with the highest degree of respect and authoritativeness. To secure a following all that was needed was an appearance of financial success and not proof of actual financial accomplishment. As a result of this attitude on the part of the people, and because of the lack of interstate securities trading regulations, we have such experiences as those resulting from the manipulations of Kreuger, Insull, and others who are less conspicuous. Where in the nineteenth century we relied on the integrity of a family for an honest presentation of the soundness of a particular enterprise, we have to rely today on published

reports of our great corporations. These published reports are now the only authoritative information upon which the investors can judge of the success or failure of the companies in which they have invested their money. That the truth should be demanded in these statements is obvious in itself. It is the purpose of this legislation to require that the truth be told and told in such a manner as to be unmistakable.

It is generally recognized that the lack of complete disclosure of the results of business operations was one of the major contributing factors associated with the inflation of security values which preceded the crash of 1929. Had there been a more frank and honest expression of business and investment operations millions would have been saved from the false impression that profit making would be continuous.

The need for Federal regulation of interstate traffic in securities is made striking by the fact that there are 48 States, each of which has different regulations and different penalties for violations of investment and securities laws.

Such differences have permitted practices which have been extremely detrimental to investors. Federal regulations of securities sales interstate will bring about a high degree of order out of existing chaos.

Mr. PARKER of New York. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. McFADDEN].

Mr. McFADDEN. Mr. Chairman, one cannot say very much in 5 minutes on this subject. I am very much in sympathy with the purposes for which this bill is brought before the House. I have been pointing out for some years past the necessity for some kind of regulation of the sale of investment securities to the innocent public. During the past 5 years practically the entire business of the United States has been reorganized and new securities have been issued and sold to the investing public. Because of the fact that the New York Stock Exchange is the center for the distribution of securities in the United States, and the fact that New York City is the financial center of the United States, most of this reorganization and the issuance of these securities has taken place in the city of New York. These large investment houses—some of them independent, but most of them affiliated in some form or another with the large banks, including both Federal Reserve banks and private banks—have been the institutions which have handled this particular business. I recognize the fact that the laws of the State of New York should have protected the investing public against the issuance of inferior securities and the exploitation of the public, and by the public I mean the investors in the 48 States. That has not only applied to the question of the organization and the sale of domestic securities but it has also applied to the issuance and sale of foreign securities in the United States.

I likewise feel that the administrators of the laws of the State of New York, particularly under the Martin Act, have failed to protect the securities that have been emitted by institutions under the control of the laws of the State of New York. I include in that also the operations of the New York Stock Exchange. May I be a little more specific? The New York Stock Exchange officers have gone so far as to go abroad and seek an opportunity to list foreign securities on the New York Stock Exchange. They have succeeded in that, and have permitted trading in securities of foreign issue, and they have regularly dealt in them through the exchange.

The rules and regulations of the New York Stock Exchange, I recognize, during the past 3 years, have been greatly perfected, particularly as regards information pertaining to the securities that are listed. That is a good thing, but it was much like locking the barn door after the horse was stolen. There is not anything that is any better for the investing public to have than full and correct information on securities, but let me point out to you one instance in which I was particularly interested, because in the year 1930 I introduced a resolution in this House to forbid the sale of German commercialized reparation bonds in the United States, which the international financial group was about to offer. I got very little consideration at the hands of the administration here, but we held some hearings in the Committee on Banking and Currency at my instance. The Secretary of State and the Secretary of the Treasury were called before the committee and stated it was all right to let people buy those reparation bonds in the United States at around 90, at which they were offered. The State and Treasury Departments had been visited by this international banking group and received a clearance. They finally went down to 22. They are now in the forties somewhere; but the American people were deceived in the purchase of those securities, because, as I pointed out at the time, those securities and other German securities were not legally issued.

The Dawes bonds are now listed on the New York Stock Exchange and dealt in by that exchange. The security that was back of those bonds has been removed, so there is nothing now but the plain guaranty of the German Government back of them. Those cases were purely cases where the Martin Act of New York should have protected the American people, but no action was taken. The administrators of that act always accept the statements of the powerful international group of bankers.

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. McFADDEN] has expired.

Mr. PARKER of New York. I yield 5 additional minutes to the gentleman from Pennsylvania [Mr. McFADDEN].

Mr. McFADDEN. It is just impossible to attempt to cover this subject in another 5 minutes. Those are instances, and there are many others in regard to the issue of domestic securities.

This question of the reorganization of industry in the United States, which has been carried on by the private investment bankers, who in turn are hooked up with the financial institutions in New York, should have been supervised to a greater extent than they have been, and I think that the administration of the laws of New York State has been very derelict in this respect.

One of the things we must guard against in the issuance of these securities and in this particular legislation we are at fault still in that, because I do not believe that, as well and carefully thought out as this measure is, it will do the thing we want to do. We want to protect the innocent investor from the sale and purchase of fraudulent securities, or securities that are not properly secured. So I say these institutions and the organization of these bankers, which emit those securities before selling them to the public, have the best corporation attorneys that are available; men who are versed in knowing how near they can go to the hair line and not go over on the other side. We must pay our respects to those lawyers who engineer these developments for the issuing houses and who guide those institutions, not only the companies whose securities are to be issued but the distributing houses. They know just how far they can go and they go just about to that line and sometimes they go over, and the public is cheated. We hire lawyers to protect us from other lawyers. Those law firms are just as responsible as are some of the investment houses, and should be held responsible under the law. I sometimes think they are more responsible, because they furnish the brains.

I am wondering whether in our attempt now we are really going to the meat of this situation, because we are leaving open still the possibility of the men in the investment house selling those bonds through financial institutions and then to the public, where they will not have the opportunity of detection until a loss has occurred. I am afraid salesmen will sell unworthy securities as approved by the Government.

Mr. MARLAND. Will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. MARLAND. Would it not add to the safety of the public if the investment banking houses were prohibited from sitting on the boards of corporations, manufacturing securities and selling them to themselves, to be sold to the public?

Mr. McFADDEN. The gentleman is absolutely correct. May I say to the House that the gentleman who has just

interrupted me has been the victim of manipulations of houses that have issued a great many of the securities where the public has been mulcted. The gentleman himself is a victim of that situation. It is too bad that the committee could not have listened to the suggestions and put into this bill some of the things which the gentleman from Oklahoma [Mr. MARLAND] has suggesed. He is entirely right.

Mr. EVANS. Will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. EVANS. Does the gentleman know of anyone who has not been? [Laughter.]

Mr. McFADDEN. Honest confession is good for the soul. [Laughter.] I am sorry the gentleman is one of those. It is simply a question of the degree.

What I am getting at is this—the question by the gentleman from Oklahoma [Mr. MARLAND] has prompted this: There are, sitting on the boards of the big banks, partners in international financial houses and domestic houses who have been engaged in the distribution of domestic and foreign securities. Those men, or their partners, or those whom they control, have men sitting on the boards of banks, insurance companies, all sorts of trusts, and things of that nature, and those connections are there for the purpose of distributing their underwritings and their securities. This has been a very prolific source of distribution of securities by these big houses and has often been a source under which great losses and inferior securities have been unloaded.

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. McFADDEN] has again expired.

Mr. RAYBURN. Mr. Chairman, I yield 5 minutes to the gentleman from Washington [Mr. SMITH].

Mr. SMITH of Washington. Mr. Chairman, it is with some trepidation that I address the Committee following the able and distinguished gentlemen who have spoken in regard to the legislation we are considering at this time. However, I am very deeply interested in the subject before us.

A few years ago in my part of the country, in the State of Oregon adjoining the State of Washington in which I live, we had a failure of one of the largest brokerage houses in that section of the country, involving several millions of dollars. I became one of counsel in that case and a protracted litigation ensued, lasting for several years. In the course of that litigation I had brought home to me a great many facts and much information pertaining to the sale of securities and the operations of the New York Stock Exchange of which I otherwise never would have learned.

I am in hearty accord with this measure. It will be a forward stride and will protect the American public and the buyers of securities. However, it will not reach evils from which the American people have suffered in recent years and from which they are still suffering.

The manipulation of securities after they have been issued embraces and constitutes a greater evil than those arising from the original issue of the securities. I refer to the vicious and criminal practices indulged in by stockbrokers, but which are possible under the rules and regulations of the New York Stock Exchange. These should be dealt with by Congress.

One of the worst evils is that of short selling, in which operation securities are sold that are not actually owned and possessed by the vendor. This practice is often resorted to in the manipulation of stocks that are being sold on the New York Stock Exchange. Another evil is that of "washed sales", where a group of men seeking to bring about a rise or seeking to depress the price of securities conspire and make fictitious sales through different brokerage houses, selling these stocks to each other, in this way affecting the quotations of the stocks.

A third evil is that of marginal sales, selling securities on margin. Under this plan the broker requires the buyer to pay a very small portion of the selling price of the security subject to a demand, or call, for additional margin. This acts as a snare or a trap, and a great many people buy more stocks than they can afford to buy, and when the call for additional margin comes their accounts are wiped out. Undoubtedly more money was lost by the American public because of marginal sales in the stock collapse of 1929 than on account of insufficiency of value in the securities when they were originally issued. Anyone who has studied the subject will bear me out in this statement, I am sure. [Applause.]

[Here the gavel fell.]

Mr. RAYBURN. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin [Mr. CANNON].

Mr. CANNON of Wisconsin. Mr. Chairman, I am very much interested in this bill because I do not think there is a Member of this House who has come in contact with more unfortunate victims of fraudulent securities during the past few years than I. I have seen men and women, old and bent with age, suffer the loss of their life savings as the result of purchasing fraudulent worthless stocks from bankers and others engaged in the selling of securities.

I am only sorry that this bill does not include bankers in the sale of their own stock and securities. I think the very teeth of the bill have been extracted, because bankers are excluded in this respect.

It is rather peculiar that every time we have a piece of legislation presented to either the House or the Senate, important legislation affecting organized wealth and big bankers, we find that the teeth of every measure that would protect the public against their crooked manipulation have been taken out. We find that these titans of finance constantly sit quietly behind the scenes not only in the House but in the Senate as well and veto every financial measure which seeks to throw the light of publicity upon their dishonest activities. The court records of the Nation disclose that during the past few years the most colossal, gigantic crooks that have ever swindled the public in the history of this Nation have been the big bankers. It is a matter of common knowledge and I am sorry the teeth that would tend to grip and expose the financial giants have been taken out of this bill.

Within the last few months I tried a case in which an influential high officer of a bank obtained from a poor man his life savings by selling to him securities he either knew or, in the exercise of due care, ought to have known were worthless.

Mr. RAYBURN. Mr. Chairman, will the gentleman yield? I will yield him another minute.

Mr. CANNON of Wisconsin. Yes.

Mr. RAYBURN. The gentleman knows, if he has read the bill, that a transaction like that is not exempted in this bill. Nothing like that is exempted under this bill.

Mr. CANNON of Wisconsin. I understand bankers are exempt under this bill?

Mr. RAYBURN. No.

Mr. CANNON of Wisconsin. Those engaging in the banking business are exempt.

Mr. RAYBURN. Not at all.

Mr. CANNON of Wisconsin. I have read the bill. I understand that bankers are exempt under the bill.

Mr. RAYBURN. The gentleman is mistaken.

Mr. MOTT. Did the transaction of which the gentleman speaks take place entirely within his own State?

Mr. CANNON of Wisconsin. Yes.

Mr. MOTT. Is it the gentleman's idea that such a transaction comes within the purview of this legislation?

Mr. CANNON of Wisconsin. Oh, no; I am just citing that as an illustration of the activity of some of our bankers.

Mr. MOTT. May I ask the gentleman another question?

Mr. CANNON of Wisconsin. Yes.

Mr. MOTT. In view of what the gentleman has said about that case, may I inquire what kind of blue sky law the gentleman has in his State?

Mr. CANNON of Wisconsin. We have practically the same law in our State that they have in every other State.

Mr MOTT Is it a blue sky law or securities law that covers conditions precedent in the sale of securities?

Mr. CANNON of Wisconsin. Yes; we have a commission that passes on the soundness of stocks.

Mr. MOTT. Then you should have secured a conviction.

Mr. CANNON of Wisconsin. We should have had a conviction in the criminal court, but if demand was made on the district attorney the influence of the banker would be so great that a warrant would not be issued. We therefore had to resort to civil prosecution, and after the jury had brought in a verdict holding the officer of the bank guilty of fraud in the representations made in the sale of the securitites and before the judgment could be collected, the bank became insolvent and the man lost everything.

Mr. COOPER of Ohio. Will the gentleman yield?

Mr. CANNON of Wisconsin. Yes.

Mr. COOPER of Ohio. Does the gentleman doubt the word of the chairman and the members of the committee when they say that bankers are not exempt?

Mr. CANNON of Wisconsin. I understood that bankers are exempt.

Mr. COOPER of Ohio. The gentleman said he had read the bill.

Mr. CANNON of Wisconsin. I read the important portions of it.

Mr. COOPER of Ohio. It has been stated here several times that bankers are not exempt.

Mr. BOILEAU. Will the gentleman yield?

Mr. CANNON of Wisconsin. I yield.

Mr. BOILEAU. As I understand the provision with respect to bankers, it applies to the sale of their own stocks and securities.

Mr. RAYBURN. The securities issued by a bank are exempt, but when a banker sells a security he is just as responsible as anybody else.

Mr. CANNON of Wisconsin. Why should it not cover the securities issued by the bank?

Mr. RAYBURN. Because the United States Government, through its examiners and State officials, is supervising these banks, and it has been complained that we are going into fields where we had no business. We also exempted the stocks and bonds of railroads, and they do not come under this bill, because they are already supervised by the Interstate Commerce Commission.

Mr. CANNON of Wisconsin. Well, they are not properly supervised, and I think the gentleman will agree with me on that.

Mr. RAYBURN. Which ones?

Mr. CANNON of Wisconsin. Both the banks and the railroads, with respect to the sale of their securities.

Mr. RAYBURN. With respect to that matter, the gentleman should offer an amendment to some other law.

[Here the gavel fell.]

Mr. RAYBURN. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. CANNON of Wisconsin. Understand, I am in favor of this bill. I think it will render a tremendous safeguard to the masses of the poor people of our Nation. In my humble judgment it is probably the most important bill that has been submitted at this session of Congress, especially in view of the fact that during the past 10 or 11 years over $50,000,000,000 worth of securities have been sold throughout the United States, hundreds of millions worth to poor men and women who turned over their life savings, and the records disclose and the committee reports show that at least $25,000,000,000 of these securities were either absolutely worthless or grossly false representations were made at the time of their sale with respect to the financial stability of those securities.

I believe this is a bill that is going to save hundreds and hundreds of millions of dollars in the future of the life savings of the masses of our poor laboring people throughout the Nation, and I am whole-heartedly for the bill, but I am only sorry it is not broad enough to include bankers and railroads in every respect without excepting them in any instance, not even in the sale of their own stocks or securities. [Applause.]

Mr. PARKER of New York. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. ARENS].

Mr. ARENS. Mr. Chairman, the purpose of this bill is to prevent misrepresentation in the sale of stocks and bonds to an unsuspecting public.

I do not believe for one minute the President in his message, or the committee when it brought in this bill, wanted to include in the bill the cooperative organizations. The stocks of cooperative organizations, as the bill now reads, will be subject to the provisions of the bill. They are hardly ever sold to the public as a whole, but are sold to individuals who deal in products that are intended to be handled by the cooperatives. To subject the cooperatives to the provisions of this bill would be a hardship.

If you will read the provisions at the end of this bill, you find they have to file an extensive statement with the Commission, wait 30 days before a permit to sell stocks can be issued, and then they are compelled to pay a filing fee of $50.

I had several conversations with members of the committee yesterday and today and none of them has any objection to exempting cooperatives from the provisions of the bill. However, it is too late to have this remedied. I was not personally aware that the provisions of this bill would affect cooperatives until yesterday, when I received a letter from the National Cooperative Council, of which my organization, Land O'Lakes, Inc., is a member, and which represents most of the cooperatives of the United States. The letter was from Judge Miller, the counsel of the New York Dairymen's League, who is president of the council. Part of the letter is as follows:

> A reading of the securities bill, presumably to be considered shortly in the House, indicates that its provisions were probably not intended to affect securities issued by cooperatives, yet I see no provision which would exempt them.

He therefore suggests an amendment in his closing paragraph, as follows:

> May I therefore request your serious consideration to securing an amendment to the securities bill which would exempt stocks, bonds, or certificates of indebtedness issued by farmers and fruit growers, or like associations organized and operated on a cooperative basis for the purpose and subject to the conditions prescribed in paragraphs 12, 13, and 14, of section 103, of the Revenue Act of 1932.

I have looked up the revenue act referred to. It is the act that provides for the income tax and other taxes and it defines very carefully what a cooperative is. So there need not be any fear about that, that some so-called "cooperatives" which should come under the regulations of this act would also be exempted.

I am pleased to say that this noon I asked a question of the chairman of the committee while he explained the bill in the Committee of the Whole, and he indicated he would have no objection to accepting such an amendment in conference if I were successful in having it added in the Senate. I shall make an attempt to have the committee of the Senate adopt such an amendment, and therefore I have asked for these few minutes to make this explanation to the House. [Applause.]

[Here the gavel fell.]

Mr. RAYBURN. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. KELLER].

CREATING A SACRED CIRCLE AROUND THE HOUSE OF THIEVES

Mr. KELLER. Mr. Chairman, first I want to congratulate the House for having heard from the chairman of the committee a statement of the facts justifying this bill, the like of which I have never heard before in one short address. I hope the gentleman will publish it in a pamphlet form, so that it may be for general use over the country, because of the immense amount of information contained in it.

Next, we seem to get the idea here that we are discussing a new subject. There never was a greater mistake than that. This is an old subject. It was already an old crime in 1909. Chief Justice Hughes, then Governor of New York, had an investigation of this very important subject made by a powerful committee, the report of which ought to be read by every man who wants to be informed about the subject.

THE PUJO COMMITTEE

Then the Congress of the United States in 1912 had an investigation made by what is known as the "Pujo Com-

mittee" of this House. I hold in my hand a copy of the report of that committee, that was printed in 1913. It sets out all the difficulties that have been set out before us here today. It proposes the proper remedy. It presents a legal brief that will instruct any man who wants information. It suggests and furnishes the legal authority to prevent the things which we have had to endure on a terrible scale during the last three and a half years.

The panic of 1907 was inexcusable, as also were the panics of 1921 and 1929, and also they were all as inexcusable as the panics of 1893 and 1873, because there was absolutely no excuse, and never has been, for permitting any of the procession of panics that have so often devastated this young, vigorous Nation, growing up in the country of the greatest possible natural resources. Every one of these panics have been followed by business depressions, destructive of industry to a terrible degree.

Mr. Melvin A. Traylor, president of the First National Bank of Chicago, in his address before the International Chamber of Commerce here in Washington City 2 years ago said:

> I am not an economist, but I must admit that at least the last three panics were all precipitated by crashes on the New York Stock Exchange.

It took courage for a banker to say this. His whole address on this occasion is a notable contribution to progressive thought. It ought to be read by every Member of the Congress.

I happened to know Mr. Traylor, and at that time I was at work on a book on this subject, one chapter of which I have here in my hand. I wrote to him, saying that not only was that statement true with relation to the last three panics, but that it was also true in relation to the panics of niney-three and seventy-three.

Now, all the conditions we have before us we had also in all those panics since the Civil War, except insofar as the extent of them is concerned. At that time we began to use labor-saving machinery on a very large scale. As our chairman pointed out, the increase of corporations ensued to a tremendous extent. And I point out that gambling in stocks increased just as the number of shares increased. The principle underlying the previous panics was not different from the last one, except that they were on a smaller scale and a smaller number of victims involved.

THE RULE FOR PANICS

I repeat a rule for you, if I may, and that is that every panic in this country, with its inevitably ensuing depression, has been precipitated by a stock crash on the New York Stock Exchange. To that rule there is no exception, and the extent and intensity of the depressions were foreshadowed exactly by the intensity and scope of the stock crashes themselves.

SHOULD INCLUDE PRESENT STOCKS AND BONDS

I am sorry that we have not the opportunity of including present stock issues under the provisions of this bill. They ought to be included for the reason that if we go on without prohibiting the fraud on people on stocks and bonds already listed, we are leaving the same gang in control that has been in control with exactly the same opportunity of robbing the people of this country just as they have been doing heretofore.

The effect of not including those stocks at present listed on the stock exchanges is to place the stamp of approval of the Congress upon them. In other words, we are placed in a position of saying to the American people: "We will protect you against any future fraud in the sale of securities, but you must take your own chance against those now listed on the exchanges. We believe that these stocks and bonds are all O.K."

We are supposed to act upon measures before us with intelligence, yet no intelligent man would set his stamp of approval upon any security without a thorough analysis of the value behind it, and we refuse him that opportunity on one security and afford it on another.

Schedule A of this bill enumerates 32 qualifications which must be met to the satisfaction of the Federal Trade Commission before authority will be granted for the sale of any new security. If these qualifications are important, and they are, why should they not be met by securities now on the market, regardless of their date of issue?

ARE THERE MORE KREUGERS AND INSULLS?

Who is there among us able to say that we shall not tomorrow be faced with another Kreuger or Insull? Undoubtedly there are others; the nefarious influence of these two erstwhile gentlemen is too widespread for comfort on the part of investors. Why do we not take this opportunity to guarantee to the American investing public that there shall be no further fraud perpetrated upon them? Why are we so eager to protect a few and unwilling to protect the many? What honest man will object?

Do you think that the same outfit that engineered the stock panic of 1929 cannot and will not do it again unless the law prevents it?

Unless we include the issues of stocks and bonds presently on the market we shall create a sacred ring around the "house of thieves."

Mr. REILLY. What would the gentleman write into the bill to do that?

Mr. KELLER. I am very glad the gentleman has asked me that question. There are eight things I set out in my book on that subject.

First. I would compel responsible incorporation under the law of all stock exchanges.

Second. I would prevent the payment of a higher rate of interest on call loans, either directly or indirectly by commissions or otherwise, than the statutory rate of interest in the State where the stock-exchange is located.

Third. I would compel brokers, operators, banks, and their promotional affiliates to assume financial responsibility for their statements in newspapers, advertisements, prospectus, or for other propaganda for the selling of stock.

Fourth. I would compel promotional institutions to assume responsibility for the statements of all their agents.

Fifth. The right to have the shares of any corporation dealt in on the stock exchange is a privilege at present arbitrarily held by the very brokers who buy and sell these same shares. The power to list or refuse to list a stock is capable of such abuse, and has so often been shamelessly abused that it cannot longer be left in the hands of the stock exchange. It is necessary therefore that those companies desiring to have their stocks listed on the stock exchange, and who are thereby given the privilege of having them dealt in on a Nation-wide scale shall have the right to come into a proper court of national jurisdiction and, by making proper showing have their stocks listed on the stock exchange by order of the court.

Sixth. I would prevent banks from owning or having any interest in affiliates or promotional organizations, either through interlocking directorates or otherwise.

Seventh. I would compel brokers to keep actual records of all transactions in the names of the actual parties at interest. I would make it a crime to use an assumed name in stock transactions.

Eighth. I would make the infraction of any of these laws a crime involving compulsory imprisonment.

H.R. 4365 OFFERS GREATER PROTECTION

I have had before the Committee on Interstate and Foreign Commerce a bill, H.R. 4365, that would accomplish the things I have just set forth.

THE PANIC OF 1873

The conditions which precede and follow any panic are the same that precede and follow all panics. The procedure is simple. Let us set out the conditions which preceded and followed the panic of 1873: General prosperity prevailed; there were very few business or bank failures; money in actual use was plentiful, and credit was easily obtained; profits in business were good; labor was well employed; everybody was at work and spending money; not a cloud was on the business sky; every justifiable reason why pros-

perity should continue indefinitely; speculation on the stock market had put stocks up; new issues of stock were listed on the stock exchanges; many of the "big ones" sold out toward the top of the market. Then short selling precipitated a full-fledged panic on the New York Stock Exchange; stock prices collapsed; credit was destroyed; bank failures started; panic spread to all business; unemployment, poverty, misery, and crime followed; industrial paralysis set in; the inevitable Nation-wide depression ensued; Government officials and leading financiers assured the country that the condition was purely temporary; that business would pick up in the spring; that the business of the country was sound; that the depression could not last; and the newspapers repeated this "hopeful stuff that dreams are made out of." But with all this reassurance, business failure, uncertainty, fear, lost confidence, and lack of enterprise, characterized the long years of recovery—"starving through" by the people who had no part in precipitating the panic. After some years of toil, shamelessly imposed upon them by the greed of others, the people paid the terrible costs of the panic of 1873. Nobody did anything about it. Nobody tried to find out what brought the panic. Nobody tried to prevent the coming of other panics. So, of course, other panics came.

THE PANICS OF 1893, 1907, 1921

The panic of 1893 came about under the same conditions and brought the same results as the panic of 1873. The panic of 1907 fits the description precisely, both in its approach and outcome. The panic of 1921 was distinguished from the other three solely by having had governmental aid and cooperation through the stupid or criminal use of the Federal Reserve System in "deflating" the currency and credits of the country.

THE PANIC OF 1929

The same conditions preceded the panic of 1929, and the same financial chaos, unemployment, poverty, and starvation followed it, with the Federal Reserve System again helping the stock gamblers, both before and after the panic. It will be noted that the stock panic on the New York Stock Exchange always brings a panic in industry, and through industry injures every man, woman, and child in America. Every panic inevitably brings in its train the condition known as business depression—the periods in which all the wrongs and abuses which produce panics are expiated. Here were five Nation-wide panics within a period of 57 years, literally destructive of the rights of men, and, calculated at present price levels, they have cost us more than our total national wealth, yet the United States Government has taken little interest in what caused these panics and has not at all investigated the means of preventing their recurrence. We appear to have concluded that nothing can be done about it.

The reason for bringing about the panic of 1907, the methods of conducting it on the New York Stock Exchange, and the disastrous results of it to the whole country constituted such a flagrant crime against society that the United States Senate in 1908 started an investigation of "wash sales"; that is, of bogus sales made for the purpose of misleading and defrauding the people. Abuses along this line were so palpable, and the evidence so indisputable, that the representatives of the New York Stock Exchange appeared before the Senate committee and agreed to prevent the continuance of that abuse. The investigation was therefore stopped and no record kept of the matter. But after 24 years the same practice in a different form, true enough, was, in the evidence produced before the Senate committee of the Seventy-second Congress (1932) under the chairmanship of Senator NORBECK, shown still to exist on a very large scale.

When the downright dishonesty, chicanery, thievery, and conspiracy to cheat and defraud which for so long a time has controlled and now does control the stock exchanges of the country are for a certainty done away with, we shall find the very conditions which business security demands and which all honest men want. The American people under conditions of reasonable national income save out of their earnings as much as $7,000,000,000 a year.

LEGITIMATE CAPITAL REQUIRED

The permanent improvements which the expansion of business requires for the continued development of the country must necessarily get legitimate capital from the savings from industry, not from the continual extending of credit. The people who save have a right to invest their money in the best securities—actual securities—which America has. They will do this gladly when they know they are putting their money into actual things worth as an honest investment what they are asked to pay. The buying and selling of this class of securities would soon bring into the market all the capital necessary to carry on the Nation's business. The honest handling of this immense amount of stored-up energy for the benefit of America, in the interest of the individual producer, at a fair profit to the legitimate broker would be the inspiring business of the stock exchanges of the near future, which must grow directly out of the present stock exchanges, or which will succeed their necessary destruction, if they further refuse to be reformed.

HONEST BUSINESS DOES NOT REQUIRE SECRECY

Open the books. Honest business does not require secrecy. Crooked business should not be permitted to profit by secrecy. Business must come with clean hands into court of humanity before it can claim the protection of that court. This is a very moderate program, in full keeping with our past experiences, with our system of government; its adoption will eliminate the causes of our present misfortunes. It will be attacked by those interests which are fighting to keep control. But it will be well for those interests to consider that 13,000,000 idle men are not going to remain idle. They have been wonderfully patient under the shameless conditions of the past three and a half years. Patience sometimes ceases to be a virtue. To this day and generation has come the ability to see and understand the causes which have underlain and moved men in government throughout all history—and the opportunity to reinterpret those principles in the interest of humanity.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. PARKER of New York. Mr. Chairman, I yield 1 minute to the gentleman from Vermont [Mr. GIBSON].

Mr. GIBSON. Mr. Chairman, personal greed has to a great extent directed the Nation's business and credit for years, exploited and taken advantage of the people, and has endeavored to run the country through control of political parties. Its apostles were aptly characterized by another Roosevelt as malefactors of great wealth.

This measure serves to discourage dishonest practices in the sale of securities; takes from the scheming banker and broker one source of tainted income and offers a measure of protection from unscrupulous financiers. When the basic idea back of it is clothed in proper legal form the measure should pass without a dissenting vote.

The true picture of the conditions that make the passage of this measure a necessity records a sordid, sorry, and grotesque mess.

The fact that we are passing through a grave crisis is known to everyone. It needs no repetition here. We are in disagreement as to the main predisposing cause; but we can, however, see some of the contributing causes.

Our country has been under attack from two classes of enemies, the criminal who breaks the law for private gain and the man who, under the cover of the law, has by false representation taken the savings of his less fortunate fellow men. These two classes may be comprehended by that modern term "racketeers." They have, to use a common expression, "bled the country white."

Crimes such as burglary, robbery, larceny, and fraud are costing the people of the country more than $10,000,000,000 annually.

We are just coming to an understanding of the methods of operation and results of the work of the international bankers and the heads of great banking institutions. We

were duly warned by the gentleman from Pennsylvania [Mr. McFADDEN], but we did not heed it.

The true picture before us shows the international banker and his agents during prosperous times sitting on the doorsteps of European and South American governments begging for contracts to float their impaired and worthless securities and to sell them to our unsuspecting home folks just for personal gain from commissions and manipulations. Even investment bankers of this country, following the bad example, sent out a horde of solicitors to secure questionable local bonds to work off onto the public. The game was played to the limit. In one case at least a New York banking house, supposed to be a reputable institution, resorted to bribery to secure an issue of South American bonds, and the bankers who put them out knew they were worthless. Local bankers took them and sold them to their patrons, well knowing if they did not do so their credit facilities would be curtailed. No less reprehensible was the conduct of our financiers in rigging the stock market to work off onto the people stocks at many times their real value. Read the available hearings that set forth the facts and see how the people were buncoed.

Into this same class of malefactors we may place the public-utility operators who wrote up the purchase price of their system units into capitalization and charged rates to net them 7 percent on values that never existed. They built up empires of business out of their ill-gotten gains and took billions of dollars from trusting investors.

It appears in the report that out of $50,000,000,000 of securities value sold to the American people during the past 10 years $25,000,000,000 of them were worthless and, therefore, represent a loss of that amount. This is one of the main contributing causes of the depression. Such practices should never have been permitted in America.

I believe that if the President does nothing more in his administration than to protect the people from such practices he will merit their everlasting gratitude and make for himself a secure place in the list of American Executives.

We are coming to a common understanding of the situation. The result of the last election was long in the making. The party to which I belong was given the reputation of being the servant of big business. That reputation came to be shared in all sections of the country and the voters determined to bring about a new deal because of it.

If the Republican Party gets back into power, it will be on the basis that it renders better service to the common run of folks than the Democratic Party. It must be made the party of service to the common man. Let me warn my party leaders that they cannot regain favor through men who are out of step with the ideals of the day. We must take the next Republican candidate for the Presidency from Main Street. He must be a man who knows the needs of the people and whose heart beats in sympathy with them. This is not the appeal of a radical. It is a statement of facts and common-sense political advice.

Let me say to the members of the Democratic Party, if you allow the same influences to gain control, you will some day find yourselves in the same straits that now confront our party members. Remember that the apostles of greed do not care which party is in power so long as they are in control of it.

These racketeers have broken down the capitalistic system, challenged the future of civilization, practically wrecked business, and placed the world on the edge of a volcano.

I am not criticizing the Republican Party as a party. My criticism is of those who have attempted to use it as a means of personal gain. The fine principles that inspired its birth must be preserved. Its future course must be so shaped that it will again command the confidence of the people. In former years it has been their servant, the champion of the rights of those who dwell in the millions of humble homes and whose hopes and fears have been grouped around the family hearthstone.

Under the guiding hand of party policies a great nation was builded, and during its control after the War between the States we witnessed a commercial development that amazed the world. The scattered States of the continent were united into one indissoluble Union. It was made the world's leader of thought and action. Then came what we may well call the pirate crew that substituted personal greed for patriotism and carried our party into the depths of ill repute with the voters of the country. This makes it necessary for the faithful, in these days of storm and stress, to hold the lines, build from within, and again make it the party of Abraham Lincoln and the party of Theodore Roosevelt, the outstanding champions of the rights of the people.

It is futile to deny that we are passing into a new era; into a period when groups that have taken advantage of their brothers will be held in check. It will be an age of strength among those who have been led rather than among those who lead. We are in the midst of great moving forces. Let us speed the hopeful day of return to the principles of common honesty in the relations of man with man by the passage of this measure.

Mr. RAYBURN. Mr. Chairman, I yield 5 minutes to the gentleman from Missouri [Mr. LOZIER].

Mr. LOZIER. Mr. Chairman, it so happens that when the gentleman from Pennsylvania [Mr. BECK] began his address this morning, I had before me and had been reading the Commentaries on the Constitution of the United States, by John Randolph Tucker, and by strange coincidence I had before me Mr. Tucker's reference to the case of *Paul* v. *Virginia* (8 Wall. 168), to which my colleague, Mr. BECK, referred in his very able and exceedingly interesting discussion. I want to call attention to what Mr. Tucker, one of the greatest students of our Federal Constitution, had to say apropos this question. I quote from page 556 of volume 2:

> The question has been mooted whether Congress can regulate negotiable instruments, interstate and foreign, and whether they constitute commerce within this clause. We have seen that an interstate bill of lading is beyond the power of a State to regulate, because such action would be a regulation of commerce. But this is the regulation of an instrument which connects itself with the thing which is in transitu interstate or to foreign countries. But could the contract involved in negotiable paper be the subject of regulation by Congress? Upon this there are no decisions, but a negative answer to the question is strongly confirmed by the late case of *Hooper* v. *California*, citing the opinion in *Paul* v. *Virginia*, and other cases.

The decision in the case of Paul against Virginia was handed down in 1868, and was written by Justice Field.

The case involved the construction of a statute of Virginia that prohibited an insurance company not incorporated under the laws of that State from carrying on an insurance business within the Commonwealth of Virginia without previously obtaining a license for that purpose, to which license it was not entitled until it deposited with the State treasury bonds of a certain specified character and amount.

The defendant, Paul, a resident of Virginia, as the agent of a New York insurance company, undertook to transact an insurance business for this foreign insurance corporation without said company or Paul having complied with the Virginia statute. Paul was indicted for the violation of this statute, and on conviction was sentenced to pay a fine of $50. In due course the case reached the Supreme Court on a writ of error.

The validity of the Virginia statute was assailed on the ground that it was in conflict with that clause in the Constitution which declares that—

> The citizens of each State shall be entitled to all the privileges and immunities of citizens of the several States—

And that it was also violative of the clause which declares that Congress shall have power—

> to regulate commerce with foreign nations and among the States.

The Supreme Court affirmed the conviction of Paul, sustained the validity of the Virginia statute, and held that the issuing of a policy of insurance is not a transaction of commerce within the meaning of the commerce clause of the Federal Constitution, and further, that the Virginia statute did not violate the "privileges and immunities" provision of the Constitution.

In substance, the court held that issuing a policy of insurance is not a transaction of commerce. The policies are simple contracts of indemnity against loss by fire, entered into between the corporations and the assured, for a consideration paid by the latter. These contracts are not articles of commerce in any proper meaning of the word. They are not subjects of trade and barter offered in the market as something having an existence and value independent of the parties to them. They are not commodities to be shipped or forwarded from one State to another, and then put up for sale.

In the course of his opinion Justice Field said that these insurance policies do not constitute a part of the commerce between the States any more than a contract for the purchase and sale of goods in Virginia by a citizen of New York while in Virginia would constitute a portion of such commerce. The court quoted with approval *Nathan* v. *Louisiana* (8 How. 73), in which it was held that a law of that State imposing a tax on money and exchange brokers who dealt entirely in the purchase and sale of foreign bills of exchange was not in conflict with the constitutional power of Congress to regulate commerce. The individual thus using his money and credit, said the court—

> is not engaged in commerce but in supplying an instrument of commerce.

And although these foreign bills of exchange are instruments of commerce, they are the subjects of State regulation and, inferentially, they may be subjects of direct State taxation.

Continuing, the court, speaking through Justice Field, said:

> The Federal Government can no more regulate the commerce of a State than the State can regulate the commerce of the Federal Government, and domestic bills or promissory notes are as necessary to the commerce of a State as foreign bills to the commerce of the Union. And if a tax on an exchange broker who deals in foreign bills be a regulation of foreign commerce among the States, much more would a tax upon State paper by Congress, be a tax on the commerce of a State.

In *Hooper* v. *California* (155 U.S. 648) the Supreme Court cited and followed the doctrine announced in *Paul* v. *Virginia*.

In discussing the scope and application of the commerce clause Mr. Tucker says that the regulatory power of Congress has been extended to embrace contracts as to things in commerce, as correspondence by telegraph, and so forth. Though invented long after the commerce clause was formulated, but as the telegraphs are but new forms of commerce of persons and things, the power embraces commerce through those means as it had done through the old and superseded means.

The power is not changed by the increase of its domain by reason of the advance of scientific investigation. In regulating commerce, therefore, Congress regulates traffic in things in transitu but not things themselves.

I merely wish to call your attention to the fact that so far there is no unequivocal and clear-cut rule established by our Supreme Court as to what extent the Federal Government can regulate transactions in the sale and transfer of securities. In my humble opinion the provisions of the pending bill, if challenged, will be held constitutional, if for no other reason on the principle of ex necessitate rei; that is, from the necessities of the case. Any other construction would not be in keeping with our exceedingly complex and rapidly changing social and economic institutions.

In the few minutes allotted me I cannot discuss this bill in detail, but I am whole-heartedly in favor of it. I believe it is constructive legislation, the beneficial effect of which it will be difficult to overappraise. I have been in this House 10 years and have heard some very able, convincing, and logical presentations of measures, but I have not heard a more lucid, convincing, persuasive, and compelling presentation of a bill than we heard this morning from our distinguished colleague, Mr. RAYBURN, the Chairman of the Committee on Interstate and Foreign Commerce. [Applause.] He and his committee have rendered their country a worth-while service.

If this bill had been passed 10 years ago and rigorously enforced, $14,000,000,000 of hard-earned American money would not have been taken from our productive industries and from our marts of trade and commerce in the United States, and invested in frozen European securities.

In February and March 1925, in a series of seven speeches, I called attention to the facts that each year billions of dollars of American capital was being sent abroad as loans to foreign nations, foreign provinces, foreign municipalities, foreign railroads, foreign industries, and foreign utilities. I warned against the evil effects and inevitable disaster that would follow this wild investment in foreign lands. I argued that these loans would probably never be repaid, or, if ever repaid, then only after several decades of delinquency. I protested against the action of the Harding and Coolidge administrations in approving and acting as a wet nurse in the making of these loans abroad and in the flotation and sale of these worthless foreign securities.

Mr. COLLINS of Mississippi. Will the gentleman yield?

Mr. LOZIER. In just a moment.

In 1925, in the month of February, I made seven addresses on this floor, in which I protested against the policy of lending private capital abroad with the sanction and approval of the State Department.

The CHAIRMAN. The time of the gentleman from Missouri [Mr. LOZIER] has expired.

Mr. RAYBURN. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. COLLINS of Mississippi. Will the gentleman yield?

Mr. LOZIER. I yield.

Mr. COLLINS of Mississippi. In the annual report of the Department of Commerce for 1928, page 135, I find the following:

> A record-breaking volume of foreign stocks and bonds was offered to the American investing public last year. This partly explains the increased use made of the store of information on the finances of foreign governments and corporations that is on file in the Bureau. American underwriters of foreign securities are now turning to the finance and investment division in constantly growing numbers for data to guide them in foreign financial commitments.
>
> The services of this division, from their nature, are not easily measured in dollars and cents. Though closely associated with important financial transactions, the division can take no active part in promoting them. It operates in a field where the greatest service is often rendered by furnishing detailed, accurate information not readily obtainable elsewhere.

As a result of this alleged service of a Government department, large issues of bonds of foreign governments were purchased by the American investing public, perhaps because of this advice, which has turned out to be very questionable.

Does not the gentleman believe that the American investing public will be induced to invest its money in issues of stocks and bonds that may be called sound by a bureau of this character? Because issues of stocks and bonds had the approval of such a Government organization, as was the case with the Commerce Department in 1928, causes many people to invest; the very approval of the Government to an issue of stock will cause citizens to buy it, who otherwise would be afraid to buy. I cannot believe the good will result that the gentleman anticipates.

Mr. LOZIER. May I say to the gentleman that the wisdom and value of any law is in its sympathetic and wise administration. A good law may be maladministered and become an agency of destruction and disaster. A law of doubtful merit, if sympathetically and wisely administered, may be helpful.

The CHAIRMAN. The time of the gentleman from Missouri [Mr. LOZIER] has again expired.

Mr. RAYBURN. I yield the gentleman 1 additional minute.

Mr. LOZIER. As far back as February 1925 I called attention to the fact that these foreign securities were being floated and sold to the unsuspecting public with the express approval of our State Department, Commercial and Financial Chronicle, and I exhibited letters from Blair & Co., Dow Jones & Co., National City Co., Morgan & Co., Dillon, Reed

& Co., of New York, the Equitable Trust Co., Moody Investment Service, and other international bankers in reply to my letters, in which they stated that before attempting to float any foreign securities in America or offering them to the investing public they had obtained the permission of the State Department for the flotation and sale.

My statement was challenged by George Harvey, former Ambassador to London, who was then editor of the Washington Post, and he called upon me for proof that the administrations had a part in the flotation and sale of these foreign bonds, aggregating billions of dollars. On March 3, 1925, the RECORD shows that I produced and included in my remarks letters from those great international bankers, in which they said that the sale of all the securities which they had floated in America was authorized by the State Department. I called attention to a conference which President Harding had with the international bankers in Washington in May 1921, after which a statement was made public to the effect that thereafter foreign securities offered for sale in the United States must first be submitted to the State Department for approval. I called attention to the fact that we were taking this money out of productive industry; that we were reducing tremendously the amount of capital available for loans or business; that we were financing our industrial and commercial rivals; that we were rehabilitating the railroads, factories, and utilities of Europe; that we were financing our competitors and enabling them with their cheap labor to recapture the markets of the world, which we had won during the World War.

I am not referring to the war debts due to the United States from our former European allies. I am talking about the $14,000,000,000 of private capital that our international bankers loaned abroad under the Harding and Coolidge administrations. If you are interested in the genesis and evolution of this foreign-loan scandal, I suggest you scan the seven speeches I made in February and March 1925. You will find them in the CONGRESSIONAL RECORD, second session of the Sixty-eighth Congress, on pages 3267, 3669, 3917, 3995, 5137, 5424, and 5880. In each you will find some worth-while information, and if you read my remarks beginning on page 5880 you will first be interested, then amazed, and then indignant that the financial and political leaders of a great nation would be guilty of such monumental folly as marked the lending of 14 billion good American dollars in foreign lands. [Applause.]

The CHAIRMAN. The time of the gentleman from Missouri [Mr. LOZIER] has again expired.

Mr. PARKER of New York. Mr. Chairman, I yield 5 minutes to the gentleman from Oregon [Mr. MOTT].

Mr. MOTT. Mr. Chairman, the discussion thus far has demonstrated again the utter futility and the farce of debating a bill of this kind under the gag rule. I agree with the gentleman from Missouri that the discussion of the bill has been interesting and enlightening, but nevertheless it has been entirely futile because we are not permitted under the rule to try to improve it; we cannot amend it, we can only take it or leave it just as it is written. I think if the debate upon this bill shows anything, it shows that a gag rule, whatever may be the claims for its justification in partisan matters, is entirely improper in connection with a bill of this kind. I desired very much to offer an amendment to this bill. Other gentlemen did also. And as I listened to the discussion for the last several hours, I came to the conclusion that almost every suggestion that has been offered here in the course of the debate would, if incorporated in the bill in the shape of an amendment, have improved the bill.

I am going to vote for this bill, of course. I doubt if there will be one dissenting vote in the House. But I am going to vote for it, not because I think it is a good securities bill, for I do not, but because I know that it is the only securities bill we shall be permitted to vote on this session. I doubt very much if there is a State securities commissioner in the United States who would undertake from his knowledge of securities regulation to endorse this bill as an adequate remedy for the evils arising out of the sale of securities in interstate commerce. The reason is that this bill omits the very feature which is necessary to make any securities bill effective and workable, and that is the requirement that before an issuer or dealer may offer his security for sale he must qualify that security with the governmental agency which is intrusted with the administration of the act, and must secure from that governmental agency a permit to offer that security in interstate commerce. This bill omits that feature entirely, and it omits it purposely, as the gentleman from New Jersey [Mr. WOLVERTON] has stated. It is my opinion that because it does omit it, it will fail of its purpose, just as every State securities act which does not contain the permit feature has been a failure.

On the other hand, every State securities law which does make the issuance of a permit a condition precedent to the sale of securities has been a success. It has been effectively administered, and it has actually protected the investing public.

Now, what is the purpose of any securities regulatory law? Obviously it is to protect the investor. The gentleman from New Jersey [Mr. WOLVERTON] was entirely correct when he said there were two theories of protection of the investor by a regulatory securities statute.

My objection to this bill is that it is based upon the wrong theory. The first theory of the protection of investors in the sale of securities is based upon the proposition that worthless and illegitimate and fundamentally unsound securities should not be permitted to be sold at all, and that the investing public should be protected against them in the first instance by prohibiting their sale. The securities laws based upon this theory take into consideration several important facts. In the first place, it recognizes the fact that the average investor knows nothing about securities or securities transactions. He knows nothing about the financial structure of the corporations which issue securities. The average investor does not know how to read or interpret a balance sheet, even when he has all the facts before him which went into the make-up of the balance sheet.

It also takes into consideration another important factor, and that is that unless the average investor is protected against the worthless and fraudulent security by prohibition of its sale in the first instance, he has no remedy at all in 9 cases out of 10, because by the time he discovers he has been defrauded, the corporation from which he purchased the security will have become insolvent.

Under this theory of securities regulation, protection to the investor is afforded by investing the securities commissioner with authority to make an investigation of every security proposed to be sold. The scope of the investigation is unlimited and is made by a staff of experts trained in that particular field. Based upon his investigation, the law then imposes upon the commissioner the duty of determining whether the security examined is legitimate and offered in good faith. If it is, the commissioner may issue a permit authorizing its sale. If it is not, then it is his duty under the law to deny the permit. Thus is the investor protected from fraud in the first instance—the only instance, as experience has shown, where he can be given any real protection at all. By issuing a permit the State, of course, does not guarantee that the investor will not lose money, because even legitimate enterprises may, and often do, fail. Neither does the State in issuing a permit undertake to approve the security sold under it. It does undertake to say, however, that the security sold under the permit is at least a legitimate security, and that it is issued honestly and in good faith, and that the investor who buys it is not patronizing a financial racket operated for the very purpose of robbing the investor. This much the State should undertake to guarantee; and if it cannot do this much, then no securities law is of any practical value whatever.

The other theory of securities regulation—and the one upon which this bill is based—is that the sale of worthless, illegitimate, and fraudulent securities should not be prohibited in the first instance. That all that is necessary to properly protect the public and all the protection the public

is properly entitled to is that the facts regarding the security offered shall be made known to the public through the filing of a certain statement and information regarding it with the governmental agency charged with the administration of the act. When that is done, then the law, under this theory, applies the old rule of caveat emptor and the seller is liable under the law only for actual legal fraud.

This theory ignores entirely the fact that the average investor cannot read and interpret a balance sheet. It ignores the fact that he is entirely unfamiliar with securities transactions and with the financial structures of the corporations issuing the paper. It ignores the fact that a balance sheet can be technically accurate and still convey to the untutored investor the idea that an unsound company is sound, and this without the risk of either civil or criminal liability on the part of the seller. And, finally, it completely ignores the most important factor of all: that in most cases the issuers of fraudulent securities cannot respond in a judgment, and that when the defrauded investor finally discovers the fraud his only remedy under this theory is a civil judgment which cannot be collected.

It has been estimated by securities commissioners in many States that fully 50 percent of the losses to investors have been through the purchase of securities in corporations which were insolvent at the time the securities were sold. The pending bill, when enacted, will do practically nothing toward protecting this class of investors because this bill does not undertake to prohibit the sale of any securities in the first instance, no matter how fraudulent they may be. All that is necessary is that the issuer file his statement, wait 30 days, and then go ahead and sell the stock.

You will recall that 2 or 3 times this afternoon I have asked gentlemen who were discussing this bill to explain how under it the bill would protect any person buying stock in companies like Insull, the Central Public Service Corporation, or the Foshay Co. None of them could explain how the bill would give any protection whatever to persons buying securities of this kind. The reason is that companies of this kind are financial rackets which a bill based upon this theory of regulation does not even undertake either to control or regulate. The companies I have mentioned could disclose to the commission every fact regarding their financial set-up which is required under this bill, and under the bill the Federal Trade Commission could not stop the sale of a single dollar's worth of their securities offered in interstate commerce. Every State securities commissioner whose State blue sky law does not contain the permit feature knows this to his sorrow. Every commissioner whose State securities law does contain the permit feature knows that with the permit club he can keep these racketeers out of his State, and that if by any chance they do succeed in robbing his people he can compel them to disgorge if he acts before such companies go bankrupt.

I have had a good deal to say about State securities laws and securities commissioners. The reason is that any Federal securities law is inseparably bound up with every State securities law. A Federal securities law is nothing more or less than an adaptation of a State securities law, or a class of State securities laws, to the regulation of the sale of securities in interstate commerce. Any proposal for a Federal securities law must of necessity be an adaptation of the regulatory features of some existing State law to traffic in securities between the States, because the existing State securities statutes in the aggregate constitute the entire corpus juris of securities regulation in this country. And that is what this bill is. My objection to it is that it has adapted the wrong class of blue sky laws to that purpose. It is an adaptation of the second theory of securities regulation, instead of the first. In its national scope, therefore, it must fail of much of its purpose, just as the class of State securities laws from which it is taken have already failed.

As I have stated, I intend to vote for this bill, because we need a Federal securities law, and this one is better than no law at all. But it is at least a start. As several gentlemen have said, "It is a step in the right direction." I do not think it is a very long step, but it is a step, nevertheless, and it may have a tendency to make some issuers and dealers who want to engage in interstate commerce a little more careful than they have been. It will, indeed, help to some extent the shrewd investor by making easily available to himself certain information which he would otherwise have to secure for himself through the various investment manuals and other sources of information at his command. It will not help the poor or the untutored investors, who are the ones who have suffered most from the operations of financial racketeers.

In time I hope this law may be amended so as to become a real Federal blue sky law, and I think eventually that will be done. I should like to have a law sometime that will protect in the first instance the average person who has saved his money and wants to invest it and who is now the legitimate prey of every interstate financial racketeer in the country. I want to do away with the rule of caveat emptor altogether where the sale of a fraudulent security is concerned. I want to make it impossible by law for any financial crook to operate in the United States.

Mr. RAYBURN. Mr. Chairman, I yield 5 minutes to the gentleman from North Carolina [Mr. LAMBETH].

Mr. LAMBETH. Mr. Chairman, the pending Federal Securities Act embodies a purpose which must appeal to all of us who would protect our people from injustice and who seek the preservation of Americanism against internal poison no less than against external foes. I believe that it pursues that purpose wisely, judiciously, and as adequately as present conditions will permit. Therefore I take satisfaction in giving it every ounce of support I can.

This bill strikes hard at practices which have robbed countless investors of their savings. Interstate and foreign commerce is barred against new securities until registration statements have been on file with the Federal Trade Commission 30 days. At any time thereafter the Commission may issue a "stop" order for sufficient cause. Every prospectus, by radio or otherwise, must contain the essential parts of the statement. Appropriate penalties, both civil and criminal, are prescribed. Exemption is granted securities sold within 60 days after passage of the act, all public securities, ordinary banking transactions, securities of religious or similar nonprofit corporations, building-and-loan issues, common-carrier issues under the Interstate Commerce Commission, policies of licensed insurance companies, and so forth. Care is taken to preserve the full powers of the State securities commissions. Cases under the Federal act may be brought in the State courts, and no such case may be removed from a State court of competent jurisdiction to a United States court.

Apparently all those judicious friends of securities legislation who raised objections against certain portions of the earlier draft as possibly mischievous are satisfied with the bill before the House today.

So far, excellent. At the same time, it strikes me as the proper moment to give notice that some, or perhaps all, of us who have supported the present measure intend attacking financial rascality and financial secretiveness on a broader front whenever the abatement of public fear permits further reform.

This means that while just now we cannot safely deal with securities already before the public nor with corporate management in reference to the investor, there will be another story before very long.

Mr. Chairman, even in advance of this program there are some steps which we might take. I prepared a paragraph to offer as an amendment to the pending bill should the opportunity occur. It is adapted from the British Companies Act of 1929 and reads:

It shall be unlawful for any person to go from house to house offering securities for subscription or purchase to the public or any member of the public within the District of Columbia or any Territory with the exception of such securities as are exempted from the operation of this act: *Provided*, That the expression "house" shall not include an office used for business purposes and that the provisions of this subsection shall not apply where the offer was made only to persons with whom the person making the offer has been in the habit of doing regular business in the purchase or sale of securities.

Now, the restriction here to the District of Columbia and the Territories is made because I have been advised that Congress can probably go no further along the line proposed. But if so, there would be no reason why, besides benefit to the people of the District of Columbia and the Territories through Federal enactment, this form of protection should not be legislated in every State. I certainly hope that something of the sort will be done.

It is through house-to-house solicitation that the unwary, the unworldly, and the uninformed are chiefly defrauded. We are all familiar with the high-pressure security salesman, his elaborate technique of approach and of closing, his prepared harangue to outtalk the unprepared prospect, and his faked-up enthusiasm.

Such men, along with the more highly placed exponents of buccaneering finance whose agents they often are, act as deadly toxin-producing bacteria in the body politic. Unless checked, they will cause people to turn in despair from the evils of our American system, our so-called "capitalism", to communism or some other vain hope. At best we have enough problems on our hands, problems largely inflicted upon us by them and by affiliates of theirs as short-sighted if not as unscrupulous as themselves.

Especially must there be safeguards against men who are members of oligarchies holding their control over the public's investments simply by succession from within. We have witnessed a very recent case of one of these, a case the more outrageous in its greed because it occurred amid the grievous sufferings of our people.

Unfortunately the small, scattered stockholders and the public never become acquainted with such looting, or at least with its extent, unless some one wealthy stockholder brings suit, or the insiders fall out among themselves, or testimony is compelled by a congressional committee. So it was in the notorious case just mentioned, and so also in a $30,000,000-rake-off exposed sometime before.

Who ever heard of an instance where those in control of a large corporation and not opposed by another powerful group were unable to announce plenty of stockholders' proxies for anything they wanted done?

It is often the case, and better for the stockholders, that corporations under such control are actually run by capable and intelligent men at modest salaries while the insiders take all the credit along with huge graft.

These performances are paralleled in the same general class of corporation management by manipulating the stock unscrupulously, by unloading on the corporation holdings acquired at far lower figures, and by many others of the sort. Often the first hint outsiders get of a capital operation is when the insiders, having sold out under cover of false corporation reports, go short and profit further as the stock heads for zero or its neighborhood. Every little while some such news comes out in the newspapers concerning a so-called "security" listed on the New York Stock Exchange, and nothing is ever done about it.

I am glad to say that in the midst of all this roguery many of our large corporations, including some of the very largest, have beyond doubt been conducted honorably and capably. They do not conceal their condition by untrue, misleading, or inadequate statements. It is gratifying, too, that the New York Stock Exchange officials are seeking, though with much less power than good will, at least to compel the issue of better than farcical reports.

Good, bad, or indifferent, the managements of our big corporations deal with their security holders and the investing public practically as they see fit. In England the investor has been strongly protected by strictly administered law for several generations. I have studied with interest the comparatively recent proceedings under which a peer of the realm and owner of great wealth was given a year's penal sentence for a corporation report which would cause no criticism over here—the Lord Kylsant case.

Enough said of these aspects of the problem not now timely for legislative action. In the bill before the House we have, indeed, made a good start. While waiting for the next opportunity I want to do what I can to help throw the fear of God and of the American people into those public enemies who will continue beyond the effective reach of the law.

Mr. RAYBURN. Mr. Chairman, I yield 2 minutes to the gentleman from Washington [Mr. SAMUEL B. HILL].

Mr. SAMUEL B. HILL. The statement has been made that this is not a blue sky law; and insofar as its main purpose goes, it is not a blue sky law. To this extent I am in entire agreement with the purposes of the proposed legislation.

I doubt the advisability in any instance of a so-called "blue sky" law that implies the approval of the State or of the Government of securities listed under registration provisions. If we must have a blue sky law, it would be better if it were a national law so that but one registration and one approval of a security issued would be required.

In addition to the main purpose of requiring registration of security issues, the bill under consideration contains a provision that ties it up with every blue sky law of the various States. In this sense it is a blue sky law, or a bill that would result in a blue sky law. In my opinion, this feature of the bill is entirely vicious; and if the rule under which the bill is being considered permitted, I would move to amend by striking out section 18 dealing with this particular subject. In the original draft of the bill this was section 14. I appeared before the committee at the hearings in the effort to have it eliminated, and had hoped that the committee would cut out that particular provision.

It declined to do so, but did modify it in the bill as rewritten. This provision appears in the present bill as section 18. I understand that the provision in question has been omitted from the companion bill in the Senate, and I urge that it be eliminated in the conference between the two Houses.

[Here the gavel fell.]

Mr. SAMUEL B. HILL. Mr. Chairman, I ask unanimous consent to revise and extend my remarks by including two letters I received dealing directly with section 14 of the original bill, which is section 18 of this bill.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. SAMUEL B. HILL. The letters which I desire to incorporate in my remarks are from Mr. Leon Starmont, a representative of the Northwest Mining Association, of Spokane, Wash. The letters follow:

SPOKANE, WASH., *April 12, 1933.*

The Honorable SAMUEL B. HILL,
House of Representatives, Washington, D.C.

DEAR SIR: This will acknowledge your letter of April 8. You may be assured that the entire mining industry of the Western States appreciates your efforts to remove section 14 from the Federal securities bill, and particularly your voluntary appearance before the House Committee on Interstate and Foreign Commerce to present the objections which all those engaged in creating new businesses and industries must have toward this section when they understand its meaning.

Your aggressive interest will be brought to the attention of those in whose behalf you are acting.

A copy of the revised bill as rewritten by the Senate Banking Committee arrived in Spokane today. Section 14 has been slightly revised, but not enough to make it beneficial. It still tends to monopolize all financing in Wall Street by the provision that all new securities must have approval of the various State blue-sky commissions before they can be marketed in the several States.

The prohibition against advertising a security nationally until all States had qualified it has been removed in the Senate committee—but what's the use of advertising stocks or bonds which cannot be sold to a large proportion of those who may answer the advertising?

The Senate revision also exempts all securities already issued. This defeats the very purpose of the measure. It not only leaves the way open for fraudulent practices but extends an absolute invitation to fraud on the part of the financial underworld.

Let me explain that statement briefly: There are literally thousands of corporations now dormant whose shares are still in existence and which can be bought up for a few cents or fractions of a cent per share. The proposed Securities Act would make it almost impossible to raise money for new companies, but would enable individuals to buy these existing issues at a low price, create a little fictitious activity, and market the shares to the public at absolutely unlimited profits to themselves. Stocks purchased for 1 cent a share might be resold at $1 or $10 or $100,

and there would be nothing in the Federal statutes or the State blue sky laws to prevent it. That is the manner in which most stock frauds are perpetrated. There are very few corporations whose shares are fraudulent at the time of the original issue. Most frauds occur in the resale of issued stocks at fictitious or inflated valuations.

Section 14 in the Senate revision retains the worst feature of the old Denison bill, which was defeated some years ago. Its effect will be to perpetuate monopolies for companies already existing and whose shares are now listed on the New York Stock Exchange or the other large eastern markets.

The reason for this may be found in the language of the various State blue sky laws, which will become practically sections of the Federal law if section 14 is retained. These laws generally cover only new stock issues, but they exempt from their provisions the new shares of companies whose old shares are listed in New York.

This makes the listing committee of the New York Stock Exchange a virtual part of the American Government.

It is understood to be the President's policy to move the seat of government away from Wall Street and back to Washington, but section 14 insinuates Wall Street into the Federal Government and effectively nullifies the benefits of the entire bill.

Thus a company—let us call it "American Flypaper"—whose stock is listed in New York can raise additional capital by merely meeting the publicity requirements of the Federal act. That automatically makes its issue salable anywhere in the United States

But a rival concern—let us call it "National Flypaper"—whose stock is not listed in New York, will have to qualify under all the various blue sky laws at an estimated cost of $40,000 upward, with annoying and exasperating delays, and no guaranty that some obscure State commissioner for no sufficient reason may not refuse to grant a qualification in his particular State.

The New York Stock Exchange, in other words, can dictate which corporations may go to the public for additional capital and which may not.

I don't believe President Roosevelt intends any such thing. I don't believe any Congressman or Senator intends any such thing. But that is the effect of the bill.

Another objection to section 14 is that it will increase the cost of shares to the public. Companies which advertise their shares either in newspapers and periodicals or by direct-mail solicitation frequently raise money at a cost of 5 percent to 10 percent. Long experience has demonstrated that the use of salesmen brings the total financing cost from 30 percent to 60 percent, and that the roundabout method of having stocks underwritten and then listed on an exchange increases the cost of financing to approximately 70 percent—in extreme cases within my personal knowledge it has reached 99½ percent.

The buyer always pays the cost of financing, including the cost of qualifying under the blue sky laws. Section 14 practically compels the buyer to pay more for his stock, by shutting out those companies which have marketed their shares direct to the public, without commissions, and requiring all moneys to be handled by stock-exchange brokers or so-called "investment bankers."

It is strange indeed that most of the comment on the securities bill, including all the newspaper accounts that I have seen except those in the Wall Street Journal, ignore the hidden meaning of section 14. The Wall Street Journal account merely stresses the impossible provisions of the original bill, which would have shut off all financial advertising of new securities except those which are automatically exempt from the State laws. Apparently that publication is willing to have section 14 retained if its own advertising revenue is not threatened.

The absence of comment on section 14 must mean that its real meaning has so far escaped the understanding of Congressmen, correspondents, and independent financiers—meaning those not connected with Wall Street.

Should this bill slip through with the "joker" undetected, it is my prediction that section 14 in later years will be known as the "crime of 1933"—for it was in some similar manner, if my reading of history is correct, that the Congress 60 years ago was led to demonetize silver, now known as the "crime of 1873."

A great responsibility rests upon the few Members of the House and Senate who are able to discern the meaning of this proposal to turn all American financing over to Wall Street. If they can make the majority understand what section 14 means, they will save this country from a great catastrophe.

I hope you and your associates will be able to make this situation clear and prevent the enactment of legislation that will encourage fraud, penalize all investors, and make the New York Stock Exchange (a private club of rather unsavory reputation) an actual part of the Government of the United States.

Most sincerely,

LEON STARMONT.

SPOKANE, WASH., *April 13, 1933.*

The honorable SAMUEL B. HILL,

House of Representatives, Washington, D.C.

DEAR JUDGE: I wrote you at some length yesterday discussing, among other things, the open invitation to fraud which the Federal securities bill presents by exempting stocks already issued.

In one of the newspapers publishing Paul Mallon's National Whirligig feature I note this sentence:

"The clause making old securities subject to Federal scrutiny will probably be eliminated. Wall Street kicked up too much fuss."

If you can get the Members from the West, South, and Middle West to understand that section 14 makes Wall Street the absolute dictator of national financing, you can kill this bill. Mallon is beginning to see the light. If the New York Stock Exchange can do as it pleases, of course, Wall Street is going to welcome this bill, while making some public pother about "accepting" its restrictions.

Nothing is restricted, as the bill now stands, except honest business. The stock crooks and racketeers can get away with murder. The financial underworld will reign supreme.

Sincerely,

LEON STARMONT.

Mr. RAYBURN. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin [Mr. REILLY].

Mr. REILLY. Mr. Chairman, I shall vote for the pending bill, because I believe it to be a step in the right direction. Wisconsin, the State that I have the honor to represent in part on the floor of this House, had a blue sky law for many years. The fact of the matter is Wisconsin was one of the pioneer States in the Union to attempt by legislation to protect her citizens from being imposed upon through the sale of unsound and worthless securities.

There are two theories under which the National Government may operate in the matter of protecting the citizens of our country from being fleeced in the purchase of worthless securities. One is for the Federal Government to insist, as provided in this bill, that full information be given to the public regarding the soundness of the security offered for sale before the said securities are put on the market in interstate commerce.

The other theory is, and it is a theory that has been advocated on the floor of this House today, that the Government of the United States should go further and withhold a permit to sell securities in interstate commerce that in the judgment of the Government should not be sold, thereby indirectly putting the approval of the National Government on the soundness of the securities that are permitted to be sold in interstate commerce.

In my judgment, it would be a serious mistake for the Federal Trade Commission, the agency authorized in this bill, to carry out the terms of this law, to be required directly or indirectly to approve any stock or securities to be offered for sale in interstate commerce. The National Government will have gone the limit in this line of legislation when it makes available for its citizens full and complete information regarding the merits of the enterprise asking for the privilege of selling its stock to the people of the country.

The pending bill does not in any way interfere with the various States of the Union from writing such legislation as they may see fit to write to protect their citizens from being imposed upon by high-powered salesmen in the sale of worthless securities.

The fact of the matter is this bill will help the States to carry out their legislative program for protecting their citizens from being the purchasers of worthless or doubtful securities.

This bill does not in any way affect securities already issued, unless the issuing corporation should buy up her own securities and attempt to sell them again, in which case the latter sale would come under the terms of this law.

It is estimated that during the 10-year period prior to the breaking of the panic in the fall of 1929, $50,000,000,000 of securities were sold to the American people and that at least one half of the securities sold have turned out to be worthless.

This law is intended to prevent such sales in the future. It is too bad that this legislation was not written 10 years ago, at about the time the investment banker, the promoter, and the high-powered stock salesmen came into existence.

There can be no doubt that the mad stock-market rampage of 1927, 1928, and 1929 and the high-finance operations of the investment bankers accentuated to a great degree our present industrial depression.

I regret very much that there are not in this bill provisions for the control and regulation of the stock exchanges of this country by the Federal Government, and I hope that such legislation will be part of the legislative program of the present administration.

Before the coming of the investment banker and the promoter into the financial and industrial life of our country, when a corporation or a partnership saw fit to sell bonds or securities it added up the costs of its plant and equipment and some extra money for operating expenses and then sold to the public stocks or bonds to cover that total sum; but when the investment banker and the promoter got in action the cost of the plant cut no figure; the big idea was what kind of a showing could be made on paper as to the value of the plant based on the profits of the plant.

In other words, after the war our financial geniuses began their dizzy career of capitalizing profits and selling to the confiding American people bonds on estimated profits that might fade away.

These promoters would go to a business concern and coolly inform the owners that, from an inspection of their income-tax report, it would appear that their concern would stand a much greater capitalization. In other words, these promoters would inform the owners of a business that they could sell stock on their business representing a capitalization two or three times what the business was worth, the said capitalization to be based on the profits made the past year or so by the business.

These promoters would inform the owners of the enterprise proposed to be inflated that they might just as well sell their business and own it also the same as other institutions were doing.

In other words, they were told that they could sell 49 percent of the stock, get more money in cash, than the business was worth, and then continue to operate the business as representatives of themselves and the sucker stockholders, who bought stock based, not on real values but on profits made or estimated to be made in the future.

When people buy securities they should know whether or not they are paying for securities on the basis of the real value of the plant, or whether they are paying for the securities based upon illusive profits.

It is objected that this bill constitutes some more legislation that will interfere with business. Yes; the bill is intended to interfere with business—that is, a certain kind of undesirable business—that has fleeced the American investors out of billions of dollars in the past decade.

This bill will help to furnish the buying public information that it is hoped will enable them to know whether they are buying sound securities or putting their money in purely speculative or unsound investments. [Applause.]

Mr. PARKER of New York. Mr. Chairman, I yield 1 minute to the gentleman from California [Mr. ELTSE].

Mr. ELTSE of California. Mr. Chairman, while I do not want to be understood as favoring section 18 of this bill, I do want to emphatically assert that I believe in the principle and purposes of the bill. Partisanship does not enter into my consideration of it.

I have steadfastly proclaimed that I stood squarely for Federal regulation to protect our investing public against loans made to foreign nations and borrowers by international bankers and brokers because they pegged the market until they could peddle their securities and then withdrew their support, resulting in withdrawal of untold millions of dollars from circulation and untold millions of losses to the American investors.

SOURCE OF FUNDS LOANED TO FOREIGN NATIONS

It is to be remembered that there are three classes of foreign loans:

First. Government loans; that is, government to government loans, limited to the so-called "war loans."

Second. Private credits; that is, credits extended by banks and banking houses out of funds in their control.

Third. Public loans; that is, advances by American banks and bankers to foreign governments and corporations, the funds being derived from the sale to American private investors of the bonds and stocks of the foreign governments and corporations.

It is with this last class of loans that we are here principally concerned.

That the Members of the House may know something of the vital importance to the American investor of H.R. 5480 as the same bears upon investments in foreign securities, I wish to give some statistics expressed in terms of dollars. The imagination can scarcely envelop or comprehend the enormity of the loans made to foreign governments—exclusive of war loans—and corporations. While these figures may not be entirely, they are at least fairly, accurate for the period 1914 to 1930.

Loans to Europe:	
(a) Governmental	$5,548,200,000
(b) Corporate	1,159,000,000
Total	6,707,000,000
Loans to North and Central America:	
(a) Governmental	2,576,466,000
(b) Corporate	1,814,570,000
Total	4,391,036,000
Loans to South America:	
(a) Governmental	1,959,241,000
(b) Corporate	413,379,000
Total	2,372,620,000
Loans to Australia:	
(a) Governmental	269,188,000
(b) Corporate	7,750,000
Total	276,938,000
Loans to Far East:	
(a) Governmental	342,059,000
(b) Corporate	270,710,000
Total	612,769,000
Total governmental loans	10,695,154,000
Total corporate loans	3,665,410,000
Grand total	14,360,360,000

It was through and by means of loans made by international bankers and brokers from funds derived from the sale of foreign securities to the American investor that the American investor was shorn and impoverished. He literally was a sheep led to the slaughter.

The American investor was relying upon the bankers, since faith in the bankers was virtually the only measuring rod for the investor. How certain bankers and brokers have breached that faith is part of this whole sordid story.

These international bankers and brokers have evinced great satisfaction and pride that scarcely any of the bonds remained in their hands when the crash came. Thus in December 1931 Thomas W. Lamont, partner of J. P. Morgan & Co., testified before the Senate Finance Committee that the terrific losses which had been suffered through depreciation of the value of foreign bonds had fallen on the investors rather than the banks; and in this connection it is interesting to note that his house had floated loans to 16 foreign governments and concerns totaling $1,705,398,000—this during the post-war period. What has been the investor's loss has been to the advantage of the exploiting bankers and brokers. They managed well in divesting themselves almost competely of the issues that they sponsored, thus saving themselves from participation in any of the losses. In the first instance, these bankers and brokers have solicited the confidence of the investing public in order to foist upon them these billions of dollars in securities and then, without any regard for moral duty to verify the soundness of the underlying security of the bonds, they have breached and violated that confidence and failed in every degree to measure up to the trust reposed in them by the investors. The only answer is that these bankers had in mind the fat commissions which they would receive on the sale of the securities, and in order to fatten the goose which they have unwittingly killed they sent solicitors and runners abroad in every corner of the earth to drum up applications for loans.

It is common knowledge that some of the outstanding citizens of Germany have complained that they were vir-

tually implored by American bankers and brokers to accept loans. Of course that is no excuse for the debtors but at the same time it shows the inordinate and greedy desire of these bankers to get—I did not say earn—a fat commission.

This Government has stood supinely by and has shown little concern as to how the money which we loaned was spent, with the result that much of it was wasted in purchases to gratify temporary and passing wants. Millions were expended in noncommercial and unproductive improvements of little, if any, value to the borrowers. Other millions were spent in making improvements for commercial productive purposes which would come into direct competition with the industries and business of the United States.

I submit to you, ladies and gentlemen of the House, that it is high time that this Government set up a control and regulation of the distribution of domestic and foreign securities, as provided in this bill, to the end that the American investor may be protected against exploitation. [Applause.]

Mr. PARKER of New York. Mr. Chairman, I yield 5 minutes to the gentleman from Maine [Mr. BEEDY].

Mr. BEEDY. Mr. Chairman, casual reference by one of the Members of the House was just made to a provision in what he termed "the original securities bill." This reference to the original bill suggests the propriety of comparing a provision or two of that bill with the pending measure. And this pending bill is quite properly being considered regardless of party lines. However, the various stages through which the pending proposal has passed, and in the time allotted I can make but brief reference to one or two of them, serve to illustrate the compromises and departures from original intentions which are very generally made in formulating legislative proposals, by whatever party is in power.

Many times during the last 12 years of my membership in this House I have listened passively to accusations from the Democratic side that the Republican Party legislates for the protection of property; that the Republican Party stands for property rights as opposed to human rights. This accusation is generally followed by the proud claim that "the Democratic Party puts human rights above property rights." Of course, the truth of the matter is that without a government of laws, obedience to which is duly observed, there would be neither human rights nor property rights. It is indeed difficult to conceive of any respectable Government under which both human and property rights are not zealously guarded and righteously valued, irrespective of party platforms.

The pending bill, we have been told, is a part of the administration program. Some Member on the Democratic side this afternoon made inquiry, doubtless to leave the implication that the Republican Party had failed to enact similar legislation at an earlier date, "Why such a law had not been passed years ago." The gentleman from New York [Mr. PARKER] made a very proper reply. The fact is, that the rapid succession of events brings changed conditions; abuses of one period suggest one remedy, while abuses of another period suggest yet other remedies, and the culmination of abuses in the sale of securities during the last few years has made this particular legislation advisable, if not imperative.

Unquestionably, legislation seeking to curb abuses in the marketing of securities would be a most natural, if not an inevitable, part of the program of whatever party found itself entrusted with power. It is, therefore, conceded without question that the purpose for which this bill is written is highly laudable.

In the first place, the bill aims to bring the fullest light of publicity upon the proposed issue and sale of securities in general. All this is as it should be, but unquestionably the real meat of this proposed legislation is to be found in the sections which provide a remedy for the purchasing public against those who should properly be made responsible for unconscionable practices in the marketing of securities. The real test of the efficacy of this legislative proposal is to be determined by the relentless vigor with which it proposes that the defrauded purchaser may pursue properly responsible parties.

Let us now proceed to compare briefly what may be nominated the liability features of the original bill, which was introduced by the Chairman of the Committee on Interstate and Foreign Commerce [Mr. RAYBURN] on the 29th day of last March, with the liability features of the bill which he introduced on May 4 and which is now before us for passage on this 5th day of May. The changes made in the last bill as against the former serve to illustrate that however bold a start may be made by any political party newly entrusted with power there is sure to be a yielding to the demands of those who are primarily concerned with the protection of property rights.

If you will turn to page 6, section 4, of the original bill of March 29, you will find that its provisions called for the filing of—

> A registration statement signed by the issuer or issuers, its or their principal executive officer or officers, the principal financial officer or advisors, *and the directors*, trustees, or managers.

Note that this original bill required the registration statement to be signed by *all the directors* and not by a part of them. This is conceded to be the correct interpretation of the phrase "and the directors."

The March 29 bill further provided on page 19, section 9, that—

> In case any such statement shall be false in any material respect, any persons acquiring any securities to which such statement relates, either from the original issuer or from any other person, shall have the right to rescind the transaction and to obtain the return, either at law or in equity, of any and all consideration given or paid for any such securities upon the surrender thereof either from any vendor knowing of such falsity or *from the persons signing such statement jointly or severally.*

You will note that this first proposal of the administration for the regulation of the sale of securities and the protection of the public against unconscionable practices in the marketing of the same afforded a plain and unconditional remedy. The purchaser aggrieved could go into a court of law or equity and seek recovery from any one of the persons signing the registration statement. And you will remember that every director, as a matter of law (had the administration pressed the bill of March 29 for enactment into law) would have been compelled to sign the registration statement. No director could escape the signing of the registration statement, and therefore no director could have escaped liability for any representation contained in the registration statement which proved to be "false in any material respect."

Now, what has happened since this bold declaration of rights and proposed remedies was made in the original securities bill sponsored by the present administration? The party in power has been duly impressed with its responsibility for the protection of property rights. Representatives of big business with large property holdings undoubtedly have contacted the leaders in the present administration. They have represented most forcefully that to attempt to hold boards of directors to any such strict rule of accountability would work a hardship upon legitimate industry; that to boast of placing human rights above property rights sounds well in a political campaign, but that as a matter of fact unless property rights are duly protected, human rights themselves will be unduly prejudiced. Apparently the administration has listened to the representatives of big business. Accordingly we find a marked change from the original bill in those sections of the pending bill, introduced on May 4, which provide just who shall sign the registration statement and just what degree of liability may be imposed upon these signers by the aggrieved purchasers of securities.

The pending bill, on page 11, section 6, provides that the registration statement—

> Shall be signed by the issuer or issuers, its principal executive officers, its principal financial officers, its controller, or principal accounting officers, and the majority of its board of directors or persons performing similar functions.

Bear in mind that this provision is important because when the pending bill later outlines the remedy for any person acquiring securities, it is expressly stated that such persons may sue "every person who signed the registration statement." Observe that in the original bill all the directors must sign the statement, while in the pending bill only a majority of the directors shall sign or—please observe this also—the directors may be relieved from signing if a majority of "persons performing similar functions" sign.

The CHAIRMAN. The time of the gentleman from Maine has expired.

Mr. PARKER of New York. Mr. Chairman, I yield the gentleman 5 minutes more.

Mr. BEEDY. You will note that in this section of the new bill—and I am now talking of the real vitals of this legislation—the door of escape from liability by directors is left wide open.

Mr. RAYBURN. Mr. Chairman, will the gentleman yield?

Mr. BEEDY. I will, if the gentleman has some time to give me which will enable me to complete my statement.

Mr. RAYBURN. I just wanted to correct the gentleman.

Mr. BEEDY. If the gentleman feels when I have finished my statement that I have not made a correct explanation, I will gladly yield.

The remedy sections in the pending bill are to be found on page 20. Here is the provision in lines 21 and 22 that suit may be brought against "every person who signed the registration statement." In the original bill this would have guaranteed a right of action against every member of the board of directors. In the pending bill a right of action is given against the majority of the board of directors or against a majority of such persons as perform duties similar to the duties of a board of directors.

Under the provision of the new bill other persons also may be sued, but if you will study the provisions of the bill, beginning on page 21, line 14, and continuing to page 24, line 5, you will see that all persons who may be sued under the provisions of the bill can escape liability if they prove, although there was an "untrue statement of a material fact" or omission "to state a material fact", that they "after reasonable investigation" had "reasonable ground to believe and did believe" and irrespective of whether the statements in the registration statement were made by experts or others, they in fact "did believe at the time such registration statement became effective that the statements therein were true and that there was no omission to state a material fact", and so forth.

I call your attention to these radical departures in the pending bill from those provisions in the original bill which provided a remedy for the investing public in securities to emphasize the fact that the public itself because of the provisions in this bill may not look for any easy recovery of funds from persons of whom they have purchased securities. As for myself, I believe that in practice the investing public has fully as adequate a remedy under existing law as is given by any of the provisions of the pending bill. It is fair to say in concluding our discussion of this feature of the bill that the party in power has herein seen fit to afford ample protection to those extensive moneyed interests having to do with the issuance and sale of securities.

There is just one other provision of the pending bill to which I would call your attention. It is to be found at the top of page 20 and reads as follows:

> The statements or information required to be included in a prospectus by or under authority of subsection (a) or (b) when written shall be placed in a conspicuous part of the prospectus in type as large as that used generally in the body of the prospectus.

This is a very wise provision. It would compel those who as initial to the sale of securities are publishing their prospectuses to print essential information contained in such prospectuses in sizable type, and not print in some inconspicuous space and in small type statements equally material. Clearly, the provision aims to make concealment of material facts difficult. It aims to make prospectuses honest and in no sense misleading or calculated to deceive. It sets up a standard of business morality in this country for men engaged in the private business of issuing and selling securities. I commend it. I endorse it.

I now call your attention to a $5 Federal Reserve bank note which I hold in my hand. It is a sample of one kind of emergency currency, so called, which the present administration has authorized to be issued. It is a kind of currency which I have contended it was unnecessary to issue.

At the top of this bill, in large capital type, I read first the words "National Currency." Just under these words and still in large capital type, I read the words "Secured by United States bonds deposited with the Treasurer of", and then, in larger capital type, are to be found the words "The United States of America." Now, the casual reader would stop there. But if he will examine this currency closer (and mark you this is not a Federal Reserve note, but a Federal Reserve bank note, an emergency piece of currency issued as an incident of the present administration program), and if his eyesight is good, he may read the words in rather fine print "or by like deposit of other securities."

The point I make is that the manner in which, under the direction of the present Secretary of the Treasury, this particular kind of national currency is being engraved and issued violates that standard of business morality which the pending bill would establish for the private business man. Words in large type engraved on the top of the bill are calculated to induce the holder of this currency to believe that it is secured by United States bonds in the custody of the Treasurer of the United States. The holder naturally loses sight of the most important piece of information which should be brought to his attention "in type as large as that used generally in the body of the $5 bill", namely, that this kind of currency is not necessarily secured by United States bonds but by "other securities."

These "other securities" are not fit basis for the issuance of good money, I contend. And this style of engraving is an implied confession of error on the part of those who ever advocated the issuance of any such currency. It clearly makes it easy for the public to be misled and deceived as to the real security behind the currency. But the public is entitled to accurate and specific information in this regard.

I commend to the Secretary of the Treasury the same standard of business morality in the printing of the administration's fiat currency as you now seek to set up for the average business man who is issuing prospectuses for the sale of securities.

I submit that the Secretary of the Treasury should observe the same principles of business morality in the public engraving of this fiat money as that which is to be imposed upon private business. I submit that he should set forth the facts touching the security behind this money not partly in large capital type and partly in small type, but that he should set out the essential truths on the face of the currency in equally conspicuous type. [Applause.]

The CHAIRMAN. The time of the gentleman from Maine has again expired.

Mr. RAYBURN. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. BLACK].

Mr. BLACK. Mr. Chairman, every State in the Union has one or more laws against larceny. The Federal Government has a law against larceny through the mails. Here is another law on a grand scale against larceny. I hope it does more good than the laws of the 48 States and the present laws of the Union.

Why do we need this law? We need this law because of the nonenforcement of all the present statutes all over this country against larceny. Why are they not enforced? What has brought this situation to the attention of the people? Those laws have not been enforced because of the imposing names and impressive titles of the present-day big crooks.

Our President was Governor of the State of New York for 4 years while a great number of these crimes which are talked about on this floor were committed. He probably

now realizes that the States do not have adequate force to meet the situation, so he suggests this bill, and he is behind it.

There is a Federal law that has been on the books that could have taken care of anybody who has been charged before the Senate committee or generally in the public press, with having swindled the public, but that law has not been enforced. Why? Again, because of the imposing names of the men who violated those laws.

Mr. MOTT. Will the gentleman yield?

Mr. BLACK. No; I do not have time.

I think we are doing the usual thing when we do not want to enforce laws. We pass another one. I say it will do the country more good and restore the confidence of the people quicker than any statute if this Congress would appropriate a large sum of money to organize a flying squad for the prosecution of every case under the mail-fraud section where the amounts involved are large. Let the Attorney General get a special crew of lawyers; let the Post Office Department assign to them a special crew of post-office inspectors and take the information they get from the Senate committee and go out and indict and convict them. We will not need this law to restore confidence. There have been plenty of violations of the mail-fraud section already evidenced before the Senate committee. The men who have done those things are men of high-sounding names.

They are men responsible for the crash. I said from the beginning you would not restore confidence in the banks, you would not restore prosperity in this country, until the men who have been leading the financial situation of the country, who have been involved in violations of law, are convicted of crimes. You will not convict them by passing new laws. Let the Attorney General be directed to enforce all the present laws and not take up the time of Congress in passing a new law as is usually done when they do not want to enforce the laws on the statute books. Take some of the big bankers from behind the bank cages and put them in others.

I have little patience with the men from the West and the South who are always finding fault with New York in connection with stock operations. The New York Stock Exchange has served a very important function in the development of this country, because it has been the channel through which the West and the South and the undeveloped portions of the country got the money for their development. They sold their securities in the East through the medium of the stock exchange.

The stock exchange has provided a market for those who had securities on hand that were listed to sell them, but the banks with affiliated securities companies did not provide any market for those who held their securities. You took them and kept them when they were no good. If in the course of the operation of the stock exchange there has been fraud in the prospectuses of corporations or in their financial statements, that fraud was not committed by members of the stock exchange or by the brokers. That fraud was committed by the business man, by the banker, by the industrialist, by the utilities man who went to the stock exchange and made the misstatement. And he does not come from New York. The wildcat oil operator, the wildcat mine operator who took a New York address in order to swindle the men in the East, are among the men who gave false statements.

The CHAIRMAN. The time of the gentleman from New York [Mr. BLACK] has expired.

Mr. RAYBURN. Mr. Chairman, I ask that the committee amendments be read.

The CHAIRMAN (Mr. ARNOLD). If there is no further debate, the Clerk will report the first committee amendment.

The Clerk read as follows:

Committee amendment: Page 6, line 15, after the word "States", strike out the words "or any political subdivision thereof" and insert "or by any political subdivision of a State or Territory, or by any public instrumentality of one or more States or Territories exercising an essential governmental function."

Mr. RAYBURN. I will state for the information of the committee that that is simply a clarifying amendment.

The CHAIRMAN. The question is on the adoption of the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Second committee amendment: On page 6, line 23, after the word "bank", insert the words "or by any banking institution organized under the laws of any State or Territory, the business of which is substantially confined to banking and is supervised by the State or Territorial banking commission or similar official."

Mr. RAYBURN. This amendment, Mr. Chairman, simply places State banks and their issues on the same ground as Federal banks or national banks.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 8, line 19, after the word "underwriter", insert the words "and not involving any public offering."

Mr. RAYBURN. This simply clarifies the language, I may say, Mr. Chairman.

The committee amendment was agreed to.

Mr. KENNEY. Mr. Chairman, I have an amendment which I shall presently ask unanimous consent to offer. I realize that under the established rules of the House this may not be done, but I understand there is no objection from the committee.

The CHAIRMAN (Mr. ARNOLD). The House has adopted a rule limiting amendments to committee amendments. The Committee of the Whole cannot change the rule adopted by the House, even by unanimous consent.

Mr. KENNEY. I realize that. I shall offer the amendment after the Committee rises.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. ARNOLD, Chairman of the Committee of the Whole House on the state of the Union, reported that the committee having had under consideration the bill (H.R. 5480) to provide full and fair disclosure of the character of securities sold in interstate and foreign commerce and through the mails, and to prevent frauds in the sale thereof, and for other purposes, pursuant to House Resolution 130, he reported the bill back to the House with sundry amendments adopted by the committee.

The SPEAKER. Under the rule the previous question is ordered.

Is a separate vote demanded on any amendment?

Mr. KENNEY. Mr. Speaker, I ask unanimous consent to offer an amendment, which I have sent to the desk and ask the Clerk to read. I understand there is no objection from the committee.

The SPEAKER. The previous question has been ordered. The amendment is not in order.

Mr. O'CONNOR. Does the fact the previous question has been ordered foreclose the offering of an amendment?

The SPEAKER. Yes. That is the object of ordering the previous question.

Mr. O'CONNOR. Has it been ordered?

The SPEAKER. Yes; the previous question is ordered by the rule.

Mr. KENNEY. Mr. Speaker, I ask unanimous consent that my amendment be read for information and printed in the RECORD.

The SPEAKER. Without objection, the Clerk will report the amendment for the information of the House.

The Clerk read as follows:

Amendment by Mr. KENNEY: On page 9, line 13, after the word "own", insert the words "employees or."

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.



On motion of Mr. RAYBURN, a motion to reconsider the vote by which the bill was passed was laid on the table.

RESIGNATION FROM COMMITTEE

The SPEAKER. The Chair lays before the House the following communication:

Hon. HENRY T. RAINEY,
Speaker House of Representatives, Washington, D.C.

SIR: I hereby tender my resignation as a member of the Irrigation and Reclamation Committee of the House of Representatives, effective immediately.

Very respectfully yours,

JOS. W. BAILEY, Jr.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. STRONG of Pennsylvania for 3 days, to attend a funeral.

FARM RELIEF

Mr. JONES. Mr. Speaker, I ask unanimous consent that the conferees may have until midnight tonight to file conference report on the bill H.R. 3835, the farm relief bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

ADJOURNMENT OVER

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 12 o'clock noon on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

AMENDMENT OF THE INTERSTATE COMMERCE ACT

Mr. FORD. Mr. Speaker, today I introduced a bill to amend paragraph 8, section 1, of the Interstate Commerce Act. I ask unanimous consent to extend my remarks in the RECORD on that bill.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. FORD. Mr. Speaker, no man today would have the temerity to advocate a return to the scandals of railroad rebating. Everybody with the least knowledge of railroad regulation is familiar with the oil-rebate scandals, by which major oil interests stifled competition because they could ship oil at lower rates than their competitors. By getting lower railroad rates they could sell oil at lower prices. The railroad rate practically fixed the price of oil.

We are all equally familiar with the railroad coal scandals. In those cases the railroads, by ownership of coal companies and by preferential shipping services, could stifle competition from independent coal operators. We all remember what the Government did about that. It said to the railroads: "You can't own coal mines. If you are in the business of transporting coal, you must get rid of your mines." This mandate was enforced.

Today railroad rebating and common ownership of mines and railroads are as out-of-date as stagecoaches. Anyone suggesting a return to that railroad era would be howled out of any society of decent-thinking people. Nevertheless, we have today in one of our greatest industries a situation which in many respects is infinitely worse. I refer to the ownership of oil pipe lines by producing and refining companies and to the present practices indulged in under such joint ownership.

The pipe line has taken the place of the railroad in the old picture so far as transportation of oil is concerned. And it has far outdistanced its predecessor which moved on rails. In fact, it has made the ancient practices of the railroad in the rebate era look like the bungling efforts of the rankest amateurs.

The pipe line is the very heart of the oil monopoly. And it operates with utter simplicity. This is how it works: A major oil company is heavily interested in a large producing field and owns the pipe line running out of that field to market. It has a practical monopoly on the transportation of oil from that field through ownership of that pipe line, because railroads and trucks cannot compete with it. It fixes a price which it will pay for oil in the field. It can make that price as high or as low as it desires. Then it fixes a price which it will charge for transportation. In practice it fixes a price paid the producer at the intake which is so low that it starves him and gives the pipe-line company the bulk of the difference between his price and the current market price at which the oil is sold at the other end.

No matter what the market price, the independent producer has nothing to say about what he will receive. He must take whatever the pipe line offers at the intake. And I do not hesitate to charge that that price is inordinately low nor that the transportation charge is so inordinately high that the pipe lines make exorbitant profits at the expense of the independent producer. The old Standard Oil, in its palmiest days of railroad rebates, never had such a cinch—such a copper-riveted, air-tight stranglehold on competition—and all perfectly legal.

In support of my charge that prices paid producers are outrageously low and that profits of pipe-line companies are outrageously high, I desire to quote the following figures of pipe-line earnings taken from official reports. Here they are:

Pipe-line company	Barrels of crude oil transported	Net income as reported	Dividends declared for 1930
			Percent
A	172,385,186	$18,816,057	40
B	97,734,137	10,536,479	46
C	77,016,459	10,346,992	[1] 338
D	30,224,892	3,435,396	400
E	42,089,125	9,626,402	93.4
F	15,294,741	1,099,061	100

[1] Earned, $10,346,992; on capital stock, $3,500,000.

The foregoing earnings accrued to the parent corporation through ownership of the pipe-line company's stock.

On a per-barrel basis of net earnings we have:

Net profit per barrel	*Cents*
A	11
B	11
C	13
D	11
E	22
F	7

An average for the whole of 12 cents.

You may say, "Ah, but that was 1930! What are they doing today?" In reply, I am very glad to quote the very latest earnings reports for the year ending December 31, 1932. Here they are:

Pipe-line company	Barrels transported	Net income	Dividend appropriations
			Percent
A	160,559,350	$16,193,892.00	47
B	76,904,324	9,483,726.70	40
C	9,282,508	3,444,011.49	23
D	30,032,553	2,328,726.62	400
E	45,517,923	7,092,701.23	14
F	10,345,634	637,428.62	10

Here is another illuminating table, which tells the story conclusively. In this case the pipe-line company paid the producer but 10 cents per barrel. The oil was sold at a base price of 85 cents per barrel, but the difference of 75 cents was all taken over for transportation and handling. Note these figures:

	Cents
Posted price for oil, July 10, 1931 (producer)	10
Gathering charge, Humble Tariff No. 43 (pipe line, parent corporation)	12¼
Trunk-line charge to tidewater (pipe line, parent corporation)	40
Ship-loading charge (pipe line, parent corporation)	2½
Total at tidewater pumped aboard ship	65
Service charge, or premium (parent corporation)	20
Base price on tidewater	85

In the old days of railroad rebates the railroads practically dominated every form of business dependent upon transportation—sawmills, grain elevators, cotton compresses, warehouses. Such industries could not be operated by independents in competition with railroad-owned businesses. The rail carrier dominated through control over rates and facilities and by rebating to its allied companies. That has all been stopped by Federal law, but the pipe line, a much more potent and evil instrument in crushing competition and fostering monopoly, flourishes and reaps millions of unjust profits under legal operation. This practice, too, should be abolished and can be abolished by enactment of a very simple measure, which would merely prohibit interstate shipment of oil through any pipe line owned or controlled by any producing or refining company.

At the present time the claim is made that the oil industry is in a disorganized condition and that an emergency exists, and to prove this claim figures are cited to show the low price paid to producers for crude oil. Nevertheless the price to the consumer of gasoline is not low. The blame lies in the usurious charges of the pipe-line companies. The situation could be remedied almost overnight if the rates of the pipe-line companies were reduced and the exorbitant profits now being earned by the major oil companies through their control of the pipe-line companies could be transferred into higher prices paid for crude oil. This is one of the real remedies for the present oil situation.

FLORIDA NATIONAL GUARD

Mr. GREEN. Mr. Speaker, I ask unanimous consent to address the House for one-half minute.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. GREEN. I have asked this permission in order to insert in the RECORD at this point a resolution of the State Legislature of Florida regarding preparedness.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. GREEN. Mr. Speaker, the following House concurrent resolution, no. 8, of the Florida Legislature earnestly urges that our national defense be not impaired. In this substance I heartily concur and urge the cooperation of my colleagues to the end that we provide for adequate national defense. I regret not having time now for further discussion, but the resolution speaks for itself, and is as follows:

House Concurrent Resolution 8

Whereas it has unofficially come to the attention of this legislature that it is proposed by Executive order under the recent economy bill passed by the United States Congress to discontinue the annual field-training period for the Florida National Guard, at least during 1933, and reduce the armory drills by at least half the number now authorized, and also to dispense with a large number of Regular Army officer personnel and eliminate the Officers' Reserve Corps and the citizens' military training camps, in fact, if not on paper, by so crippling the ability of same to function that the morale of same will be impaired to the destruction of efficiency; and

Whereas the Legislature of the State of Florida believes that the maintenance of an adequate national defense has one of the first claims on government, being one of the five purposes recited in the preamble to the United States Constitution as the reason for agreeing to that document, and is opposed to any of the proposed measures contemplating the elimination of the field training for the National Guard, either temporarily or permanently, as well as to the reduction to any degree, temporarily or permanently, of the number of authorized drills for the National Guard, and believes that the present officer personnel of the Regular Army is needed to properly train the National Guard, Reserve Officers' Training Corps, citizens' military training camps, and Officers' Reserve Corps, as well as function as instructors in our schools, and is of the opinion that the citizens' military training camps serve not only as a means for training the young men but is a relief against unemployment as well for the period covered by such camps each year: Now, therefore, be it

Resolved by the house of representatives (the senate concurring), That the Legislature of the State of Florida most earnestly protests against any of the actions contemplated against our system of national defense, as recited in this resolution, and directs that the secretary of state forthwith forward by air mail, under the great seal of the State of Florida, a copy of this resolution to our Senators and Representatives in Congress.

Approved by the Governor of Florida May 2, 1933.

STATE OF FLORIDA,

Office Secretary of State, ss:

I, R. A. Gray, secretary of state of the State of Florida, do hereby certify that the foregoing is a true and correct copy of House Concurrent Resolution No. 8, passed by the Legislature of Florida, session 1933, and filed in this office.

Given under my hand and the great seal of the State of Florida at Tallahassee, the capital, this the 3d day of May A.D. 1933.

[SEAL] R. A. GRAY, *Secretary of State.*

MUSCLE SHOALS

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill H.R. 5081, the Muscle Shoals bill, with Senate amendments, disagree to the Senate amendments, and ask for a conference.

Mr. BROWN of Kentucky. Mr. Speaker, reserving the right to object, for my own information and for the information of the House, I should like to know what the effect will be of disagreeing to the Senate amendments? Will it be an expression of this House to the effect we are against the Norris bill and in favor of the bill passed by the House?

The SPEAKER. It gives an opportunity on the part of the conferees to agree on the differences between the two Houses.

Mr. BROWN of Kentucky. Will we not have the right to instruct the conferees before that matter is gone into?

If we disagree to the Senate amendments, does that waive our right to instruct the conferees to accept the Norris bill?

The SPEAKER. After the request is granted and before the conferees are appointed, it would be in order to move to instruct the conferees.

Is there objection?

Mr. BROWN of Kentucky and Mr. CARPENTER of Nebraska objected.

Mr. McFADDEN. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. McFADDEN. Mr. Speaker, a few days ago on the floor of the House I called attention to the resolution that is now pending before the Rules Committee proposing an audit of the Treasury Department. At that time it was intimated by an interrogation to me that I have not submitted sufficient evidence to warrant an investigation. I have furnished to the Rules Committee positive evidence, which was printed in the hearings of that committee, which justify this audit. However, I desire now to submit additional reasons for this audit. I shall read a copy of a letter transmitted to the Commissioner of Internal Revenue on April 14, 1933, by David A. Olson in connection with a specific tax evasion on the part of Andrew W. Mellon while he was Secretary of the Treasury:

WASHINGTON, D.C., *April 14, 1933.*

Hon. DAVID BURNET,

Commissioner of Internal Revenue, Washington, D.C.

MY DEAR COMMISSIONER:

Andrew W. Mellon

In the latter part of 1931 Mr. Mellon sold 60,000 shares of stock of Western Public Service Co. showing a loss of $1,000,000 and 123,000 shares of stock of Pittsburgh Coal Co. showing a loss of $5,700,000, or a total loss for that year of approximately $6,700,000, which loss was deducted for income-tax purposes.

The stock was sold through the Union Trust Co., Pittsburgh, Pa., and repurchased in 1932, 31 days after the presumed sale. The stock of the Pittsburgh Coal Co. was repurchased by the Coalesced Co., which is owned 100 percent by Mr. Mellon and his family.

These two companies were under the control of Mr. Mellon and his associates. Under the circumstances, were these transactions bona fide? Under the income tax law they were not.

Accordingly, in my opinion, the loss deducted on the income-tax returns is not a proper deduction. A detailed examination by your office will unquestionably reveal that the transactions were not bona fide sales, and that the deductions were illegal. These transactions appear to have accomplished the fraudulent withholding of income taxes from the Government.

I am taking the liberty to write to you about it because I believe it is in the interest of the public that any information of this kind should be disclosed to your office, realizing that the revenue agents sometimes fail to verify in detail all security trans-

actions, and it is possible that your agent presumed this to be a valid sale.

I am anxiously waiting to hear from you as to your findings.

Sincerely yours,

DAVID A. OLSON.

I also wish to read a copy of the acknowledgment of this letter from David Burnet, Commissioner of Internal Revenue, under date of April 19, 1933, as follows:

In re A. W. Mellon.

APRIL 19, 1933.

Mr. DAVID A. OLSON,
Washington, D.C. (Parkside Hotel).

DEAR SIR: I have your letter of April 14, 1933, with respect to the 1931 income-tax return of the above-named taxpayer.

You may be sure that the matter will be very carefully investigated.

Very truly yours,

DAVID BURNET, *Commissioner.*

I should like to point out that the circumstances recited in this letter are similar to the admission of Mr. Charles E. Mitchell, former chairman of the board of the National City Bank, before the Senate Banking and Currency Committee, which admission caused his immediate indictment. In the case recited by Mr. Olson the offense is made more serious by the fact that Mr. Mellon, as Secretary of the Treasury at the time of these transactions, was in a position where he could pass upon the integrity of his own tax return through his subordinate, Mr. David Burnet, the Commissioner of Internal Revenue.

Mr. Olson informs me that he has had 18 months' experience in trying to secure action from Mr. Mellon, Mr. Mills, and Mr. Burnet on similar matters without any result whatever.

I insist that this House should take action on my resolution to cause an immediate, thorough, and exhaustive examination of the United States Treasury. This resolution is now pending before the Rules Committee.

In addition, I am sending to the Attorney General today a copy of Mr. Olson's letter to the Commissioner of Internal Revenue and the Commissioner's reply, which is almost a month old at this time. [Applause.]

UNEMPLOYMENT RELIEF

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that I may have until midnight tonight to file a conference report on the bill H.R. 4606, the $500,000,000 relief bill.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

H.CON.RES. 17

Mr. JOHNSON of Oklahoma. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. JOHNSON of Oklahoma. Mr. Speaker, I arise at this time to call the attention of the Members of Congress and the country to a resolution I have introduced known as "House Concurrent Resolution 17", proposing to raise the maximum age limit to permit war veterans to be included in the benefits of the act for the relief of unemployment through the President's program of reforestation.

Mr. MAPES. Will the gentleman yield for a question?

Mr. JOHNSON of Oklahoma. Yes; I shall be pleased to yield to my good friend, the gentleman from Michigan.

Mr. MAPES. The legislation which was passed authorizing the reforestation camps made no reference to the age of the persons who were to be taken into the camps, did it?

Mr. JOHNSON of Oklahoma. That is true; but under the rules and regulations promulgated by those in charge of administering this act every former service man in the United States is excluded from the benefits because he is past the maximum age limit of 25 years.

My Concurrent Resolution 17 proposes to raise the age limit to give preferential employment in supervisory and administrative capacities to honorably discharged war veterans who are physically and mentally qualified for a position in the new forest camps. I have also proposed to give special consideration to those disabled veterans whose disability benefits will be stopped or substantially reduced under the provisions of the so-called "Economy Act", as well as those veterans who have dependents.

Mr. MAPES. Has the gentleman submitted his proposition to the administration?

Mr. JOHNSON of Oklahoma. I have; yes.

Mr. MAPES. The administration has complete power in the matter, has it not?

Mr. JOHNSON of Oklahoma. Yes; and yet it is not an unusual procedure for this Congress to express its opinion on administrative matters of so vital importance to the Nation.

Mr. BLANCHARD. Will the gentleman yield?

Mr. JOHNSON of Oklahoma. I yield with pleasure to the gentleman from Wisconsin.

Mr. BLANCHARD. Does the gentleman make it applicable to married men as well as single men?

Mr. JOHNSON of Oklahoma. Yes; and especially those who have dependents as well as those veterans whose disability compensation will be cut off under the Economy Act.

Mr. SNELL. Can the gentleman tell us how many are in these camps at the present time?

Mr. JOHNSON of Oklahoma. I could not give the gentleman the exact figures at this time.

Mr. GOSS. If the gentleman will permit, the gentleman will recall that the Chief of Staff of the Army appeared before the Military Affairs Committee the other day and stated there were 25,000 in the camps at that time with another contingent of 35,000 on the way.

Mr. JOHNSON of Oklahoma. I believe that is approximately correct.

Mr. KELLER. Will the gentleman yield?

Mr. JOHNSON of Oklahoma. Yes.

Mr. KELLER. Is there any reason or justification for any age limit being set for Government service, unless and until the Government stands ready to pension a man because he has grown old?

Mr. JOHNSON of Oklahoma. Answering my friend from Illinois, I will say that the rank and file of our war veterans do not want a pension merely because some of them are beginning to grow old; but they do feel that they are entitled to earn any salary for which they may be able to qualify, payable by the Government they fought to defend. They resent being discriminated against, as is now being done, in administering this act.

Following is the resolution in question:

Whereas the regulations prescribed in the administration of the act for the relief of unemployment through a program of forestation have fixed such a maximum age limit that war-service veterans are excluded from the benefits of such legislation; and

Whereas veterans who served in the military or naval forces of the United States during war have had valuable experience and training that has fitted many of them especially in training men and in carrying on public work involving hand labor; and

Whereas large numbers of such veterans are now, and have been, unemployed for long periods; and

Whereas disabled veterans in large numbers will be cut off from veterans' benefits by the operation of the Economy Act of March 20, 1933: Therefore be it

Resolved by the House of Representatives (the Senate concurring), That it is the sense of the Congress that the President, in the administration of the act entitled "An act for the relief of unemployment through the performance of useful public work, and for other purposes", approved March 31, 1933, shall make immediate provision for preferential employment in supervisory and administrative capacities of such honorably discharged war veterans who are physically and mentally qualified for such positions; and that such preference be given in the following order:

(1) To veterans who are disabled and whose benefits will be stopped or substantially reduced under the provisions of the aforesaid act;

(2) To veterans who are now unemployed and have dependents; and

(3) To those not coming within the above two classes.

A while ago I mentioned the Economy Act in answer to a question propounded by the gentleman from Michigan [Mr. MAPES]. Let me say in this connection that when the President's Economy Act was passed by this House some weeks ago Members of Congress were given no opportunity to offer amendments and debate was very limited. No one seemed to know exactly what the provisions of the bill meant or what the effect would be on our disabled veterans, but

we were assured that the bill would be administered fairly, justly, and humanely. Those of us in this House who were reluctant to support the bill in its original form and insisted upon the proposed Browning amendment that would limit slashing veterans' benefits to 25 percent were assured over and over again that our disabled buddies were in safe hands. We were reminded that a former Member of this House, who himself is a veteran with a distinguished war record, had just been appointed Director of the Budget. We were told that in his hands would largely fall the duty of administering the act and that the helpless and disabled war veterans who gave not only their jobs but their health to their Government when the dark clouds of war hung heavy over this land, would be dealt with fairly and humanely.

We were urged by our national commander of the American Legion, Hon. Louis Johnson, to support the so-called "Economy Act" in spite of its harsh and questionable provisions relating to veterans' benefits.

May I call your attention to a speech made yesterday at Indianapolis by the same national commander of the Legion in which he assails what he terms "frenzied application of the economy knife" in cutting veterans' benefits by Director Douglas, who was pledged to deal fairly and humanely with veterans. Again he charged that Douglas and Hines have gone far beyond what leaders in Congress had said would be the extreme limit of the burden to be imposed on veterans.

Mr. Speaker, I think I am voicing the sentiment of not only the ex-service men throughout the Nation but of all patriotic citizens of all creeds and political faiths when I say that the country will hold to account this Congress and those responsible for this legislation and for administering same if the men who bore the brunt of the World War as well as Spanish War veterans are automatically cut off and treated inhumanely and unsympathetically, as Director of the Budget Douglas and General Hines seem determined to do.

Now, to add insult to injury, every veteran in the United States has been barred from being employed in the reforestation army, regardless of the fact that he rendered a real heroic service to his Government when this country was in great peril.

Let me say here that the veterans of my State are just as patriotic in their efforts to help banish the depression and promote economic recovery as they were to assist in banishing a foreign foe during the years of 1917 and 1918. Practically every American Legion post in the district I have the honor to represent in Oklahoma has passed a resolution endorsing the President's program and pledging its loyal support to every reasonable effort of this administration to balance the Budget and reduce governmental expenses.

I have supported the President's program in the main from the beginning; but I say to you that it is unfair, it is unpatriotic, it is un-American for this Government to cut off all benefits to thousands of worthy, disabled war veterans and at the same time say to them they are incapable of rendering service to the Government in these reforestation camps because of their physical disabilities.

News dispatches state that another bonus march is in the making and that thousands of unemployed veterans will soon march on the National Capital demanding that their bonus be paid in cash. As one Member of this House who has consistently supported the bonus, not only because it is a debt the Government has acknowledged that is due the veterans, but because I feel it is a sound and practical method of really expanding the currency in every town, hamlet, and community in this land, I am hopeful there will be no more bonus marches on Washington. I have advised all veterans who have written me about the matter not to come. I have told them that by so doing they were hurting their cause, and I know other Members of this House have advised the former soldiers not to come to the National Capital at this time. But for the Government to promulgate rules that will bar every veteran in the United States from being employed in the reforestation camps will not be an incentive to prevent a bonus march on Washington.

Let me say in conclusion that this resolution has been sent to the Labor Committee, and knowing that fair, impartial, and intelligent consideration will be accorded by Chairman Connery and his committee, I am hopeful of securing favorable action very shortly. The gentleman from Michigan inquired a while ago if I had submitted my proposition to the administration, and I assured him that I had done so. I have taken this important proposal up with the White House, our distinguished Speaker, our able floor leader, and others in authority, and I am hopeful that something will be done within the next few days to modify the rules and raise the age limits of these Army camps so the needy veterans throughout the country may be given an opportunity to earn an honest but meager livelihood.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 687. An act providing for the establishment of a term of the District Court of the United States for the Southern District of Florida at Orlando, Fla.; to the Committee on the Judiciary.

S. 1094. An act to provide for the purchase by the Reconstruction Finance Corporation of preferred stock and/or bonds and/or debentures of insurance companies; to the Committee on Banking and Currency.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 57 minutes p.m.) the House, under its previous order, adjourned until Monday, May 8, 1933, at 12 o'clock noon.

COMMITTEE HEARING

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Monday, May 8, 10 a.m.)

Hearing in the New House Office Building, suite 1334, on the proposed Emergency Transportation Act, 1933.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

46. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated May 5, 1933, submitting a report, together with accompanying papers and illustration, on a preliminary examination and survey of St. Andrews Bay, Fla., with a view to increasing the dimensions of the channel between the Gulf of Mexico and St. Andrews Bay, authorized by the River and Harbor Act approved January 21, 1927 (H.Doc. No. 33); to the Committee on Rivers and Harbors and ordered to be printed with an illustration.

47. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated May 2, 1933, submitting a report, together with accompanying papers, on a preliminary examination of Ponce de Leon Inlet at the mouth of the Halifax and Indian Rivers near New Smyrna, Fla., and reexamination of Mosquito Inlet, Fla., authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

48. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated May 2, 1933, submitting a report, together with accompanying papers, on a preliminary examination and survey of channel leading to the town of Santa Rosa, Fla., from deep water in Choctawhatchee Bay, authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

49. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army,

dated May 4, 1933, submitting a report, together with accompanying papers, on a preliminary examination of waterway connecting Lakes Erie and Michigan with the Ohio River by way of the Maumee River, from Toledo, Ohio, to Fort Wayne, Ind.; the Wabash River from the Ohio River to the vicinity of Fort Wayne; the St. Joseph River from at or near its source to Lake Michigan; waterways connecting the Maumee River with the Wabash River and the St. Joseph River; and the St. Marys River, Ohio and Ind., with a view to the development of a water supply sufficient to operate the above-outlined waterway, authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

50. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated May 3, 1933, submitting a report, together with accompanying papers, on a preliminary examination of waterway connecting the Ocmulgee and Flint Rivers, Ga., authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

51. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated May 2, 1933, submitting a report, together with accompanying papers, on a preliminary examination of Beaver Slough, Oreg., from Westport Slough to Wallace Slough, authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

52. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated May 2, 1933, submitting a report, together with accompanying papers, on a preliminary examination of Kaskaskia River, Ill., authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

53. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated May 2, 1933, submitting a report, together with accompanying papers, on a preliminary examination of Canaveral Harbor, Fla., authorized by the River and Harbor Act approved March 3, 1925; to the Committee on Rivers and Harbors.

54. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated May 4, 1933, submitting a report, together with accompanying papers and illustrations, on a preliminary examination and survey of Miami River, Fla., authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

55. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated May 4, 1933, submitting a report, together with accompanying papers, on a preliminary examination of Manatee River, Fla., authorized by the River and Harbor Act approved March 3, 1925; to the Committee on Rivers and Harbors.

56. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated May 4, 1933, submitting a report, together with accompanying papers, on a preliminary examination of Cold Spring Inlet, N.J., authorized by the River and Harbor Act approved January 21, 1927; to the Committee on Rivers and Harbors.

57. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated May 4, 1933, submitting a report, together with accompanying papers, on a preliminary examination of Maumee River from Toledo, Ohio, to Fort Wayne, Ind., authorized by the River and Harbor Act approved July 3, 1930; to the Committee on Rivers and Harbors.

58. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated May 4, 1933, submitting a report, together with accompanying papers, on a preliminary examination and survey of Newport River, N.C., authorized by the River and Harbor Act approved March 3, 1925; to the Committee on Rivers and Harbors.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. BURNHAM: Committee on Naval Affairs. H.R. 1767. A bill to authorize the acceptance of certain lands in the city of San Diego, Calif., by the United States, and the transfer by the Secretary of the Navy of certain other lands to said city of San Diego; without amendment (Rept. No. 86). Referred to the Committee of the Whole House.

Mr. ANDREW of Massachusetts: Committee on Naval Affairs. H.R. 3542. A bill to authorize the Secretary of the Navy to dedicate to the city of Philadelphia, for street purposes, a tract of land situate in the city of Philadelphia and State of Pennsylvania; with amendment (Rept. No. 87). Referred to the Committee of the Whole House.

Mr. GAMBRILL: Committee on Naval Affairs. H.R. 3781. A bill for the relief of Lt. Comdr. Cornelius Dugan, retired; without amendment (Rept. No. 88). Referred to the Committee of the Whole House.

Mr. GAMBRILL: Committee on Naval Affairs. H.R. 4072. A bill authorizing the Secretary of the Navy to advance on the retired list of the Navy David J. Mahoney, retired, to chief boilermaker, retired; without amendment (Rept. No. 89). Referred to the Committee of the Whole House.

Mr. GAMBRILL: Committee on Naval Affairs. H.R. 4079. A bill to place William H. Clinton on the retired list of the Navy; without amendment (Rept. No. 90). Referred to the Committee of the Whole House.

Mr. DREWRY: Committee on Naval Affairs. H.R. 4266. A bill for the relief of David Schwartz; without amendment (Rept. No. 91). Referred to the Committee of the Whole House.

Mr. ANDREW of Massachusetts: Committee on Naval Affairs. H.R. 4389. A bill for the relief of Sylvester T. Moriarty; without amendment (Rept. No. 92). Referred to the Committee of the Whole House.

Mr. FERNANDEZ: Committee on Naval Affairs. H.R. 4437. A bill to provide for the advancement on the retired list of the Navy of George Dewey Hilding; without amendment (Rept. No. 93). Referred to the Committee of the Whole House.

Mr. ANDREW of Massachusetts: Committee on Naval Affairs. H.R. 4438. A bill for the relief of Anthony Peter De Young; without amendment (Rept. No. 94). Referred to the Committee of the Whole House.

Mr. GAMBRILL: Committee on Naval Affairs. H.R. 4454. A bill for the relief of Roscoe McKinley Meadows; without amendment (Rept. No. 95). Referred to the Committee of the Whole House.

Mr. KNIFFIN: Committee on Naval Affairs. H.R. 4962. A bill for the relief of Joseph B. Lynch; without amendment (Rept. No. 96). Referred to the Committee of the Whole House.

Mr. KNIFFIN: Committee on Naval Affairs. H.R. 5018. A bill to correct the naval records of former members of the crews of the revenue cutters *Algonquin* and *Onondaga*; without amendment (Rept. No. 97). Referred to the Committee of the Whole House.

Mr. DELANEY: Committee on Naval Affairs. H.R. 5201. A bill for the relief of Luke Francis Brennan; without amendment (Rept. No. 98). Referred to the Committee of the Whole House.

Mr. KNIFFIN: Committee on Naval Affairs. H.R. 5218. A bill for the relief of Felix Maupin; without amendment (Rept. No. 99). Referred to the Committee of the Whole House.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. FERNANDEZ: Committee on Naval Affairs. H.R. 2176. A bill for the relief of Victor Oscar Gokey; without amendment (Rept. No. 102). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Military Affairs was discharged from the consideration of the bill (H.R. 4686) for the relief of Stephen Andrzejewski, and the same was referred to the Committee on Naval Affairs.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. MEAD: A bill (H.R. 5521) to provide for cooperative control of industry during the existing national economic emergency; to the Committee on the Judiciary.

By Mr. KINZER: A bill (H.R. 5522) to amend the Standard Baskets Act of August 31, 1916, to provide for a 1-pound Climax basket for mushrooms; to the Committee on Coinage, Weights, and Measures.

By Mr. McSWAIN: A bill (H.R. 5523) to amend the National Defense Act of June 3, 1916, as amended; to the Committee on Military Affairs.

By Mr. McMILLAN: A bill (H.R. 5524) to amend the Judicial Code to provide that petit jurors shall be returned from the division wherein the term of the court is held; to the Committee on the Judiciary.

By Mr. MARTIN of Oregon: A bill (H.R. 5525) providing for the purchase of a site and the erection thereon of a public building for the use of station A, a station of the post office at Portland, Oreg.; to the Committee on Public Buildings and Grounds.

By Mr. CHURCH: A bill (H.R. 5526) to amend the Emergency Relief and Construction Act of 1932; to the Committee on Banking and Currency.

By Mr. SCRUGHAM: A bill (H.R. 5527) providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska; to the Committee on Mines and Mining.

By Mr. ROBINSON: A bill (H.R. 5528) to provide for additional water supply for the Utah National Guard training camp on the Jordan Narrows Military Reservation; to the Committee on Military Affairs.

By Mr. HEALEY: A bill (H.R. 5529) to amend section 13 of the Federal Reserve Act, as amended, with respect to rediscount powers of Federal Reserve banks; to the Committee on Banking and Currency.

By Mr. FORD: A bill (H.R. 5530) to amend paragraph (8) of section 1 of the Interstate Commerce Act, as amended; to the Committee on Interstate and Foreign Commerce.

By Mr. ROBINSON: A bill (H.R. 5531) for the protection of the municipal water supply of the city of Salt Lake, State of Utah; to the Committee on the Public Lands.

By Mr. WHITE: Resolution (H.Res. 133) requesting that delegates to the International Economic Conference work for the remonetization of silver; to the Committee on Foreign Affairs.

By Mr. O'MALLEY: Joint resolution (H.J.Res. 175) proposing an amendment to the Constitution of the United States granting power to the Congress of the United States to levy and collect a tax on the income of securities issued by or under the authority of any State, and granting power to the several States to levy and collect a tax on the income of securities issued by or under the authority of the United States; to the Committee on Ways and Means.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the State of Florida, memorializing Congress that the public works committee of President Roosevelt, the Federal Bureau of Public Works, our Senators and Congressmen in Washington, the Governor of Florida, and the State road department are hereby requested to secure the immediate federalization of all of the Gulf Coast Highway and to use every effort at their command to allocate funds to Florida for the immediate construction of the Gulf Coast Highway in this State; to the Committee on Roads.

Also, memorial of the State of Illinois, memorializing Congress to enact laws to encourage the manufacture of ethyl alcohol from agricultural products; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BIERMANN: A bill (H.R. 5532) for the relief of Kittie R. Miller; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5533) granting an increase of pension to Eliza Alby; to the Committee on Pensions.

Also, a bill (H.R. 5534) granting a pension to Mary C. Learned; to the Committee on Invalid Pensions.

By Mr. BEITER: A bill (H.R. 5535) for the relief of Edgar L. Witmer; to the Committee on Naval Affairs.

By Mr. GRIFFIN: A bill (H.R. 5536) for the relief of Nicola Valerio; to the Committee on Claims.

By Mr. HILDEBRANDT: A bill (H.R. 5537) for the relief of John M. Green; to the Committee on Claims.

Also, a bill (H.R. 5538) for the relief of Anna Joseph Redwing; to the Committee on Claims.

Also, a bill (H.R. 5539) for the relief of Anna R. Brown; to the Committee on Claims.

Also, a bill (H.R. 5540) for the relief of Lydia Wakanna; to the Committee on Claims.

By Mrs. KAHN: A bill (H.R. 5541) for the relief of Joseph Duncan Smedberg; to the Committee on Military Affairs.

By Mr. McMILLAN: A bill (H.R. 5542) for the relief of Joe G. McInerney; to the Committee on Naval Affairs.

Also, a bill (H.R. 5543) for the relief of T. Brooks Alford; to the Committee on Claims.

Also, a bill (H.R. 5544) for the relief of Capt. Arthur L. Bristol, United States Navy; to the Committee on Naval Affairs.

By Mr. MARTIN of Oregon: A bill (H.R. 5545) granting an increase of pension to Mary R. Wakeman; to the Committee on Pensions.

By Mr. MONAGHAN: A bill (H.R. 5546) for the relief of M. M. Twichel; to the Committee on Indian Affairs.

By Mr. SUTPHIN: A bill (H.R. 5547) for the relief of M. Brown and S. H. Brown for losses sustained on schooner *Ninnetta M. Porcella;* to the Committee on Claims.

By Mr. SUMNERS of Texas: A bill (H.R. 5548) for the relief of Harry Norfleet Legg; to the Committee on Naval Affairs.

By Mr. STUBBS: A bill (H.R. 5549) granting a pension to Rye Fairbanks; to the Committee on Pensions.

Also, a bill (H.R. 5550) for the relief of Frank Milner; to the Committee on Claims.

Also, a bill (H.R. 5551) for the relief of J. T. Hurst; to the Committee on Claims.

By Mr. WEIDEMAN: A bill (H.R. 5552) for the relief of the Acme Wire & Iron Works; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

902. By Mr. BEAM: Resolution of the General Assembly of the State of Illinois, urging the enactment of laws to encourage the manufacture of ethyl alcohol from agricultural products, and remove restrictions on the manufacture of ethyl alcohol from agricultural products for motor-fuel uses; to the Committee on Agriculture.

903. By Mr. CONNOLLY: Letter bearing the signatures of the members of the Young Women's Christian Association Industrial Club, of Philadelphia, Pa., favoring the 30-hour-week work bill; to the Committee on Labor.

904. By Mr. DINGELL: Petition of the House of Representatives (the Senate concurring) of the State of Michigan, protesting against the proposed change in the status of the National Guard of the State of Michigan; to the Committee on Military Affairs.

905. By Mr. GIBSON: Petition of Jay Peak Post, No. 28, American Legion, North Troy, Vt., protesting against re-

moval of the Burlington regional office of the Veterans' Administration; to the Committee on World War Veterans' Legislation.

906. By Mr. JAMES: Resolution of the Common Council of the City of Bessemer, Mich., heartily endorsing House bill 4801, which bill releases the States, Territories, municipalities, and political subdivisions from the obligation to repay relief funds received under title I of the Emergency Relief and Construction Act of 1932, and for other purposes; to the Committee on Banking and Currency.

907. Also, resolution of the Fritz Fredrickson Post, No. 350, of Ramsay, Mich., recommending the elimination of all interest accruing on loans received by veterans on adjusted-compensation certificates; to the Committee on Ways and Means.

908. By Mr. JOHNSON of Texas: Resolution of East Texas Chamber of Commerce, concerning crop-production loans in Texas; to the Committee on Agriculture.

909. By Mr. KENNEY: Petition of the American Legion Auxiliary, Department of New Jersey, in executive committee assembled, representing every county in the State, and composed of the mothers, wives, sisters, and daughters of members of the American Legion, protesting against the closing of the Lakehurst Naval Training Station, and in addition petitioning the President of the United States, the Secretary of the Navy, and its representatives in Congress to continue to retain in commission the Lakehurst Naval Station as a necessary element of national defense; to the Committee on Naval Affairs.

910. By Mr. LAMBERTSON: Petition of Greely Robinson, of 213½ Oak Street, Leavenworth, Kans., and signed by a number of other citizens of Leavenworth, protesting against the Black 30-hour work bill; to the Committee on Labor.

911. By Mr. LEHR: Memorial of the Legislature of the State of Michigan, pertaining to the proposed change in the status of the National Guard of the State of Michigan and protesting such action on the part of the National Government; to the Committee on Military Affairs.

912. By Mr. LINDSAY: Petition of Albert A. Hovell, of New York City, favoring passage of the Sirovich resolution to investigate the motion-picture industry; to the Committee on Interstate and Foreign Commerce.

913. Also, petition of Fritzsche Bros., Inc., New York City, concerning a new bill to replace the existing Food and Drugs Act; to the Committee on Interstate and Foreign Commerce.

914. Also, petition of the Eastern Lithographers' Association, New York City, opposing the Black and Connery bills; to the Committee on Labor.

915. Also, petition of Aerovox Corporation, Brooklyn, N.Y., opposing the 30-hour week bill; to the Committee on Labor.

916. Also, petition of Democratic Veterans Organization of Kings County, J. B. Milgrim, secretary, Brooklyn, N.Y., urging creation of board of review on cases of hospitalized veterans now being discharged from Government hospitals; to the Committee on World War Veterans' Legislation.

917. By Mr. McFADDEN: Resolution of the Senate and House of Representatives of Pennsylvania, that the Congress of the United States reject any legislation to compel blending alcohol with gasoline; to the Committee on Ways and Means.

918. By Mr. MERRITT: Petition of sundry citizens of Greenwich, Conn., protesting against legislation to require the blending of alcohol and gasoline; to the Committee on Ways and Means.

919. By Mr. RICHARDSON: Petition signed by 49 commissioned officers of the Army Reserve Corps, residing in or in the vicinity of Reading, Berks County, Pa., strongly opposing the proposed reductions in commissioned and enlisted personnel of the United States Army; to the Committee on Military Affairs.

920. By Mrs. ROGERS of Massachusetts: Petition of the One Hundred and Fourth United States Infantry Veterans' Association, condemning further cuts in veterans' appropriations which would eliminate all Veterans' Administration regional offices; to the Committee on World War Veterans' Legislation.

921. Also, petition of the One Hundred and Fourth United States Infantry Veterans' Association, American Expeditionary Forces, recommending that the name of Rev. William J. Farrell, late chaplain of the Twenty-sixth Division war units, be placed above the portals of the veterans' hospital in Bedford, Mass.; to the Committee on World War Veterans' Legislation.

922. Also, petition of the One Hundred and Fourth United States Infantry Veterans' Association, American Expeditionary Forces, condemning the new regulations governing reductions in compensation to disabled veterans and widows and orphans of veterans as too drastic, and urging the President and the Congress of the United States to amend and liberalize said regulations; to the Committee on World War Veterans' Legislation.

923. By Mr. RUDD: Petition of Albert A. Hovell, vice president of the Century Circuit, motion-picture industry, Brooklyn and Long Island, favoring the passage of the Sirovich Resolution 95, to investigate the motion-picture industry; to the Committee on Interstate and Foreign Commerce.

924. Also, petition of Democratic Veterans' Organizations of Kings County, Brooklyn, N.Y., strongly urging the creation of a board of review on cases of hospitalized veterans now being discharged wholesale from Brooklyn, naval, and other Government hospitals; to the Committee on World War Veterans' Legislation.

925. Also, petition of the Eastern Lithographers Association, New York City, opposing the passage of the Black and Connery bills, S. 158 and H.R. 4557; to the Committee on Labor.

926. Also, petition of Aerovox Corporation, Brooklyn, N.Y., opposing the passage of the 30-hour-week legislation; to the Committee on Labor.

927. By Mr. SUTPHIN: Petition of the American Legion Auxiliary, Department of New Jersey, protesting against the closing of the Lakehurst Naval Air Station and urging that it be continued in commission as a necessary element of national defense; to the Committee on Naval Affairs.

SENATE

MONDAY, MAY 8, 1933

(Legislative day of Monday, May 1, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

MESSAGE FROM THE HOUSE OF REPRESENTATIVES

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 5390. An act making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes; and

H.R. 5480. An act to provide full and fair disclosure of the character of securities sold in interstate and foreign commerce and through the mails, and to prevent frauds in the sale thereof, and for other purposes.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Bankhead	Bratton	Byrnes
Ashurst	Barkley	Brown	Capper
Austin	Black	Bulkley	Caraway
Bachman	Bone	Bulow	Carey
Bailey	Borah	Byrd	Connally

Coolidge	Gore	McGill	Sheppard
Copeland	Hale	McKellar	Shipstead
Costigan	Harrison	McNary	Smith
Couzens	Hastings	Metcalf	Steiwer
Cutting	Hatfield	Murphy	Stephens
Dale	Hayden	Norbeck	Thomas, Okla.
Dickinson	Hebert	Norris	Thomas, Utah
Dieterich	Johnson	Nye	Townsend
Dill	Kean	Overton	Trammell
Duffy	Kendrick	Patterson	Tydings
Erickson	Keyes	Pittman	Vandenberg
Fess	King	Pope	Van Nuys
Fletcher	La Follette	Reed	Wagner
Frazier	Logan	Reynolds	Walcott
George	Lonergan	Robinson, Ark.	Wheeler
Glass	McAdoo	Robinson, Ind.	White
Goldsborough	McCarran	Russell	

Mr. AUSTIN. I announce the absence for the day of the junior Senator from New Jersey [Mr. BARBOUR] on account of illness.

Mr. KENDRICK. I wish to announce that the Senator from Missouri [Mr. CLARK], the Senator from Illinois [Mr. LEWIS], the Senator from Louisiana [Mr. LONG], and the Senator from West Virginia [Mr. NEELY] are necessarily detained from the Senate. I ask that this announcement may stand for the day.

I also wish to announce that the Senator from Massachusetts [Mr. WALSH] is necessarily detained in Massachusetts on official business.

The VICE PRESIDENT. Eighty-seven Senators have answered to their names. A quorum is present.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Latta, one of his secretaries.

THE USE OF ALCOHOL FROM FARM PRODUCTS IN MOTOR FUEL (S.DOC. NO. 57)

The VICE PRESIDENT laid before the Senate a letter from the Secretary of Agriculture, submitting, pursuant to Senate Resolution 65, Seventy-third Congress, a report pertaining to the practicability and advantages to agriculture of using alcohol manufactured from corn and other farm products in motor fuel, prepared by the Bureaus of Agricultural Economics, Chemistry and Soils, and Agricultural Engineering of the Department of Agriculture, which, with the accompanying report, was ordered to lie on the table and to be printed.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint resolution of the Legislature of the State of Wisconsin, which was ordered to lie on the table:

STATE OF WISCONSIN.

Joint resolution memorializing the Congress of the United States to support President Roosevelt's program relating to Muscle Shoals and in all his other recommendations

Whereas, in keeping with his pre-election promise to the American people, President Roosevelt is actively sponsoring legislation pertaining to power production, flood control, reforestation, farm and unemployment relief, securities regulation, economy in government, strengthening of the banking system, refinancing of farmers and home owners, and various other measures intended to end the depression; and

Whereas the carrying out of such a program will have an immediate economic value in furnishing employment to hundreds of thousands of unemployed and will give to the Government the opportunity to determine the fair charge for electric power which is now furnished by private power companies; and

Whereas as a first step in bringing back to the people the benefits of our natural resources there has been introduced in the United States Senate what is known as the "Norris Muscle Shoals Government operation bill", which, if it becomes a law, will permit the Federal Government to develop a large power plant in the Tennessee River Valley, make the Tennessee River commercially navigable the year round, and put through a reforestation program in order to safeguard the watershed; and

Whereas the Muscle Shoals project is but the first of a series of giant projects of the same kind to include the Columbia River Basin, the Ohio, Arkansas, and Missouri River Valleys: Now, therefore, be it

Resolved by the senate (the assembly concurring), That the Legislature of Wisconsin hereby respectfully memorializes the Congress of the United States to pass the Norris bill and to accord to President Roosevelt whole-hearted support in his entire program for ending the depression, as outlined in his several messages; be it further

Resolved, That properly attested copies of this resolution be transmitted to the presiding officer of each House of the Congress of the United States and to each Wisconsin Member thereof.

THOMAS J. O'MALLEY,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.
C. T. YOUNG,
Speaker of the Assembly.
JOHN J. SLOCUM,
Chief Clerk of the Assembly.

The VICE PRESIDENT also laid before the Senate the following joint memorial of the Legislature of the State of Colorado, which was referred to the Committee on Irrigation and Reclamation:

STATE OF COLORADO,
OFFICE OF THE SECRETARY OF STATE.

UNITED STATES OF AMERICA,
State of Colorado, ss:

I, Chas. M. Armstrong, secretary of state of the State of Colorado, do hereby certify that the annexed is a full, true, and complete copy of Senate Joint Memorial No. 7, which was filed in this office on the 4th day of May, A.D. 1933, at 4 p.m.

In testimony whereof I have hereunto set my hand and affixed the great seal of the State of Colorado, at the city of Denver, this 4th day of May A.D. 1933.

[SEAL]

CHAS. M. ARMSTRONG,
Secretary of State.
By A. G. SNEDEKER, *Deputy.*

Senate Joint Memorial 7 (by Senators Headlee, Christensen, Unfug, Knous, and Warren; Representatives Woodard, Harney, Sutley, Barron, Atencio, and Fisher)

A joint memorial of the Senate and House of Representatives of the State of Colorado, requesting the immediate passage of an act by the Congress of the United States providing for the construction of a drain through the "Closed Basin" of the Rio Grande, in the State of Colorado, and for the surveying of a suitable site for a reservoir, toward the development and conservation of the waters of the Rio Grande Basin in the States of Colorado, New Mexico, and Texas

Whereas on February 12, 1929, there was negotiated between and among the States of Colorado, New Mexico, and Texas, by and through their duly accredited representatives, a certain temporary compact, commonly referred to as the "Rio Grande Compact", relating to the use of the waters of the Rio Grande above Fort Quitman, Tex., which said compact was subsequently approved by the several legislatures of said States; and

Whereas said compact was thereafter approved by the Congress of the United States; and

Whereas said compact contemplates and recognizes the absolute importance of the construction of a drain for the purpose of making tributary to the Rio Grande about 2,000 square miles of area commonly known as the "Closed Basin", which at present has no outlet, and thereby materially augmenting the water supply of said river by draining thereinto all unconsumed waters that are produced in said "Closed Basin" in addition to all such waters as return unconsumed from the lands irrigated within said "Closed Basin" by those waters diverted from said river; and

Whereas said compact further contemplates and recognizes the absolute importance of the construction of a reservoir at some appropriate site on said river in the State of Colorado whereby the flow thereof would be so regulated as to remove the principal causes of any controversies and disputes between and among said States in respect to the use of the waters of said river; and

Whereas it is solemnly claimed in said compact by each and all of the States signatory thereto that a moral obligation rests upon the United States to construct said drain and reservoir, without cost to said States or any of them, in order to alleviate the heavy continuing burden placed upon said States as a result of the treaty between the United States and Mexico, dated May 21, 1906 (34 Stat. 2953), whereby the United States obligated itself to deliver to Mexico annually and forever 60,000 acre-feet of water from said Rio Grande; and

Whereas the United States, in order to insure the fulfillment of the terms of its said treaty with Mexico in respect to the delivery to Mexico, annually and forever, of said 60,000 acre-feet of water, has found it necessary to construct, and has constructed, in the State of New Mexico the Elephant Butte Reservoir, with a capacity of 2,639,000 acre-feet of water; and

Whereas the United States, in order further to insure the fulfillment of the terms of its said treaty with Mexico as aforesaid, has heretofore gone so far as to impose in 1896 an embargo on the construction of reservoirs on the upper Rio Grande, in the San Luis Valley, in the State of Colorado, in consequence of which there has been and is a lack of proper storage facilities in said San Luis Valley; and

Whereas said embargo was subsequently removed in 1925 by the Secretary of the Interior and by him determined to have been illegally initiated and imposed, but only after large areas of land in said San Luis Valley had gone to seep on account of the method of irrigation necessitated by the existence of such embargo; and

Whereas the agreement of the United States under the terms of the aforesaid treaty to deliver to Mexico, annually and forever, 60,000 acre-feet of water from the Rio Grande has placed an

increasingly intolerable burden upon the three States of Colorado, New Mexico, and Texas, which, in equity and good conscience, should be borne by the Nation as a whole; and

Whereas, in recognition of the moral obligation resting upon the United States to alleviate the burden so cast upon said three States in consequence of its aforesaid treaty with Mexico, certain bills have at previous sessions of the Congress been introduced appropriating funds to cover the cost of constructing the aforesaid drain and of making a survey incident to the selection of a site for the aforesaid reservoir, one of which bills was passed by the Senate in 1931; and

Whereas the aforesaid compact between said States of Colorado, New Mexico, and Texas is only in the nature of a temporary truce, expiring in 1935, after which time prolonged and costly litigation between and among said States may result unless the water supply of the Rio Grande is augmented, conserved, and regulated by means of the construction of said drain and reservoir; and

Whereas the situation is urgent and requires immediate action at the hands of the Congress; and

Whereas the construction of said drain and reservoir could be had at the present time at a lower cost for labor and materials than at any time since the negotiation of said compact; and

Whereas the construction of said drain and reservoir would provide work for numerous men and thereby tend to relieve unemployment: Now, therefore, be it

Resolved by the memorialist, the Twenty-ninth General Assembly of the State of Colorado, in regular session—

1. That it do respectfully present this joint memorial to the Congress of the United States, and that it do earnestly urge and solicit the Congress to enact forthwith and with all reasonable expedition such legislation as it may deem appropriate and necessary authorizing and providing for the immediate construction of the aforesaid drain and for the surveying of a suitable site for the aforesaid reservoir at the sole cost of the United States;

2. That it do hereby direct that certified copies of this joint memorial be forwarded at once to the Vice President and the Speaker of the House of Representatives, as the presiding officers of the Congress of the United States, and to Hon. EDWARD P. COSTIGAN and Hon. ALVA B. ADAMS, Senators, and Hon. EDWARD C. TAYLOR, Hon. JOHN A. MARTIN, Hon. FRED CUMMINGS, and Hon. LAWRENCE LEWIS, Representatives from the State of Colorado.

RAY H. TALBOT,
President of the Senate.

Attested:

BYRON G. ROGERS,
Speaker of the House of Representatives.

The VICE PRESIDENT also laid before the Senate the following joint resolution of the Legislature of the State of California, which was referred to the Committee on Banking and Currency:

Senate Joint Resolution 19

Adopted in senate April 11, 1933.

J. A. BEEK,
Secretary of the Senate.

Adopted in assembly April 26, 1933.

ARTHUR A. OHNIMUS,
Chief Clerk of the Assembly.

This resolution was received by the Governor this 28th day of April A.D. 1933, at 2:30 o'clock p.m.

WM. A. SMITH,
Private Secretary of the Governor.

Senate Joint Resolution 19, relative to approval by the President of the United States of a project for the completion of the John Muir Trail under the provisions of act of Congress approved March 31, 1933

Whereas the Seventy-third Congress of the United States of America at its first session adopted on March 31, 1933, an act entitled "An act for the relief of unemployment through the performance of useful public works, and for other purposes", under which the President of the United States is authorized to select projects qualifying for construction in accordance with the purpose of the act; and

Whereas the State of California, in cooperation with the United States Government, has for a number of years been constructing a memorial trail, known as the "John Muir Trail", along the Sierra Nevada Range in Yosemite and Sequoia National Parks and in the Sierra and Sequoia National Forests; and

Whereas, this project, being useful for fire-protection purposes, public enjoyment, and general utilization of these Government reservations, is considered well qualified for adoption under the act; and

Whereas the construction work on this project is of such character as to utilize a maximum amount of unskilled labor in proportion to total expenditures, and is of an ideal nature to afford employment to large numbers of men in conformity with the intention of the act approved by the President of the United States on March 31, 1933; and

Whereas the project is at present in such a state of incompletion as to be only partially useful, and it would be highly desirable that the said John Muir Trail be completed between Yosemite and Sequoia National Parks, and be extended from Yosemite National Park to Lake Tahoe, in El Dorado National Forest, on the north, and be extended southerly from Sequoia National Park, through the Kern River Canyon, to connect with the national-forest road system of Sequoia National Forest: Now, therefore, be it

Resolved by the Senate and the Assembly of the State of California, jointly, at the fiftieth session of the California Legislature, commencing on the 2d day of January 1933, a majority of all the members elected to each house of said legislature voting in favor thereof, That the President of the United States be respectfully requested to adopt the John Muir Trail as a unit in the program under said Emergency Unemployment Relief Act, and cause said project, together with said extensions and incidental facilities necessary to the safety and protection of the users thereof, to be completed during the current calendar year.

Resolved further, That certified copies of the foregoing resolution be forwarded by the Governor of the State of California to the President of the United States, to the Secretary of the United States Department of Agriculture, and to each of the Senators and Representatives of the State of California in Congress.

FRANK F. MERRIAM,
President of the Senate.
WALTER J. LITTLE,
Speaker of the Assembly.

Attest:
[SEAL]

FRANK C. JORDAN,
Secretary of State.

Endorsed: Filed in the office of the secretary of state of the State of California April 28, 1933, at 3 o'clock p.m.

FRANK C. JORDAN,
Secretary of State.
By CHAS. J. HAGERTY,
Deputy.

The VICE PRESIDENT also laid before the Senate the following joint resolution of the Legislature of the State of California, which was referred to the Committee on Finance:

Senate Joint Resolution 18

Adopted in senate March 27, 1933.

J. A. BEEK,
Secretary of the Senate.

Adopted in assembly April 26, 1933.

ARTHUR A. OHNIMUS,
Chief Clerk of the Assembly.

This resolution was received by the Governor this 28th day of April A.D. 1933, at 2:30 o'clock p.m.

WM. A. SMITH,
Private Secretary of the Governor.

Senate Joint Resolution 18, relative to memorializing the Congress of the United States to adopt legislation protecting and fostering the rubber industry of the United States

Whereas one of the greatest needs of this nation is immediate relief of unemployment, both agricultural and industrial, and normally functioning private industry offers the most desirable employment opportunities; and

Whereas it has been fully demonstrated and proven that a large portion of the rubber consumed in the United States could and would be produced in the United States if the industry was properly assisted and protected; and

Whereas the production of rubber used in the United States would necessitate the use of thousands of acres of land now producing competitive crops that are actually not bringing the producers the cost of production, but are serving to produce an overproduction of various crops, thereby lessening the profits to all concerned; and

Whereas the milling of the rubber would require the construction of many mills, thereby giving the different industries involved in producing materials for such factory construction, employment, and the actual operation of said mills would give employment to large numbers of industrial workers; and

Whereas the Government of the United States is being deprived of vast customs revenue which are so vitally needed at this time; and

Whereas there are several thousands of acres of Guayule rubber in the Salinas and Santa Maria Valleys, which is ready to be harvested and made into rubber, but which is not being harvested due to the present price of rubber; and

Whereas the immediate need is a clause in Government supply bills requiring the purchase of rubber grown in the United States, in the same manner that other American products are included: Now, therefore, be it

Resolved by the Senate and the Assembly of the State of California jointly, That the Legislature of the State of California respectfully urges and memorializes the Congress of the United States, now in special session, to enact legislation imposing a tariff on rubber and to include in the Government supply bills a requirement that rubber purchased be grown in the United States; and be it further

Resolved, That the Legislature of the State of California requests the honorable Senators and Representatives in the Congress of the United States to use every honorable means to secure the adoption of such legislation; and be it further

Resolved, That the Governor is respectfully requested to send copies of this resolution to the President of the United States and to the Senators and Representatives of the State of California in Congress; and be it further

Resolved, That the Governor is respectfully requested to send copies of this resolution to the governors of all the States of the United States requesting that the legislatures of all the States pass and present similar memorials to Congress.

FRANK F. MERRIAM,
President of the Senate.
WALTER J. LITTLE,
Speaker of the Assembly.

Attest:
[SEAL]
FRANK C. JORDAN,
Secretary of State.

Endorsed: Filed in the office of the secretary of state of the State of California April 28, 1933, at 3 o'clock p.m.
FRANK C. JORDAN, *Secretary of State.*
By CHAS. J. HAGERTY, *Deputy.*

The VICE PRESIDENT also laid before the Senate the petition of the Sixty-six Nonpareil Americans, New York City, N.Y., praying the President, the Congress of the United States, and the Governor of Alabama, in their respective powers, privileges, and discretions, to intercede, protect, and save the lives and liberties of the nine Scottsboro boys whose fate now pends before the courts of the State of Alabama and the United States Supreme Court, which was referred to the Committee on the Judiciary.

He also laid before the Senate two memorials and several letters in the nature of memorials from sundry citizens of the State of Louisiana, endorsing Hon. HUEY P. LONG, a Senator from the State of Louisiana, condemning attacks made upon him, and remonstrating against a senatorial investigation of his alleged acts and conduct, which were referred to the Committee on the Judiciary.

He also laid before the Senate six petitions of sundry citizens of the State of Louisiana, praying for a senatorial investigation of alleged acts and conduct of Hon. HUEY P. LONG, a Senator from the State of Louisiana, which were referred to the Committee on the Judiciary.

He also laid before the Senate a resolution adopted by the executive committee of the American Transit Association, New York City, N.Y., favoring the passage of House bill 5009, known as the "McKeown bill", or some similar measure designed to provide electric railways or other corporations with legal facilities to accomplish reorganizations and compositions of indebtedness similar to those provided for in the bankruptcy-act amendments which were enacted at the last session of Congress affecting individuals, farmers, and steam railroads, which was referred to the Committee on the Judiciary.

He also laid before the Senate a petition of sundry citizens of the State of California, praying for revision of the Executive orders relating to veterans' relief so as to restore to all veterans who were actually disabled in the military or naval service their former benefits, rights, privileges, ratings, schedules, compensation, presumptions, and pensions heretofore enjoyed by them and existent prior to the enactment of the so-called "Economy Act", which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by a mass meeting of members of the Turtle Creek Valley Unemployed Council, Pennsylvania Avenue, Turtle Creek, Pa., favoring the immediate payment of adjusted-compensation certificates (bonus) of World War veterans, which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by the City Council of Cambridge, Mass., protesting against the persecution of the Jews in Germany, which was referred to the Committee on Foreign Relations.

He also laid before the Senate resolutions adopted by the City Council of Cambridge, Mass., favoring the passage of legislation authorizing the Postmaster General to issue a special series of postage stamps of the denomination of 3 cents, commemorative of the one hundred and fiftieth anniversary of the naturalization as an American citizen and appointment as brevet brigadier general of the Continental Army on October 13, 1783, of Thaddeus Kosciusko, which was referred to the Committee on Post Offices and Post Roads.

Mr. CAPPER presented a letter in the nature of a petition of sundry citizens, being physicians, of southwestern Kansas, praying for the more general use of existing private-hospital facilities in the treatment of disabled veterans, and also as a means of saving moneys devoted to the construction of Government hospitals, which was referred to the Committee on Finance.

Mr. ROBINSON of Indiana presented a petition of sundry citizens of the State of California, praying for revision of the Executive orders relating to veterans' relief so as to restore to all veterans who were actually disabled in the military or naval service their former benefits, rights, privileges, ratings, schedules, compensation, presumptions, and pensions heretofore enjoyed by them and existent prior to the enactment of the so-called "Economy Act" which was referred to the Committee on finance.

Mr. COPELAND presented a memorial of sundry citizens of Brooklyn, N.Y., remonstrating against the passage of legislation to retire employees of the Federal Government after 30 years of service, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by Long Island Branch, No. 85, of the National Association of Postal Supervisors, Jamaica, N.Y., protesting against the compulsory retirement of employees of the Federal Government after 30 years of service, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the committee on national defense of the Watertown (N.Y.) Chamber of Commerce, protesting against curtailment of the national defense by reducing appropriations for the Army, the Navy, and their auxiliaries, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the Long Island Chapter, Knights of Columbus, Brooklyn, N.Y. (comprising 68 councils and 28,000 members), protesting against the recognition of the Soviet Government of Russia, which was referred to the Committee on Foreign Relations.

He also presented the memorial of members of Ramapo Council, No. 51, Junior Order United American Mechanics, of Suffern, N.Y., remonstrating against the adoption of the so-called "Dickstein resolution", being the resolution (H.Res. 67) requesting the Secretary of State to direct the consuls abroad to disregard instructions of September 15, 1930, and revert to provisions of law in force prior to that date in examining applicants for immigration visas, which was referred to the Committee on Immigration.

He also presented a resolution adopted by the Reserve Officers' Association of Ithaca, N.Y., protesting against the abolishment of compulsory military training at Cornell University, which was referred to the Committee on Military Affairs.

He also presented resolutions adopted by the Veterans' Association of the Seventy-fourth Infantry, New York National Guard, of Buffalo, N.Y., protesting against reduction of the armed forces of the Nation, particularly the National Guard, which were referred to the Committee on Appropriations.

He also presented a resolution adopted by Binghamton Post, No. 80, the American Legion, of Binghamton, N.Y., protesting against reduction in the armed forces of the Nation and favoring the maintenance of training for the Army, Navy, and all civilian components thereof, which was referred to the Committee on Military Affairs.

He also presented a resolution adopted by the Port Commission of the City of Rochester, N.Y., protesting against the transfer of jurisdiction over river and harbor work from the Engineer Corps of the Army to the Department of the Interior or a newly organized department of public works, which was referred to the Committee on Military Affairs.

He also presented resolutions adopted by the official board of the Buffalo Street Methodist Episcopal Church, of Jamestown, N.Y., condemning the alleged action of certain public men in ignoring the oath of office, which were ordered to lie on the table.

Mr. JOHNSON presented the following joint resolution of the Legislature of the State of California, which was referred to the Committee on Post Offices and Post Roads:

Senate Joint Resolution 11 relating to memorializing Congress and Postmaster General Brown to adopt legislation or to permit the issuance of postage stamps commemorating the sixtieth anniversary of the planting of the parent Washington navel orange trees in honor of the California citrus industry

Whereas in December 1873 Luther C. Tibbets, Riverside colonist, received from a friend in Washington, D.C., two small Washington navel orange trees of the seedless variety which had been imported from the city of Bahia in Brazil by the Agricultural Department of the United States; and

Whereas in the same year, to wit, 1873, Mrs. L. C. Tibbets planted said navel orange trees in the city of Riverside, then a part of San Bernardino County, State of California; and

Whereas the navel orange industry of the State of California in the years that have followed has grown to an industry with an annual income of approximately $67,000,000; and

Whereas the aforementioned planting by these pioneers of the West has meant much and contributed greatly to the agricultural industry of the State of California and of the United States; and

Whereas the people of the city of Riverside, county of Riverside, State of California, wish to commemorate the sixtieth anniversary of the planting of the said parent Washington navel orange trees, as aforesaid, in honor of the great California citrus industry by having a special postage stamp issued by the Post Office Department of the United States in commemoration of the said sixtieth anniversary of the aforesaid planting: Now, therefore, be it

Resolved by the Assembly and the Senate of the State of California, jointly, That the legislature of said State urgently petition and request the Congress of the United States and/or the Postmaster General, of the Post Office Department of the United States, to adopt legislation to effect or permit the issuance of postage stamps commemorating the sixtieth anniversary of the planting of the parent Washington navel orange trees in honor of California citrus industry; and be it further

Resolved, That a copy of this resolution be sent to the President of the United States, the Vice President, the Speaker of the House of Representatives, and to the Senators and Representatives of the State of California in Congress, and to the Postmaster of the United States.

Mr. TRAMMELL presented the following concurrent resolution of the Legislature of the State of Florida, which was referred to the Committee on Military Affairs:

House Concurrent Resolution 8

Whereas it has unofficially come to the attention of this legislature that it is proposed by Executive order under the recent economy bill passed by the United States Congress to discontinue the annual field training period for the Florida National Guard, at least during 1933, and reduce the armory drills by at least half the number now authorized, and also to dispense with a large number of Regular Army officer personnel and eliminate the Officers' Reserve Corps and the citizens' military training camps in fact, if not on paper, by so crippling the ability of same to function that the morale of same will be impaired to the destruction of efficiency; and

Whereas the Legislature of the State of Florida believes that the maintenance of an adequate national defense has one of the first claims on government, being one of the five purposes recited in the preamble to the United States Constitution as the reason for agreeing to that document, and is opposed to any of the proposed measures contemplating the elimination of the field training for the National Guard, either temporarily or permanently, as well as to the reduction to any degree, temporarily or permanently, of the number of authorized drills for the National Guard, and believes that the present officer personnel of the Regular Army is needed to properly train the National Guard, Reverse Officers' Training Corps, citizens' military training camps, and Officers' Reserve Corps, as well as function as instructors in our schools, and is of the opinion that the citizens' military training camps serve not only as a means for training the young men but is a relief against unemployment as well for the period covered by such camps each year: Now, therefore, be it

Resolved by the house of representatives (the senate concurring), That the Legislature of the State of Florida most earnestly protests against any of the actions contemplated against our system of national defense as recited in this resolution and directs that the secretary of state forthwith forward by air mail under the great seal of the State of Florida a copy of this resolution to our Senators and Representatives in Congress.

Approved by the Governor of Florida May 2, 1933.

STATE OF FLORIDA,
Office Secretary of State, ss:

I, R. A. Gray, secretary of state of the State of Florida, do hereby certify that the foregoing is a true and correct copy of House Concurrent Resolution No. 8, passed by the Legislature of Florida, session 1933, and filed in this office.

Given under my hand and the great seal of the State of Florida at Tallahassee, the capital, this the 3d day of May A.D. 1933.

[SEAL] R. A. GRAY,
Secretary of State.

Mr. TRAMMELL also presented the following concurrent resolution of the Legislature of the State of Florida, which was referred to the Committee on Post Offices and Post Roads:

Senate Concurrent Resolution 12

Whereas the Legislature of the State of Florida by joint resolution in 1929 memorialized Congress, the Federal Bureau of Public Roads, and the State Road Department of Florida to use every possible effort to federalize the Gulf Coast Highway, which is legally known as "State roads 10, 15, and 115"; and

Whereas the resolution referred to above has only been partially carried out; and

Whereas the State of Florida and the counties of the Gulf coast of Florida have spent approximately $15,000,000, and the funds of both the State and counties are now exhausted; and

Whereas all of the Gulf coast counties and cities and civic bodies have passed resolutions setting forth the necessity for continuing the construction of the Gulf Coast Highway in order to relieve the distressing unemployment situation in the Gulf coast counties and cities owing to the serious decline in the oyster, fishing, and other businesses peculiar to these counties and cities; and

Whereas the State road system of Florida cannot be properly rounded out and completed, nor can the hundreds of millions of dollars invested therein begin to pay a full return on this investment until the Gulf Coast Highway is completed; and

Whereas the construction of the Gulf Coast Highway has been officially declared of military and strategic importance to the United States Government; and

Whereas the public-works committee now arranging the public-works program for President Roosevelt has the authority and power to include in said program the construction of Federal roads; and

Whereas road construction in Florida will provide work for the relief of unemployment both in direct employment and in the manufacture and transportation of Florida road-building material: Now, therefore, be it

Resolved by the Senate of the State of Florida (the house of representatives concurring), That the public-works committee of President Roosevelt, the Federal Bureau of Public Works, our Senators and Congressmen in Washington, the Governor of Florida, and the State road department, are hereby requested to secure the immediate federalization of all of the Gulf Coast Highway and to use every effort at their command to allocate funds to Florida for the immediate construction of the Gulf Coast Highway in this State; be it further

Resolved, That a copy of this resolution be forwarded by the secretary of state of Florida, under the great seal of the State of Florida in due form to the Congress of the United States and the several Members thereof from Florida, to the Governor of Florida, and to the State road department.

Approved by the Governor of Florida, May 2, 1933.

STATE OF FLORIDA,
Office Secretary of State, ss:

I, R. A. Gray, secretary of state of the State of Florida, do hereby certify that the foregoing is a true and correct copy of Senate Concurrent Resolution No. 12, passed by the Legislature of Florida, session 1933, and filed in this office.

Given under my hand and the great seal of the State of Florida at Tallahassee, the capital, this the 2d day of May A.D. 1933.

[SEAL] R. A. GRAY,
Secretary of State.

GREAT LAKES-ST. LAWRENCE DEEP WATERWAY TREATY

Mr. NORBECK. Mr. President, I ask to have printed in the record copy of a concurrent resolution adopted by the Legislature of the State of South Dakota, which I send to the desk, memorializing the Senate to ratify the Great Lakes-St. Lawrence River Seaway Treaty with Canada.

The concurrent resolution was ordered to lie on the table and to be printed in the RECORD, as follows:

Senate Concurrent Resolution 2 (introduced by Mr. Halvorson)

A concurrent resolution, memorializing the Senate of the United States to ratify the Great Lakes-St. Lawrence Seaway Treaty with Canada

Be it resolved by the Senate of the State of South Dakota (the house of representatives concurring):

Whereas a treaty has been negotiated between the Government of the United States and the Canadian Government, known as the "Great Lakes-St. Lawrence Seaway Treaty", which said treaty is now being considered by the Foreign Relations Committee of the United States Senate, under the terms of which there is to be built a seaway connecting the Great Inland Lakes of North America with the ocean by the widening and deepening of the St. Lawrence River, thereby transforming all our lake ports into ocean ports with direct connection with the great tidewater markets of the world; and

Whereas transportation is one of the largest cost factors in doing all classes of business, which cost is paid by either the producer or the consumer, and transportation by water is admittedly the most economical and advantageous to all interests as a whole, and particularly to the interior of the Nation now far removed from the world's ocean ports now enjoying low transportation costs; and

Whereas the construction and building of a seaway is deemed to be a permanent benefit and advantage to the United States, and particularly the several interior States located upon and in close proximity to the Great Lakes ports, and also particularly

advantageous to agriculture in that it would reduce the freight transportation costs on all farm commodities: Now, therefore be it

Resolved by the Senate of the State of South Dakota (the house of representatives concurring), That we respectfully memorialize the Senate of the United States to ratify the pending Great Lakes-St. Lawrence Seaway Treaty, and respectfully urge and request the Honorable PETER NORBECK and Hon. WILLIAM J. BULOW, United States Senators from the State of South Dakota, to support said ratification; and be it further

Resolved, That the secretary of state is hereby directed to transmit copies of this memorial to His Excellency the President of the United States Senate, and to each of the 96 United States Senators.

Adopted by the senate, January 12, 1933.

Adopted by the house of representatives, February 27, 1933.

H. A. USTRUD,
President of the Senate.
JOE ATKINS,
Secretary of the Senate.
GEORGE ABILD,
Speaker of the House.
A. F. BODLEY,
Chief Clerk of the House.

REPORT OF THE FINANCE COMMITTEE

Mr. HARRISON, from the Committee on Finance, to which was referred the bill (S. 1514) authorizing the Administrator of Veterans' Affairs to convey certain lands to Harrison County, Miss., reported it without amendment.

EXECUTIVE REPORTS OF THE FINANCE COMMITTEE

As in executive session,

Mr. HARRISON, from the Committee on Finance, reported favorably the nomination of Dean G. Acheson, of Maryland, to be Under Secretary of the Treasury, in place of Arthur A. Ballantine, resigned; and also the nominations of sundry officers in the Public Health Service, which were ordered to be placed on the Executive Calendar.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. JOHNSON:

A bill (S. 1583) for the relief of John C. McCann; to the Committee on Naval Affairs.

By Mr. McNARY:

A bill (S. 1584) authorizing an appropriation for a loan, reimbursable from tribal assets, to provide capital and credit for the purpose of encouraging industry and self-support among the Indians having tribal rights on the Klamath Indian Reservation in Oregon; to the Committee on Indian Affairs.

By Mr. SHEPPARD:

A bill (S. 1585) for the relief of the Black Hardware Co.; and

A bill (S. 1586) for the relief of Arthur N. Knofft; to the Committee on Claims.

A bill (S. 1587) to amend an act entitled "An act to recognize the high public service rendered by Maj. Walter Reed and those associated with him in the discovery of the cause and means of transmission of yellow fever", approved February 28, 1929, as amended, by including Roger P. Ames among those honored by said act; to the Committee on Military Affairs.

A bill (S. 1588) to impound a portion of the cotton crop in order to stabilize prices and production; to the Committee on Agriculture and Forestry.

By Mr. COPELAND:

A bill (S. 1589) for the relief of the Kings County Trust Co., of Brooklyn, N.Y.; to the Committee on Claims.

A bill (S. 1590) to authorize the construction of barracks at Fort Ontario, Oswego, N.Y., and for other purposes; to the Committee on Military Affairs.

A bill (S. 1591) to renew and extend certain letters patent; to the Committee on Patents.

By Mr. CAPPER:

A bill (S. 1592) to prohibit untrue, deceptive, or misleading advertising through the use of the mails or in interstate or foreign commerce; to the Committee on Interstate Commerce.

By Mr. LA FOLLETTE:

A bill (S. 1593) authorizing a per capita payment of $100 to the members of the Menominee Tribe of Indians of Wisconsin from funds on deposit to their credit in the Treasury of the United States; to the Committee on Indian Affairs.

By Mr. SHEPPARD:

A bill (S. 1594) for the relief of William Edward Tidwell; and

A bill (S. 1595) extending the benefits of the Emergency Officers' Retirement Act of May 24, 1928, to provisional officers of the Regular Establishment who served during the World War; to the Committee on Military Affairs.

(Mr. COSTIGAN (for himself, Mr. LA FOLLETTE, and Mr. CUTTING) introduced Senate bill 1596, which was referred to the Committee on Education and Labor, and appears under a separate heading.)

By Mr. GEORGE and Mr. RUSSELL:

A joint resolution (S.J.Res. 50) designating May 22 as National Maritime Day; to the Committee on Commerce.

EXPANSION OF PUBLIC-WORKS PROGRAM

Mr. COSTIGAN. Mr. President, I desire to introduce a bill designed to provide an adequate public-works program. The bill is offered on behalf of the Senator from Wisconsin [Mr. LA FOLLETTE], the Senator from New Mexico [Mr. CUTTING], and myself.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 1596) to create an administration of public works, to provide for the construction, extension, and improvement of public facilities and services, to relieve unemployment, and for other purposes, was read twice by its title and referred to the Committee on Education and Labor.

HOUSE BILL REFERRED

The bill (H.R. 5390) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

PROTECTION OF GOVERNMENT RECORDS—AMENDMENT

Mr. CUTTING submitted an amendment intended to be proposed by him to the bill (H.R. 4220) for the protection of Government records, which was ordered to lie on the table and to be printed.

AMENDMENT OF EMERGENCY RELIEF AND CONSTRUCTION ACT

Mr. FLETCHER submitted an amendment intended to be proposed by him to the bill (S. 509) to amend the Emergency Relief and Construction Act of 1932, which was referred to the Committee on Banking and Currency and ordered to be printed.

INVESTIGATION OF RACKETS AND RACKETEERING

Mr. COPELAND submitted the following resolution (S.Res. 74), which was referred to the Committee on Commerce:

Whereas there have grown up in this country numbers of so-called "rackets", newspapers being filled with accounts of "beer rackets", "poultry rackets", "milk rackets", other "food rackets", "laundry rackets", "drug rackets", and other similar schemes for the exploitation, deception, and terrorizing of our citizens; and

Whereas the legitimate trade and commerce of the country, as well as the general welfare of our people, demand that, so far as the Federal Government can accomplish it, all these forms of racketeering should cease: Be it

Resolved, That the Committee on Commerce, or a subcommittee thereof, be authorized to investigate the whole subject and recommend to the Senate what action or legislation is needed to destroy this growing evil.

SALARY SCHEDULES OF BANKS, RAILROADS, PUBLIC UTILITIES, ETC.

Mr. COSTIGAN. Mr. President, I submit a resolution, and ask that it may lie on the table.

The resolution (S.Res. 75) was read and ordered to lie on the table, as follows:

Resolved, That the Federal Reserve Board is requested to prepare and transmit to the Senate, as soon as practicable, a report

showing the salary schedule of the executive officers and directors of each Federal Reserve bank and member bank of the Federal Reserve System.

Resolved further, That the Reconstruction Finance Corporation is requested to prepare and transmit to the Senate, as soon as practicable, a report showing the salary schedule of the executive officers and directors of each bank not a member of the Federal Reserve System to which loans or advances have been made by the Corporation.

Resolved further, That the Interstate Commerce Commission is requested to prepare and transmit to the Senate, as soon as practicable, a report showing the salary schedule of the executive officers and directors of each carrier engaged in interstate commerce.

Resolved further, That the Federal Power Commission is requested to prepare and transmit to the Senate, as soon as practicable, a report showing the salary schedule of the executive officers and directors of each public-utility corporation engaged in the transportation of electrical energy in interstate commerce, and of all other corporations licensed under the Federal Water Power Act.

Resolved further, That the Federal Trade Commission is requested to prepare and transmit to the Senate, as soon as practicable, a report showing the salary schedule of the executive officers and directors of each corporation engaged in interstate commerce (other than public-utility corporations) having capital and/or assets of more than a million dollars in value, whose securities are listed on the New York Stock Exchange or the New York Curb Exchange.

For the purposes of this resolution the term "salary" includes any compensation, fee, bonus, commission, or other payment, direct or indirect, in money or otherwise, for personal services.

REMONETIZATION OF SILVER

Mr. WHEELER. Mr. President, on Wednesday last I submitted a resolution and asked that it lie on the table. I desire now to call up the resolution and have it read, and I then should like to ask unanimous consent for its immediate consideration. I do not think there will be any objection to it upon the part of any Senator, or that it will lead to any discussion.

The VICE PRESIDENT. The resolution will be read.

The Chief Clerk read the resolution (S.Res. 67) submitted by Mr. WHEELER on May 3, 1933, as follows:

Whereas the whole world, including the United States of America, is suffering from an unprecedented depression, resulting in unemployment, starvation, falling commodity prices, and the collapse of the financial structure, which in turn threatens to destroy our present social and economic system; and

Whereas all thoughtful students of economics and finance are agreed that one of the chief causes of this depression is due to the shortage and maldistribution of gold, which is today the primary money of the world, seven creditor nations having $9,000,000,000 of gold out of a total world supply of about $11,000,000,000, which in turn leaves only $2,000,000,000 of gold for all the debtor nations of the world; and

Whereas increasing the value of gold held by these seven creditor nations will not increase the purchasing power of the rest of the world, nor give them primary money on which to base credit and with which to carry on their domestic and foreign trade; and

Whereas more than 40 countries are off the gold standard, including England and the United States of America, and 60 percent of the population of the world use silver as their monetary yardstick, and will continue to use it regardless of all efforts to place them on a gold- or managed-currency basis; and

Whereas the stabilization of currency exchange and the removal of trade barriers between nations is essential in order to successfully conduct foreign trade and commerce; and

Whereas this stabilization of exchanges of world currencies can best be accomplished by fixing the ratio of value between the two metals, silver and gold, upon which world currencies are based; and

Whereas the depreciated currencies of silver-using nations, due to the low price of silver, gives silver-using nations a lower cost of production than gold-using nations, which in turn makes it impossible for gold-using nations to successfully compete with silver-using nations in the markets of the world; and

Whereas the remonetization of silver at its historic ratio with gold would raise world commodity prices upon which our surplus products of farm and factory are sold, increase the purchasing power of silver-using countries in the United States, increase production costs in silver-using countries so that the American farmer and manufacturer would not be so handicapped by their depreciated currencies; and

Whereas the remonetization of silver would end the present uncertainly relative to inflation; and

Whereas both Democratic and Republican national platforms have favored the international remonetization of silver, and Republican and Democratic leaders in the United States Congress have repeatedly stated that they favored bimetallism if it could be on an international basis; and

Whereas the President is about to appoint delegates to attend an international conference to be held in London in June of this year of our Lord 1933, which has for its purpose the stabilization of international exchange, etc.: Now, therefore, be it

Resolved, That it is the sense of the Senate of the United States that the delegates so appointed by the President of the United States of America shall work unceasingly for an international agreement to remonetize silver on a basis of a definite fixed ratio of not to exceed 16 fine ounces of silver to 1 fine ounce of gold.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

There being no objection, the resolution was considered and agreed to.

The preamble was agreed to.

FRENCH WAR TAXES

Mr. ROBINSON of Indiana. I have in my hand an article published in the Washington Herald of April 28, 1933, written by Edwin D. Schoonmaker under the title "France Has Dodged All War Taxes; Fought on Borrowed Money, Says Expert." I ask that the portions of the article which I have marked may be incorporated in the RECORD.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The excerpts referred to are as follows:

[From the Washington Herald, Apr. 28, 1933]

It will be an astonishing revelation to the vast majority of people who lived through those days to learn that there was one country which had no war tax, and that country was France.

The late Charles Gide, eminent French economist, author of many books and a Sorbonne professor, said in the Economic Journal, June 1919 (the question of war debts had not come up for discussion):

"For many a working or peasant family in France the Great War will have been a veritable golden age, the memory of which will be handed down from generation to generation as a fabulous time when neither taxes nor rents were paid, and the end of which was much to be regretted. * * *

"The French Government has performed a feat of carrying on the most expensive of all wars without requiring the French taxpayer to contribute a single penny."

Well might M. Gide call this a "feat", for that is what it is, a "feat" without parallel in history. Other countries sent both their money and their men to war. France, it would seem, sent only her men.

RELIEF OF UNEMPLOYMENT—CONFERENCE REPORT

Mr. FLETCHER submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4606) to provide for cooperation by the Federal Government with the several States and Territories and the District of Columbia in relieving the hardship and suffering caused by unemployment, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1 and 3, and agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "their appointment may be made and compensation fixed without regard to the civil service laws, or the Classification Act of 1923, as amended, and the Administrator may, in the same manner, appoint and fix the compensation of "; and the Senate agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "The Administrator may, under rules and regulations prescribed by the President, assume control of the administration in any State or States where, in his judgment, more effective and efficient cooperation between the State and Federal authorities may thereby be secured in carrying out the purposes of this act"; and the Senate agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment as follows: Omit the matter proposed to be inserted by the Senate amend-

ment, and on page 8, line 3, of the House bill, after "Hawaii,", insert "the Virgin Islands,"; and the Senate agree to the same.

DUNCAN U. FLETCHER,
ROBERT F. WAGNER,
PETER NORBECK,
Managers on the part of the Senate.

HENRY B. STEAGALL,
T. ALAN GOLDSBOROUGH,
Managers on the part of the House.

The report was agreed to.

THE CALENDAR

Mr. ROBINSON of Arkansas. Mr. President, I ask unanimous consent that the Senate proceed until the hour of 2 o'clock with the consideration of unobjected bills on the calendar.

The VICE PRESIDENT. Is there objection to the request of the Senator from Arkansas?

Mr. McNARY. Mr. President, I have no objection, as I said to the Senator, provided that the limitation provided by rule VIII restricting debate to 5 minutes shall be understood to apply.

Mr. ROBINSON of Arkansas. Very well.

The VICE PRESIDENT. Is there objection to the request as modified? The Chair hears none, and the clerk will report the first bill on the calendar.

THE WHALING INDUSTRY

The joint resolution (S.J.Res. 15) extending to the whaling industry certain benefits granted under section 11 of the Merchant Marine Act, 1920, was announced as first in order.

Mr. KING. Let the joint resolution go over.

The VICE PRESIDENT. The joint resolution will be passed over.

Mr. COPELAND subsequently said: Mr. President, I want to say just a word about the first measure on the calendar, which was passed over, and I should like to have the attention of the Senator from Tennessee. I refer to Senate Joint Resolution 15, extending to the whaling industry certain benefits granted under section 11 of the Merchant Marine Act of 1920.

A few days ago when this joint resolution was reached on the calendar the Senator from Tennessee asked me to obtain from the Shipping Board a statement of the facts regarding the construction loan fund.

I have the statement in my hand, in a letter from Admiral Cone, showing that the total loans authorized have amounted to $147,000,000 in round numbers, and that the amount now outstanding against mail-contract vessels is $107,000,000. Fifteen and a half million dollars has been repaid, and as a result of our activities we have built 57 new ships and converted 40 ships, and the total cost of the vessels has been $213,000,000. Standing against that is the amount of about $125,000,000. It is surprising how very little of the money owing is past due. The amount is less than $2,000,000. The balance in the construction-loan fund is $14,314,000.

I ask that the letter and the figures to which I have referred may be printed in the RECORD.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

UNITED STATES SHIPPING BOARD,
Washington, May 5, 1933.

Hon. ROYAL S. COPELAND,
United States Senate, Washington, D.C.

MY DEAR SENATOR COPELAND: In accordance with your request for general information relative to construction-loan fund, I have prepared and am forwarding herewith a memorandum which will, I believe, give you a clear understanding of the status of the construction-loan fund at the present time.

Should you desire any more detailed information regarding this subject, kindly advise me.

Yours very truly,

H. I. CONE, *Chairman.*

MEMORANDUM REGARDING CONSTRUCTION-LOAN FUND AS MAINTAINED UNDER PROVISIONS OF MERCHANT MARINE ACT OF 1920, AS AMENDED

Total loans authorized, $147,680,566.66.
Total amount repaid, $15,415,982.54.
Number of vessels, new and converted, 57 new, 40 converted.
Total cost vessels, new and converted, $213,984,579.30.
Total amount of interest paid to the Government on loans authorized up to December 31, 1932, $8,017,030.52.
Average rate of interest return to United States on outstanding construction loans as of December 31, 1932, 4 percent.
Total amount due the Government on construction loans made to companies receiving aid under mail contracts as of December 31, 1932, $107,868,508.
Total amount of construction-loan notes past due as of April 30, 1933, $1,973,566.
Total amount of construction-loan notes past due as of March 31, 1933, from companies receiving aid under mail contracts, $1,570,525.
As of April 30, 1933, the cash balance in the construction-loan fund was $14,314,967.10.

Mr. COPELAND. Mr. President, in view of the fact that the loan fund has been faultlessly and properly used, I hope that the next time the joint resolution is reached on the calendar it may be given some consideration.

BILL PASSED OVER

The bill (S. 682) to prohibit financial transactions with any foreign government in default on its obligations to the United States was announced as next in order.

Mr. REED. Mr. President, I invite the attention of Senators to the fact that the bill, if passed in its present form, would prohibit any citizen of the United States who has been fraudulently or otherwise induced to buy the bonds of a foreign government from selling such securities to any other person in the United States.

Mr. JOHNSON. Mr. President, may I interrupt the Senator?

Mr. REED. Let me finish my sentence so the RECORD will show that what I am attempting to say makes sense.

Mr. JOHNSON. Without for an instance conceding that what the Senator said, in his own language, makes any sense, it is my bill and I consent that it may go over.

Mr. REED. In order that the RECORD may be complete, I should like to add that the bill itself does not make sense; consequently it is a little difficult to discuss it in terms that would please the Senator from California.

Mr. JOHNSON. That is a matter metaphysical in character and we may determine it perhaps in spite of the words used by the Senator from Pennsylvania.

The VICE PRESIDENT. The bill will be passed over.

PROTECTION OF GOVERNMENT RECORDS

The Senate proceeded to consider the bill (H.R. 4220) for the protection of Government records, which had been reported from the Committee on Foreign Relations with an amendment to strike out all after the enacting clause and insert:

That whoever, by virtue of his employment by the United States, shall obtain from another or having custody of or access to, or having had custody of or access to, any official diplomatic code or any matter prepared in any such code, or which purports to have been prepared in any such code, shall willfully, without authorization or competent authority, publish or furnish to another any such code or matter, or any matter which was obtained while in the process of transmission between any foreign government and its diplomatic mission in the United States, shall be fined not more than $10,000 or imprisoned not more than 10 years, or both.

Mr. ROBINSON of Arkansas. Mr. President, I desire to offer an amendment to the committee amendment. On page 3, line 9, after the word "code", I suggest the insertion of the word "and."

The VICE PRESIDENT. The clerk will report the amendment to the amendment.

The CHIEF CLERK. In the committee amendment, on page 3, line 9, after the word "code", it is proposed to insert the word "and."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

Mr. JOHNSON subsequently said: Mr. President, I was called from the Chamber for just a moment. The Senator from Indiana [Mr. ROBINSON] has informed me that in that moment while I was absent the bill (H.R. 4220) for the protection of Government records was passed. Is that correct?

The VICE PRESIDENT. It was passed with an amendment offered by the Senator from Arkansas [Mr. ROBINSON].

Mr. JOHNSON. I ask unanimous consent to reconsider the vote by which the bill was passed and that it may be restored to the calendar.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the vote whereby the bill passed is reconsidered.

Mr. JOHNSON. I wish to say to the Senator from Arkansas that I have no desire to delay the consideration of the bill at all, but we cannot act upon it under the 5-minute rule. I shall be compelled to object to its consideration under the 5-minute limitation of debate, but I shall be very glad to consent that it may be taken up at any time the Senator from Arkansas shall desire.

Mr. ROBINSON of Arkansas. I think we may be able to take it up immediately after the call of the calendar is concluded.

The VICE PRESIDENT. On objection of the Senator from California, the bill will go over.

BILLS PASSED OVER

The bill (S. 875) to provide for the furnishing of information and the supervision of traffic in investment securities in interstate commerce was announced as next in order.

Mr. REED. Over.

Mr. FLETCHER. Mr. President, I should like to give notice that as soon as the call of the calendar is concluded and immediately following the disposition of the measure just referred to by the Senator from Arkansas [Mr. ROBINSON], I shall ask to take up this bill.

The VICE PRESIDENT. On objection of the Senator from Pennsylvania, the bill goes over temporarily.

The bill (S. 317) authorizing the Reconstruction Finance Corporation to make advances to the reclamation fund was announced as next in order.

Mr. KING. Mr. President, the bill textually has been incorporated in the farm relief bill as it passed the Senate several days ago. In view of that fact, the bill should be passed over.

The VICE PRESIDENT. The bill will be passed over.

FRANCIS N. DOMINICK

The Senate proceeded to consider the bill (S. 727) for the relief of Francis N. Dominick, which had been reported from the Committee on Military Affairs with an amendment, on page 1, line 10, after the numerals "1903", to insert:

Provided, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

So as to make the bill read:

Be it enacted, etc., That in the administration of the pension laws or any laws conferring rights, privileges, or benefits upon persons honorably discharged from the United States Army Francis N. Dominick shall be held and considered to have served without desertion as a private, Sixty-sixth Company, United States Coast Artillery Corps, United States Army, and to have been honorably discharged from such service on October 19, 1903: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (S. 882) to provide for the more effective supervision of foreign commercial transactions, and for other purposes, was announced as next in order.

Mr. KING. Mr. President, this is a measure of very great importance. Under the 5-minute rule I doubt whether it could be properly considered. Therefore I suggest that it go over.

The VICE PRESIDENT. The bill will be passed over.

AMENDMENT TO EMERGENCY BANKING ACT

The Senate proceeded to consider the bill (S. 1425) to amend the act entitled "An act to provide relief in the existing national emergency in banking, and for other purposes", approved March 9, 1933.

Mr. REED. Mr. President, may we have an explanation of the bill?

Mr. FLETCHER. Mr. President, an explanation of the bill is found in the report, which is very brief. The Reconstruction Finance Corporation, in sending it to us, submitted:

(a) A proposed amendment to the present emergency legislation providing for subscriptions to and loans upon preferred stock of national banks by this Corporation.

(b) A copy of a letter from the Secretary of the Treasury concerning the proposed amendment.

(c) A detailed statement of the reasons for and the purposes of the amendment which you may wish to read if you have time.

Briefly, the amendment straightens out certain difficulties this Corporation has met in working out the combination of the emergency banking legislation and the National Bank Act, concerning:

(a) The issuance of more than one class of preferred stock by such banks, as for instance, first and second preferred stock.

(b) The payment of dividends upon such stock despite impairment of any stock that is subordinate to the preferred stock.

(c) The replacement of directors by the holders of preferred stock when they are entitled to take control of a bank.

(d) The representation of this Corporation upon boards of such banks by its nominees.

The proposed amendment is respectfully submitted for the consideration of the Committee on Banking and Currency.

Mr. REED. I want to inquire of the Senator who reported the bill whether the preferred stock that is subscribed would be subject to the additional liability to which the common stock is subject?

Mr. FLETCHER. No; it would not be.

Mr. REED. Why not? What is there in the bill that would take away such double liability?

Mr. FLETCHER. There is a clause in the bill expressly so providing.

Mr. REED. I do not see any such provision.

Mr. FLETCHER. At the bottom of page 3 is this provision:

The holders of such preferred stock shall not be held individually responsible as such holders for any debts, contracts, or engagements of such association, and shall not be liable for assessments to restore impairments in the capital of such association as now provided by law with reference to holders of common stock.

Mr. REED. I thank the Senator.

Mr. FLETCHER. That is expressly provided for.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the act entitled "An act to provide relief in the existing national emergency in banking, and for other purposes", approved March 9, 1933, is amended by—

(a) Striking out the whole of section 301 of title III thereof and inserting in lieu thereof the following:

"SEC. 301. Notwithstanding any other provision of law, any national banking association may, with the approval of the Comptroller of the Currency and by vote of shareholders owning a majority of the stock of such association, upon not less than 5 days' notice, given by registered mail pursuant to action taken by its board of directors, issue preferred stock of one or more classes, in such amount and with such par value as shall be approved by said Comptroller, and make such amendments to its articles of association as may be necessary for this purpose; but, in the case of any newly organized national banking association which has not yet issued common stock, the requirement of notice to and vote of shareholders shall not apply. No issue of preferred stock shall be valid until the par value of all stock so issued shall be paid in."

(b) Striking out the whole of subsection (a) of section 302 of the said title III and inserting in lieu thereof the following:

"Notwithstanding any other provision of law, whether relating to restriction upon the payment of dividends upon capital stock or otherwise, the holders of such preferred stock shall be entitled to receive such cumulative dividends at a rate not exceeding 6 percent per annum and shall have such voting and conversion rights and such control of management, and such stock shall be subject to retirement in such manner and upon such conditions as may be provided in the articles of association with the approval of the Comptroller of the Currency. The holders of such preferred stock shall not be held individually responsible as such holders for any debts, contracts, or engagements of such association, and shall not be liable for assessments to restore impairments in the capital of such association as now provided by law with reference to holders of common stock."

(c) Adding to section 304 of said title III the following new paragraph:

"Notwithstanding the provisions of United States Revised Statutes, section 5146, nominees of Reconstruction Finance Corporation shall be qualified as such to act as directors of any national banking association."

EVERGLADES NATIONAL PARK, FLA.

The Senate proceeded to consider the bill (S. 324) to provide for the establishment of the Everglades National Park in the State of Florida, and for other purposes.

Mr. KING. Mr. President, a similar measure was before the Senate at the previous session.

Mr. FLETCHER. Yes; and it was passed.

Mr. KING. I should like an explanation of the bill. May I say that the reason why I am making the request is that there is a disposition to create parks everywhere and many of the States, as I am advised, are seeking to turn over to the Federal Government parks which are now under control of and perhaps belong to the States. I was wondering if there is any advantage which may be gained by the Federal Government's taking on the responsibility.

Mr. TRAMMELL. Mr. President, this is not a park that belongs to the State. It is to be created out of certain territory mentioned in the bill where the lands are very largely privately owned. The lands will have to be purchased under the requirements of the general Public Park Act. A similar bill has been before the Senate on two or three occasions. It has been approved by the Interior Department and the National Park Service, and by the Senate on two different occasions. Two years ago the bill passed the Senate. It was reported favorably again by the Senate committee a year ago, and again passed the Senate. A favorable report was made in the House upon the bill 2 years ago and again a year ago. It came rather late in the session and under the parliamentary procedure in the House the House Members most interested in it were unable to secure its consideration. It is on the Private Calendar in the House, I understand, and one Member can prevent its consideration. We should like very much to get it through the Senate at this time.

Mr. McKELLAR. Mr. President, I have not had time to read the report. Can the Senator give us any idea of the probable cost involved in the purchase of the land for the park?

Mr. TRAMMELL. It is not going to cost the Federal Government anything. The acquisition of the land and property is entirely upon the State and individuals. The Government only accepts it when it has been purchased and is ready to turn it over to the Government.

Mr. McKELLAR. How much land have they acquired, or will they acquire, before it can be accepted as a public park?

Mr. TRAMMELL. I dare say it represents an area of something like 300,000 or 400,000 acres in all. It is in the extreme southern part of the State, very tropical in character, and ideally located for a tropical park. We have nothing of the kind in the country. It will cost the Federal Government nothing whatever to acquire the land. It will only become a part of the National Park system after it shall have been turned over without cost to the Federal Government.

Mr. KING. Mr. President, my information is that it will cost $20,000,000 for the acquisition of the land. The Senator knows when we attempt to acquire private lands, by condemnation or otherwise, for the Government or a State that those lands take on additional value. It seems to me that if this is an important project the State should take up the matter and should make the necessary arrangements. Let it be made a State park, and after that, if the Government desires to obtain it, then let the State transfer the park to the National Government.

Mr. FLETCHER. Mr. President, will my colleague permit me to interrupt and give a little history of the matter?

Mr. TRAMMELL. Certainly.

Mr. FLETCHER. We first passed a bill to have the Department of the Interior and the National Park Service investigate this area and determine whether the park plan suggested was feasible. They did that and made a very favorable report. Then a bill was introduced at the last session similar to the bill now before us. Members of the Committee on Public Lands and Surveys went to Florida and made an investigation and submitted a favorable report confirming what the Park Service had said. We then passed the bill based upon that report.

The bill now before us simply provides for the State to cooperate in every way to see what can be done toward getting title to the area. The Government will do nothing until the survey shall have been made and the lands acquired and the State shall be ready to turn over the land to the Government. The Government is not to be put to any expense whatsoever.

Mr. McKELLAR. Does the Senator know who now owns the lands?

Mr. FLETCHER. The State owns some of the lands and is cooperating in obtaining title to the remainder. A law has been enacted in Florida authorizing the organization of an association which will be empowered to acquire title to the land in their own name and at their own expense, and with no expense to the Government at all. Then, after this shall all have been done, after surveys shall have been made and the lands shall have been acquired, they will be tendered to the Government as a park area.

This bill is necessary, because without it nobody can go to work to find out what this land can be obtained for. If there is much talk about it, probably it will make it impossible to acquire the land. It is the obligation of the people down there to acquire title to this area. The Government has nothing to do with it except to accept it when it is tendered to the Government. Then it becomes a national park, and comes under the jurisdiction of the National Park Service.

Everybody seems to be in favor of it. I do not know of anybody who has ever examined the area, either in the National Park Service or otherwise, who does not favor it. The Secretary of the Interior himself has been there and looked it over and made a report on it. This bill simply lays the foundation for acquiring title to that area.

Mr. ROBINSON of Arkansas. And when the title is tendered it is still under section 2 optional with the Secretary whether to accept it or not.

Mr. FLETCHER. Absolutely.

Mr. KING. Mr. President——

The VICE PRESIDENT. The Senator's time has expired.

Mr. KING. I was about to observe that I think this is a very important bill, and I should like to investigate it further, because I apprehend that a demand will be made upon the Government sooner or later to pay a large part of the cost of this enterprise. If I were satisfied that that would not be done, I should not object to the consideration of the bill; but I object for the present.

The VICE PRESIDENT. Objection is made.

Mr. WALCOTT. Mr. President——

Mr. ASHURST. Mr. President, has the able Senator from Utah objected?

The VICE PRESIDENT. Yes.

Mr. ASHURST. Will the Senator withhold the objection until I may say a few words?

Mr. KING. Certainly.

Mr. ASHURST. Appreciating the attitude of the able senior Senator from Utah, in the main he is correct in contending that we possibly may have gone too far in establishing parks; but in this particular case, so far as I know, there will be found but few areas on the globe comparable to this tract of land called the Everglades.

It is one of the most romantic and one of the most interesting stretches of country in all the world. The thousands of hummocks or hammocks that have so slowly been built up appear to be small islands set into a sea. The fauna and the flora in the Everglades are diversified; specimens of rare and of great beauty. The Everglades are a stretch of the globe that at once grips the imagination and challenges our lasting interest.



It is common to say "We saw a million birds", or "We caught a million fish"; but I believe that in crossing the Tamiami Trail in the proposed park you will see a million birds of beautiful plumage. It is a haven, a place of refuge for birds. I cannot at this time conceive of any other purpose to which mankind might put this tract of country, save to set it aside as a matchless form of wild life, of tree and flower, although science in the future may find some other use. I believe it to be the duty of Congress to accept for the Nation the gift of this land and to administer it as a national park.

I call attention on page 2, lines 4 to 7, to this language:

That the United States shall not purchase by appropriation of public moneys any land within the aforesaid area, but such lands shall be secured by the United States only by public or private donation.

It may be that the administration of this park will lead to some expense, but it will be well worth the expense. It will be a monument to the idealism of our Nation and a delight to those who seek to preserve one of the most interesting spots of the globe.

There are in the glades a few Seminole Indians who catch plumage birds and live on fish. What rights they have I do not know. I believe, however, that the last paragraph of the bill fully protects the rights the Indians may have in that area.

Mr. WALCOTT. Mr. President——

Mr. ASHURST. I yield to the Senator from Connecticut.

The VICE PRESIDENT. Objection being made, the bill will be passed over.

Mr. WALCOTT. Mr. President, if the bill is going over, I will not take the time of the Senate to speak on it. I very much hoped the Senator from Utah would not object to the consideration of the bill, because I believe it is quite important. Has the bill gone over?

The VICE PRESIDENT. The bill has gone over.

Mr. WALCOTT. Very well.

SALES OF TIMBER ON INDIAN LAND

The bill (S. 1513) to amend Public Act No. 435 of the Seventy-second Congress, relating to sales of timber on Indian land, was announced as next in order, and was read, as follows:

Be it enacted, etc., That Public Act No. 435 of the Seventy-second Congress entitled "An act to authorize the Secretary of the Interior to modify the terms of existing contracts for the sale of timber on Indian land when it is in the interest of the Indians so to do" is hereby amended by striking from the first section thereof the words "*Provided*, That the prices are not reduced below the basic sale prices."

Mr. KING. Mr. President——

Mr. McKELLAR. Mr. President, I think we ought to have some explanation of this bill.

Mr. STEIWER. Mr. President, I will undertake in just a word to make the explanation requested.

Mr. KING. I shall object to the consideration of the bill.

Mr. STEIWER. On the Klamath Indian Reservation in Oregon some portion of the stumpage belonging to the Indians is under contracts of sale made with the approval of the Secretary of the Interior. The operators who purchase the stumpage and manufacture the timber into lumber do so under executory contracts, the prices in the contracts being subject to progressive increases. The Secretary over the years has made numerous increases; and the timber price now, under most of the contracts, stands at six or seven or eight dollars per thousand. The result is that no operator can cut any timber at all. The Indians, as well as the operators, are very anxious to modify those contracts so that the prices may be put in line with present market conditions.

I will say to the Senator that the Indians subsist from the proceeds of the sale of this stumpage.

Mr. McKELLAR. Mr. President, will the Senator yield right there?

Mr. STEIWER. In just a moment.

A bill was passed in the last Congress permitting the Secretary of the Interior, with the consent of the Indians and the consent of the operators, to modify these contracts by scaling down prices. In that bill, however, there was a provision that the Secretary could not lower the price below the basic sales price, and it was found in some cases that the basic sales price was still a dollar or $2 or $3 above the existing market. For this reason it was not possible to make any adjustments that would enable any timber to be cut; and the Indians, who are dependent upon the revenues from the timber, are now approaching the point where they will have to be fed by the United States Government.

The only purpose of this bill, introduced by my colleague [Mr. McNARY], was to strike out of the bill of the last Congress the provision that the adjustment could not go below the basic sales price.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. STEIWER. Certainly.

Mr. McKELLAR. This matter has been up a number of times before the Appropriations Committee of the Senate. We have heard much testimony about it. It developed there not long ago that while this lumber was being sold the amount being sold under the contracts had very greatly diminished. Formerly it brought as much as a million dollars, or perhaps $1,200,000, a year. At that time, according to my recollection, there were about 78 or 80 Government employees who had a preferred claim upon all the sales. They came first, and they all had automobiles except three. They were all getting good salaries—from $2,200, as I recall, to about $6,000. They all had homes——

The VICE PRESIDENT. Five minutes has expired.

Mr. McKELLAR. I will use 5 minutes for myself and ask this question of the Senator, if he does not mind——

The VICE PRESIDENT. That is not according to the rule. Debate on each bill is limited to 5 minutes.

Mr. McKELLAR. May I be recognized?

The VICE PRESIDENT. No; 5 minutes was the limit of debate, and the 5 minutes has expired.

Mr. McKELLAR. I did not understand the agreement.

Mr. ROBINSON of Arkansas. I ask unanimous consent that the time for debate on this bill be extended 5 minutes.

Mr. KING. I object to the consideration of the bill.

The VICE PRESIDENT. The clerk will read the next bill.

Mr. STEIWER. Mr. President, may I ask the Senator from Utah to withhold his objection for just a minute?

Mr. KING. Certainly.

Mr. STEIWER. I think possibly the Senator from Utah is disturbed by what has just been said by the Senator from Tennessee. I want to assure both of those Senators that the condition that has been complained about—and I joined in the complaint—has been largely corrected. The delegate of the Klamath Indians who appeared before the committee and objected to those expenditures himself helped prepare the bill now pending. The Indians themselves favor it; and they will be greatly disappointed and seriously injured unless we can clothe the Secretary of the Interior with the power to do the things that are necessary to be done in order to enable some operations to be carried on in that reservation.

Incidentally, among the delegates before the Appropriations Committee, was Mr. Crawford, an Indian. Within recent days he has been appointed to the position of financial clerk on that reservation, and because no agent is maintained there he will assume charge of the operation. Thus the Indians themselves will be in charge of their own affairs; and I do not believe there is any conceivable ground for objection to the proposed bill. The Secretary of the Interior recommends the bill. Mr. Collier, the Commissioner of Indian Affairs, recommends the bill. The Indians themselves helped prepare the bill; and I do not know of any purpose that would be served by an objection.

Mr. McKELLAR. Even now more than half of the income due to the Indians is going to Americans who have charge of the work out there.

Mr. FESS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. FESS. I understood that, on the suggestion of the Senator from Oregon [Mr. McNARY], the debate was to be limited under rule VIII to 5 minutes to each Senator. I am wondering whether we are not working under a misunderstanding.

The VICE PRESIDENT. The Chair was in error in making the ruling that only one Senator had 5 minutes.

Mr. KING. I will withdraw my objection temporarily. I have 5 minutes, have I?

The VICE PRESIDENT. The Senator has 5 minutes.

Mr. KING. Mr. President, may I say to the Senator from Oregon that for a number of years there has been a very acrimonious discussion between the Indians and the Department and the individuals or companies who had contracted to purchase the timber upon the Klamath Reservation. The evidence showed that the representative of the Indian Bureau had, I think without authority, modified the contracts and relieved the contractors of the payment of the amounts which the contracts called for and the Indians thus were robbed of substantial sums. Because there was a decline in the price of lumber and the profits of the contractors were not as great as they anticipated, many of the contractors declined to go forward with their contracts, the result of which was that doubtless they suffered, and, of course, the Indians who relied upon the proceeds derived from the sale of their own timber suffered.

It seemed to me that this was a scheme to evade contracts; to relieve the white contractors and companies from obligations which they entered into with their eyes open. As a matter of fact, they had behind them the Indian Bureau sympathizing with them; and the Indians were the ones who were the victims of these violations of the contracts.

If this measure is to validate the former action of the Indian Bureau and to relieve the contractors from the obligations which they entered into to pay a certain price for the timber, it would seem to me that in good conscience, measured by any standard of ethics and justice, this measure ought not to be passed. I inquire for information in my own time, if I have a few moments, if this plan is to relieve the contractors of valid obligations which they entered into, and to relieve them of back payments which were due to the Indians under contracts, thus diminishing the funds to which the Indians were entitled, and which they ought to have in order to meet their necessities, because this is their source of revenue and income.

Mr. STEIWER. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Oregon?

Mr. KING. I do.

Mr. STEIWER. If I may answer, this proposal will not relieve the contractors of any existing obligation.

Mr. KING. How about past obligations?

Mr. STEIWER. I understand it will not affect past obligations at all. It will permit the Secretary, with the consent of the operator and the Indian, in the case where the Secretary thinks it is to the interest of the Indian, to make a lower price for the future.

Mr. KING. Mr. President, I shall withdraw my objection, with this understanding: I shall make further investigation this afternoon, and, if the situation is as I have outlined it, I shall ask the Senator then to consent that a motion to reconsider may be entered, and the bill restored to the calendar for consideration. I want to protect the Indians because I know from investigation that they have been shamefully robbed in the past, not only on this reservation, but on various other reservations. I withdraw the objection.

Mr. McKELLAR. Mr. President, I am going to interpose an objection in a moment, but before doing so, I want to state that the expense of handling timber out in that country is greater than what the Indians have received in any one year in the last several years. It is very valuable timber. I have sent down to get the exact figures, and will put them into the RECORD. In other words, I think it would be better, at the present prices of timber, and considering the present cost of handling such timber as is concerned, for the Government to make a straight-out appropriation to the Indians, and keep the timber.

I might be mistaken if I attempted to give the exact figures, and I want to have them correct. We have the figures in the Committee on Appropriations, and I have sent for them. In the meantime I will object, but the next time the bill is reached on the calendar we will have the figures so as to be able intelligently to consider the bill.

The VICE PRESIDENT. On objection, the bill will be passed over.

Mr. STEIWER subsequently said: Mr. President, I ask unanimous consent to have added to the remarks I made a little while ago, with respect to the Klamath Indian bill (S. 1513), a copy of the report of the Secretary of the Interior on the measure.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

THE SECRETARY OF THE INTERIOR,
Washington, May 1, 1933.

Hon. BURTON K. WHEELER,
Chairman Committee on Indian Affairs,
United States Senate.

MY DEAR MR. CHAIRMAN: Reference is made to your informal request of April 26, 1933, for a report on S. 1513, which would amend the first section of Public Act No. 435, Seventy-second Congress, approved March 4, 1933, by striking therefrom the words "*Provided*, That the prices are not reduced below the basic sales prices."

The act now sought to be amended was before the Congress for over a year before being passed, and final action was taken only after serious study by both the Senate Committee and the House Committee on Indian Affairs. Many modifications from the original form in which the bill was introduced resulted. The Department of the Interior did not recommend its passage in the original form, but recognized that relief to the contractors on Indian timber was necessary if operations were to be continued, and offered a substitute bill. In its report it said (72d Cong., 1st sess., H.Rept. No. 1302):

"The situation in the lumber industry is deplorable and the need for relief urgent. It is quite probable that certain purchasers of timber on Indian reservations will be unable to carry their contracts to completion unless the stumpage prices are reduced below the rates per thousand feet originally bid, and that as a result the Indians will suffer substantial losses through such defaults."

It seems to be conceded by those best qualified to know that conditions in the lumber industry are worse now than they were in January 1932, when the above was written. It would seem, and the timber contractors state, that operations cannot be carried on except at a financial loss if relief only to the extent possible under the provisions of the act of March 4, 1933, supra, is provided. Certain of them have requested the amendment proposed in S. 1513 so that prices may be reduced below the basic sales prices.

Hearings were held on April 22 and 24 in the Office of Indian Affairs by the Commissioner of Indian Affairs, attended by representatives of the purchasers of Indian timber on the Klamath Reservation and the official delegate to Washington of the Klamath Tribe, who is also chairman of the tribal business committee. It was agreed by both the representatives of the purchasers of Klamath timber and the Klamath delegate that the relief sought is necessary (at least under some of the outstanding contracts) unless the contracts are to be voided.

The act, of course, applies to other reservations, but the largest number of contracts involved is on the Klamath Reservation.

It is to be noted that no action can be taken under the provisions of the act of March 4, 1933, supra, without the consent of the Indians expressed in general council.

I recommend that S. 1513 be enacted into law.

Sincerely yours,

HAROLD L. ICKES,
Secretary of the Interior.

Mr. McKELLAR subsequently said: Mr. President, today in discussing a Klamath Indian bill I stated that there were certain figures in the possession of the Appropriations Committee which I did not have with me at the time, but that I had sent for them. I have since received them, and now ask unanimous consent that I may insert in the RECORD at the conclusion of my earlier remarks excerpts from hearings on the Interior Department appropriation bill for 1934 before the Senate committee and like hearings before the House committee on the bill for 1933.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

[From hearings before a subcommittee of the Committee on Appropriations, United States Senate, Seventy-second Congress, second session, on H.R. 13710, a bill making appropriations for the Department of the Interior for the fiscal year ending June 30, 1934, and for other purposes]

AUTOMOBILES

As to the automobiles, I might just say that there are 47 cars on that reservation, and none have been purchased within the last 2 years.

Senator McKELLAR. How many do they have there?

Mr. SCATTERGOOD. Forty-seven.

May I just draw you a picture as to the conditions there?

Senator McKELLAR. All right; and then I want to ask you some questions about it.

Mr. SCATTERGOOD. Very well. The number of cars was, of course, large at the time when very large business operations were under way. The reservation itself is some fifty-odd miles long and forty-odd miles wide, with forests scattered over a large part of it, and the agency itself is on the western side, nearly half way, north and south.

Senator McKELLAR. How far in miles; what is the distance?

Mr. SCATTERGOOD (continuing). So that there are many miles to travel to get to the scenes of the forest operations.

Senator McKELLAR. How many miles?

Mr. SCATTERGOOD. Well, it is about 45 miles wide, and the agency is very near the western border, and about 20 miles from the southern boundary, and I should say 30 miles, roughly, from the northern boundary.

Now, to get out to the scenes of operations, when they are operating that is, to where the forest work is done, and where the scaling and where the supervisory work is done, marking of trees, and so on, requires traveling long distances by whoever is engaged in carrying on the work of the reservation. And there are a large number of activities.

Senator McKELLAR. Are these all one-seated cars?

Mr. SCATTERGOOD. All kinds of cars—some trucks; and that is the whole fleet.

Senator McKELLAR. Well, will they not carry more than one person in each car?

Mr. SCATTERGOOD. Of course, we have cars that will.

Senator McKELLAR. And does every person have to have a car?

Mr. SCATTERGOOD. As a matter of fact, we have now 27 employees, so that there would be almost 2 cars to the employee, if you count all the fleet that was needed for the peak load of lumber operations, and that are still on hand.

Senator McKELLAR. Twenty-seven employees and 47 cars.

Mr. SCATTERGOOD. If you want to take it that way. But, of course, not all of them are in use now, and it is not a fact that there is a car for every employee's use.

Senator McKELLAR. What is your gasoline bill for those 47 cars on that reservation, what are you paying for gasoline and oil, what did you pay for gasoline and oil last year?

Mr. SCATTERGOOD. Well, we would have to find out from the superintendent what that amounted to.

"Five thousand three hundred and four dollars and ten cents. This includes gasoline and oil for passenger-carrying vehicles and trucks engaged in road, beetle control, fire suppression, timber preservation and care, and other work on the reservation."

Senator McKELLAR. I wish you would get it and furnish it to us, and how much you paid for repairs, and how much these 47 cars cost. I would like to know all of that.

Mr. SCATTERGOOD. We will be glad to get that.

Repairs to automotive equipment, $2,957.24. Purchase price of all cars, $31,328.48.

EMPLOYEES—REDUCTION IN NUMBER

There are 11 forestry employees and 16 agency and hospital employees there at the agency now. That is 27 employees. That number has been reduced from 56. There are 29 vacant positions at the present time.

Senator McKELLAR. But, that was only done after the fight that was carried on here at last session, and we had to bring down public opinion on you gentlemen, because you cut them down only when you had to.

Mr. SCATTERGOOD. I think if you will look into the record that you will find that there was some cutting already taking place. I do not hesitate to say that there may have been some lag in reductions to correspond with the cutting down of the amount of timber operations.

AUTOMOBILES

Senator McKELLAR. I want to ask you this question: Why could you not get along there with one truck to take all of the people out on the reservation every morning, if they want to go there and bring them back every afternoon, and one general passenger car for those who are unable to get around otherwise? Why would not 2 automobiles, 1 truck, and 1 passenger-carrying car do the whole job? If that was in private business, that would be all that would be used.

Mr. SCATTERGOOD. Well, the operations are scattered all over the reservation, and these people have to travel out from the agency in many directions. They do not all go to the same place. They do not all go at the same time.

Senator McKELLAR. I know that; but why could you not take a truck and carry out a great many people in a short space of time?

Mr. SCATTERGOOD. You mean operate it like a school bus and take the people out over the circuit and drop them off?

Senator McKELLAR. Yes; you could do that.

Mr. SCATTERGOOD. That might be possible for certain employees, but when you have the forestry scalers and supervisors going out into remote places, where the cutting is taking place, they go alone to separate places. There would not be anybody else going to the same place, and it would be pure waste of time for the bus to try to go everywhere.

Senator McKELLAR. You could have a passenger car to carry that man, but I cannot see the necessity for the superintendent and the assistant superintendent and every employee and every school teacher and every marker, or scaler, and everybody, except the two stenographers—how many stenographers have you there? Two or three?

Mr. DODD. Six clerks—stenographers.

Senator McKELLAR. Six? How many? How many stenographers? Somebody here said that the stenographers did not have cars.

Mr. DODD. I think that there are three stenographers.

Senator McKELLAR. Three stenographers. I think that is an injustice, if we are going to pursue the plan that is being pursued, or we are pursuing. I want to protest against it, because it is the wrong plan in the first place; but in the second place, I am an old bachelor and I want to protest against the unfair discrimination against giving legalized graft to the others and not giving legalized graft to the stenographers. I think that the stenographer is just as much entitled to a car as any of the rest of us people.

Mr. SCATTERGOOD. Senator, I think that I can say that the only people who use these cars are those who have occasion to travel in connection with their work, unless somebody is breaking the rules. We will be glad, indeed, to consider any plan you suggest for the use of these cars.

Senator McKELLAR. I am going to offer an amendment when it comes time to take that up, to the effect that there be allowed one truck and one passenger car for that reservation. I think that is enough. But before I do that I want to ask for some other information.

Mrs. CRAWFORD. Mr. Chairman, may I say that Mr. Scattergood—I do not wish to engage in an argument with the gentleman—but he has made it appear that they have several activities scattered over the reservation at various points that these people have to go to.

Albert W. Christy had charge of one of the road camps, and he went out there on the road and stayed at the point where he was working, but with some of those employees, they have evidently felt that it was beneath their dignity to live at the place where they were working and stay at that place. They get in a travel status, Mr. Chairman, and they go from the agency to their work, and that puts them in travel status, and they are allowed an automobile, gas, oil, and in addition to that, subsistence. Now, I do not know what that subsistence is, but it is a dollar and a half or two dollars a day.

Senator McKELLAR. They get pay when they are traveling in automobiles, that is, you mean that they get subsistence pay of so much a day?

Mrs. CRAWFORD. Yes, sir; they do, Senator McKELLAR.

Senator McKELLAR. They do?

Mrs. CRAWFORD. Yes, Senator. I do not know how much they get, but they get a dollar and a half or two dollars a day.

Senator McKELLAR. In addition to their regular salaries?

Mrs. CRAWFORD. In addition to their regular salaries.

Senator McKELLAR. Because they are traveling in automobiles, from one place to another?

Mrs. CRAWFORD. Yes, sir; they travel over the highways, and they get travel status. I do not see why they cannot stay at the camp where they are working and do their work. Indians are not allowed to be in travel status. They stay at the camps.

Senator McKELLAR. Are any of these 47 automobiles used by the Indians?

Mrs. CRAWFORD. No, sir; they do not use them.

Senator McKELLAR. Do they need 47 automobiles to run that reservation?

Mrs. CRAWFORD. We maintain they do not. Of course, it is quite true that they have had 57 or 60 employees, and 47 automobiles. But we are not getting any income now, anything like what it was 5 or 6 years ago. Our appropriation ought to be reduced to meet the situation we are facing today.

Senator McKELLAR. Well, let me ask you this: What could they get along with out there in the way of automobiles and trucks? Would one truck and one automobile carry these people when it is necessary and where it is necessary for them to go?

Mrs. CRAWFORD. Well, if they stayed out in the camps, they could have somebody take them out at the end of the week when they go back to their work. Perhaps they could stay over the week-end at the agency.

Senator McKELLAR. Yes; but if they did that, they could not get any travel pay—extra travel pay?

Mrs. CRAWFORD. No; they would not; they would not be in travel status.

Senator BRATTON. How many Klamath Indians are there?

Senator McKELLAR. I am surprised that you have got any timber or property there at all.

Mrs. CRAWFORD. There are thirteen hundred Indians

Senator BRATTON. Thirteen hundred?

Mrs. CRAWFORD. Yes, sir.

Senator BRATTON. What is the size of the reservation?

Mrs. CRAWFORD. Forty-five by sixty miles; approximately 1,110,000 acres.

Mr. CRAWFORD. Mr. Chairman and members of the committee, I want to say this for your information: That we do not have any activity out there that is alive. Our timber industry is dead—the lumbermen are not operating. That is the thing that I want the committee to consider and have been trying to get the Department to consider, and remember that we are not doing anything out there and Superintendent Blair stated so in this letter that I referred to in the House hearings. In the letter to the Commissioner he states that they are not doing anything out there.

Senator MCKELLAR. Will you wait 1 minute while I ask Mr. Scattergood a question?

Mr. CRAWFORD. Yes, Senator.

TRAVEL PAY OF EMPLOYEES

Senator MCKELLAR. I wish you would give us the figures as to how many of these men have been drawing travel pay, getting these automobiles, and then drawing travel pay in addition to their salaries?

Mr. SCATTERGOOD. We will try to look that up. As a matter of fact, I think that the rule is that if they start out before 8 o'clock in the morning and are kept on official business throughout all of the day and do not get back until—I think it is—7 o'clock at night that then only can they get any consideration for travel.

Now, I know that many of them——

(See page 126 for information requested.)

Senator MCKELLAR. That means that they have to start out, and stay out until they can make their travel pay, and they are given, in addition, their salaries that they now receive, which, if I remember, vary from between $5,800 down to $2,000, or down as low as $2,000. I think that is about the lowest. It may be $1,800. They may then travel, and that is extra, and they travel in Government automobiles, run with Government gasoline, or Indian gasoline, and Indian automobiles, and then in addition to that you gentlemen are allowing this additional dollar and a half for travel pay on those circumstances. You ought, every one of you, to be removed from office; you ought, every one of you, to be removed.

Mr. SCATTERGOOD. Let me say this, that if they are doing official work, and then only when they are out for a certain length of time. I have been personally on that reservation with those people when they could not even charge up their lunches—when they had to pay for their own lunch and when they were at a place 20 miles away from home and had to go to a restaurant and pay for their own meals, and they could not get any Government allowance for that.

Senator MCKELLAR. That is about the only thing that they could not get a Government allowance for?

Mr. SCATTERGOOD. No. Those persons are not dishonest and trying to beat the Government. They are allowed only such expenses as are authorized by the standard travel regulations promulgated by the Comptroller General for the entire Government service.

Senator MCKELLAR. You may think it is all right, but I want to tell you here is one man that does not think it is right.

Mr. SCATTERGOOD. We want first to try to get the facts in the case and let us all pass upon the facts.

Senator BRATTON. How many employees are there on that agency?

Mr. SCATTERGOOD. Twenty-seven employees; 11 in the forestry service now and 16 in the hospital and agency. That has been reduced from a total of 56 in 1929. There are 29 vacancies there at the present time.

It is perfectly true that there is virtually nothing going on in the way of timber operations at the present time. I was picturing a situation when in normal times there were 12 operating companies with scattered points of operations many miles away from the agency. That was the sort of condition that the scalers and other supervisory people had to meet and they had to reach every day several points, and they could not make collective trips.

Now, at the present time it is different, but we have these left-over automobiles.

Now, they are not used to the extent of anything like one automobile to the employee. We have not bought any new cars in 2 years, and there is no real abuse in this. It makes a big picture, of course, and it makes it as if there were a lot of joy riding going on around there. If there is, we will clear it up.

Senator BRATTON. Let me ask you this: You say that you have 29 employees now?

Senator MCKELLAR. Twenty-seven.

Mr. SCATTERGOOD. Twenty-seven.

Senator BRATTON. Twenty-nine vacancies; not 29 employees.

Mr. SCATTERGOOD. Yes.

Senator BRATTON. Over what period of time have you reduced the personnel by 29?

Senator MCKELLAR. My recollection is that there were 47 last year, when we made a very active fight.

Mr. SCATTERGOOD. That was at the time of the hearings, Senator, last spring. We have been reducing, as these operations have been cut down, through the last year, to a considerable amount, but even before that we were reducing the personnel at the agency.

As I said before you came in, Senator BRATTON, there may have been some lag in the adjustments.

Senator MCKELLAR. Wait just 1 minute.

Mr. SCATTERGOOD. But this is how it has worked out.

Senator MCKELLAR. Wait 1 minute.

Mr. SCATTERGOOD (continuing). We have tried to cut them down.

Senator MCKELLAR. You are talking about reductions. Will you give us your reductions from 1929 to 1930, and 1930 to 1931, and 1931 to 1932, and on up to the present time? Give us the reductions by years. My recollection now is, on these reductions, that they only took place after the debate on the floor of the Senate here last spring or summer. That is my recollection.

Mr. SCATTERGOOD. As I say, there was some lag, but remember that the depression did not become so virulent, so very virulent, until the last year. Throughout 1931 there were still considerable operations going on. In 1932 there was very little. The number of positions carried on the approved salary list for the years beginning July 1, 1929, 1930, 1931, and 1932, are as follows:

July 1, 1929 (fiscal year 1930)	55
July 1, 1930 (fiscal year 1931)	57
July 1, 1931 (fiscal year 1932)	57
July 1, 1932 (fiscal year 1933)	38

While 38 positions were authorized for 1933, the number has been reduced since July 1, 1932, to 27.

Senator MCKELLAR. Now, I want to ask you another question. Do these people all live in separate houses?

HOUSING OF EMPLOYEES

Mr. SCATTERGOOD. Yes; there are a good many different houses Some of them live in the employees' club.

Senator MCKELLAR. Employees' club?

Mr. SCATTERGOOD. The unmarried employees.

Senator MCKELLAR. Do they pay rent?

Mr. SCATTERGOOD. Yes; every employee pays rent.

Senator MCKELLAR. Pays rent?

Mr. SCATTERGOOD. Yes.

Senator MCKELLAR. To whom does he pay rent?

Mr. SCATTERGOOD. Well, it is deducted from their salaries, and there is a regular scale for it.

Senator MCKELLAR. There is a regular scale for rent?

Mr. SCATTERGOOD. Yes.

Senator MCKELLAR. Will you give us the facts about the rents which they pay for their houses? Does the superintendent have to pay for his house?

Mr. SCATTERGOOD. Yes.

Senator MCKELLAR. How much deduction is there for rent?

Mr. DODD. The $1,200 man gets $120 taken from his salary, and beginning with about $1,500 a year up to $2,000, they take away $180; from $2,000 up to possibly $3,000 it is $240; and then the superintendent would have deducted $400 from his salary for the quarters he occupies.

Senator BRATTON. That is a uniform scale applicable throughout the system or the service?

Mr. DODD. Yes, sir.

Senator MCKELLAR. In giving the salaries is that before the deduction or after the deduction?

Mr. DODD. The salaries given in the Budget details are the gross salaries which are paid. Those detailed are the gross salaries without any deductions. And then, if you will notice, we have put in a line at the bottom of the table showing the deductions as allowances for quarters, subsistence, and so forth. Some are fed in the hospital. The nurses, cooks, and other hospital employees are furnished subsistence from the hospital and they have an additional sum deducted from their salaries.

Senator MCKELLAR. Does that include both board and lodging?

Mr. DODD. It would include board and lodging. In that case the nurses and others receiving subsistence would have an additional $180, or a total of $360 deducted from the gross salary, whatever that might be.

Senator MCKELLAR. The people who live in the houses pay for the houses? For instance, the bungalow with four rooms and a bath? They do not get any food?

Mr. DODD. No, sir. They furnish their own food.

Senator MCKELLAR. Those people who live in the houses furnish their own food?

Mr. DODD. Yes, sir.

Senator MCKELLAR. Is that furnished by the Government at a reduced price?

Mr. DODD. No, sir. In some places they run a Government mess for the single employees, and the married families usually provide their own food in their own way. They may take their meals at the mess, paying for such meals out of their salaries.

Senator MCKELLAR. But if they are single they can get it through the Government?

Mr. DODD. No, sir; They cannot. The mess is paid for by the employees and not by the Government.

Mr. SCATTERGOOD. I should like to say something in regard to another item Mrs. Crawford mentioned.

Senator MCKELLAR. Before we leave this other point, I want to ask the gentlemen about these houses. Who buys these houses? Are they bought at the expense of the Government or at the expense of the Indians?

Mr. SCATTERGOOD. They were built at the expense of the tribal fund of the Indians.

Senator MCKELLAR. It seems to me there are a good many of them there.

Mr. SCATTERGOOD. Yes, sir. There were some very large timber operations there.

Senator MCKELLAR. Mr. Chairman, I should like to ask that the reporter insert in the record at this point the portion I have marked, beginning on page 611 of the hearings before the House Committee on Appropriattions for 1933.

Senator SMOOT. That may be done.

(The matter referred to is as follows:)

List of buildings under the jurisdiction of Klamath Agency, Oreg.

LOCATED AT KLAMATH AGENCY, OREG.

No.		Constructed	Value
1	Agency office	Inventory, 1918	$3,500.00
2	Bungalow (superintendent)	June 1919	5,000.00
3	Chapel and classrooms	Inventory, 1918	14,300.00
4	School mess	do	13,300.00
5	Cottage, 7 rooms and bath	do	300.00
6	Laundry	do	1,000.00
7	Cottage, 4 rooms and bath	do	500.00
8	Cottage, 6 rooms and bath	do	300.00
9	Cottage, 5 rooms	do	800.00
10	Meat and ice house	do	150.00
11	Garage (old office building)	do	350.00
12	Dwelling, 2-story	do	1,500.00
13	Cottage, chief forester	do	2,500.00
14	Cottage, 4-room	do	300.00
15	Cottage, third house west of superintendent's.	do	300.00
16	Cottage, 4 rooms	do	300.00
17	Cottage, 6 rooms	do	500.00
18	Cottage (across creek)	do	225.00
19	Bungalow, 4 rooms and bath	September 1920	3,819.00
20	Dwelling, 5 rooms and bath	Inventory, 1918	700.00
21	Bungalow, 4 rooms and bath	September 1920	3,819.00
22	Jail and police quarters (remodeled to dwelling).	Inventory, 1918	250.00
23	Bungalow, 4 rooms and bath	September 1920	3,819.00
24	Bungalow, forestry	do	3,818.00
25	do	do	3,819.00
26	Cottage school	Inventory, 1919	1,000.00
27	Mess building, employees'	June 1919	8,000.00
28	Cottage, 5 rooms and bath	Inventory, 1918	600.00
29	Boys' dormitory	do	3,000.00
33	Commissary	do	800.00
35	Electric-light plant	do	2,000.00
35a	Power house	do	90.00
36	Machine shed	do	75.00
37	Garage	October 1922	250.00
38	do	do	250.00
39	Woodsheds	Inventory, 1918	75.00
46	do	do	60.00
50	do	do	60.00
51	do	do	85.00
52	do	do	120.00
53	do	do	75.00
54	do	do	75.00
54a	do	do	35.00
55	do	do	40.00
56	Barn, agency	do	1,150.00
58	Carpenter and blacksmith shop	do	1,000.00
59	Storehouse (old school jail)	do	50.00
60	Carpenter shop (school)	do	500.00
61	Machine shed	do	15.00
62	Meat house and root cellar	December 1925	600.00
63	Barn, school	Inventory, 1918	300.00
114	Root cellar	do	45.00
115	Poultry houses	do	10.00
116	do	do	10.00
117	Cottage, 4 rooms and bath	Inventory, 1926	1,000.00
118	Separator house	do	100.00
119	Cabins, 1-room	do	50.00
131	Garage, 2-car	December 1926	150.00
132	Garage, 3-car	do	300.00
133	Garage, tile	do	4,303.00
136	Cottage, employees'	December 1927	4,238.00
	Klamath hospital, building complete.	Not carried as (cost to date, 1928).	29,620.00

LOCATED AT MODOC POINT, OREG.

31	Farm cottage	Inventory, 1918	$100.00
32	Farm barn	do	800.00
34	Cottage and school building	do	1,500.00
74	Cottage assistant and farmers	do	150.00

LOCATED AT BEATTY, OREG.

40	Day school no. 2	Inventory, 1918	$500.00
41	Woodhouse and carpenter shop	do	250.00

LOCATED NORTH OF BEATTY, OREG.

42	School buildings and cottage, district no. 3.	Inventory, 1918	$5,100.00
43	Barn, day school no. 3	do	150.00
120	Machine shop and garage	July 1926	500.00

LOCATED AT YAINAX, OREG.

57	Sawyers' cabin	Inventory, 1918	$150.00
67	Cottage, physician's	do	700.00
68	Field matron's cottage	do	700.00
69	Cottage, subagent's	do	800.00
70	Woodsheds	do	25.00
71	do	do	25.00
72	Woodshed	do	25.00
73	Cabins, 1-room	do	200.00

LOCATED AT CHILOQUIN, OREG.

64	Jail building	April 1925	$5,825.00
65	School building, district no. 1	Inventory, 1918	5,100.00
66	Barn, day school no. 1	do	150.00

List of buildings under the jurisdiction of Klamath Agency, Oreg.—Continued

LOCATED AT KIRK, OREG.

No.		Constructed	Value
81	Cabin, forestry	October 1922	$300.00
121	Cabins, forestry	Inventory, 1925	150.00

LOCATED AT PIAUTE (FIVE-MILE SAWMILL)

76	Cottage	Inventory, 1918	$300.00
136	Sawmill	July 1927	7,383.00

MISCELLANEOUS LOCATIONS

95	Lookout cabin	Calimus, October 1922	$350.00
99	Cabins, 1-room	Algoma, October 1922	100.00
100	do	do	100.00
96	do	Pot Holes, October 1922	100.00
102	Cabins, scalers'	Modoc Camp No. 3, October 1922.	120.00
103	do	Modoc Lumber Co., October 1922.	118.00
104	do	South Calimus for Gd. Station, October 1922.	350.00
105	do	Lamm Lumber Co., September 1920.	235.25
106	do	Shaw Bertram, September 1921.	90.00
107	Cabins, portable	Ewauna Camp, September 1922.	200.00
108	do	Chiloquin Lumber, November 1919.	65.00
109	Garage	Sprague River, November 1919.	$65.00
109a	Garage, Algoma logging camp	October 1922	25.00
97	Cabins, 1-room	Yamsy F. G. Station, October 1922.	75.00
98	do	Applegate Station, October 1922.	75.00
110	Cabins, scalers'	Squaw Flat, January 1925	102.78
111	do	Pucket Camp, June 1921	148.00
112	do	Pucket Camp, January 1923	125.00
113	do	Modoc Lumber Co., Calimus marsh April 1921.	169.27
128	do	Cherry Creek inventory 1926	75.00
125	Cabins, F. G. Station	Sycan inventory, 1926	250.00

List of Government automobiles on hand, Klamath Agency, Oreg., June 25, 1928

Car No.	Make and sale	Date purchased	Purpose used
1	Dodge, touring	October 1925	Superintendent.
2	Ford, touring	Inventory, 1918	To be turned in on new car.
3	Ford, large delivery	April 1926	Forestry-telephone work.
4	Ford, touring	September 1921	Agency-special officer.
5	do	September 1926	Agency livestock and farming.
6	Ford, light delivery	June 1920	Forestry scaling.
7	do	September 1919	Do.
8	do	April 1926	Forestry, 5-mile sawmill.
9	do	October 1923	To be turned in on new car.
10	do	Inventory, 1918	Forestry scaling.
11	Ford, touring	September 1926	Agency livestock and farming.
12	Ford, 1-ton truck	October 1926	Agency general hauling.
13	do	March 1923	Forestry-telephone work.
14	Ford, light delivery	Inventory 1918	Forestry scaling.
15	do	do	Agency carpenter.
16	Dodge, commercial	July 1925	Agency garage.
17	Ford, coupe	March 1924	To be turned in on new car.
18	do	June 1928	Agency field matron.
19	Ford, touring	May 1923	Agency livestock and farming.
20	Chevrolet, light delivery	April 1927	Forestry road work.
21	Graham, 1½-ton truck	April 1926	Forestry, general hauling.
22	Ford, light delivery	Inventory 1918	Forestry road work.
23	Chevrolet, light delivery	July 1925	Forestry supervision.
24	Ford, light delivery	June 1926	Forestry scaling.
25	do	do	Forestry road work.
26	Ford, coupe	do	Agency physician.
27	Ford, touring	September 1926	Agency financial clerk.
	Mack, 2½-ton truck	June 1928	Forestry, agency, general.
19a	Ford, coupe	March 1924	To be turned in on new car.

Mr. SCATTERGOOD. Of course, it must be realized that this Klamath Reservation, at the time when everything was busy, did a very large business—upward of a million dollars a year—in Indian royalties. I think one year there were $1,400,000 royalties for the Indians. There was a very large business turn-over, which required a large number of employees. With changed conditions, there is no such need for that number. There has been a considerable reduction, as I have stated.

[From hearings before subcommittee of House Committee on Appropriations on Interior Department appropriation bill for 1933, Seventy-second Congress, first session]

NUMBER OF EMPLOYEES ON PAY ROLL AS OF APRIL 1931

Mr. HASTINGS. If you have it in your mind, I should like for you to run over the number of employees at the agency. You can

either do it offhand now or prepare a statement and put it in the record, submitting for our consideration just what employees on the agency should be eliminated. I should like to have that in succinct form.

Mr. CRAWFORD. I have the regular pay roll showing the list of employees and their salaries.

Mr. HASTINGS. You are going to put that in?

Mr. CRAWFORD. Yes, sir.

(The document referred to is as follows:)

April pay roll[1] Klamath Agency, Oreg., 1931

	Annual gross salary
Leroy D. Arnold, superintendent	$4,200
Harold L. Shilling, day-school representative	1,860
Orra E. Patterson, physician	3,000
Carl A. Gossett, principal clerk	2,700
Mildred D. Neave, clerk	1,920
Florence J. Edwardsen (temporary clerk)	1,620
Vera T. Lamb, junior clerk	1,680
Burney O. Wilson, assistant clerk	1,620
Willard N. Hamilton, financial clerk	2,300
Dorothy K. Dillstrom, clerk	1,800
Clara L. Allen, junior clerk	1,500
Alice G. Andrews, assistant clerk	1,800
John W. Libby, forest ranger	2,000
Louis C. Mueller, special officer	2,300
William A. Bourell, carpenter	1,800
Floyd Lovelace, stockman	1,740
Bertha D. Wallace, field matron	1,680
Zillah Mathias, field nurse	2,200
David Chocktoot, private	540
Warren B. MacMillan, forest examiner	2,700
Harry I. Nettleton, forest examiner	3,000
Carl D. Rawie, Sr., forest ranger	2,400
Silos O. Davis, forest ranger	2,000
Edward Neave, forest ranger	2,100
Nicholas Welter, junior forester	2,000
Arlie W. Toole, forest assistant	2,300
Harold Weaver, forest assistant	2,500
Floyd H. Phillips, forest assistant	2,300
Alfred E. Hart, forest guard	1,800
Marion J. Gober, forest guard	1,860
Clarence A. Middlebusher, scaler	1,980
Opie K. Pace, scaler	1,920
Britton Clair, scaler	1,920
George C. Hepworth, scaler	1,920
Frank G. Maness, scaler	2,040
Clarence Whitaker, scaler	1,980
Allen F. Space, Sr., forest ranger	2,300
Frederick R. Moffat, forest supervisor	3,300
Philip J. Duffy, scaler	1,920
Roy Rice, scaler	1,860
Clyde W. Flinn, scaler	1,980
Lloyd E. Lamb, scaler	1,920
Stanley J. Johnson, Sr., forest ranger	2,400
Earl L. Silvers, Sr., forest ranger	2,400
Inez Rucker, nurse	2,100
Lucille L. Shilling, nurse (temporary)	1,800
Florence Miller, nurse (permanent to take Mrs. Shilling's position)	1,800
Pearl I. Clark, nurse	1,860
Matie Lemmon, cook	1,380
Anna Foust, laborer (housekeeper at hospital)	1,200

Irregular pay roll for month of April 1931, Klamath Indian Agency, Oreg.

Temporary scalers:	Total
Chas. L. Mick, at $5.40 per day	$54.00
Harry L. Francis, at $5.40 per day	81.00
	135.00
Line riders, grazing:	
Marvin Williams, at $4.50 per day	94.50
William Thomason, at $4.50	31.50
Dice Crain, at $4.50 per day	58.50
Lee V. Corbell, at $4.50 per day	49.50
	234.00
Liquor control:	
James Murphy, at $5 per day	150.00
Eddie Johnson, at $5 per day	10.00
R. G. Haskin, at $5 per day	150.00
R. W. DeShazer, at $5 per day	150.00
Rudolph Cheraldo, at $5 per day	40.00
K. K. Ambrose, at $5 per day	45.00
	545.00

[1]Above includes all Civil Service positions and the regular pay roll.

Irregular pay roll for month of April 1931, Klamath Indian Agency, Oreg.—Continued

Fire protection:	
L. O. Wright, saw filing, at $6 per day	$6.00
John Scott, fireguard, at $4 per day	8.00
George Glasby, fireguard, at $4 per day	8.00
Fred Danelson, laborer, at $3.75 per day	7.50
Fred Danelson, at 35 cents per hour	2.45
	31.95
Road construction and maintenance:	
Herman Akin, powder man, at $4.25 per day	80.75
Jack Cody, laborer, at $3.75 per day	33.75
Harry Francis, foreman, at $5.50 per day	38.50
M. A. Harris, cook, at $4 per day	68.00
Frank Jennie, laborer, at $3.75 per day	71.25
Ted Petterson, laborer, at $3.75 per day	71.25
David Shorpe, patrol operator, at $6 per day	96.00
Thomas Moran, laborer, at $4 per day	36.00
Carl Williams, straw boss, at $4.70 per day	91.65
L. O. Wright, filer, at $6 per day	6.00
Benjamin Tupper, laborer, at $3.75 per day	82.50
Benjamin Mitchell, grader man, at $5.50 per day	145.75
Samuel McGregor, cook, at $4.50 per day	78.75
Sam Klapperick, car driver, at $5.50 per day	154.00
Benjamin Jones, laborer, at $3.75 per day	37.50
McKinley Jackson, laborer, at $3.75 per day	63.75
Elmer Hilt, laborer, at $3.75 per day	26.25
F. E. Hill, laborer, at $3.75 per day	80.63
M. A. Harris, cook, at $4 per day	30.00
Joe Effman, laborer, at $3.75 per day	101.25
Joe Dumore, laborer, at $3.75 per day	33.75
Albert Christy, foreman, at $6 per day	165.00
Leland Parazoo, laborer, at $3.75 per day	54.38
	1,646.68
Beetle-control work:	
L. O. Wright, saw filer, at $6 per day	135.00
Frank Weideman, at $4.25 per day	119.00
John Vogel, at $4.75 per day	38.00
H. L. Tripp, at $4.25 per day	127.50
D. H. Tripp, at $5.50 per day	165.00
James W. Thomas, at $4.25 per day	127.50
Ben Swigard, at $4.75 per day	99.75
Virgil E. Starr, at $4.25 per day	127.50
A. L. Shadley, at $4.25 per day	102.00
Wm. Ruhmann, at $5.50 per day	121.00
Jessie Pete, at $4.25 per day	123.25
Carl Olsen, at $4.25 per day	110.50
C. H. McCumber, at $4.25 per day	59.50
Harry Kallander, at $4.25 per day	114.75
Carrol R. Hussey, at $4.25 per day	102.00
Lester Hodson, at $4.25 per day	84.50
J. C. Hobby, at $4.25 per day	123.25
Delmar Groshong, at $5 per day	115.00
Harry Francis, at $4.25 per day	21.25
Cal Francis, at $4.25 per day	123.25
Leslie Flinn, at $4.25 per day	119.00
Forrest Cunningham, at $4.25 per day	114.75
Floyd Cunningham, at $5 per day	115.00
Wesley Cole, at $4.25 per day	76.50
J. B. Chohran, at $4.25 per day	76.50
Russel Bower, at $5 per day	145.00
J. S. Blankenship, at $4.25 per day	102.00
Herman Akin, at $4.25 per day	29.75
J. M. Cole, at $4.25 per day	42.50
	2,960.50
Agency grounds and miscellaneous:	
Jessie Wright, at $3.50 per day	75.25
Harry Wright, at $3.50 per day	35.00
James Saunders, at $3.50 per day	91.00
Pete McDonald, at $4.70 per day	126.90
Elmer Dillstrom, at $4.25 per day	110.50
Ernest Clauson, at $3.50 per day	84.00
John Barclay, at $4 per day	112.00
	634.65
Miscellaneous:	
C. R. Andrews, janitor, at $4 per day	120.00
Jan. O. McKenzie, engineer, at $4.70 per day	141.00
Kenneth Nelson, mechanic, at $4.25 per day	55.25
Kenneth Nelson, mechanic, at $4 per day	52.00
R. B. Wade, painter at $5 per day	115.00
R. B. Wade, painter, at $5 per day	17.50
Cora Wilson, caring for guest room at 35 cents per hour	12.70
Maxie Gober, telephone operator, at $1.33⅓ per day	40.00
Gertrude I. Hepworth, laundress (hospital), at $3.50 per day	35.00
	588.45

Irregular pay roll for month of April 1931, Klamath Indian Agency, Oreg.—Continued

Liquor control:	
Alec Tecumseh, at $5 per day	$10.00
Russell White, at $5 per day	10.00
	20.00
Miscellaneous improvements, Forestry:	
Fred Danelson, at $3.75 per day	86.25
George Glasby, at $4 per day	96.00
W. T. Schilling, at $3.75 per day	26.25
John Scott, at $4 per day	92.00
	300.50
Construction and maintenance of telephone lines:	
C. R. Holmes, at $4 per day	10.00
George Dohl, at $4 per day	110.00
W. H. Dobney, at $4.50 per day	74.25
Myron Taylor, at $4.50 per day	76.50
Ted Peterson, at $4 per day	18.00
Jack Nye, at $4 per day	14.00
N. A. McNab, at $4 per day	18.00
Sam McGregor, at $4 per day	24.00
F. Jennie, at $4 per day	18.00
Elmer Hilt, at $4 per day	18.00
B. J. Brewer, at $4.50 per day	20.25
Bill Backer, at $4 per day	8.00
	409.00

SENECA INDIAN SCHOOL, WYANDOTTE, OKLA.

The bill (S. 555) to authorize the acquisition by the United States of the land upon which the Seneca Indian School, Wyandotte, Okla., is located was announced as next in order.

Mr. McCARRAN. Mr. President, I should like to have some explanation of this bill.

Mr. THOMAS of Oklahoma. Mr. President, this bill was passed at the last session of Congress, and the facts are as follows: Years ago the Indian Office located several schools in Oklahoma. Those schools were located upon the tribal lands of various tribes of Indians. At that time a school was located on the Wyandotte Reservation. Since that time pupils from other tribes have been admitted to the school, so it has ceased to be strictly a tribal school, but has now become a general Indian school.

The Government has erected numerous buildings on the land in question, but the land still belongs to the Seneca Tribe of Indians. The Department thinks that, inasmuch as the school is now a general school and the Government has expended perhaps $100,000 upon this private land, this is a good time for the Government to purchase the land from the tribe of Indians which owns it and make this a strictly Government school, both as to the buildings and the land. The department asks for an appropriation of $10,000 to buy the land upon which this general Indian school is located and is now conducted. That is the purpose of the bill.

The VICE PRESIDENT. Is there objection to the consideration of the bill?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Interior be, and he is hereby, authorized to acquire for Indian school purposes, the east half southwest quarter, southeast quarter northwest quarter, east half northwest quarter and west half southwest quarter southeast quarter section 21, township 27 north, range 24 east, Indian meridian, Oklahoma.

SEC. 2. In order to carry out the provisions of section 1 hereof there is hereby authorized to be appropriated, out of any money in the Treasury of the United States not otherwise appropriated, the sum of $10,000, which said sum when so appropriated and placed in the Treasury of the United States to the credit of the Wyandotte Tribe of Indians, shall operate as a full, complete, and perfect extinguishment of all their right, title, and interest in and to the lands above described and which sum shall be subject to disbursement under congressional authority for the benefit of the Wyandotte Tribe.

MISSOURI RIVER BRIDGE, KANSAS

The bill (S. 1255) to extend the time for completing the construction of a bridge across the Missouri River at or near Kansas City, Kans., was considered, ordered to be engrossed for a third reading, read the third time, and passed.

Mr. McGILL subsequently said: Mr. President, the Senate today passed Senate bill 1255 and House bill 48, both bills being to extend the time for completing the construction of a bridge across the Missouri River at or near Kansas City, Kans., and the bills are duplicates. I ask unanimous consent that the votes whereby Senate bill 1255 was ordered to be engrossed for a third reading, read the third time, and passed, may be reconsidered, and that the bill may be indefinitely postponed.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the bill will be indefinitely postponed.

MISSOURI RIVER BRIDGE, KANSAS

The bill (S. 1256) granting the consent of Congress to compacts or agreements between the States of Kansas and Missouri for the acquisition, maintenance, and operation of a toll bridge across the Missouri River near Kansas City, Kans., for the construction and maintenance of connections with established highways, for the incorporation of such bridge in the highway systems of said States, and for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to any agreements or compacts that have heretofore been or may hereafter be entered into by and between the State of Kansas, or the highway department or other public agency thereof, and the State of Missouri, or the highway department thereof, pursuant to statutes enacted or to be enacted or resolutions adopted or to be adopted by each of such States, providing:

(a) For the authorization of the construction of a toll bridge over the Missouri River between Wyandotte County, Kans., and Platte County, Mo., at or near Kansas City, Kans., by Regional Bridge Co. (successor and assignee of the Interstate Bridge Co.), and granting to such company all necessary lands under water belonging to the said States;

(b) For the transfer of such bridge to and acceptance of such bridge by such States, or the respective highway departments or other public agencies of such States, subject to any mortgage thereon and pledge of tolls previously executed by the Regional Bridge Co. to secure a loan for its construction;

(c) For the incorporation of said toll bridge in the highway systems of such States;

(d) For the construction and maintenance of approaches by such States, or the respective highway departments or other public agencies of such States, and of connections with established highways;

(e) For the regulation of tolls, maintenance, operation, insurance, policing, regulation of traffic over said bridge, and all matters relating thereto and for the financing of the construction thereof;

(f) For the prohibition against the construction or operation of any other bridge, ferry, tunnel, or other competing facility by such States, or any political subdivision thereof, or the granting by such States of any rights, privileges, or franchises, except such as are now constructed and in operation, within a distance of 5 miles in either direction from the location of the proposed toll bridge, measured along the meandering course of the Missouri River, so long as there shall remain unpaid any loan or any part thereof to secure which a mortgage on said bridge and a pledge of tolls therefrom had been executed; and

(g) For the continuance of said bridge as a free public bridge connecting and constituting a part of the highway systems of such States after the liquidation of the cost of construction and interest and other charges incident thereto from tolls collected.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

MISSOURI RIVER BRIDGE, KANSAS

The bill (H.R. 48) to extend the time for completing the construction of a bridge across the Missouri River at or near Kansas City, Kans., was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the time for completing the construction of a bridge across the Missouri River at or near Kansas City, Kans., authorized to be built by the Interstate Bridge Co., its successors and assigns, by an act of Congress approved May 23, 1928, heretofore extended by acts of Congress approved March 2, 1929, and June 30, 1930, is hereby further extended 2 years from May 22, 1933.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

PEEDEE RIVER BRIDGE, SOUTH CAROLINA

The bill (H.R. 1596) to extend the times for commencing and completing the construction of a bridge across the Pee Dee River and a bridge across the Waccamaw River both at

or near Georgetown, S.C., was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the times for commencing and completing the construction of a bridge across the Peedee River and a bridge across the Waccamaw River, both at or near Georgetown, S.C., authorized to be built by the county of Georgetown, S.C., by an act of Congress approved May 29, 1930, are hereby extended 1 and 3 years, respectively, from May 29, 1933.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

WACCAMAW RIVER BRIDGE, SOUTH CAROLINA

The bill (H.R. 4127) to extend the times for commencing and completing the construction of a bridge across the Waccamaw River near Conway, S.C., was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the times for commencing and completing the construction of a bridge authorized by act of Congress approved February 10, 1932, to be built by the State Highway Commission of South Carolina across the Waccamaw River near Conway are hereby extended 1 and 3 years, respectively, from the date of approval hereof.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

MAHONING RIVER BRIDGE, OHIO

The bill (H.R. 4491) to extend the times for commencing and completing the construction of an overhead viaduct across the Mahoning River at Struthers, Mahoning County, Ohio, was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the times for commencing and completing the construction of an overhead viaduct authorized by act of Congress approved February 10, 1932, to be built by the Board of County Commissioners of Mahoning County, Ohio, across the Mahoning River, at Struthers, Mahoning County, Ohio, are hereby extended 1 and 3 years, respectively, from the date of approval hereof.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The VICE PRESIDENT. That completes the calendar.

PROTECTION OF GOVERNMENT RECORDS

Mr. ROBINSON of Arkansas. Mr. President, I suggest that we now return to Order of Business 22, House bill 4220, for the protection of Government records.

The VICE PRESIDENT. Is there objection?

There being no objection, the Senate proceeded to consider the bill.

Mr. JOHNSON obtained the floor.

Mr. ROBINSON of Arkansas. Mr. President, before the Senator from California proceeds, I call attention to the fact that at the suggestion, I think, of the Senator from New Mexico, I had incorporated in the bill the word "and" before the words "shall willfully." I think that improves the language of the bill.

The VICE PRESIDENT. The question is on the engrossment of the amendment and the third reading of the bill.

Mr. VANDENBERG. Mr. President, will the Senator from California yield to me to suggest the absence of a quorum? This is an important matter, and Senators should be present.

Mr. JOHNSON. I yield.

Mr. VANDENBERG. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Connally	Hale	Metcalf
Ashurst	Coolidge	Harrison	Murphy
Austin	Copeland	Hastings	Norbeck
Bachman	Costigan	Hatfield	Norris
Bailey	Couzens	Hayden	Nye
Bankhead	Cutting	Hebert	Overton
Barkley	Dale	Johnson	Patterson
Black	Dickinson	Kean	Pittman
Bone	Dieterich	Kendrick	Pope
Borah	Dill	Keyes	Reed
Bratton	Duffy	King	Reynolds
Brown	Erickson	La Follette	Robinson, Ark.
Bulkley	Fess	Logan	Robinson, Ind.
Bulow	Fletcher	Lonergan	Russell
Byrd	Frazier	McAdoo	Sheppard
Byrnes	George	McCarran	Shipstead
Capper	Glass	McGill	Smith
Caraway	Goldsborough	McKellar	Steiwer
Carey	Gore	McNary	Stephens
Thomas, Okla.	Trammell	Van Nuys	Wheeler
Thomas, Utah	Tydings	Wagner	White
Townsend	Vandenberg	Walcott	

The VICE PRESIDENT. Eighty-seven Senators having answered to their names, there is a quorum present.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from California yield to me?

Mr. JOHNSON. I yield.

Mr. ROBINSON of Arkansas. I understand the senior Senator from Florida [Mr. FLETCHER] wishes to have another bill taken up at this time; and, for the convenience of some Senators who are interested in both measures, I suggest that we temporarily lay aside the pending bill and take up the securities bill for a time.

Mr. JOHNSON. I shall be very glad to have that done. That bill is a much more important measure, in my opinion, than the pending bill.

PROTECTION OF INVESTORS

Mr. FLETCHER. I move that the Senate proceed to the consideration of Senate bill 875.

The PRESIDING OFFICER. The question is on the motion of the Senator from Florida, that the Senate proceed to the consideration of a bill, the title of which will be stated.

The LEGISLATIVE CLERK. A bill (S. 875) to provide for the furnishing of information and the supervision of traffic in investment securities in interstate commerce.

Mr. McNARY. Mr. President, I inquire if the motion is to proceed to the consideration of the Senate bill or the House bill?

Mr. FLETCHER. I have moved that the Senate proceed to the consideration of the Senate bill.

Mr. McNARY. I will say to the Senator from Michigan [Mr. COUZENS] that the Senator from Florida has moved that the Senate proceed to the consideration of the Senate bill. The Senator from Michigan expressed to me and others this morning a desire to have the House bill referred to the committee. Has an agreement been reached with regard to that matter?

Mr. COUZENS. Mr. President, the Senator from Florida and I discussed the matter, and it seemed to be the consensus of opinion that we ought to go on and discuss the Senate bill, so as to ascertain, if possible, what the differences are between the House bill and the Senate bill. So far as I am concerned, I am in agreement with the plan of going ahead with the securities bill.

Mr. FLETCHER. In any case, I may say to the Senator that the bill will have to go to conference, and my view is that we can proceed with the Senate bill and pass it, if we may, and then substitute it for the House bill. That will throw the whole subject into conference. It will have to be thrashed out by the conferees, anyway, and I think that is the best method of procedure. The conferees will then be able to adjust the differences between the House and the Senate. If we should now refer the House bill to the Senate Committee on Banking and Currency, that would lead to considerable delay, and I do not know that we could get any closer together by that method than we can in conference, anyway. So, as a matter of practical procedure and in order to make progress, I think we should take up the Senate bill, which I believe we can pass without taking a great deal of time on it. Then the Senate bill can be substituted for the House bill and the measure then go to conference in all its details. I believe we can proceed without any loss of time in that way.

We would not save any time by referring the House bill to the Senate committee, which has already considered the whole subject, held hearings on it extending over weeks, and reported this bill. I think there are not a great many differences between the two bills. I may say that in principle and in purpose the bills are the same. There is a different use of language in one as compared to the other, but I do not think there is any very serious difference. So I think we had better proceed with the Senate bill and dispose of it, if we may.

The VICE PRESIDENT. The question is on the motion of the Senator from Florida to proceed to the consideration of the bill.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 875) to provide for the furnishing of information and the supervision of stocks and investment securities in interstate commerce, which had been reported from the Committee on Banking and Currency with an amendment in the nature of a substitute.

The VICE PRESIDENT. The clerk will state the amendment reported by the committee.

The legislative clerk proceeded to read the amendment reported by the Committee on Banking and Currency, which was to strike out all after the enacting clause and insert the following:

That this act shall be known as the "Securities Act."

SEC. 2. When used in this act the following terms shall, unless the text otherwise indicates, include the following respective meanings:

(a) "Security" shall include any note, stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in a profit-sharing agreement, or right to subscribe to any of the foregoing, any certificate of interest in any oil, gas, or mining lease, any collateral trust certificate, preorganization certificate, or preorganization subscription, any transferable share, investment contract, voting trust certificate, or beneficial interest in title to property, profits, or earnings, any transferable certificate of voting, exchange, subscription, or conversion rights, or any other instrument commonly known as "a security"; including an interim or temporary bond, debenture, note, certificate, or receipt for a security or for subscription to a security: *Provided*, That the term "security" shall not include notes, drafts, bills of exchange, or bankers' acceptances which are commercial paper and arise out of current commercial, agricultural, or industrial transactions or the proceeds of which have been or are to be used for current commercial, agricultural, or industrial purposes when such paper is not offered or intended to be offered for sale to the public.

(b) "Person" shall include a natural person, a corporation, a partnership, an association, a joint-stock company, a trust, a syndicate, and any unincorporated organization. As used herein the term "trust" shall not include a trust created or appointed under or by virtue of a last will and testament, or by a court of law or equity, or any public charitable trust.

(c) "Sale" or "sell" shall include every disposition, or attempt to dispose, of a security or interest in a security for value. For the purpose of the enforcement of this act only, any security given or delivered with, or as a bonus on account of, any purchase of securities or any other thing, shall be conclusively presumed to constitute a part of the subject of such purchase. "Sale" or "sell" shall also include a contract to sell, an exchange, an attempt to sell or exchange, an option of sale, purchase, or exchange, a solicitation of a sale or an exchange, a subscription or an offer to sell or exchange, directly or by an agent, or by a circular, letter, advertisement, or otherwise.

(d) "Issuer" shall include every person who issues, has issued, or proposes to issue any security. Any person who acts as a promoter for and on behalf of an individual, corporation, trust, or unincorporated association or partnership of any kind formed or to be formed shall also be deemed to be an issuer.

(e) "Commission" shall mean the Federal Trade Commission.

(f) "Mortgage" shall be deemed to include any trust instrument to secure a debt.

(g) "Territory" shall include Alaska, Hawaii, Puerto Rico, the Philippine Islands, the Panama Canal Zone, the Virgin Islands, and the insular possessions of the United States.

(h) "Interstate commerce" shall include trade or commerce in securities among the several States or between the District of Columbia, or any Territory of the United States and any State, or other Territory, or between any insular possessions or other places under the jurisdiction of the United States, or between any such possession or place and any State or Territory of the United States or the District of Columbia, or within the District of Columbia or any Territory or any insular possession or other place under the jurisdiction of the United States, or between any foreign country and any State, Territory, or the District of Columbia, or any printed, written, or other graphic communication, or any spoken communication or intercourse relating to or in furtherance of the commerce described in this definition.

(i) "Registration statement" (hereinafter called "statement") shall mean the statement required upon application for registration by sections 4 and 5 of this act, together with all documents and other information required therein.

(j) "Underwriter" or "underwriting syndicate", when used with respect to any security, shall include any person, group, or syndicate which has purchased or underwritten or contracted to purchase or underwrite such security, directly or indirectly, from the issuer, or has contracted to act as selling agent for the issuer or assigns, for the purpose of offering for sale or selling or promoting the marketing of such security or any part thereof.

(k) "Dummy" shall mean a person who holds legal or nominal title to any property but is under moral or legal obligation to recognize another as the owner thereof; or a person who has nominal power or authority to act in any capacity but is under moral or legal obligation to act therein in accordance with the direction of another.

SEC. 3. Until securities shall have been registered with the Commission by filing the registration statement hereinafter referred to in accordance with the terms and conditions provided by this act and by the rules and regulations promulgated pursuant thereto, or if such registration has been revoked or suspended as hereinafter provided, it shall be unlawful for—

(a) Any person to make use of the United States mails to sell or offer for sale any such securities in interstate commerce, or to solicit or accept offers to buy such securities in such commerce;

(b) Or for any person to advertise for sale or offer to sell or to solicit or accept an offer to buy any such securities in interstate commerce through the use or medium of any book, magazine, newspaper, or similar publication, or by any circular, advertisement, or printed, written, or other graphic communication or document, or by any spoken communication carried or transmitted through or by such mails or by radio, telegraph, or telephone, or by other means or instruments of transportation or communication, or any of them;

(c) Or for any person to carry or cause to be carried any such securities, in interstate commerce, by any means or instruments of transportation, for the purpose of sale or for delivery after sale, either directly or through the medium of another;

(d) Or for any person to sell or offer for sale or to announce or advertise or deliver in the United States any such securities when the same are securities of a foreign government or a political subdivision thereof.

SEC. 4. All securities heretofore referred to in section 3 of this act shall be registered with the Commission under the terms and conditions hereinafter provided, by filing a registration statement signed by the issuer or issuers, its or their principal executive officer or officers, the principal financial officer or officers, and the directors, trustees, or managers; or, if there is no board of directors, by the persons or board having the power of management of the person, corporation, association, or other entity issuing the said securities: *Provided*, That, when such statement relates to securities issued by a foreign government or political subdivision thereof, or by any person residing in or by any corporation or association organized under the laws of any foreign country, it shall be signed by the person or persons negotiating the loan in the United States or Territory or acting as the fiscal or selling agent for the sale of such security in the United States or Territory or underwriting such security for sale in the United States or Territory, and by the principal executive officers, principal financial officers, and the directors or other managing officials of such person or persons.

Any director of a corporation may, in the discretion of the Commission, and upon request before registration, for good cause shown, be excused from signing and swearing to the said statement: *Provided*, That the said statement shall not be deemed to have met the requirements of this act and shall not be received by the Commission unless it is signed and sworn to by not less than three fourths of the directors. Signatures of all such persons when printed on the said statements shall be presumed to be so printed by authority of the person whose signature is so affixed, and the burden of proof, in the event such authority shall be denied, shall be upon the party denying same. If any signer of any registration statement shall act therein as a "dummy" he shall state after his signature that he signs as a "dummy" and shall state who such signer's principal or principals are. In the case of signature of any registration statement by one who is shown to be a "dummy" for another, such signature shall not be deemed to be valid for the purposes of this act unless and until the principal of the said "dummy" shall also affix his signature to the said statement. The affixing of any signature without the authority of the purported signer shall constitute a violation of this act. Similar statements shall be filed for each subsequent issue of securities, unless otherwise exempted by this act, not covered by the original and succeeding statements.

SEC. 5. (a) The said statement, when relating to a security other than a security issued by a foreign government or political subdivision thereof, shall contain the following information concerning the said securities and the person or other entity issuing them:

(1) The name under which the issuer is doing or intends to do business, the name of the State or other sovereign power under which the issuer is organized and the location of the issuer's principal business office and a statement showing whether authority for the issuance or sale of such security is required by the State or sovereign power in which the issuer is organized and whether authority to issue or sell said security has been granted, refused, or revoked by said State or sovereign power or any other State or sovereign power, together with certified copy of the order or orders granting, refusing, or revoking said authority.

(2) The names and addresses of the promoters, directors, trustees, and officers, if the issuer be a corporation or association or trust; of all partners, if the issuer be a partnership, and the name and address of the issuer.

(3) The purposes of incorporation, if incorporated, and the general character of the business actually transacted or to be transacted by the issuer.

(4) A statement of the capitalization of the issuer, including the authorized and paid-up amounts of its capital stock, the number and classes of shares into which such capital stock is divided, the par value thereof, or if it has no par value, the stated or assigned value thereof; a description of the respective voting rights, preferences, conversion and exchange rights, rights to dividends,

profits, or capital of each class, with respect to each other class, including the retirement and liquidation rights or values thereof; the amount of capital stock of each class issued or to be offered, together with specimen copies of stock certificates of each class; whenever the Commission requires it, the names of all persons owning as much as 1 percent of the stock of said issue with a statement of the number of shares held by each and the beneficial owner thereof when known; the amount of the funded debt, with a description of the date, maturity, and character of such debt, and the security, if any, therefor; a statement, as of a date not more than 90 days prior to the date of filing the registration statement, showing all the assets of the issuer in such detail as the Commission may prescribe (with intangible items segregated), the nature and cost thereof, whenever determinable, and in what form paid, loans to officers and/or directors, and all the liabilities of the issuer in such detail as the Commission may prescribe, including the surplus of the issuer, showing how and from what sources said surplus was created; a statement of the amount of the issuer's earnings and income and the nature and source thereof, and the issuer's expenses and fixed charges, in such detail as the Commission may prescribe, during the preceding 3 fiscal years, or if such issuer has been in actual business for less than 3 fiscal years, then during such lesser period as the issuer has been in actual business; a statement showing in such detail as the Commission may prescribe what the practice of said issuer has been during the said 3-year or lesser period as to the character of the charges made against its various surplus accounts, and as to depreciation, depletion, and maintenance charges, and, if stock dividends or avails from the sale of rights have been credited to income, they shall be shown separately with a statement of the bases upon which the credit is computed; a statement showing the investment in the issuer by the directors thereof; and a statement containing such further pertinent information as the Commission may require.

(5) A detailed statement of the plan upon which the issuer proposes to dispose of the securities offered for registration; the price at which they are offered to the public and the net amount returnable to capital investment; the names of the syndicate, if any, underwriting the securities offered for registration; a copy of the security offered or to be offered and, if said security is a bond, note, debenture, or other evidence of indebtedness, a copy of the mortgage, indenture, deed of trust, or other instrument securing or accompanying said security; and a copy of any circular, prospectus, advertisement, or other description of such securities then prepared by or for such issuer or underwriter or by or for the applicant for registration (if the applicant shall not be the issuer) to be used for distribution or publication to the public.

(6) The purpose for which the securities to be offered have been issued or are to be issued, a detailed statement showing the items of cost of property, service, patents, good will, and any other consideration for which such securities have been or are to be issued, and the amount of all commissions, discounts, rebates, bonuses, and other considerations paid or issued or to be paid or issued by or to the issuer and by or to all other persons for or in respect of the issue, sale, or offer of the said securities.

(7) The amount of capital stock which is to be set aside and disposed of for services to promoters, if any, and a statement of all stock issued from time to time for services to promoters.

(8) In case of a bond or other instrument of indebtedness, a description of the property by which such bond or other instrument of indebtedness is secured.

(9) If the issuer is a corporation, there shall be filed with the statement a certified copy of its articles of incorporation with all amendments and of its existing bylaws. If the issuer is a trustee, there shall be filed with the statement a copy of all instruments by which the trust is created or declared and in which it is accepted and acknowledged. If the issuer is a partnership or an unincorporated association, or joint-stock company, or any other form of organization whatsoever, there shall be filed with the statement a copy of its articles of partnership or association and all other papers pertaining to its organization.

(10) Such additional pertinent information as the Commission may require.

(b) Each statement relating to securities issued by a foreign government or political subdivision thereof shall contain:

(1) Name of borrowing government or subdivision thereof;

(2) Purpose or object of the loan;

(3) Date and terms of the proposed loan;

(4) Date and terms of the underwriting or selling agreement, the names of the members of the underwriting or selling syndicate, all bonuses, discounts, rebates, and commissions paid or to be paid by the borrower and all payments or charges paid or to be paid for the privilege of underwriting or selling the loan or for any other purpose in connection therewith, and the terms of any collateral agreement, arrangement, or understanding, if any, between the underwriters or selling agent or any other person, and the borrower or any officer or agent of the borrower, relating to the said loan;

(5) Security pledged or to be pledged for the loan;

(6) General financial condition of the borrower;

(7) Whether or not the borrower has defaulted within the preceding 25 years on the principal or interest of any other security sold in the United States or other foreign country and, if so, the date, amount, and circumstances;

(8) Proposed method of distributing the securities to be issued under the loan;

(9) Proposed price at which the securities are to be offered to the public in the United States and elsewhere;

(10) Cost thereof to the person, corporation, or association or other entity underwriting, selling, or negotiating the loan and the net amount to be returned to the borrower from the sale of such securities;

(11) Such additional pertinent information as the Commission may require.

(c) All of the statements, exhibits, and documents of every kind required by the Commission under this section, except properly certified public documents, shall be verified by oath in such manner and form as may be required by the Commission.

(d) The filing of the statement specified in subsections (a) and (b) of this section and the payment of the fee hereinafter provided shall constitute formal registration of the security concerned.

(e) At the time of filing the said statement, as hereinbefore prescribed in subsections (a) and (b) of this section, the applicant shall pay to the Commission a fee of one hundredth of 1 percent of the aggregate par value of the securities to be sold and for which the applicant is seeking registration, but in no case shall such fee be less than $25. In case of stock having no par value the price at which such stock is to be offered to the public shall be deemed to be the par value of such stock.

SEC. 6. The Commission may revoke or suspend the registration of any security by entering an order to that effect, if the Commission shall find that any such issuer or any other person who has signed or who is by this act required to sign the registration statement—

(a) Has violated any of the provisions of this act, or any authorized order of the Commission of which such person or issuer has notice, but the burden of proof shall be on the person or persons asserting lack of notice; or

(b) Has been or is engaged or is about to engage in fraudulent transactions, or has filed with the Commission any application, registration, or other statement, or report which is untrue in any material respect or fails to disclose any material information required by section 5 hereof; or

(c) Has made any fraudulent, false, or deceptive representations in any prospectus or in any circular or other literature or communication that has been distributed, or by any other means, concerning such issuer or person or securities registered. Such revocation or suspension shall not apply to any part of an issue of securities that prior to the date of such revocation or suspension shall have been issued, sold, and delivered to a bona fide purchaser or purchasers for value, without notice, such purchaser or purchasers not being the issuers or underwriters or their agents, representatives, or assigns.

The Commission is hereby directed and empowered to make such examinations and investigations as in its discretion it may deem necessary to the administration or enforcement of this act. In making such examinations or investigations the Commission or any officer or officers designated by it shall at all reasonable times have access to and may compel the production of all the books and papers of issuers, representatives, or underwriters, or any other person or persons being investigated or proceeded against, or having relevant or pertinent knowledge or information touching the matter in question, and may administer oaths to and examine the officers of such issuers, representatives, underwriters, or other persons connected therewith as to its or their business and affairs and, in addition, the Commission may, in its discretion, require the production of a balance sheet exhibiting the assets and liabilities of any issuer, representative, or underwriter, or its or their income statement, or both.

Whenever the Commission may deem it necessary, it may also require such balance sheet or income statement, or both, to be made more specific in such particulars as the Commission shall point out or to be brought down to the latest practicable date.

If any issuer, representative, underwriter, or other entity shall refuse to permit an examination to be made by the Commission, such refusal shall be proper ground for revocation or suspension of registration.

If the Commission shall deem it necessary, it may enter an order requiring an immediate showing of the right to sell securities, and upon failure of the person in whom such right has been reposed to make a satisfactory showing, and an order, entered to that effect, such right shall be suspended. Notice of the entry of such orders may be served by mail, or personally, or by telephone confirmed in writing, or by telegraph.

The issuer or other applicant for registration shall on application to the Commission within 30 days from the entry of an order of revocation or suspension be entitled to a public hearing, before the Commission or an examiner of the Commission thereunto duly authorized by it, and appropriate records shall be kept of all such hearings and proceedings. If the issuer or other person fails to make such application for a hearing within 30 days after the entry of the Commission's order, such order shall become final.

SEC. 7. Any person aggrieved by an order of the Commission revoking or suspending the registration of any security may obtain a review of such order in the circuit court of appeals of the United States, within any circuit wherein such person resides or carries on business, or in the Court of Appeals of the District of Columbia, by filing in the court, within 30 days after such order shall become final, a written petition praying that the order of the Commission be set aside. A copy of such petition shall be forthwith served upon the Commission, and thereupon the Commission shall certify and file in the court a transcript of the record

upon which the order complained of was entered. Any findings which the Commission may make as to the facts, if supported by evidence, shall be conclusive. Upon said transcript the court shall have the power to make and enter a decree affirming, modifying, or setting aside the order of the Commission. If either party shall apply to the court for leave to adduce additional evidence, and shall show to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for failure to adduce such evidence in the hearing before the Commission, the court may order such additional evidence to be taken before the Commission and to be adduced upon the hearing in such manner and upon such terms and conditions as to the court may seem proper. The Commission may modify its findings as to the fact, by reason of the additional evidence so taken, and it shall file such modified or new findings, which, if supported by the evidence, shall be conclusive, and its recommendation, if any, for the modification or setting aside of the original order, with the return of such additional evidence. The judgment and decree of the court shall be final, except that the same shall be subject to review by the Supreme Court upon certiorari or certification as provided in sections 240 and 348 of the Judicial Code, as amended.

SEC. 8. It shall be unlawful to carry, transmit, or cause to be carried or transmitted, in interstate commerce, by use of the United States mails or by any means or instruments of transportation or communication, any written, printed, or other graphic communication or document, or any radio communication, announcing, offering, or advertising for sale any securities subject to the provisions of this act, unless such communication or document contains the following information concerning the security so offered:

(a) The name of the issuer and names of the underwriting syndicate, if any, amount of capitalization authorized and paid up, location of principal place of business, and, if incorporated, place of incorporation.

(b) A brief description of the security offered, including the amount of the issue, a description of its rights with reference to dividends or fixed returns and voting power and relative position with reference to other outstanding securities having prior rights which must be specified as well as the amount of capital stock and other securities, commissions, discounts, rebates, and bonuses.

(c) The price at which it is offered to the public and the net amount to be returned to capital investment, as well as the maximum amount of commission or other form of remuneration to be paid in cash or otherwise, directly or indirectly, for or in connection with the sale or offering for sale of such securities.

(d) The owner of the property constituting the basis of the issue.

(e) A statement showing—

(1) The issuer's assets and liabilities.

(2) Profits and losses during year immediately preceding the offering.

(f) A statement to the effect that additional information may be secured from the Federal Trade Commission at Washington, D.C.: *Provided*, That in any case where, by reason of limited size of such written, printed, or other graphic or radio communications, it is impracticable to set forth all the foregoing information, there shall be set forth such parts thereof or such other information as the Commission may by rules or regulations prescribe in the interest of the protection of the public and for the prevention of false or deceptive representations in the offer for sale or sale of such securities in interstate commerce or by use of the mails: *Provided further*, That any written, printed, or other graphic communication or document, or any radio communication, announcing, offering, or advertising for sale any securities offered by a foreign government or political subdivision thereof shall contain such information of the character referred to in the registration statement, or such additional information, as the Commission may prescribe by rules or regulations in the interest of the protection of the public and for the prevention of false or deceptive representations in the offer for sale or sale of such securities in interstate commerce or by use of the mails.

The information referred to in this section, when written, printed, or otherwise graphically expressed, shall be placed in a conspicuous part of all communications, documents, or other literature describing or mentioning the securities advertised or offered for sale. Copies of all such written or printed or other graphic communications or documents, as well as transcripts of all radio advertising, referring to the sale of securities subject to the provisions of this section shall, before distribution of such communications to prospective purchasers is begun, be filed with the Commission together with a reference to the original registration of the securities so offered.

A statement containing the information required by this section shall also be delivered to each purchaser with the delivery of the security or securities to which it relates, whenever the security is sold by the issuer, or by his or its agents or representatives.

The information required under the provisions of this act contained in all registration or other statements, copies, prospectuses, advertisements, circular letters, and communications, and other documents shall be made available to the public under such regulations as the Commission may prescribe.

SEC. 9. Every person acquiring any securities specified in such statement and offered to the public shall be presumed to rely upon the representations set forth in the said statement. In case any such registration statement shall be false or deceptive in any material respect, any persons acquiring any securities to which such statement relates, either from the orginial issuer or from any other person, shall have the right to rescind the transaction and to obtain the return, either at law or in equity, of any and all consideration given or paid for any such securities upon the surrender thereof, either from any vendor knowing of such falsity or from the persons signing such statement, jointly or severally. Every person acquiring any security by reason of any false or deceptive representation made in the course of or in connection with a sale or an offer for sale or distribution of such securities shall have the right to recover any and all damages suffered by reason of such acquisition of such securities from the person or persons signing, issuing, using, or causing, directly or indirectly, such false or deceptive representation, jointly or severally: *Provided*, That any suit, action, or proceeding under this section against a corporation or other person may be brought not only in the judicial district whereof such corporation or person is an inhabitant, but also in any district wherein such corporation or person may be found or transacts business, and without respect to the amount in controversy; but no such suit, action, or proceeding shall be brought after the expiration of 5 years after the date of the sale by the issuer or underwriter, except that in the case of a false or deceptive representation made in the course of or in connection with a sale or offer for sale or distribution of such securities, such suit, action, or proceeding shall not be brought after the expiration of 5 years after the date such false or deceptive representation was made. All process in such suits, actions, or proceedings may be served in the district whereof such corporation or person is an inhabitant or wherever such corporation or person may be found. Any condition, stipulation, or provision binding any person acquiring any of the securities offered to the public to waive compliance with any of the provisions of this act, or of the rules and regulations, or of any requirement of the Commission herein provided for, or purporting to affect such person with notice of any contract, document, or matter not specifically referred to in the statement filed with respect to such securities as herein provided, shall be void. The rights and remedies herein provided for shall be in addition to any and all other rights and remedies that may exist at law or in equity.

SEC. 10. It shall be unlawful for any person to represent or cause to be represented to any prospective purchaser, either orally or in any written or printed communication, circular, advertisement, or other literature, that either registration of securities with the Commission or omission by the Commission to revoke or suspend said registration constitutes or is evidence of the Commission's approval or recommendation of such securities.

SEC. 11. Except as hereinafter otherwise expressly provided, the provisions of this act shall not apply to any of the following classes of securities:

(a) Any security issued or guaranteed by the United States or any Territory or insular possession thereof, or by the District of Columbia, or by any State of the United States or political subdivision or agency or instrumentality of any State or States.

(b) Any security issued by and representing an interest in or a direct obligation of any common carrier or other public utility subject to regulation or supervision as to the issue of its securities or its accounts by a commission, board, or officers of the Government of the United States; or any such security issued by any national bank; or by any corporation created and controlled by and acting as an instrumentality of the Government of the United States pursuant to authority granted by the Congress of the United States: *Provided*, That nothing in this act shall relieve any of the organizations mentioned in this subsection from submitting to the respective supervisory units of the Government of the United States, in such manner and form as may be required by the respective units, all information, reports, or other documents that are required under the provisions of section 5 of this act, and such additional information, reports, and documents as are now or may hereafter be required by other acts of Congress or by rules and regulations pursuant thereto of the respective units: *And provided further*, That all such organizations mentioned in this subsection shall nevertheless be required to comply with the provisions of section 8 of this act.

(c) Any security issued by a corporation organized exclusively for religious, educational, benevolent, fraternal, charitable, or reformatory purposes and not for pecuniary profit, and no part of the net earnings of which inures to the benefit of any person, private stockholder, or individual.

(d) Bonds or notes secured by mortgage upon real estate, improved or about to be improved by a residential structure, when the total encumbrances against any single property so mortgaged, including the mortgage securing the bonds and notes exempted by this paragraph, do not exceed $50,000.

(e) Any security issued by a building and loan association, cooperative bank, homestead association, or savings and loan association, or any annuity contract or optional annuity contract issued by a corporation and payable in instalments: *Provided*, That the foregoing exemption shall not apply with respect to any security or annuity or optional annuity contract issued by any such association, cooperative bank, or corporation which charges in connection with any transaction entrance, admission, or withdrawal fees (including charges for paid-in surplus) exceeding in the aggregate 2 percent of the par value of its securities involved in such transaction, or which sells its securities at a price in excess of their par value, or which issues surplus certificates or like instruments of any kind.

(f) Any securities issued, sold, and delivered to any bona fide purchaser or purchasers, not being the underwriter, selling agent, representative, or assign of the issuer, prior to the date of the

approval of this act: *Provided*, That this exemption shall not apply in the case of a sale or offer for sale, by an owner or dealer, through any prospectus, circular, pamphlet, or other advertising medium, of such securities having an aggregate par value (or, if they have no par value, an aggregate stated or assigned value) of more than $100,000, and whether such sale or offer for sale is made as one transaction or a series of transactions, except that in any such case the registration statement required under this act shall consist of a statement signed by the owner (or, in the case of a sale or offer for sale by a dealer, by the owner and the dealer) containing a copy of such prospectus, circular, pamphlet, or other advertisement, together with the name of the legal and beneficial owners of such securities, and such information affecting or relating to the value of such securities as the Commission may require in the interest of the protection of the public.

(g) Any security issued by or representing an interest in or a direct obligation of any Federal Reserve bank.

SEC. 12. Except as hereinafter otherwise expressly provided, the provisions of this act shall not apply to any of the following transactions:

(a) Judicial, executor's, administrator's, guardian's, or conservator's sale, or any sale by a receiver or trustee in insolvency or bankruptcy.

(b) Sales by or for the account of a pledge holder or mortgagee selling or offering for sale or delivery in the ordinary course of business and not for the purpose of avoiding the provisions of this act, to liquidate a bona fide debt, a security pledged in good faith as collateral for such debt.

(c) Isolated transactions in which any security issued subsequent to the date of approval of this act is sold, or offered for sale, subscription, or delivery by the owner thereof, or by his representative solely for the owner's account, such sale or offer for sale, subscription, or delivery not being made in the course of repeated and successive transactions of a like character by such owner for the purpose of engaging in the purchase and sale of securities as a business, such owner or representative not being the issuer or underwriter of, or selling agent for, such security.

(d) Any preliminary negotiations between the issuers, underwriters, or other persons necessary to preparing an issue of securities for registration under this act or for sale to the public after registration.

SEC. 13. It shall be unlawful for any person, firm, corporation, or other entity, directly or indirectly, in any interstate sale, promotion, negotiation, advertisement, or distribution of any securities willfully to employ any device, scheme, or artifice or to employ any "dummy", or to act as any such "dummy", with the intent to defraud or to obtain money or property by means of any false pretense, representation, or promise, or to engage in any transaction, practice, or course of business relating to the interstate purchase or sale of any securities which operates or would operate as a fraud upon the purchaser. The director or other person for whom any "dummy" shall act shall be held responsible under this act for any unlawful conduct by such "dummy": *Provided*, That the said "dummy" shall not be deemed discharged from any liability for any unlawful conduct under this act. It shall be unlawful for any person who is a "dummy" for another to sign a registration statement without disclosing his principal or principals.

Whenever it shall appear to the Commission, either upon complaint or otherwise, that the provisions of this section have been or are about to be violated, it may, in its discretion, either require or permit such person, firm, corporation, association, or other entity to file with it a statement in writing, under oath, or otherwise, as to all the facts and circumstances concerning the subject matter which it believes to be in the public interest to investigate, and may investigate such facts. Whenever it shall appear to the Commission that the practices investigated constitute a fraud or an attempt to defraud under the provisions of this section, or that any person is engaged or is about to engage in interstate commerce in securities without complying with the provisions of this act and the rules and regulations promulgated by the Commission pursuant thereto, or in violation of any such provisions, rules, or regulations, the Commission may, in its discretion, bring an action in the proper district court of the United States to enjoin such practices, transactions, or violations, which injunction upon a proper showing shall be granted without bond, and the Commission shall transmit such evidence as may be available concerning the transaction or facts complained of to the Attorney General, who may, in his discretion, institute the necessary criminal proceeding under section 16 of this act. The exemptions contained in sections 11 and 12 of this act shall not apply to the provisions of this section.

SEC. 14. (a) The Commission shall have authority, from time to time, to make, amend, and rescind rules and regulations for the purpose of executing this act. It shall have authority to prescribe forms upon which all statements to be filed as hereinbefore provided shall be made, and to require such further or supplemental data or information as it may deem proper in the public interest to be included in or from time to time filed in conjunction with the said statements. Such rules and regulations shall be effective upon publication in the manner which the Commission shall prescribe.

(b) For the purpose of all investigations or inquiries which, in the opinion of the Commission, are necessary and proper for the enforcement of this act, the Commission and any officer or officers designated by it are empowered to hold hearings, receive evidence, and subpena witnesses, examine them under oath and require the production of any books, papers, or other documents which the Commission deems relevant or material to the investigation or inquiry. Such attendance of witnesses, and the production of such documentary evidence, may be required from any place in the United States or any Territory at any designated place of hearing.

SEC. 15. The district courts of the United States, the district courts of Alaska, Hawaii, Puerto Rico, Canal Zone, and the Virgin Islands, and the Supreme Court of the District of Columbia, shall have jurisdiction of offenses and violations under this act and under the rules and regulations promulgated by the Commission in respect thereto; and of all suits in equity and actions at law brought under this act. Judgments and decrees so rendered shall be subject to review as provided in sections 128 and 240 of the Judicial Code, as amended (U.S.C., title 28, secs. 225 and 345).

In case of contumacy or refusal to obey a subpena issued to any corporation or other person, any of the courts heretofore named in this section within the jurisdiction of which the corporation or other person guilty of contumacy or refusal to obey resides or carries on business may issue an order requiring such corporation or other person to appear before the Commission, or one of its examiners designated by it, there to produce documentary evidence if so ordered, or there to give evidence touching the matter in question; and any failure to obey any such order of the court may be punished by said court as a contempt thereof.

Upon application of the Attorney General of the United States, at the request of the Commission, the said courts shall have jurisdiction to issue writs of mandamus commanding any person or corporation to comply with the provisions of this act or any order of the Commission made in pursuance thereof.

SEC. 16. Any person who shall willfully violate any of the provisions of this act, or the rules and regulations promulgated by the Commission pursuant thereto, shall, upon conviction, be fined not more than $5,000 or imprisoned not more than 5 years, or both; and any officer, director, or agent or any corporation who knowingly participates in such violation shall be punished by a like fine or imprisonment, or both.

SEC. 17. The necessary appropriations for the purpose of carrying out the provisions of this act are hereby authorized. All moneys derived from the fees imposed by the provisions of this act shall be paid into the Treasury to the credit of miscellaneous receipts.

SEC. 18. If any provisions of this act, or the application of such provision to any person or circumstance, shall be held invalid, the remainder of this act, or the application of such provisions to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

SEC. 19. This act shall take effect 90 days after its approval.

During the reading of the amendment,

Mr. COUZENS. Mr. President, the clerk is reading the entire amendment, which is a substitute for the original bill. It seems to me that we cannot legislate simply by reading the bill. I suggest that the chairman of the committee explain to the Senate just what the bill contemplates and what each paragraph means. We will have no chance to amend it, as it is all one amendment, if we agree to the amendment. The matter will then be closed.

The VICE PRESIDENT. The amendment is open to amendment.

Mr. FLETCHER. The amendment itself is open to amendment.

Mr. COUZENS. Yes; but if there is no explanation, we cannot understand the bill by hearing it read through as the clerk is reading it.

Mr. FLETCHER. As I understand the rule, we have to read the bill unless consent is granted to dispense with the reading. I am willing to ask unanimous consent that the formal reading of the bill may be dispensed with.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the formal reading of the bill is dispensed with. The question is on agreeing to the amendment reported by the committee.

Mr. FLETCHER. In a general way, Mr. President, I need not say, for Senators are familiar with the conditions, that for some years past there have been offered to the public various securities, foreign and domestic, by various concerns, corporations, organizations, and what not. Such securities have been disposed of to the public in a loose and haphazard sort of way. Bankers, brokers, syndicates, and financial institutions have been handling them, and superpowered agents have been selling them. People have been persuaded to invest their money in securities without any information respecting them, except the advertisements put forth by the agents or representatives of those issuing the securities, and such advertisements have not given full information to the public. The result was that we had a

saturnalia of speculation throughout the country, almost as far back as 1920, and certainly during 1927, 1928, 1929, and 1930. People were persuaded to put their money into these investments sometimes because they were attracted by the high rates of interest and often because they were told that the price of the securities would go up and they would make money easily and rapidly by investing in them.

Some persons, under some circumstances, have been persuaded to dispose of perfectly good securities and invest in worthless securities which were offered to them by agents all over the country. There are instances which were brought out by the testimony before the committee where widows who owned Liberty bonds, having invested the accumulations of a lifetime in such bonds, were persuaded by some of these agents to sell their bonds and invest their all in valueless securities by all sorts of misrepresentations, such as that they were bound to increase in value, that returns would be considerable, and all that sort of thing. There are instances where persons who had savings deposits were inveigled into withdrawing those deposits and investing in worthless securities. It is estimated that something like $90,000,000,000 in the hands of people have during recent years been invested in such securities, most of which have become practically worthless.

The idea is that, in the first place, these securities move in interstate commerce. It is therefore, on the commerce clause of the Constitution that we base our jurisdiction with respect to this proposed legislation. The securities also move in the mails, and it is under the postal laws of the country that Congress has further jurisdiction to legislate in this connection. Acting under those two provisions of the Constitution, we have undertaken to impose certain restrictions and to provide certain regulations in reference to securities that are being offered to the public throughout the country from time to time.

We have no Federal legislation covering this situation, and so, in order to protect the public and in order to protect investors, this bill has been devised. We gave lengthy hearings on it, hearings extending over weeks, and finally reached the conclusion to amend, in many respects, the original bill that had been introduced; in fact, in so many respects that we reported a new bill as a substitute for the original bill.

The purpose of the bill is to protect the investing public and honest business. The basic policy is that of informing the investor of the facts concerning securities to be offered for sale in interstate and foreign commerce and providing protection against fraud and misrepresentation. That is the general purpose of the bill. The aim is to prevent further exploitation of the public by the sale of unsound, fraudulent, and worthless securities through misrepresentation; to place adequate and true information before the investors; to protect honest enterprise, seeking capital by honest presentation, against the competition afforded by questionable securities offered to the public through crooked promotion; to restore the confidence of the prospective investor in sound securities; to bring into productive channels of industry and development capital which has grown timid to the point of hoarding; and to aid in providing employment and in restoring buying and consuming power. Those are the general purposes of the bill, and we have endeavored to write a piece of proposed legislation which will bring about that result.

There is need for such legislation. The President in his special message called attention to such need and pointed out the demand for this kind of legislation. The President said:

> I recommend to the Congress legislation for Federal supervision of traffic in investment securities in interstate commerce.
>
> In spite of many State statutes the public in the past has sustained severe losses through practices neither ethical nor honest on the part of many persons and corporations selling securities.
>
> Of course, the Federal Government cannot and should not take any action which might be construed as approving or guaranteeing that newly issued securities are sound in the sense that their value will be maintained or that the properties which they represent will earn profit.

We have endeavored to accomplish all those purposes. It is expressly provided in the bill that the Government shall not be responsible as to guaranteeing the value of the securities offered. We provide, in the first place, for registration. Any concern, corporation or what not, desiring to issue securities must register with the Federal Trade Commission and furnish facts with reference to the securities offered. An inquiry is made by the Federal Trade Commission, and then, after the registration takes place, they are authorized to issue the securities, without the Government guaranteeing their value at all, but with the requirement that information shall be furnished to the public generally as to the character of what is offered and what is back of it.

That is the prime purpose of the first portion of the bill. There are other provisions with reference to punishment for fraud and with reference to the civil liability of those who issue securities. One of the chief differences, I think, between the House bill and the Senate bill is that the House bill rather limits this liability and makes a corporation and its directors, or what not, applying for the registration of securities, seeking the authorization of the Commission, liable civilly for any damage or loss that may arise by reason of misrepresentation or lack or omission as to representation with respect to the securities and the facts. The House bill, as I recall, limits the liability to those who have not acted in good faith; in other words, it provides that people signing the application for registration and obtaining the registration document shall not be liable if they act in good faith upon reasonable judgment and information.

Mr. WHEELER. Mr. President——

Mr. FLETCHER. I yield to the Senator from Montana.

Mr. WHEELER. Will the Senator tell me, if he can, how this measure will change or modify in any way the present laws upon the statute books with reference to using the mails to defraud?

Mr. FLETCHER. It seeks to apply those laws to the conditions which may arise hereafter.

Mr. WHEELER. I was going to say to the Senator that we have, of course, upon the statute books at the present time a provision preventing the use of the mails to defraud. Practically every single one of the fraudulent transactions involving the sale of worthless stocks or worthless bonds could have been prosecuted heretofore under the law which is on the statute books today. In other words, those issuing securities do not have to make misrepresentation in writing in order to come under the provisions of the present law. If salesmen go out at the present time and make misrepresentations to someone and then send the securities through the mail or send anything else through the mail, they can be prosecuted for using the mails or for conspiracy to use the mails to defraud.

One of the difficulties, it seems to me, is that we have not enforced the laws that are already upon the statute books relating to these matters. The Department of Justice has been absolutely derelict in its duty in connection with these fraudulent transactions and fraudulent security sales. It seems to me there ought to be, by the present Department of Justice, some vigorous prosecutions on a large scale for using the mails to defraud in many of these cases, not only by the promoters of the organizations, but likewise of some of the bankers who knew the condition of the bonds when they sold them. In my humble judgment, if a few outstanding cases were prosecuted by the Department of Justice, by the present Attorney General, it would do more to stop that sort of practice than all the legislation we could enact upon the subject. The trouble is we do not get any prosecution in these matters.

Mr. FLETCHER. Mr. President, I think there is a great deal in what the Senator from Montana has said. Under the provisions of the bill we do not in anywise restrict or limit or weaken the laws already on the statute books. We are trying to cover instances where there seem to be loopholes and means of escape, and to apply the measure particularly to the matter of dealing in securities. Of course, a great deal of fraud has been committed, not entirely through the use of the mails, but by the agents going out over the country and making oral representations with respect to securities. A practice has been to put these agents through

a sort of school and teach them how to sell securities, what to say, how to approach and what to say to prospective purchasers. This was done by underwriters' syndicate managers in order to reach the public

Mr. WHEELER. I have had occasion to prosecute cases of that identical character where special agents went out and made false representations and then the bonds were sent through the mails. That furnishes a basis upon which United States district attorneys in the various States can prosecute at the present time. So far as I know they have not taken any of the outstanding cases, but have used the law that is upon the statute books to prosecute some little insignificant promoter of some mining stock. In one instance they picked out Dr. Cook, who sold some oil stock or something of that kind. However, the United States district attorneys have not picked out any of the men who have been carrying on these matters on a gigantic scale. If they would make an example of two or three of those outstanding cases they would do more to stop that sort of business than anything else I know of.

Mr. FLETCHER. Mr. President, I have no doubt there is much in what the Senator said. It would have a very wholesome effect if there were prosecutions such as he indicates. The bill rather strengthens and broadens the authority to proceed in such instances. I think it would be helpful in that connection.

I do not wish to take the time of the Senate in relating the circumstances and conditions which have been obtaining, how the people have been defrauded, and why we ought to legislate so as to protect the public and the investors. That is the purpose of the bill. We could give instances without number of frauds that have been perpetrated. We could give instances of foreign securities that have been sold in this country which ought never to have been permitted to be sold here at all. We have tried to reach that situation, not through operations on foreign governments but through operations upon the agents representing such securities. I think we have fairly well taken care of that situation.

I hope we may proceed with the bill.

MUSCLE SHOALS

Mr. NORRIS. Mr. President, I want to take the time of the Senate for a few moments to discuss a matter not directly connected with the measure now before the Senate.

In the course of the debate on the so-called "Muscle Shoals bill" and particularly with relation to one of the amendments offered by the Senator from Alabama [Mr. BANKHEAD], and more recently in the newspapers, a great deal was said about the widow and the orphan who own stock in corporations which own transmission lines and how we are going to ruin them by the passage of the Senate bill. Right now while the bill is in conference between the House and the Senate, a Power Trust propaganda is being carried on, not only by men who are here visiting Washington and buttonholing Senators and Representatives but by Power Trust newspapers. I want to read an editorial from the Birmingham News, and then I am going to answer the editorial and show how false it is. The heading of the editorial is—

The adjustment of differences between the Hill and Norris bills.

The editorial itself reads as follows:

Now that the Tennessee Valley legislation will go to conference committee to iron out the differences between the Hill bill passed by the House and the Norris bill passed by the Senate, definite action on Muscle Shoals seems certain after many years of delay. The differences between the two measures are of large importance to Alabama for many reasons, not the least of which lies in the interests of the thousands of holders of preferred stocks of the Alabama Power Co., and the thousands more who are policyholders in insurance companies or depositors in savings banks having heavy investments in the company's bonds.

Just remember that is point no. 1 that is made by the editorial—

The Alabama delegation in the House, led by Representative HILL, made a gallant fight for the bill as finally passed by that body. Senator BANKHEAD made an equally gallant but less successful fight in the Senate to obtain the concurrence of that body to those provisions of the House bill which required that efforts to make satisfactory contracts for the sale of power be exhausted before Government construction of transmission lines shall be undertaken.

The position assumed by the Alabama representatives in the House and Senate is essentially sound and fair, in the interest of the people as a whole and particularly of the people of the Muscle Shoals district.

Section 13 of the Hill bill declares, in language taken verbatim from the New York power authority act, the Roosevelt policy in that State: "That the project herein provided for shall be considered primarily as for the benefit of the people of the section as a whole and particularly the domestic and rural consumers to whom the power can economically be made available, and accordingly that sale to and use by industry shall be a secondary purpose, to be utilized principally to secure a sufficiently high load factor and revenue returns which will permit domestic and rural use of electricity."

That is something that the Senate bill does not for a single moment seek to destroy or take away, but it carries it out, I think, in the most effective manner that has been proposed. Yet the implication is that the Senate bill would take away from home owners the right to use electricity that would come from the Government-owned dam.

The editorial continues:

The adoption of this principle would mean that industry would carry a large part of the burden and that the balance of available power would be turned over to domestic and rural consumers at much lower rates than if no power were to be used locally at Muscle Shoals.

There are thousands of patriotic citizens of Alabama who will hope earnestly that in the conference committee report the principles so ably advocated by Representative HILL and Senator BANKHEAD, principles directly in line with President Roosevelt's campaign speeches, his actions as Governor of New York, and the statements made by him in his book recently published, will be permitted to govern.

While the matter was before the Senate I said on the floor that I would be willing to resign at once from the Senate if the Senator from Alabama [Mr. BANKHEAD] would bring here a statement from President Roosevelt that he favored the Bankhead amendment. That offer is good yet. I want to assert that it cannot be done. I want to assert that these intimations that President Roosevelt wants the House bill passed are untrue.

When we were discussing transmission lines I said that the Senate bill authorizes the corporation to lease transmission lines, to buy transmission lines of the private companies, to purchase transmission lines, and to build transmission lines. It provides that the corporation may lease to private companies the transmission lines which they build, if they can do so. But the advocates of the House bill did not have enough friends in the Senate when the transmission amendment was about to be voted on even to get a roll call. The matter was practically unanimous.

The House bill provides that before the Government corporation can build a foot of transmission line it must first negotiate with private companies to build transmission lines. I called attention to what that would mean. I called attention to the fact that it would mean there would be no transmission lines built by the Government except at the end of lawsuits which would be carried to the Supreme Court of the United States. Under the terms of the House bill, Uncle Sam must first go to the Power Trust and negotiate. Uncle Sam, with his hands tied by law if the Congress should enact the House bill, must go on bended knees to the Power Trust and say, "For God's sake let me build transmission lines. Let me connect the Government's generating plant at Muscle Shoals with the other Government generating plant at Cove Creek."

Uncle Sam would plead on his knees to the Power Trust with his manacled hands upraised, and say, "I have to talk with you first before I can build this line." Uncle Sam would say, "I own a generating system at Muscle Shoals. I own a generating system at Cove Creek Dam. Let me connect them with a transmission line; will you, Mr. Power Trust?" The Power Trust would say, "Why, Uncle Sam, I will negotiate with you. I will have to take it up with my subsidiaries. I will take it up with the Alabama Power Co. I will take it up with the Tennessee Power Co. I will take it up with the Georgia Power Co. I will take it up in Wall Street with the

Electric Bond & Share Co. I will take it up with Mr. Insull and his companies; and when I get through negotiating with you, maybe we can reach an agreement."

If Uncle Sam says, "No; I cannot wait. I need this power down there at Cove Creek to build the dam. It is going to waste at Muscle Shoals. I want a transmission line at once, in order that I may do that," and he starts to build it, the Power Trust will commence an injunction suit in the Federal court. The Power Trust have not a good case; I concede that; but they can make a mighty good one on paper. This corporation will allege on paper that Uncle Sam has not negotiated as the law requires. They will say, further, "He is taking away our property by building a line that lessens the value of our line, and under the fifth amendment to the Constitution that is taking away property without just compensation and without due process of law." They will get an injunction on those grounds, and they will go to the Supreme Court. Perhaps they will get beaten all the way, but in the end Cove Creek dam will have been built; 2 or 3 years will have passed, and this governmental corporation will have been compelled to buy electric power of the Power Trust to build Cove Creek Dam when it has more than it needs going to waste, getting nothing for it, at Muscle Shoals.

That is what will happen. That is what I said would happen. I am not an engineer, however, and I am going to read you some expert evidence on this subject. It did not come from me. It came from an engineer whose services were utilized by the House Military Affairs Committee in framing this bill. He was advised with by the chairman of the House committee. He wrote a letter to the chairman of the House committee. He sent me a copy of the letter, so I received the letter from the man who wrote it.

The letterhead reads as follows:

J. EDWARD CASSIDY, M.Am.Soc. C.E.,
CONSULTING ENGINEER,
1300 Vermont Avenue, NW., Washington, D.C., May 7, 1933.

That was yesterday.

Hon. J. J. MCSWAIN,
Chairman House Military Affairs Committee,
Washington, D.C.

MY DEAR MR. MCSWAIN: In the coming conference between the House and Senate on the subject of Muscle Shoals there is a most vital factor which must receive careful consideration, and that is the matter of transmission lines.

This is an engineer talking.

I have previously pointed out that a connecting transmission line between Muscle Shoals and Cove Creek is not only essential but it is vital—this line in reality being a long bus-bar between the two dams. This transmission line is as much a part of the two generating units as the concrete which is in the dams.

That is what this engineer says. That is what the Power Trust does not want. That is what we cannot get if we pass the House bill.

Reading further:

There is not another power project in the world where the peculiar relationship that exists between Cove Creek and Muscle Shoals is found, and it is the interdependence which places a special necessity on this line.

It does not take an engineer to see that necessity. No private party, no municipality, no one on earth would be so silly as to build two generating plants within transmission distance of each other and not connect them with a wire.

I read on:

The construction of this line is mandatory—

Says this engineer—

under the Senate amendments—

Let me read that again:

The construction of this line is mandatory under the Senate amendments, and to practical intents is eliminated in the House bill.

The House bill provides for its building, but it circumscribes it with the various technicalities that I have heretofore outlined.

Let me read further from this engineer's letter:

The Tennessee Power Co. in the April hearings—

This meets another point made in this editorial:

The Tennessee Power Co. in the April hearings strongly opposed the construction of this line, expressing a desire to enter into working arrangements for the use of their lines. I have made a careful study of their lines, and any attempt to hook up the two dams by the use of their lines would be an abortion—their lines do not have the capacity and the hook-up would be a makeshift, to say the least. Owing to the special conditions which surround this hook-up, this line must be a heavy duty one—not less than 154,000 volts—and from an economic standpoint should not follow the rivers, but cut across on approximately a straight line, as I have indicated on the special map which went to the President with my brochure on January 19, 1933.

So it is evident that this man has been consulting with the President about it.

He says further:

Two things would happen if a patched-up hook were made between these two dams over Tennessee Power Co. lines. One of these is that nothing but grief and trouble could result; and secondly, the power company would get a large amount of power without paying a cent for it. The power people, when an attempt was made to get some idea from them as to how much power from the Wilson Dam—

That is Dam No. 2—

went to companies in other States, emphasized the fact that they could not tell inasmuch as you could not tag and label power once it was fed into transmission lines. That is true to such an extent that if Cove Creek and Wilson Dams were hooked up by transmission and distribution lines of the Tennessee Power Co. not even the recording angel could tell how many millions of hours of energy they would get without paying a cent for it. I have little doubt but what they would be perfectly delighted to build a complete transmission line under such conditions—

Now, listen:

because they could get enough free power every year to pay for the line several times over.

That is what this engineer says—their engineer, not mine. Reading on:

Since the House bill was redrafted in executive session I have studied carefully every provision in it from the technical and operating points of view, and to my mind from an operating and economic standpoint it is absolutely essential that the House recede from its stand on the transmission features. I do not believe that the board which will control the policies of the Tennessee Valley authority will have "death and destruction" for their motto, and that they will conduct the affairs with which they are charged in a sound business way without setting out to destroy any kind or class of industry.

Since the bill passed the Senate, I have heard the fear expressed that under the Senate amendment relative to power transmission the authority could proceed to wreck all of the power companies in that area and would probably proceed along those lines in a ruthless way. I do not believe that the board the President will appoint will attempt to embark on a campaign of industrial sabotage, and I feel sure that if they did the President would take a hand in it without delay.

Along the same line, I have heard it expressed (not by Members of Congress) that in drafting the transmission and distribution features of his bill, Senator NORRIS had in mind the practical destruction of existing power companies.

Every word of that, 100 percent, is false, and always has been; and every man who has had anything to do with me in the drafting of this legislation and the fight that has been going on for 12 years knows that there is not a scintilla of truth in it.

I read on:

That Senator NORRIS was not imbued with the idea of "death and destruction" is apparent in the extremely liberal provisions he made in his bill for hook-ups and interchange of power with private companies—these provisions being very broad and certainly very liberal.

And you have only to read the Senate bill to know it. Authority is given in the Senate bill to lease transmission lines, and then to lease to private companies transmission lines which the Government owns. Authority is given to make hook-ups with all private companies, to have them hooked up all the time, ready for accidents or anything of that kind that may happen to either system. Nowhere in the bill is there a word or a syllable that any honest man can construe to mean that we are trying to destroy other lines.

I read on:

To my mind, if there is any sting in the authority given the board in regard to the construction of transmission lines by the Senate amendments, this is more than compensated for in the

liberal provisions for the hook-up and interchange of power with private companies.

It is to be assumed that the board appointed by the President will be composed of men of experience, and in case no member of the board is technically trained, the necessary technical advisers will be arranged for. In either case it is to be assumed that good business judgment will be exercised in the disposition of surplus power, and that where the interests of the public will be conserved and the intents of the legislation carried out there is little doubt but what amicable arrangements will be entered into with private interests relative to the distribution of power. However, as I interpret the language of the House bill, the restrictions and limitations of the transmission provisions are such as to give the private power companies a club over the board which would to a large extent "hamstring" it in the effort to provide cheaper power to the ultimate consumer.

I am not trying to put a construction on the provision not in it, but I am trying to interpret it as I would if I were a member of the board trying to carry out the mandate of the Congress. It is on these grounds I feel that the House must recede very materially from the language it wrote into the bill.

Now, Mr. President, he is going to answer another claim, the one about widows and orphans. Now he is going to tell what happened to the market after the Senate bill was passed. It was said that if we enacted the Senate bill the widows and orphans who owned stocks and bonds in the various companies were going to lose everything they had. Let us see what happened. I read further:

During the hearings, April 11–15, the power interests painted a most direful picture of the destructive effect of legislation such as was contemplated, with especial reference to the preferred stocks and bonds held by widows and orphans, and in this connection it is of interest to note that when the House passed H.R. 5081, the preferred stock of the Commonwealth & Southern—

That is a holding company, controlling companies all over the territory down in Alabama, Georgia, and Tennessee—

the preferred stock of the Commonwealth & Southern was selling at $21.50 per share. By the time the bill passed the Senate the selling price had gone up to $28.50, and since the bill passed the Senate the price has gone up to $33.875—

Oh, think of these widows and orphans. Think of these poor children left alone, suffering, having their life savings wiped out by this act of Congress, this cruel Senate bill. As a matter of fact their stock all took a jump the minute the Senate bill was passed—

By the time the bill passed the Senate the selling price had gone up to $28.50, and since the bill passed the Senate the price has gone up to $33.875, or more than $5 a share since the Senate acted. The indications are that the owners are not overly scared.

Yours very truly,

J. EDWARD CASSIDY,
Consulting Engineer.

Mr. President, I think that right at this time, when all over this city, especially on this Hill, there are all sorts of innuendos and all sorts of propaganda which the Power Trust is hurling at us and the House, it is proper that I should call attention now, right while they are obstructing, to the fact that editorials such as I have read from the Birmingham News and others, which are going to deluge the House of Representatives in the next day or so, are based on a false theory. They know it is false. They know it is untrue.

What, then, is their motive? Nothing under God's heaven is left except for them to admit the truth, that they are owned and controlled by the Power Trust.

PROTECTION OF INVESTORS

The Senate resumed the consideration of the bill (S. 875) to provide for the furnishing of information and the supervision of traffic in investment securities in interstate commerce.

Mr. FLETCHER. Mr. President, I wish to propose an amendment to come on page 37, lines 1 and 2, to strike out the words "with respect to each other class."

Mr. NYE. Mr. President, a Member of the Senate who is not in the Chamber at present requested that he be notified when the Senator from Nebraska had concluded. I therefore suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. LOGAN in the chair). The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Kean	Reynolds
Ashurst	Cutting	Kendrick	Robinson, Ark.
Austin	Dale	Keyes	Robinson, Ind.
Bachman	Dickinson	King	Russell
Bailey	Dieterich	La Follette	Sheppard
Bankhead	Dill	Logan	Shipstead
Barkley	Duffy	Lonergan	Smith
Black	Erickson	McAdoo	Steiwer
Bone	Fess	McCarran	Stephens
Borah	Fletcher	McGill	Thomas, Okla.
Bratton	Frazier	McKellar	Thomas, Utah
Brown	George	McNary	Townsend
Bulow	Glass	Metcalf	Trammell
Byrd	Goldsborough	Murphy	Tydings
Byrnes	Gore	Norbeck	Vandenberg
Capper	Hale	Norris	Van Nuys
Caraway	Harrison	Nye	Wagner
Carey	Hastings	Overton	Walcott
Connally	Hatfield	Patterson	Wheeler
Coolidge	Hayden	Pittman	White
Copeland	Hebert	Pope	
Costigan	Johnson	Reed	

The PRESIDING OFFICER. Eighty-six Senators having answered to their names, there is a quorum present.

Mr. FLETCHER. I ask to have stated the amendment I have offered.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 37, line 1, after the word "class" and the comma, the Senator from Florida proposes to strike out the words "with respect to each other class", so as to read:

(4) A statement of the capitalization of the issuer, including the authorized and paid up amounts of its capital stock, the number and classes of shares into which such capital stock is divided, the par value thereof, or if it has no par value, the stated or assigned value thereof; a description of the respective voting rights, preferences, conversion and exchange of rights, rights to dividends, profits, or capital of each class, including the retirement and liquidation rights or values thereof.

The amendment to the amendment was agreed to.

Mr. FLETCHER. Mr. President, on page 38, line 21, after the word "investment", I move to insert the words "and the net amount received or to be received thereafter by the issuer", so as to read:

A detailed statement of the plan upon which the issuer proposes to dispose of the securities offered for registration, the price at which they are offered to the public, the net amount returnable to capital investment, and the net amount received or to be received thereafter by the issuer.

The amendment to the amendment was agreed to.

Mr. FLETCHER. On page 47, line 22, after the word "investment", I move to insert the same words "and the net amount received or to be received thereafter by the issuer", so as to read:

The price at which it is offered to the public, the net amount to be returned to capital investment, and the net amount received or to be received thereafter by the issuer.

The amendment to the amendment was agreed to.

Mr. FLETCHER. On page 47, line 23, after the words "amount of", to insert the words "discount, rebate," so as to read:

The price at which it is offered to the public, the net amount to be returned to capital investment, and the net amount received or to be received thereafter by the issuer, as well as the maximum amount of discount, rebate, commission, or other form or remuneration to be paid in cash or otherwise, directly or indirectly, for or in connection with the sale or offering for sale of such securities.

The amendment to the amendment was agreed to.

Mr. FLETCHER. On page 52, lines 18 and 19, I move to strike out the words "or other public utility", so as to read:

(b) Any security issued by and representing an interest in or a direct obligation of any common carrier subject to regulation or supervision as to the issue of its securities or its accounts by a commission, board, or officers of the Government of the United States; or any such security issued by any national bank; or by any corporation created and controlled by and acting as an instrumentality of the Government of the United States pursuant to authority granted by the Congress of the United States.

The amendment to the amendment was agreed to.



Mr. JOHNSON. Mr. President, as I understand it, the committee amendments have all been acted on.

Mr. FLETCHER. That completes the committee amendments.

Mr. ADAMS. Mr. President, I want to offer an amendment.

Mr. JOHNSON. I have an amendment to offer, but if the Senator's amendment will not take very long to consider, I will yield to him.

Mr. ADAMS. It is a small amendment.

Mr. JOHNSON. I yield.

Mr. ADAMS. On page 29, lines 23 and 24, I move to strike out the words "when such paper is not offered or intended to be offered for sale to the public."

The matter has been discussed with the Senator from Florida [Mr. FLETCHER], and it is intended to protect from the operation of the act certain paper which should not be included along with commercial paper, since it merely circulates among banks, instead of the general public.

Mr. FLETCHER. I think it is a very good amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

Mr. JOHNSON. Mr. President, I have an amendment which I think is of some importance, and I would be very glad, indeed, if the Members of the Senate would give it their attention.

The PRESIDING OFFICER. The amendment offered by the Senator from California will be stated.

The CHIEF CLERK. The Senator from California moves as follows:

To add to the bill a new title, to be known as "title II", as follows:

"TITLE II

"SEC. 201. For the purpose of protecting, conserving, and advancing the interests of the holders of foreign securities in default, there is hereby created a body corporate with the name 'Corporation of Foreign Security Holders' (herein called the 'Corporation'). The principal office of the Corporation shall be located in the District of Columbia, but there may be established agencies or branch offices in any city or cities of the United States under rules and regulations prescribed by the board of directors.

"SEC. 202. The control and management of the Corporation shall be vested in a board of 12 directors, who shall be appointed and hold office in the following manner: As soon as practicable after the date this act takes effect the commission shall appoint 12 directors, and shall designate a chairman and a vice chairman from among their number. After the directors designated as chairman and vice chairman cease to be directors, their successors as chairman and vice chairman shall be elected by the board of directors itself. Of the directors first appointed, 4 shall continue in office for a term of 2 years, 4 for a term of 4 years, and 4 for a term of 6 years from the date this act takes effect, the term of each to be designated by the commission at the time of appointment. Their successors shall be elected by the board of directors, each for a term of 6 years from the date of the expiration of the term for which his predecessor was appointed, except that any person appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed only for the unexpired term of such predecessor. No person shall be eligible to serve as a director who within the 5 years preceding has had any interest, direct or indirect, in any corporation, company, partnership, bank, or association which has sold, or offered to sale, any foreign securities. The office of a director shall be vacated if the board of directors shall at a meeting specially convened for that purpose by resolution passed by a majority of at least three fourths of the board of directors, remove such member from office, provided that the member whom it is proposed to remove shall have 7 days' notice sent to him of such meeting and that he may be heard.

"SEC. 203. The Corporation shall have power to adopt, alter, and use a corporate seal; to make contracts; to lease such real estate as may be necessary for the transaction of its business; to sue and be sued; to complain and to defend, in any court of competent jurisdiction, State or Federal; to require from trustees, financial agents, or dealers in foreign securities information relative to the original or present holders of foreign securities and such other information as may be required and to issue subpenas therefor; to take over the functions of any fiscal and paying agents of any foreign securities in default; to borrow money for the purposes of this title, and to pledge as collateral for such loans any securities deposited with the Corporation pursuant to this title; by and with the consent and approval of the Commission, to select, employ, and fix the compensation of officers, directors, members of committees, employees, attorneys, and agents of the Corporation, without regard to the provisions of other laws applicable to the employment and compensation of officers or employees of the United States; to define their authority and duties, require bonds of them and fix the penalties thereof, and to dismiss at pleasure such officers, employees, attorneys, and agents; and to prescribe, amend, and repeal, by its board of directors, bylaws, rules, and regulations governing the manner in which its general business may be conducted and the powers granted to it by law may be exercised and enjoyed, together with provisions for such committees and the functions thereof as the board of directors may deem necessary for facilitating its business under this title. The board of directors of the Corporation shall determine and prescribe the manner in which its obligations shall be incurred and its expenses allowed and paid.

"SEC. 204. The board of directors may—

"(1) Convene meetings of holders of foreign securities.

"(2) Invite the deposit and undertake the custody of foreign securities which have defaulted in the payment either of principal or interest, and issue receipts or certificates in the place of securities so deposited.

"(3) Appoint committees from the directors of the Corporation and/or other persons to represent holders of any class or classes of foreign securities which have defaulted in the payment either of principal or interest and determine and regulate the functions of such committees. The chairman and vice chairman of the board of directors shall be ex officio chairman and vice chairman of each committee.

"(4) Negotiate and carry out, or assist in negotiating and carrying out, arrangements for the resumption of payments due or in arrears in respect of any foreign securities in default or for rearranging the terms on which such securities may in future be held or for converting and exchanging the same for new securities or for any other object in relation thereto; and under this paragraph any plan or agreement made with respect to such securities shall be binding upon depositors, providing that the consent of holders resident in the United States of 60 percent of the securities deposited with the Corporation shall be obtained.

"(5) Undertake, superintend, or take part in the collection and application of funds derived from foreign securities which come into the possession of or under the control or management of the Corporation.

"(6) Collect, preserve, publish, circulate, and render available in readily accessible form, when deemed essential or necessary, documents, statistics, reports, and information of all kinds in respect of foreign securities, including particularly records of foreign external securities in default and records of the progress made toward the payment of past-due obligations.

"(7) Take such steps as it may deem expedient with the view of securing the adoption of clear and simple forms of foreign securities and just and sound principles in the conditions and terms thereof.

"(8) Generally, act in the name and on behalf of the holders of foreign securities the care or representation of whose interests may be entrusted to the Corporation; conserve and protect the rights and interests of holders of foreign securities issued, sold, or owned in the United States; adopt measures for the protection, vindication, and preservation or reservation of the rights and interests of holders of foreign securities either on any default in or on breach or contemplated breach of the conditions on which such foreign securities may have been issued, or otherwise; obtain for such holders such legal and other assistance and advice as the board of directors may deem expedient; and do all such other things as are incident or conducive to the attainment of the above objects.

"SEC. 205. The board of directors shall cause accounts to be kept of all matters relating to or connected with the transactions and business of the Corporation, and cause a general account and balance sheet of the Corporation to be made out in each year, and cause all accounts to be audited by one or more auditors, who shall examine the same and report thereon to the board of directors.

"SEC. 206. The Corporation shall make, print, and make public an annual report of its operations during each year, send a copy thereof, together with a copy of the account and balance sheet and auditor's report, to the Commission and to both Houses of Congress, and provide one copy of such report but not more than one on the application of any person and on receipt of a sum not exceeding $1: *Provided*, That the board of directors in its discretion may distribute copies gratuitously.

"SEC. 207. The Corporation may in its discretion levy charges, assessed on a pro rata basis, on the holders of foreign securities deposited with it, provided that any charge levied at the time of depositing securities with the Corporation shall not exceed one fifth of 1 percent of the face value of such securities, and provided further that any additional charges shall bear a close relationship to the cost of operations and negotiations, including those enumerated in sections 203 and 204, and shall not exceed 1 percent of the face value of such securities.

"SEC. 208. The Corporation may receive subscriptions from any person, foundation with a public purpose or agency of the United States Government, and except that such subscriptions may, in the discretion of the board of directors, be treated as loans repayable when and as the board of directors shall determine.

"SEC. 209. The Reconstruction Finance Corporation is hereby authorized to grant out of its funds the sum of $50,000 annually for 3 years for the use of the Corporation.

"SEC. 210. This title may be cited as the 'Corporation of Foreign Bondholders Act, 1933.'"

Mr. JOHNSON. Mr. President, in the matter of the control of foreign securities, we are thrice blessed in the matter

of bills designed to protect in the future their issuance and their sale. I would be very glad if our friends on the other side would give me their attention if they are not familiar with the amendment I now present; if they are familiar with the amendment, I do not ask their attention; but if they are not, I would be very glad if they would give me their attention for a brief period.

The measure that is proposed today by the Senator from Florida [Mr. FLETCHER] is wise and salutary. There have been three bills of this character before the Congress, one of which I originally introduced, and that has been reported favorably by the Judiciary Committee; the second of which, termed the "Rayburn bill", has been passed by the House; and the third, introduced by the Senator from Arkansas [Mr. ROBINSON] for the Senator from Arizona [Mr. ASHURST] and approved by the Committee on Banking and Currency, comes to us today.

Any one of the bills is good. Although I was interested in the subject before most of those here gave it attention at all, it is a matter of no consequence to me whose bill may be enacted, whether it be the one or the other. I should like to prevent in the future a recurrence of what has happened in the past.

It was demonstrated, and demonstrated conclusively, before the Finance Committee a year or so ago that there had been sold in this country foreign securities—and with them particularly do I deal—which some of those who offered them for sale, supposedly great reputable banking houses, knew full well would probably be defaulted and probably never would be paid; and yet with knowledge before them by reports of their own investigators, with knowledge before them of reports upon the financial condition of various nations whose securities they were selling, knowing, as I say, that there would probably never be realized upon those bonds a tithe of what the American people were paying for them, by means of high-powered salesmanship, and with a kind of prospectus that none of us, indeed, would indulge or countenance, they were able to palm off upon the American public literally some billions of dollars worth of foreign securities, and thus practically—aye, literally—rob the American people and the investing public. The bills which have been presented, including the one which has come before us today, are designed to prevent a recurrence of that sort of wrong in the future, and they will accomplish what ought to have been accomplished long, long ago—a mode by which publicity may be had concerning the securities which are offered for sale, by which liability may be attached to those who offer them, and by which there may finally be protection for the investing American public.

I seek to do another thing by this amendment. We seek now, all of us, to shut the door of the stable after the horse is gone and to protect our people in the future, a high duty, indeed, and one which ought to be performed. I am trying by the creation of a public corporation, within the structure of the protective system provided for in the pending bill, to give some place the swindled investor may go for the deposit of his particular security and receive the aid of the organization thus created.

Mr. ADAMS. Mr. President, may I interrupt to ask the Senator from California two questions?

The PRESIDING OFFICER (Mr. BARKLEY in the chair). Does the Senator from California yield to the Senator from Colorado?

Mr. JOHNSON. I yield.

Mr. ADAMS. The Senator from California is speaking of the creation of a corporation. His amendment provides, if I have read it correctly, for the appointment of a board of directors of the new corporation by the Federal Trade Commission. Then it provides that from that time on the board of directors shall appoint its own successors; that is, it is to be self-perpetuating. I am wondering why the appointment is to be vested in the Federal Trade Commission?

Mr. JOHNSON. The bill before us provides that there shall be a commission, which shall in the future endeavor to protect investors. That commission has been fixed as the Federal Trade Commission. Personally, I did not prefer that at all; I should have preferred the commission proposed to be created in the bill introduced by me and reported by the Judiciary Committee. I took the three heads of departments that have dealt and are dealing with this subject, and those three heads of departments—the Secretary of State, the Secretary of Commerce, and the chairman of the Federal Reserve Board—are made the commission in the bill I introduced, favorably reported by the Judiciary Committee, which would deal with the subject in the future; but I did not want, in any degree, to interfere with the bill that has been reported from the Banking and Currency Committee; and so I have taken now the commission that the Banking and Currency Committee bill creates, and that commission which will deal with the subject in the future is the Federal Trade Commission. I have given them the right of appointment of the directors, in the first instance, of course, because it is the commission having jurisdiction of the subject, and I have given it to that commission because I cannot, in my opinion, entrust it to the selection of those who in the past have floated these foreign securities and have been the purveyors of them to the American public.

I cannot do entirely as the British corporate act does, but, as best I could, I have endeavored to create within the structure that is set up in the pending bill with the very means provided by this measure, a corporation which may salvage, if it be possible, something at least for those who have been mulcted by the sale of bad securities in the days gone by. That is what I am endeavoring to do.

Mr. ADAMS. Does not the Senator think it rather a bad precedent to create a self-perpetuating board? Would it not be better to come back to the Federal Trade Commission to appoint successors rather than refer that matter to the board of directors?

Mr. JOHNSON. I have not the slightest objection. The form is not appealing to me. I shall be very glad to accept whatever the best thought in the Senate may be in regard to any particular amendment, any particular thought or suggestion, any particular method of selection. What I do want is some place where the man who has bought these securities in good faith, paid his money, and has been robbed and impoverished may go and present his securities and have some sort of aid rendered unto him. That is the beneficent purpose I am seeking to accomplish here.

It is necessary from another standpoint. I think I speak by the book when I say that there has been a regular racket in the matter of foreign securities practiced in some of the cities of this land. Some organizations are excellent. In good faith they are making an endeavor to do their duty. Other organizations are under the control, absolutely, of the very people who sold the rotten securities, and they make of this sort of thing a racket which we ought to prevent, if we can prevent it. That is one of the purposes of the amendment I have suggested.

Mr. FLETCHER. Mr. President——

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from Florida?

Mr. JOHNSON. Certainly.

Mr. FLETCHER. Instead of creating a separate corporation as the amendment does, why not have the Federal Trade Commission invested with authority to do the thing that is proposed to be done?

Mr. JOHNSON. I thought it much more appropriate to create a separate corporation than to have the Federal Trade Commission dealing with events of the past and being itself a repository of the securities that had been sold in the fashion that many of these securities have been sold. I would not care if we had the Federal Trade Commission do it. It is the beneficial fact that I want to accomplish. I want to do something more, because I was greatly interested in what had been done in the investigation conducted before the Finance Committee of the Senate a year or more ago. I want to do something if I can whereby these people may be protected who have been treated in the fashion that they have by those who made great profits out of the selling of foreign securities.

Mr. TYDINGS. Mr. President——

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from Maryland?

Mr. JOHNSON. I yield.

Mr. TYDINGS. On page 7, section 207 authorizes the corporation to assess the bondholders. I presume that is for the purpose of administering the provisions of the bill?

Mr. JOHNSON. Oh, yes. I assumed, and the fact of the matter is, that under its general powers the corporation could do that anyway, but in order to make it certain I give them that right. Of necessity they can deal only with those securities which come voluntarily to them. With the authority contained in the law itself on the right of assessment, it was my thought that it would make plainer to investors exactly what is contemplated.

Mr. KING. Mr. President, may I interrupt the Senator?

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from Utah?

Mr. JOHNSON. Certainly.

Mr. KING. I came into the Chamber after the Senator's amendment was tendered and I am not familiar with its provisions except as I am able to infer from that part of the explanation which I heard. What difference is there between the new amendment and calendar 44, the bill (S. 882) to provide for the more effective supervision of foreign commercial transactions, and for other purposes, as reported by the Judiciary Committee?

Mr. JOHNSON. I am not touching that bill at all. This is another title entirely and does not deal with the subject matter of that bill except insofar as foreign securities that are in default might be dealt with.

Mr. KING. Has the amendment just tendered been offered heretofore and considered by any committee?

Mr. JOHNSON. I do not know. It was offered on the floor some weeks ago and has been printed and has been lying on the table. There are some emendations which I made today with respect to it, but the amendment in its general form has been lying on the table some weeks.

Mr. KEAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from New Jersey?

Mr. JOHNSON. Certainly.

Mr. KEAN. I would like to ask the Senator whether he will not limit the amount of the assessment that the commission may ask the depositors to pay? It is usually limited in similar cases to one fourth or one half of 1 percent.

Mr. JOHNSON. Unless I misunderstand the Senator's question we have done exactly that thing. We provide that any charge levied at the time of depositing the securities with the corporation shall not exceed one fifth of 1 percent.

Mr. KEAN. But is the total charge limited?

Mr. JOHNSON. Subsequently it is provided "any charge shall not exceed 1 percent of the face value of such security."

Mr. REED. Mr. President, will the Senator permit a question?

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from Pennsylvania?

Mr. JOHNSON. Certainly.

Mr. REED. Perhaps it has already been answered. I just came into the Chamber. I take it from a hasty reading of the amendment as modified that the corporation would have practically the same powers and functions as are now enjoyed by the British corporation of foreign-bond holders?

Mr. JOHNSON. It was my hope that that might be so. I have not succeeded wholly, I confess, because I think there are greater powers in the British act than we accord here.

Mr. REED. I take it that this provision does not affect the transfer of foreign securities from one individual to another.

Mr. JOHNSON. Oh, no.

Mr. REED. In the same way the bill now on the calendar would affect them.

Mr. JOHNSON. No; I am not dealing with that subject. What I am trying to do is what the British have done, and done most admirably. If the Senator will read the last report of the British organization, he will see, as he doubtless knows without my saying so, how they have gone into every country practically on the face of the earth. They have gone in under their law after the formation of a corporation for the purpose of protecting their security holders. They have done it in a fashion that wins the highest respect and admiration of one like myself. I am seeking in some degree to afford some place where the swindled investor may deposit his securities and be perfectly certain that he is not in a racket where some of those who have sold the securities to him are controlling the organization, and from which he may hope for a useful service and a helpful service as well.

Mr. REED. Mr. President, if the Senator will permit a further interruption very briefly——

Mr. JOHNSON. I am very glad to do so.

Mr. REED. I think it has been in some cases almost scandalous to read of the personnel and legal representation of the so-called "committees" for the protection of holders of defaulted bonds. I have noticed a number of them in which the original issuing house had apparently named all of the members of the so-called "committee", had named the legal counsel, and were very obviously in control of the rights of those people whose interests were adverse to themselves.

Mr. JOHNSON. The Senator is entirely correct. It has become in some instances a regular racket. One of the things I was trying most sedulously to avoid was the possibility of that thing occurring in the future. If we look at the directorate provided for, cumbersome possibly, it will be seen that we provide that no individual who was concerned in the original issue or sale and the like can become a member.

Mr. REED. I am glad of that.

Mr. JOHNSON. I am seeking in any way that may be possible to give us a public agency that will salvage, conserve, protect, aid in some way the American investor who has been swindled, and the little that may remain to him; and I aim to keep the seller of worthless securities off the directorate that will have authority to deal with the doubtful and defaulted securities.

Mr. REED. The submission of one's securities and one's rights to this corporation is optional with the particular security holder, I take it?

Mr. JOHNSON. Oh, purely so.

Mr. REED. Without undertaking to pass on the details of the amendment, because I have not had a chance to study it, I should like to say that I am heartily in sympathy with the Senator's purpose.

Mr. JOHNSON. I want to express my gratification because oftentimes the Senator and I are at loggerheads. In this instance we are agreed, and I take it, therefore, that any of my skeptical brethren over on the other side of the Chamber may be perfectly certain that we are trying to do something that is of value and something that ought to be done.

Mr. ADAMS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from Colorado?

Mr. JOHNSON. I yield.

Mr. ADAMS. As I understand the parliamentary situation, it is such that I could not now offer an amendment. I would suggest, along the line of my previous inquiry, that in place of the provision on page 2 of the typewritten part, where it provides "their successors shall be elected by the board of directors"—in other words, elected by themselves—the language should be changed to read, "that their successors shall be appointed by the Commission."

Mr. JOHNSON. I have not the slightest objection.

The PRESIDING OFFICER. Amendments are in order to the amendment offered by the Senator from California.

Mr. JOHNSON. I shall be very glad, with the permission of the Chair, to accept an amendment of that sort.

The PRESIDING OFFICER. The Senator from California may modify his amendment.

Mr. JOHNSON. The Senator refers to the sentence on page 2 which begins, "Their successors shall be elected by the board of directors."

Mr. ADAMS. Yes. I would have it read that they "shall be appointed by the Commission."

Mr. JOHNSON. Let me state the amendment and see if I state it accurately. After the word "elected", on page 2, strike out the words "by the board of directors" and insert in lieu thereof "by the Commission."

Mr. ADAMS. The bill itself designates the commission as meaning the Federal Trade Commission.

Mr. JOHNSON. Yes; I know that.

Mr. ADAMS. I would strike out the word "elected" and insert the word "appointed."

Mr. JOHNSON. Very well. Let it be changed to read then that "their successors shall be appointed by the Commission."

Mr. KING. Mr. President, before that is passed upon may I interrupt the Senator?

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from Utah?

Mr. JOHNSON. Certainly.

Mr. KING. What is the necessity, if this is voluntary—that is to say, if the bondholders may or may not deposit their bonds with this corporation—for creating a Federal corporation? Why may not there be formed in one or all the States, if their corporation laws permitted, corporations of this character, organizations for the purpose of executing the powers and carrying out the responsibilities that are to be devolved upon the corporation here to be created?

Mr. JOHNSON. It is quite possible that corporations of that character might be formed in every State of the Union, but this is an endeavor legislatively to form one corporation which may do the job. It would seem to me that is much preferable to relegating the various holders of securities to the different States and then going about in other States to collect others similarly situated to form such a corporation.

Mr. KING. May I say to the Senator that I have some doubt as to the power, legally and constitutionally, of the Federal Government to create a corporation other than corporations that are to carry on some of the functions of the Federal Government. The power to create corporations belongs to the States except as to those corporations of a governmental character.

Mr. REED. Mr. President, if I may interrupt, we have organized the American Legion, for example.

Mr. KING. May I say that the Committee on the Judiciary, looking over the record of a large number of corporations some years ago, such as the Armenian Committee and others, reached the conclusion that those corporations having a private character organized for the purpose of carrying on private activities ought not to be created under act of Congress, and I entirely sympathize with that view. If we are making this a governmental corporation to carry on a governmental function, that is one thing. If it is a private corporation to aid in private activities, that is another thing; and if it is, I see no reason for creating a Federal corporation.

I know the argument is often made that a Federal charter gives to a corporation a prestige and a power and an authority and an influence among the people that a corporation organized in the State of New York or the State of Pennsylvania would not have; but I cannot conceive of the authority of the Federal Government to grant these charters for all sorts of private activities. It seems to me it is a perversion of the authority and power of the Federal Government so to do.

I am making this observation wholly impersonally, without reference to the corporation now before us.

Mr. REED. Mr. President, will the Senator permit me to say a word in answer to the Senator from Utah?

Mr. JOHNSON. I yield.

Mr. REED. I have always had considerable doubt of the power of the Federal Congress to incorporate corporations, as we have been doing in the past for a good many different kinds of charities. We incorporated the American Legion. We have incorporated a lot of other eleemosynary or fraternal organizations.

Mr. KING. None lately, however.

Mr. REED. It is only comparatively recently that our Judiciary Committee and the Senate as a whole have set their faces rather sternly against continuing the practice; but I think in this case there is a real reason—perhaps not a constitutional justification, but at least a practical reason—for doing it in this way.

I can easily conceive that corporations with high-sounding titles would be formed by these interested parties within the States just as they form bondholders' committees today. It would be just as easy for the issuing house to put their clerks into a corporation with some grandiose title and use it as they are using today these dummy committees that they organize. That is the practical reason, I think, why it ought to be done in this way.

I do not like the idea of having the Trade Commission nominate the directors, because in all likelihood those directors will be mere political appointees, particularly if they draw down substantial compensation; and yet at the moment I cannot think of any better way of doing it.

Mr. JOHNSON. I started, may I say to the Senator, with having the President appoint the directors. Then I thought his duties were such, inasmuch as we were forming a commission to deal with the subject generally, that I better return the power to the Federal Trade Commission.

Mr. REED. I agree with the Senator. We have given the President power to regulate everything but the weather, and he is going to be tolerably busy for the next few years. I wish, however, that he could put some sort of check on the action of the Federal Trade Commission.

Mr. JOHNSON. The Federal Trade Commission is given the full power in the general bill to which this is an amendment.

Mr. REED. Yes.

Mr. JOHNSON. That is why I think it the appropriate thing. I do not know whether the Senator was here when I explained the original idea that I had in regard to the matter. He will find in the bill that is before him, which was reported by the Judiciary Committee, that I formed a different sort of commission—the Secretary of State, the Secretary of Commerce, and the head of the Federal Reserve System. I did that because I knew, from the investigation we had had, that the State Department had certain information upon the subject; I knew that the Department of Commerce had certain information upon the subject, and I knew that the Federal Reserve System probably had some information; but I did not want to interfere with the bill of the Senator from Florida, in which he creates his commission out of the Federal Trade Commission, and so that was one of the reasons.

During the time that we were preparing this bill I collated all the corporations that had been formed by the Congress of the United States. I am sorry that I left the list upon my desk, and have not it here. I am not doubtful of the constitutionality of what we do; and beyond that, so well put have been the reasons, outside of the legal aspect, by the Senator from Pennsylvania, that nothing need be added. Corporations, as Senators know, could not be formed in each State of the Union, and there could not be the control in each State in the Union that we desire to have over this sort of subject matter. It can be done only by the Central Government, and it can be done effectively only in the fashion in which we have endeavored to do it here.

Mr. KING. Mr. President, I have not had an opportunity to examine the amendment offered by the Senator from California or the amended amendment which I am advised was read a few moments ago while I was absent from the Chamber participating in a committee meeting.

I have just secured a copy of the amendment, but am not familiar with the terms of either it or the amendment to the amendment; and hastily examining the amendment I observe that it is a corporation to "protect the interests

of the holders of foreign securities in default." Apparently it is not to aid persons who intend to purchase foreign securities. I assume that the principal purpose of the measure is to aid American purchasers of foreign securities in those cases in which there has been a default in payment of principal or interest upon such securities. As is known, foreign securities—governmental, municipal, or otherwise—during the past few years were sold to the American public. Many of these securities have diminished in value until the market values of some of them are but a small percent of the prices paid for the same by the public in the United States. Undoubtedly the losses sustained by the purchasers of these securities will be very great, and I assume it is thought that under the terms of this bill the holders of these securities may be aided in recovering as much as possible upon the same and thus diminish the losses which they will ultimately sustain.

I am not quite certain as to the nature of the corporation which is to be created. It would seem that any corporation formed to aid the security holders in salvaging as much as possible of these securities would be a private corporation. In the imperfect and hasty glance I have given the bill I have been unable to perceive that its functions are governmental or that it is a corporation organized pursuant to authority conferred upon the Federal Government. At any rate, as I understand the bill, it is not organized to execute functions of a national or international character. It seems to me that we should first determine whether the organization to be formed is private or public; whether it is a corporation of a private character to serve private ends or private purposes, or a corporation formed purely and strictly for governmental purposes. If it is the former, then it would seem that this is not the proper forum in which the corporation is to be created. Private corporations for private purposes should not be created by the Federal Government; it has no valid authority for that purpose.

Reference has been made to the English Securities Act, I assume for the purpose of justifying this proposed legislation. As I understand the contention, Great Britain has a securities act containing provisions for protecting the purchasers of securities where there has been a default in the payment of the interest or principal of securities sold to the public. I do not concede that legislation by Parliament of the character indicated is a precedent which should be followed by the Federal Government. The authority of the Federal Government is not as broad or as comprehensive in dealing with many questions and matters as that enjoyed by the Parliament of Great Britain. Parliament is supreme in dealing with matters relating to the domestic affairs of Great Britain, or in dealing with national and international questions affecting Great Britain. It enacts laws dealing with private corporations; and, generally speaking, discharges the functions and responsibilities which appertain to sovereign States of our Union. The British Parliament, as I am advised, not infrequently grants private charters for the carrying on of business activities not at all connected with governmental functions.

Under our form of government the States deal with matters of a domestic character. The States are sovereign within their spheres; they have certain governmental functions and exercise police powers. They have the right to enact laws under which corporations may be formed to carry on private enterprises. There are several hundred thousand corporations within the United States which were created by and under laws enacted by the various States. It is not the function of the Federal Government to deal with these internal and domestic questions and to create corporations of a private nature to carry on private business. I admit that a number of corporations have been formed by Congress which did not fall within the category of governmental agencies. Insofar as this has been done, I think Congress exceeded its authority. Certainly in so doing its actions were questionable.

There ought to be no occasion in this body to challenge attention to the limitations imposed upon the Federal Government. Within its sphere it is supreme, but its powers are circumscribed and its authority is only that granted to it by the Constitution. The States are supreme within their sphere, and the Federal Government transcends its authority when it invades the rights of the sovereign States. It would be most unfortunate if the States were to lose their identity and become mere geographical expressions. The devitalization of the States would be destructive of our form of government.

In periods of economic or political peril there are movements, powerful and too often irresistible, in favor of the consolidation of political authority in the hands of a limited number and to increase the authority of the central or National Government. In the War between the States the authority of the National Government was greatly increased, with the result that the authority of the States was weakened. It is true, as I have stated, that there are historical precedents for the movements in favor of aggrandizing the Federal Government; and in this economic crisis, which has its repercussions in our political institutions, it is to be expected that the authority of the Federal Government will extend beyond the limits and boundaries in which it was exercised in days of prosperity and periods of industrial and economic peace. We may regret the transference of authority from communities and States to the National Government, and deplore the existence of conditions economic or otherwise that are relied upon as justification for such transference of authority.

Speaking for myself and without reference to the immediate present and the legislation which is receiving approval, I deplore the growing disregard of individual and State rights, of community consciousness, and of that democratic spirit which influenced the founders of this Republic and found expression in the philosophy upon which rested our dual form of government under which there was reserved to the States and to the people, respectively, all authority not granted to the National Government. I submit that there is no grant of authority to the Federal Government to create private corporations or supervise their activities as such.

The corporations to which I have referred are the creations of the States, subject to State laws and amenable to such regulations as the States may prescribe. As I have indicated, however, we are increasing the power of the Federal Government, and it more and more is bringing the States and the people within its control and subjecting them to national supervision in a fashion never dreamed of by those who gave us the Constitution of the United States.

It would seem from a hasty glance at the measure offered by the Senator from California that it deals with a subject within the jurisdiction of the States. It creates a corporation, if I understand its provisions, to deal with the property of private individuals, to conserve the same, and to protect it for the advantage of individuals. It is not, if I interpret it correctly, a Government agency to be employed or utilized for governmental purposes. Undoubtedly the Federal Government may create corporations or agencies to execute national governmental functions. There was a time when its authority to create national banks was challenged, but it was contended that they were performing functions of a governmental character.

Undoubtedly the National Government has the authority to set up such agencies or create such corporations as are necessary to discharge governmental functions. The Government would have the right to create a corporation to build war vessels or manufacture war munitions or erect Federal buildings. But there must be some line of demarcation between the proper and legitimate functions of the Federal Government and the rights, powers, and authority of the States. I admit that the line may at times be dim and uncertain, and I concede that the Federal Government has not infrequently crossed the line if it has not obliterated it. Nevertheless, it should be the purpose of all patriotic citizens to protect and defend the States in their authority and prerogatives and also to prevent the Federal Government from transcending its authority. This is not an academic question but one that is ever present, real, and vital. It becomes more important in this period of confusion and

bewilderment, particularly when movements are inaugurated in this and other lands destructive of fundamentals and the landmarks set up for the guidance and protection of the people.

An examination of the amendment offered by the Senator from California reveals that the corporation shall be organized, possessing the usual and ordinary powers which would be granted by States to private corporations formed to carry out the purposes indicated in the amendment, and I respectfully suggest that the Federal Government is asked by the amendment to aid private persons in private and individual enterprises and activities. The laws of substantially all the States of the Union authorize the creation of corporations such as is now proposed shall be created by the Federal Government. If this is true, then this amendment has no place here and Congress is not warranted in passing measures such as the amendment before us.

The fact that the corporation to be formed handles foreign securities does not endow it with the qualities of a governmental corporation. Many private corporations are formed to deal in foreign securities as well as domestic securities. Certainly a corporation formed to buy and deal in foreign securities is not a governmental agency and is not discharging governmental functions.

I concede that a situation might arise in which the Federal Government might desire, as a part of some important policy governmental in character, to buy and sell foreign securities or foreign exchange, or, for that matter, foreign commodities, and in furtherance of that object, create a Federal corporation, but again I submit that the corporation to be formed under this amendment is easily distinguishable from such hypothetical Federal corporation. I am told that there are associations—possibly corporations—formed to protect the holders of foreign securities in default. It may be that it is believed by some persons that a Federal charter would give greater prestige and authority to an association or corporation than those already existing or corporations formed under the provision of State laws; but again I submit that the prestige of the Federal Government ought not to be invoked or employed for purely private enterprises.

I call the attention of Senators to the fact that the amendment, as I have hastily examined it, imposes no restrictions upon compensation or salaries to be paid to the officers and agencies of the corporation, and Senators will observe that section 209 of the amendment calls for $150,000 to be paid as a grant or gratuity to the corporation. There are no restrictions upon the use of this large sum. It carries $150,000 "for the use of the corporation." That means, of course, for the payment of salaries and compensation and other corporate expenses.

It is a rather extraordinary proceeding, as I view it, to have the Federal Government create a private corporation for private purposes and private profit and benefit and then require it to pay $50,000 a year for 3 years obviously to meet the salaries of the directors and employees of the corporation and other expenses. Why should the taxpayers of the United States be called upon to pay the expenses of a private corporation and meet the salaries and compensation of its directors and employees?

I observe that under section 206 there is a provision that the corporation shall make an annual report to both Houses of Congress. It would seem to me that this provision and section 209, which calls for $150,000 to be paid by the taxpayers of the United States through the Reconstruction Finance Corporation, are designed with the view of relieving the proposed corporation from the claim that it is a private corporation and to envelop it in the cloak of a Federal agency. But, Mr. President, I submit that such contention cannot be sustained. If such were the case, then any corporation obtaining a Federal charter and organized for private gain and private purposes, by inserting in its charter that reports must be made annually to Congress, could derive all the benefits, immunities, and prestige that flow from organizing under a Federal statute; and if the Federal Government appropriated a sum, large or small, to pay the expenses of the operation of such corporation, then it would strengthen the contention that such corporation, organized for private purposes, was endowed with a national character.

The Senator from California has referred to the hearings conducted by the Committee on Finance, which reveal that foreign securities were sold through American investment companies and banking houses and brokers at prices not warranted, and that the purchasers of such securities have lost perhaps hundreds of millions of dollars. I might add that the hearings also revealed what is known to everyone, that securities issued by domestic corporations and by cities, towns, and other political subdivisions, were unloaded upon the public, who have sustained enormous losses because of the decline in the values of such securities. The various forms of securities issued by our domestic corporations and by States and political subdivisions amount to perhaps more than $75,000,000,000. These securities possess but a fraction of the market value of the prices paid by the American people.

If a corporation were formed to protect the purchasers of these securities that are in default I do not think it would be contended that such corporation was a governmental agency, or that it was organized to perform a public function. I see but little difference between the corporation proposed to be formed under the amendment and one that might be formed to handle and conserve domestic securities in default.

That a wrong was committed against the American public by the sale of many of these securities, foreign and domestic, must be conceded by all, but such wrong does not in my opinion justify the creation by Congress of one or more corporations to handle securities which are in default.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER (Mr. BARKLEY in the chair). Does the Senator from Utah yield?

Mr. KING. I yield.

Mr. BORAH. In view of the fact that these corporations are selling these securities all over the United States in every State in the Union, how would the Senator have the matter controlled except by the National Government?

Mr. KING. As I have indicated, not only were foreign securities but domestic securities sold in all parts of the United States; but I am suggesting that the fact that they have been sold in various parts of the United States does not authorize the Federal Government to form a corporation to deal with the securities that are outstanding and which are in default. It may be that the Federal Government has the authority to enact a law such as the one before us, entitled "A bill to provide for the furnishing of information and the supervision of traffic in investment securities in interstate commerce." This bill which the Senator from California is seeking to amend provides that before securities are issued and sold in interstate commerce certain preliminary steps must be taken by those who seek to issue the securities. The measure is what might be denominated a "Federal blue sky law."

I can see considerable difference between a measure such as the one just referred to and a measure such as suggested in the amendment offered by the Senator from California, which is rather a bill to liquidate certain foreign securities. I might add, however, that under the interpretation which is now being placed upon the interstate provision of the Constitution, there would seem to be no limit to the authority and power of the Federal Government. It is suggested by some that under the interstate-commerce clause, wages may be fixed in private industry, individuals and corporations may be limited in the amount or quantities of production of every form of commodity; that mills and plants and factories may be restricted in the annual production of their respective plants; that a Federal agent may prescribe the number of yards of cloth certain factories may produce or the number of pairs of shoes that a factory may annually manufacture; and, indeed, that every branch of industry may be controlled by the Federal Government if its product enters into interstate commerce. I cannot perhaps off-hand and in the limited time before us fully canvass the question suggested by the Senator from Idaho, but I do

not concede that under the power of the Federal Government to regulate interstate commerce it may take charge of all of the business activities of the United States, of all corporations, individuals, and associations, and exercise control and supervision of all of their activities.

Mr. REED. Mr. President, will the Senator permit me to make a suggestion in answer to the Senator from Idaho?

Mr. KING. I yield.

Mr. REED. I have great doubt of the constitutionality of the original bill, but no doubt about the constitutionality of the amendment proposed by the Senator from California, and this is why:

It is admittedly the exclusive function of the Federal Government to carry on diplomatic negotiations with foreign lands. One of the most useful of those functions is that of negotiations to protect the interests of Americans who have investments in those foreign lands. This corporation is formed to do exactly that. In other words, it is formed to carry on an admitted prerogative of the Federal Government. That is why I say I have no doubt of the constitutionality of this amendment; but, for the reasons suggested by the Senator, I have grave doubt of the constitutionality of the main bill.

Mr. KING. It may be that the Federal Government has the right to assert a control or supervision over foreign securities which it might not validly assert over purely domestic transactions. Undoubtedly the executive department, probably through the agency of the State Department, would have the right, at the instance of an American citizen who claimed that a foreign government had wronged him or was indebted to him, to make representations to such government in behalf of such citizen, and it may be that the Federal Government possesses the authority to set up an agency to collect claims of American nationals due from foreign governments or the nationals of other governments. That question, however, is not before us and the proposition contained in the amendment is to be differentiated from the hypothetical conditions just suggested.

I revert to a phase of the question which I have been discussing. If the corporation to be formed is a private corporation, that should be clearly understood; and if it is a Federal corporation, we should understand the implications and consequences that might arise therefrom. If it is a Federal agency, then it may be that the Government would be liable for the misdeeds of those placed in charge of the same.

If the corporation to be formed is a Federal organization, it is certainly within the bounds of probability that if the officials of the organization should fail in their duty, should not act with fidelity in the collection of the securities intrusted to them, or should be guilty of embezzlement or malversation in any form, the Government of the United States would be asked to indemnify those who had suffered by reason of their derelictions. I am impressed with the thought that the corporation to be formed under the amendment is a private one, and that the Congress is not the proper forum to deal with the propositions involved in the amendment offered by the Senator from California. In my opinion, the Senate should clearly indicate that the corporation to be formed is not a Federal agency but, upon the contrary, is a private corporation not subject to the control of Congress, and for whose acts and for the acts of its officials and employees the Federal Government is in no wise responsible.

Mr. FLETCHER. Mr. President, the Senator from California very aptly used the illustration of locking the stable door after the horse is gone as applied to the bill now pending, and then he pointed out that there ought to be some way of salvaging something from what has already been lost on account of corporations doing the things which this bill endeavors to prevent in the future. There is a great deal in that; I am quite in sympathy with the Senator's view and idea with respect to that, and I am not going to raise any opposition of any consequence to his proposed amendment. I am willing that it shall go to conference, as the bill will have to go, and let this item be considered along with other provisions of the bill by the conferees, who finally will have to reconcile the differences between the Senate and the House.

Mr. President, I do not believe there is any question about the constitutionality of the bill itself. Both the commerce clause of the Constitution and the provision as to post roads cover the grounds which are intended to be reached by the bill. I do not question the constitutionality of a provision such as the proposed amendment. I think we can create such a corporation and authorize it to act. Therefore I am not urging any particular opposition to the amendment and suggest that it might well go to conference and be considered along with the bill itself.

Mr. KING. Mr. President, I inquire of the Senator from California why he is exacting, under the terms of the amendment, $150,000 from the United States?

Mr. JOHNSON. Mr. President, I have not exacted it; I have given the authority to the Reconstruction Finance Corporation. That is the maximum, of course, for which application could be made. But I wanted to leave it in such situation that application could be made and the authority accorded, so that they might perfect the original organization and before they were able to have sufficient numbers in the organization to pay assessments and the like.

Mr. KING. Let me ask the Senator this: Does the amendment provide for a gratuity, or is it a loan?

Mr. JOHNSON. Call it either; I do not care.

Mr. BYRNES. Mr. President, the amendment does provide for assessments upon the bondholders who come to the corporation for the services to be rendered by the corporation.

Mr. JOHNSON. Exactly. I have given authority merely to the Reconstruction Finance Corporation.

Mr. KING. Does not the Senator think that the Reconstruction Finance Corporation should exact of this corporation security for the loans?

Mr. JOHNSON. It might and it might not, but without according it authority to make a loan it could not indulge in a loan at all.

Mr. KING. I understand.

Mr. JOHNSON. So the authority is given. The Reconstruction Finance Corporation, I assume, will protect its funds, and will do whatever it deems appropriate in the premises.

Mr. KING. If the Senator will modify the language, I should be very glad to have him do so. As it is now, it does not provide for a loan at all.

Mr. JOHNSON. It is an authorization of a grant. I will change it in any way the Senator desires, so that we may get the matter into conference. Let us say that "it is hereby authorized to lend", if the Senator desires.

Mr. KING. I suggest the language "lend out of its funds the sum of $50,000 annually for 3 years for the use of the corporation, upon such security"——

Mr. JOHNSON. There cannot be any security accorded. There is no property which this corporation has. The Senator would add something that could not be done. I am perfectly willing to say that they shall lend it; and, with two governmental agencies, I cannot imagine that there will be the slightest difficulty in ultimate collection; but to say that they can only lend it upon appropriate security would mean that they could not lend it at all.

Mr. KING. Mr. President, I understood the Senator to answer a moment ago that assessments were to be levied upon those who participated in the activities of the corporation, and that from those assessments the expenses of conducting the corporation were to be met.

Mr. JOHNSON. Exactly.

Mr. VANDENBERG. The loans are to be in anticipation of the assessments.

Mr. JOHNSON. Exactly.

Mr. KING. But this is a grant, in the language of the amendment, instead of a loan.

Mr. JOHNSON. Call it a loan if you want to.

Mr. KEAN. Mr. President, this measure applies to the time when the organization is being formed, and before they have the deposit of any securities.

Mr. JOHNSON. Of course.

Mr. KEAN. Therefore, they will have no security to pledge, and so they could not pledge anything. They will have nothing but a board formed, and a few typewriters. That is all they will have.

Mr. JOHNSON. May I say to the Senator from Utah that, if he should like to change the word "grant" to "lend", I have no objection.

Mr. KING. May I ask why this loan or grant must be made for 3 years?

Mr. JOHNSON. It is an arbitrary limit which has been fixed. There is no particular reason for making it 3 any more than 4, or any more than 2.

Mr. KING. Or any more than one, if that will be sufficient to enable them to do the job.

Mr. JOHNSON. The only object was to do what was deemed by the scrivener or the writer of the bill to be the thing that would accomplish the purpose.

Mr. KING. Will the Senator accept an amendment so that the section would read as follows:

The Reconstruction Finance Corporation is hereby authorized to lend, out of its funds, the sum of $50,000 for the use of the corporation.

Mr. JOHNSON. Make it "annually for 2 years." Let us compromise on that.

Mr. KING. I am assuming that this corporation is a going concern.

Mr. JOHNSON. We are hoping so. It is experimental; there is no question about that. It is empirical in character, but there is a job which ought to be done, and I really think the Senator is in sympathy with it.

Mr. KING. I have in mind this situation. We do not know who will be named for directors.

Mr. JOHNSON. Of course, we do not.

Mr. KING. It is obvious, if we are to judge the future by the past, that these officials when they assume their duties will figure that they are men of great ability, and the $50,000 will promptly be levied upon and distributed as salaries, and if they can get $50,000 the next year and $50,000 the third year, it will all be absorbed.

Mr. JOHNSON. I am willing to concede to the Senator that when a man gets into public office, he is perfectly conscious of his own virtues and his own ability, and, being perfectly conscious of them, he is perfectly certain that everybody else on the face of the earth knows of his ability and his virtues. I will grant that to the Senator. But I cannot agree to the latter part of what he said. If the Senator wants, let us make it, "to lend out of its funds the sum of $50,000 annually for 2 years."

Mr. KING. I should prefer to make it as I have suggested.

Mr. JOHNSON. What is the use fiddling around?

Mr. KING. It is not fiddling. The taxpayers of the United States will have to pay, and not a penny will ever come back. I suggest this language:

The Reconstruction Finance Corporation is hereby authorized to lend out of its funds not to exceed $75,000 for the use of the corporation.

Mr. JOHNSON. I will accept that.

Mr. KING. I offer that amendment.

Mr. JOHNSON. I accept it.

The PRESIDING OFFICER. The Senator modifies his amendment to that extent. The question is on agreeing to the amendment of the Senator from California as modified.

The amendment as modified was agreed to.

Mr. FESS. Mr. President, I should like to have the attention of the Chairman of the Committee on Banking and Currency. I have had much correspondence from certain business groups in Ohio regarding the pending bill, making specific recommendations as to changes. I had not an opportunity of studying the bill until today. I think the changes have already been made, and I want to make sure of it.

I have a letter from the Chamber of Commerce of Cleveland urging that the bill be limited to issues in the future rather than to those already outstanding.

Mr. FLETCHER. The bill provides for that. It refers only to future issues, except in the case of fraud.

Mr. FESS. That is cared for, then. Another item to which attention has been called I think has also been cared for. The chamber of commerce suggests that not more than three fourths of the directors or trustees be required to sign the registration statement.

Mr. FLETCHER. The bill provides for that.

Mr. FESS. They ask also, in respect of section 6, that the party who would be a defendant be given a chance for hearing. I think section 6 has already provided for a public hearing.

Mr. FLETCHER. Section 7, on page 45, provides for hearings and appeals.

Mr. FESS. Yes; beginning with line 6. I think that is all taken care of.

Mr. FLETCHER. That is cared for.

Mr. FESS. Another suggestion that has been made is as to the requirement in section 9. The chamber of commerce says:

We feel that it should be limited only to situations in which the signer has personal knowledge of the falsity of the statement.

I cannot find that that is taken care of, that if the statement is proven to be erroneous, in order that action may be sustained it must be shown that the falsity of the statement was known to the person who made it; in other words, that he willfully made a false statement. I have read the bill pretty carefully, and I do not think that matter is taken care of.

Mr. FLETCHER. He would not be liable criminally without willfully and knowingly making a false statement.

Mr. KEAN. But financially, under the bill, he would be liable for everything he had.

Mr. FLETCHER. Liable civilly.

Mr. FESS. Mr. President, before taking my seat I should like to state that I have assumed from the beginning that there would have to be some legislation of this character. When blue sky law legislation was proposed in the several States I was not very favorably impressed with the general proposition. One of the first States to enact such legislation was my own. During the Ohio Constitutional Convention in 1912 the question of blue sky legislation was considered in extenso. It being an innovation, there was tremendous opposition to it on the ground that the formula of business was caveat emptor—"let the buyer beware." We had not then reached the point "let the seller beware", and there was much opposition to the proposal. I, myself, voted for it with considerable trepidation, thinking that it probably was not of importance, and we might be unnecessarily cluttering up the statute books by giving constitutional sanction to that kind of legislation. However, in the 20 years' duration of that legislation in Ohio there have been many prosecutions, which indicates that advantage has often been taken of investors. So the protection of the public from transactions in fraudulent securities seems to have come to be recognized as a proper legislative function.

The present Presiding Officer [Mr. BARKLEY in the chair] knows that while he was a Member of the other House there was much effort on the part of that body to bring about the enactment of a Federal blue sky law. Our friends from Illinois made great efforts for years to have that kind of legislation enacted. I do not think, however, it ever came over to the Senate. I do not now recall that heretofore any effort has been made in the Senate to secure Federal blue sky legislation, but I think that conditions we have observed in the States justify legislation of this character. It should avoid unnecessary obstructions to business; and I think probably this bill does remove the objections of those who, while not opposed to the legislation itself, thought it might provide obstacles that ought not to be thrown in the way of business. As those objections have been removed, I do not see any particular reason why the bill should not

be passed, since the field it embraces was entered upon years ago and such legislation has become general in the States.

I recognize the danger that the Senator from Utah [Mr. KING] has suggested; but what is the use of attempting to withstand the enactment of these proposals? We are in this movement; we are legislating for everything; and I do not know what the limit is to be. At any rate, it is true that there has been advantage taken of the public in security-sale transactions; and I shall go along with the committee in supporting the pending bill.

Mr. KING. Mr. President, I might suggest to the Senator from Ohio if we are dealing with blue sky laws that "the sky is the limit." [Laughter.]

Mr. FESS. That is true.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment as amended.

Mr. FLETCHER. Mr. President, I presume the words "title I" ought to be inserted after line 1, on page 29; and then that preceding the amendment offered by the Senator from California the words "title II" ought to be inserted after line 4, on page 61.

The PRESIDING OFFICER. Without objection, the corrections and amendments will be made. The question now is on the committee amendment as amended.

The committee amendment as amended was agreed to.

The PRESIDING OFFICER. The Chair lays before the Senate House bill 5480.

The Senate, by unanimous consent, proceeded to consider the bill (H.R. 5480) to provide full and fair disclosure of the character of securities sold in interstate and foreign commerce and through the mails, and to prevent frauds in the sale thereof, and for other purposes, which was read twice by its title.

Mr. FLETCHER. I move to strike out all after the enacting clause of the House bill and to insert in lieu thereof the Senate bill as it has been amended.

The PRESIDING OFFICER. The question is on the motion of the Senator from Florida to strike out of the House bill all after the enacting clause and in its place to insert the language of the Senate bill 875 as amended.

Mr. KEAN. Mr. President, will that action preclude further amendments to the Senate bill?

The PRESIDING OFFICER. Technically, from a parliamentary standpoint, the language substituted will still be open to amendment.

Mr. KEAN. I should like to have considered a question in connection with the Senate bill before it shall be finally disposed of.

Mr. ROBINSON of Arkansas. If I may make an inquiry, does the Senator from New Jersey desire to amend the House bill?

Mr. KEAN. No; I desire to amend the Senate bill.

Mr. ROBINSON of Arkansas. But that has already been agreed to.

The PRESIDING OFFICER. The committee amendment, which stood in the same attitude as an original bill so far as amendments are concerned, has already been agreed to as amended. It will be open to further amendment on the motion to substitute the language already agreed to for the provisions of the House bill.

Mr. McNARY. That is the thought I had in mind. It does not preclude the Senator from New Jersey from still offering an amendment.

The PRESIDING OFFICER. Not at all. It still has the status of an amendment. The Senator from Florida has moved that the language of the Senate bill be substituted for the language of the House bill. That leaves it open to amendment at this time; it cannot be amended after the Senate bill shall have been substituted for the House bill.

Mr. SHIPSTEAD. I inquire, Mr. President, if there is an amendment now pending.

The PRESIDING OFFICER. There is not.

Mr. SHIPSTEAD. I send to the desk an amendment and ask that it may be read.

The PRESIDING OFFICER. The amendment offered by the Senator from Minnesota to the amendment will be stated.

The LEGISLATIVE CLERK. On page 54, line 3, after the word "association", it is proposed to insert "farmers' cooperative association as defined in paragraphs 12, 13, and 14, section 103, of the Revenue Act of 1932."

Mr. FLETCHER. Mr. President, I do not believe the farmers' cooperative associations will be issuing securities; but I am inclined to think, if they should do so, they would be glad to have them registered. I do not, however, object to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Minnesota to the amendment.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. Does the Senator from New Jersey desire to offer an amendment?

Mr. KEAN. Mr. President, the only question that I should like to call to the attention of the Senate is this: On page 34 of the bill there is a requirement that three fourths of all the directors of a corporation shall sign the registration statement.

This provision is taken from the English Companies Act. Directors under the English Companies Act are really responsible and do the detail work of the corporation. They receive as salary from a thousand to two thousand or three thousand pounds a year. Here, however, we are trying to bind people who receive but $5 or $10 a month in the same way that it is proposed to bind men who receive $10,000 a year. It seems to me that the responsibility of the directors is different in the two cases. Nobody is going to be a director of a corporation if he is compelled to assume a liability, amounting perhaps to $10,000,000, for something about which he does not know, when he receives perhaps only $10 a month. I should like to limit the responsibility of the directors so that the bill would apply to them only when they knowingly commit fraud. If they knowingly commit fraud, the greatest penalty the Senate can impose upon them is not too great for me; but to provide when they sign the statement and not knowingly commit fraud that they shall be liable for ten or fifteen million dollars, although they receive fees of but $10 a month, it seems to be perfectly absurd.

Insistence upon the officers of a corporation signing the statement is perfectly proper. They are in charge of the business; they are responsible for the statement; and, if they make a false statement, they ought to be liable for it; but, in my opinion, that is not true of the directors.

The PRESIDING OFFICER. Has the Senator from New Jersey offered any amendment?

Mr. FLETCHER. Mr. President, let me say that the committee considered the suggestion of the Senator from New Jersey very carefully, and, after considerable discussion about it, agreed, if the public is to be protected, that we had better leave the language as it is. The liability provision reads, in part:

> In case any such registration statement shall be false or deceptive in any material respect, any persons acquiring any securities to which such statement relates, either from the original issuer or from any other person, shall have the right to rescind the transaction and to obtain the return, either at law or in equity, of any and all consideration given or paid for any such securities upon the surrender thereof.

That is the liability which everybody signing the registration statement assumes, and I think it ought to remain that way. I think that is the only basis on which we can make the proposed act effective.

Mr. SMITH. Mr. President, may I ask in what part of the bill is the responsibility set forth? I have not had time to study it.

Mr. KEAN. The provision to which I refer is on page 34.

Mr. SMITH. I refer to the responsibility placed upon the directors.

Mr. FLETCHER. That is found on page 50.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Florida.

Mr. KEAN. Mr. President, in order to bring the question directly before the Senate I move, on page 34, line 3, to strike out the words "and the directors, trustees, and managers; or, if there is no board of directors, by the persons or board having the power of management of the person."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New Jersey to the amendment.

The amendment to the amendment was rejected.

Mr. SHIPSTEAD. Mr. President, would it be possible to have an explanation of the essential differences between the House bill and the Senate bill as amended?

Mr. FLETCHER. Mr. President, it is a long story, and we have been over it, I will say to the Senator, during his absence. We discussed the differences this morning. It would be quite difficult to point out all the differences. Mainly the purposes and objects of both bills are the same, and they will accomplish very much the same thing. There are some features in the House bill which are not in the Senate bill; for instance, one provision in the House bill is that 30 days must elapse before securities can issue after registration has been made. We think that that ties matters up indefinitely and would operate badly upon all business transactions of this kind.

Then there is another provision about the revocation of the permit. The House bill provides for a stop order instead of a revocation. There is not a great deal of difference in that.

There is another provision in the House bill, section 18, which provides for recognizing all the laws of the different States, which would somewhat complicate matters. We have not that provision in the Senate bill. That was the basis of the minority report of the House. It is not in the Senate bill. In the main the principles and purposes are the same.

The PRESIDING OFFICER. The question is on the motion of the Senator from Florida to substitute the Senate bill as amended for the language of the House bill.

The motion was agreed to.

The PRESIDING OFFICER. The question is, Shall the amendment be engrossed and the bill read a third time?

The amendment was ordered to be engrossed and the bill to be read a third time.

Mr. SHIPSTEAD. Mr. President, has the bill been explained to the Senate?

Mr. COUZENS. Mr. President, it has been explained several times in detail.

The PRESIDING OFFICER. The question is on the third reading and passage of the bill.

The bill was read the third time and passed, as follows:

Be it enacted, etc., That this act shall be known as the "Securities Act."

TITLE I

SEC. 2. When used in this act the following terms shall, unless the text otherwise indicates, include the following respective meanings:

(a) "Security" shall include any note, stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in a profit-sharing agreement, or right to subscribe to any of the foregoing, any certificate of interest in any oil, gas, or mining lease, any collateral trust certificate, preorganization certificate, or preorganization subscription, any transferable share, investment contract, voting trust certificate, or beneficial interest in title to property, profits, or earnings, any transferable certificate of voting, exchange, subscription, or conversion rights, or any other instrument commonly known as "a security"; including an interim or temporary bond, debenture, note, certificate, or receipt for a security or for subscription to a security: *Provided*, That the term "security" shall not include notes, drafts, bills of exchange, or bankers' acceptances which are commercial paper and arise out of current commercial, agricultural, or industrial transactions or the proceeds of which have been or are to be used for current commercial, agricultural, or industrial purposes.

(b) "Person" shall include a natural person, a corporation, a partnership, an association, a joint-stock company, a trust, a syndicate, and any unincorporated organization. As used herein the term "trust" shall not include a trust created or appointed under or by virtue of a last will and testament or by a court of law or equity or any public charitable trust.

(c) "Sale" or "sell" shall include every disposition, or attempt to dispose, of a security or interest in a security for value. For the purpose of the enforcement of this act only, any security given or delivered with, or as a bonus on account of, any purchase of securities or any other thing, shall be conclusively presumed to constitute a part of the subject of such purchase. "Sale" or "sell" shall also include a contract to sell, an exchange, an attempt to sell or exchange, an option of sale, purchase, or exchange, a solicitation of a sale or an exchange, a subscription or an offer to sell or exchange, directly or by an agent, or by a circular, letter, advertisement, or otherwise.

(d) "Issuer" shall include every person who issues, has issued, or proposes to issue any security. Any person who acts as a promoter for and on behalf of an individual, corporation, trust, or unincorporated association or partnership of any kind formed or to be formed shall also be deemed to be an issuer.

(e) "Commission" shall mean the Federal Trade Commission.

(f) "Mortgage" shall be deemed to include any trust instrument to secure a debt.

(g) "Territory" shall include Alaska, Hawaii, Puerto Rico, the Philippine Islands, the Panama Canal Zone, the Virgin Islands, and the insular possessions of the United States.

(h) "Interstate commerce" shall include trade or commerce in securities among the several States or between the District of Columbia, or any Territory of the United States and any State, or other Territory, or between any insular possessions or other places under the jurisdiction of the United States, or between any such possession or place and any State or Territory of the United States or the District of Columbia, or within the District of Columbia or any Territory or any insular possession or other place under the jurisdiction of the United States, or between any foreign country and any State, Territory, or the District of Columbia, or any printed, written, or other graphic communication, or any spoken communication or intercourse relating to or in furtherance of the commerce described in this definition.

(i) "Registration statement" (hereinafter called "statement") shall mean the statement required upon application for registration by sections 4 and 5 of this act, together with all documents and other information required therein.

(j) "Underwriter" or "underwriting syndicate", when used with respect to any security, shall include any person, group, or syndicate which has purchased or underwritten or contracted to purchase or underwrite such security, directly or indirectly, from the issuer, or has contracted to act as selling agent for the issuer or assigns, for the purpose of offering for sale or selling or promoting the marketing of such security or any part thereof.

(k) "Dummy" shall mean a person who holds legal or nominal title to any property but is under moral or legal obligation to recognize another as the owner thereof; or a person who has nominal power or authority to act in any capacity but is under moral or legal obligation to act therein in accordance with the direction of another.

SEC. 3. Until securities shall have been registered with the Commission by filing the registration statement hereinafter referred to in accordance with the terms and conditions provided by this act and by the rules and regulations promulgated pursuant thereto, or if such registration has been revoked or suspended as hereinafter provided, it shall be unlawful for—

(a) Any person to make use of the United States mails to sell or offer for sale any such securities in interstate commerce, or to solicit or accept offers to buy such securities in such commerce;

(b) Or for any person to advertise for sale or sell or offer to sell or to solicit or accept an offer to buy any such securities in interstate commerce through the use or medium of any book, magazine, newspaper, or similar publication, or by any circular, advertisement, or printed, written, or other graphic communication or document, or by any spoken communication carried or transmitted through or by such mails or by radio, telegraph, or telephone, or by other means or instruments of transportation or communication, or any of them;

(c) Or for any person to carry or cause to be carried any such securities, in interstate commerce, by any means or instruments of transportation, for the purpose of sale or for delivery after sale, either directly or through the medium of another;

(d) Or for any person to sell or offer for sale or to announce or advertise or deliver in the United States any such securities when the same are securities of a foreign government or a political subdivision thereof.

SEC. 4. All securities heretofore referred to in section 3 of this act shall be registered with the Commission under the terms and conditions hereinafter provided, by filing a registration statement signed by the issuer or issuers, its or their principal executive officers or officers, the principal financial officer or officers, and the directors, trustees, or managers; or, if there is no board of directors, by the persons or board having the power of management of the person, corporation, association, or other entity issuing the said securities: *Provided*, That when such statement relates to securities issued by a foreign government or political subdivision thereof, or by any person residing in or by any corporation or association organized under the laws of any foreign country, it shall be signed by the person or persons negotiating the loan in the United States or territory or acting as the fiscal or selling agent for the sale of such security in the United States or territory or underwriting such security for sale in the United States or territory, and by the principal executive officers, principal financial officers, and the directors or other managing officials of such person or persons.

Any director of a corporation may, in the discretion of the Commission, and upon request before registration, for good cause shown, be excused from signing and swearing to the said statement: *Provided*, That the said statement shall not be deemed to have met the requirements of this act and shall not be received

by the Commission unless it is signed and sworn to by not less than three fourths of the directors. Signatures of all such persons when printed on the said statements shall be presumed to be so printed by authority of the person whose signature is so affixed, and the burden of proof, in the event such authority shall be denied, shall be upon the party denying same. If any signer of any registration statement shall act therein as a "dummy" he shall state after his signature that he signs as a "dummy" and shall state who such signers' principal or principals are. In the case of signature of any registration statement by one who is shown to be a "dummy" for another, such signature shall not be deemed to be valid for the purposes of this act unless and until the principal of the said "dummy" shall also affix his signature to the said statement. The affixing of any signature without the authority of the purported signer shall constitute a violation of this act. Similar statements shall be filed for each subsequent issue of securities, unless otherwise exempted by this act, not covered by the original and succeeding statements.

SEC. 5. (a) The said statement, when relating to a security other than a security issued by a foreign government or political subdivision thereof, shall contain the following information concerning the said securities and the person or other entity issuing them:

(1) The name under which the issuer is doing or intends to do business, the name of the State or other sovereign power under which the issuer is organized and the location of the issuer's principal business office and a statement showing whether authority for the issuance or sale of such security is required by the State or sovereign power in which the issuer is organized and whether authority to issue or sell said security has been granted, refused, or revoked by said State or sovereign power or any other State or sovereign power, together with certified copy of the order or orders granting, refusing, or revoking said authority.

(2) The names and addresses of the promoters, directors, trustees, and officers, if the issuer be a corporation or association or trust; of all partners, if the issuer be a partnership; and the name and address of the issuer.

(3) The purposes of incorporation, if incorporated, and the general character of the business actually transacted or to be transacted by the issuer.

(4) A statement of the capitalization of the issuer, including the authorized and paid-up amounts of its capital stock, the number and classes of shares into which such capital stock is divided, the par value thereof, or if it has no par value, the stated or assigned value thereof; a description of the respective voting rights, preferences, conversion and exchange rights, rights to dividends, profits, or capital of each class, including the retirement and liquidation rights or values thereof; the amount of capital stock of each class issued or to be offered, together with specimen copies of stock certificates of each class; whenever the Commission requires it, the names of all persons owning as much as 1 percent of the stock of said issue with a statement of the number of shares held by each and the beneficial owner thereof when known; the amount of the funded debt, with a description of the date, maturity, and character of such debt, and the security, if any, therefor; a statement, as of a date not more than 90 days prior to the date of filing the registration statement, showing all the assets of the issuer in such detail as the Commission may prescribe (with intangible items segregated), the nature and cost thereof, whenever determinable, and in what form paid, loans to officers and/or directors, and all the liabilities of the issuer in such detail as the Commission may prescribe, including the surplus of the issuer, showing how and from what sources said surplus was created; a statement of the amount of the issuer's earnings and income and the nature and source thereof, and the issuer's expenses and fixed charges, in such detail as the Commission may prescribe, during the preceding 3 fiscal years, or if such issuer has been in actual business for less than 3 fiscal years, then during such lesser period as the issuer has been in actual business; a statement showing in such detail as the Commission may prescribe what the practice of said issuer has been during the said 3-year or lesser period as to the character of the charges made against its various surplus accounts, and as to depreciation, depletion, and maintenance charges, and, if stock dividends or avails from the sale of rights have been credited to income, they shall be shown separately with a statement of the bases upon which the credit is computed; a statement showing the investment in the issuer by the directors thereof; and a statement containing such further pertinent information as the Commission may require.

(5) A detailed statement of the plan upon which the issuer proposes to dispose of the securities offered for registration; the price at which they are offered to the public, the net amount returnable to capital investment, and the net amount received or to be received thereafter by the issuer; the names of the syndicate, if any, underwriting the securities offered for registration; a copy of the security offered or to be offered and, if said security is a bond, note, debenture, or other evidence of indebtedness, a copy of the mortgage, indenture, deed of trust, or other instrument securing or accompanying said security; and a copy of any circular, prospectus, advertisement, or other description of such securities then prepared by or for such issuer or underwriter or by or for the applicant for registration (if the applicant shall not be the issuer) to be used for distribution or publication to the public.

(6) The purpose for which the securities to be offered have been issued or are to be issued a detailed statement showing the items of cost of property, services, patents, goodwill, and any other consideration for which such securities have been or are to be issued, and the amount of all commissions, discounts, rebates, bonuses, and other considerations paid or issued or to be paid or issued by or to the issuer and by or to all other persons for or in respect of the issue, sale, or offer of the said securities.

(7) The amount of capital stock which is to be set aside and disposed of for services to promoters, if any, and a statement of all stock issued from time to time for services to promoters.

(8) In case of a bond or other instrument of indebtedness, a description of the property by which such bond or other instrument of indebtedness is secured.

(9) If the issuer is a corporation, there shall be filed with the statement a certified copy of its articles of incorporation with all amendments and of its existing bylaws. If the issuer is a trustee there shall be filed with the statement a copy of all instruments by which the trust is created or declared and in which it is accepted and acknowledged. If the issuer is a partnership or an unincorporated association, or joint-stock company, or any other form of organization whatsoever, there shall be filed with the statement a copy of its articles of partnership or association and all other papers pertaining to its organization.

(10) Such additional pertinent information as the Commission may require.

(b) Each statement relating to securities issued by a foreign government or political subdivision thereof shall contain:

(1) Name of borrowing government or subdivision thereof;

(2) Purpose or object of the loan;

(3) Date and terms of the proposed loan;

(4) Date and terms of the underwriting or selling agreement, the names of the members of the underwriting or selling syndicate, all bonuses, discounts, rebates, and commissions paid or to be paid by the borrower and all payments or charges paid or to be paid for the privilege of underwriting or selling the loan or for any other purpose in connection therewith, and the terms of any collateral agreement, arrangement, or understanding, if any, between the underwriters or selling agent or any other person, and the borrower or any officer or agent of the borrower, relating to the said loan;

(5) Security pledged or to be pledged for the loan;

(6) General financial condition of the borrower;

(7) Whether or not the borrower has defaulted within the preceding 25 years on the principal or interest of any other security sold in the United States or other foreign country and, if so, the date, amount, and circumstances;

(8) Proposed method of distributing the securities to be issued under the loan;

(9) Proposed price at which the securities are to be offered to the public in the United States and elsewhere;

(10) Cost thereof to the person, corporation, or association or other entity underwriting, selling, or negotiating the loan and the net amount to be returned to the borrower from the sale of such securities;

(11) Such additional pertinent information as the Commission may require.

(c) All of the statements, exhibits, and documents of every kind required by the Commission under this section, except properly certified public documents, shall be verified by oath in such manner and form as may be required by the Commission.

(d) The filing of the statement specified in subsections (a) and (b) of this section and the payment of the fee hereinafter provided shall constitute formal registration of the security concerned.

(e) At the time of filing the said statement, as hereinbefore prescribed in subsections (a) and (b) of this section, the applicant shall pay to the Commission a fee of one hundredth of 1 percent of the aggregate par value of the securities to be sold and for which the applicant is seeking registration, but in no case shall such fee be less than $25. In case of stock having no par value the price at which such stock is to be offered to the public shall be deemed to be the par value of such stock.

SEC. 6. The Commission may revoke or suspend the registration of any security by entering an order to that effect if the Commission shall find that any such issuer or any other person who has signed or who is by this act required to sign the registration statement—

(a) Has violated any of the provisions of this act, or any authorized order of the Commission of which such person or issuer has notice, but the burden of proof shall be on the person or persons asserting lack of notice; or

(b) Has been or is engaged or is about to engage in fraudulent transactions, or has filed with the Commission any application, registration, or other statement, or report which is untrue in any material respect or fails to disclose any material information required by section 5 hereof; or

(c) Has made any fraudulent, false, or deceptive representations in any prospectus or in any circular or other literature or communication that has been distributed, or by any other means, concerning such issuer or person or securities registered. Such revocation or suspension shall not apply to any part of an issue of securities that prior to the date of such revocation or suspension shall have been issued, sold, and delivered to a bona-fide purchaser or purchasers for value, without notice, such purchaser or purchasers not being the issuers or underwriters or their agents, representatives, or assigns.

The Commission is hereby directed and empowered to make such examinations and investigations as in its discretion it may deem necessary to the administration or enforcement of this act. In making such examinations or investigations the Commission or any officer or officers designated by it shall at all reasonable

times have access to and may compel the production of all the books and papers of issuers, representatives, or underwriters, or any other person or persons being investigated or proceeded against, or having relevant or pertinent knowledge or information touching the matter in question, and may administer oaths to and examine the officers of such issuers, representatives, underwriters, or other persons connected therewith as to its or their business and affairs and, in addition, the Commission may, in its discretion, require the production of a balance sheet exhibiting the assets and liabilities of any issuer, representative, or underwriter, or its or their income statement, or both.

Whenever the Commission may deem it necessary, it may also require such balance sheet or income statement, or both, to be made more specific in such particulars as the Commission shall point out or to be brought down to the latest practicable date.

If any issuer, representative, underwriter, or other entity shall refuse to permit an examination to be made by the Commission, such refusal shall be proper ground for revocation or suspension of registration.

If the Commission shall deem it necessary, it may enter an order requiring an immediate showing of the right to sell securities, and upon failure of the person in whom such right has been reposed to make a satisfactory showing, and an order entered to that effect, such right shall be suspended. Notice of the entry of such orders may be served by mail, or personally, or by telephone confirmed in writing, or by telegraph.

The issuer or other applicant for registration shall on application to the Commission within 30 days from the entry of an order of revocation or suspension be entitled to a public hearing before the Commission or an examiner of the Commission thereunto duly authorized by it, and appropriate records shall be kept of all such hearings and proceedings. If the issuer or other person fails to make such application for a hearing within 30 days after the entry of the Commission's order, such order shall become final.

SEC. 7. Any person aggrieved by an order of the Commission revoking or suspending the registration of any security may obtain a review of such order in the Circuit Court of Appeals of the United States, within any circuit wherein such person resides or carries on business, or in the Court of Appeals of the District of Columbia, by filing in the court, within 30 days after such order shall become final, a written petition praying that the order of the Commission be set aside. A copy of such petition shall be forthwith served upon the Commission, and thereupon the Commission shall certify and file in the court a transcript of the record upon which the order complained of was entered. Any findings which the Commission may make as to the facts, if supported by evidence, shall be conclusive. Upon said transcript the court shall have the power to make and enter a decree affirming, modifying, or setting aside the order of the Commission. If either party shall apply to the court for leave to adduce additional evidence, and shall show to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for failure to adduce such evidence in the hearing before the Commission, the court may order such additional evidence to be taken before the Commission and to be adduced upon the hearing in such manner and upon such terms and conditions as to the court may seem proper. The Commission may modify its findings as to the facts by reason of the additional evidence so taken, and it shall file such modified or new findings, which, if supported by the evidence, shall be conclusive, and its recommendation, if any, for the modification or setting aside of the original order, with the return of such additional evidence. The judgment and decree of the court shall be final, except that the same shall be subject to review by the Supreme Court upon certiorari or certification as provided in sections 240 and 348 of the Judicial Code, as amended.

SEC. 8. It shall be unlawful to carry, transmit, or cause to be carried or transmitted, in interstate commerce, by use of the United States mails or by any means or instruments of transportation or communication, any written, printed, or other graphic communication or document, or any radio communication, announcing, offering, or advertising for sale any securities subject to the provisions of this act, unless such communication or document contains the following information concerning the security so offered:

(a) The name of the issuer and names of the underwriting syndicate, if any, amount of capitalization authorized and paid up, location of principal place of business, and, if incorporated, place of incorporation.

(b) A brief description of the security offered, including the amount of the issue, a description of its rights with reference to dividends or fixed returns and voting power and relative position with reference to other outstanding securities having prior rights which must be specified as well as the amount of capital stock and other securities, commissions, discounts, rebates, and bonuses.

(c) The price at which it is offered to the public, the net amount to be returned to capital investment, and the net amount received or to be received thereafter by the issuer, as well as the maximum amount of discount, rebate, commission, or other form of remuneration to be paid in cash or otherwise, directly or indirectly, for or in connection with the sale or offering for sale of such securities.

(d) The owner of the property constituting the basis of the issue.

(e) A statement showing—

(1) The issuer's assets and liabilities.

(2) Profits and losses during year immediately preceding the offering.

(f) A statement to the effect that additional information may be secured from the Federal Trade Commission at Washington, D.C.: *Provided*, That in any case where by reason of limited size of such written, printed, or other graphic or radio communications, it is impracticable to set forth all the foregoing information, there shall be set forth such parts thereof or such other information as the Commission may by rules or regulations prescribe in the interest of the protection of the public and for the prevention of false or deceptive representations in the offer for sale or sale of such securities in interstate commerce or by use of the mails: *Provided further*, That any written, printed, or other graphic communication or document, or any radio communication, announcing, offering, or advertising for sale any securities offered by a foreign government or political subdivision thereof shall contain such information of the character referred to in the registration statement, or such additional information, as the Commission may prescribe by rules or regulations in the interest of the protection of the public and for the prevention of false or deceptive representations in the offer for sale or sale of such securities in interstate commerce or by use of the mails.

The information referred to in this section, when written, printed, or otherwise graphically expressed, shall be placed in a conspicuous part of all communications, documents, or other literature describing or mentioning the securities advertised or offered for sale. Copies of all such written or printed or other graphic communications or documents, as well as transcripts of all radio advertising, referring to the sale of securities subject to the provisions of this section shall, before distribution of such communications to prospective purchasers is begun, be filed with the commission together with a reference to the original registration of the securities so offered.

A statement containing the information required by this section shall also be delivered to each purchaser with the delivery of the security or securities to which it relates, whenever the security is sold by the issuer, or by his or its agents or representatives.

The information required under the provisions of this act contained in all registration or other statements, copies, prospectuses, advertisements, circular letters, and communications, and other documents shall be made available to the public under such regulations as the Commission may prescribe.

SEC. 9. Every person acquiring any securities specified in such statement and offered to the public shall be presumed to rely upon the representations set forth in the said statement. In case any such registration statement shall be false or deceptive in any material respect, any persons acquiring any securities to which such statement relates, either from the original issuer or from any other person, shall have the right to rescind the transaction and to obtain the return, either at law or in equity, of any and all consideration given or paid for any such securities upon the surrender thereof, either from any vendor knowing of such falsity or from the persons signing such statement, jointly or severally. Every person acquiring any security by reason of any false or deceptive representation made in the course of or in connection with a sale or an offer for sale or distribution of such securities shall have the right to recover any and all damages suffered by reason of such acquisition of such securities from the person or persons signing, issuing, using, or causing, directly or indirectly, such false or deceptive representation, jointly or severally: *Provided*, That any suit, action, or proceeding under this section against a corporation or other person may be brought not only in the judicial district whereof such corporation or person is an inhabitant, but also in any district wherein such corporation or person may be found or transacts business, and without respect to the amount in controversy; but no such suit, action, or proceeding shall be brought after the expiration of 5 years after the date of the sale by the issuer or underwriter, except that in the case of a false or deceptive representation made in the course of or in connection with a sale or offer for sale or distribution of such securities, such suit, action, or proceeding shall not be brought after the expiration of 5 years after the date such false or deceptive representation was made. All process in such suits, actions, or proceedings may be served in the district whereof such corporation or person is an inhabitant or wherever such corporation or person may be found. Any condition, stipulation, or provision binding any person acquiring any of the securities offered to the public to waive compliance with any of the provisions of this act, or of the rules and regulations, or of any requirement of the Commission herein provided for, or purporting to affect such person with notice of any contract, document, or matter not specifically referred to in the statement filed with respect to such securities as herein provided, shall be void. The rights and remedies herein provided for shall be in addition to any and all other rights and remedies that may exist at law or in equity.

SEC. 10. It shall be unlawful for any person to represent or cause to be represented to any prospective purchaser, either orally or in any written or printed communication, circular, advertisement, or other literature, that either registration of securities with the Commission or omission by the Commission to revoke or suspend said registration constitutes or is evidence of the Commission's approval or recommendation of such securities.

SEC. 11. Except as hereinafter otherwise expressly provided, the provisions of this act shall not apply to any of the following classes of securities:

(a) Any security issued or guaranteed by the United States or any Territory or insular possession thereof, or by the District of Columbia or by any State of the United States or political subdivision or agency or instrumentality of any State or States.

(b) Any security issued by and representing an interest in or a direct obligation of any common carrier subject to regulation or supervision as to the issue of its securities or its accounts by a commission, board, or officers of the Government of the United States; or any such security issued by any national bank; or by any corporation created and controlled by and acting as an instrumentality of the Government of the United States pursuant to authority granted by the Congress of the United States: *Provided*, That nothing in this act shall relieve any of the organizations mentioned in this subsection from submitting to the respective supervisory units of the Government of the United States, in such manner and form as may be required by the respective units, all information, reports, or other documents that are required under the provisions of section 5 of this act, and such additional information, reports, and documents as are now or may hereafter be required by other acts of Congress or by rules and regulations pursuant thereto of the respective units: *And provided further*, That all such organizations mentioned in this subsection shall nevertheless be required to comply with the provisions of section 8 of this act.

(c) Any security issued by a corporation organized exclusively for religious, educational, benevolent, fraternal, charitable, or reformatory purposes and not for pecuniary profit, and no part of the net earnings of which inures to the benefit of any person, private stockholder, or individual.

(d) Bonds or notes secured by mortgage upon real estate, improved or about to be improved by a residential structure, when the total encumbrances against any single property so mortgaged, including the mortgage securing the bonds and notes exempted by this paragraph, do not exceed $50,000.

(e) Any security issued by a building and loan association, cooperative bank, homestead association, or savings and loan association, farmers' cooperative associations as defined in paragraphs 12, 13, and 14, section 103 of the Revenue Act of 1932, or any annuity contract or optional annuity contract issued by a corporation and payable in installments: *Provided*, That the foregoing exemption shall not apply with respect to any security or annuity or optional annuity contract issued by any such association, cooperative bank, or corporation which charges in connection with any transaction entrance, admission, or withdrawal fees (including charges for paid-in surplus) exceeding in the aggregate 2 percent of the par value of its securities involved in such transaction, or which sells its securities at a price in excess of their par value, or which issues surplus certificates or like instruments of any kind.

(f) Any securities issued, sold, and delivered to any bona fide purchaser or purchasers, not being the underwriter, selling agent, representative, or assign of the issuer, prior to the date of the approval of this act: *Provided*, That this exemption shall not apply in the case of a sale or offer for sale, by an owner or dealer, through any prospectus, circular, pamphlet, or other advertising medium, of such securities having an aggregate par value (or, if they have no par value, an aggregate stated or assigned value) of more than $100,000, and whether such sale or offer for sale is made as one transaction or a series of transactions, except that in any such case the registration statement required under this act shall consist of a statement signed by the owner (or, in the case of a sale or offer for sale by a dealer, by the owner and the dealer) containing a copy of such prospectus, circular, pamphlet, or other advertisement, together with the name of the legal and beneficial owners of such securities, and such information affecting or relating to the value of such securities as the Commission may require in the interest of the protection of the public.

(g) Any security issued by or representing an interest in or a direct obligation of any Federal Reserve bank.

SEC. 12. Except as hereinafter otherwise expressly provided, the provisions of this act shall not apply to any of the following transactions:

(a) Judicial, executor's, administrator's, guardian's, or conservator's sale, or any sale by a receiver or trustee in insolvency or bankruptcy.

(b) Sales by or for the account of a pledge holder or mortgagee selling or offering for sale or delivery in the ordinary course of business and not for the purpose of avoiding the provisions of this act, to liquidate a bona fide debt, a security pledged in good faith as collateral for such debt.

(c) Isolated transactions in which any security issued subsequent to the date of approval of this act is sold, or offered for sale, subscription, or delivery by the owner thereof, or by his representative solely for the owner's account, such sale or offer for sale, subscription, or delivery not being made in the course of repeated and successive transactions of a like character by such owner for the purpose of engaging in the purchase and sale of securities as a business, such owner or represenative not being the issuer or underwriter of, or selling agent for, such security.

(d) Any preliminary negotiations between the issuers, underwriters, or other persons necessary to preparing an issue of securities for registration under this act or for sale to the public after registration.

SEC. 13. It shall be unlawful for any person, firm, corporation, or other entity, directly or indirectly, in any interstate sale, promotion, negotiation, advertisement, or distribution of any securities willfully to employ any device, scheme, or artifice or to employ any "dummy", or to act as any such "dummy", with the intent to defraud or to obtain money or property by means of any false pretense, representation, or promise, or to engage in any transaction, practice, or course of business relating to the interstate purchase or sale of any securities which operates or would operate as a fraud upon the purchaser. The director or other person for whom any "dummy" shall act shall be held responsible under this act for any unlawful conduct by such "dummy": *Provided*, That the said "dummy" shall not be deemed discharged from any liability for any unlawful conduct under this act. It shall be unlawful for any person who is a "dummy" for another to sign a registration statement without disclosing his principal or principals.

Whenever it shall appear to the Commission, either upon complaint or otherwise, that the provisions of this section have been or are about to be violated, it may, in its discretion, either require or permit such person, firm, corporation, association, or other entity to file with it a statement in writing, under oath, or otherwise, as to all the facts and circumstances concerning the subject matter which it believes to be in the public interest to investigate, and may investigate such facts. Whenever it shall appear to the Commission that the practices investigated constitute a fraud or an attempt to defraud under the provisions of this section, or that any person is engaged or is about to engage in interstate commerce in securities without complying with the provisions of this act and the rules and regulations promulgated by the Commission pursuant thereto, or in violation of any such provisions, rules, or regulations, the Commission may, in its discretion, bring an action in the proper district court of the United States to enjoin such practices, transactions, or violations, which injunction upon a proper showing shall be granted without bond, and the Commission shall transmit such evidence as may be available concerning the transaction or facts complained of to the Attorney General, who may, in his discretion, institute the necessary criminal proceeding under section 16 of this act. The exemptions contained in sections 11 and 12 of this act shall not apply to the provisions of this section.

SEC. 14. (a) The Commission shall have authority, from time to time, to make, amend, and rescind rules and regulations for the purpose of executing this act. It shall have authority to prescribe forms upon which all statements to be filed as hereinbefore provided shall be made, and to require such further or supplemental data or information as it may deem proper in the public interest to be included in or from time to time filed in conjunction with the said statements. Such rules and regulations shall be effective upon publication in the manner which the Commission shall prescribe.

(b) For the purpose of all investigations or inquiries which, in the opinion of the Commission, are necessary and proper for the enforcement of this act, the Commission and any officer or officers designated by it are empowered to hold hearings, receive evidence, and subpena witnesses, examine them under oath and require the production of any books, papers, or other documents which the Commission deems relevant or material to the investigation or inquiry. Such attendance of witnesses, and the production of such documentary evidence, may be required from any place in the United States or any Territory, at any designated place of hearing.

SEC. 15. The District Courts of the United States, the District Courts of Alaska, Hawaii, Puerto Rico, Canal Zone, and the Virgin Islands, and the Supreme Court of the District of Columbia shall have jurisdiction of offenses and violations under this act and under the rules and regulations promulgated by the Commission in respect thereto; and of all suits in equity and actions at law brought under this act. Judgments and decrees so rendered shall be subject to review as provided in sections 128 and 240 of the Judicial Code, as amended (U.S.C., title 28, secs. 225 and 345).

In case of contumacy or refusal to obey a subpena issued to any corporation or other person, any of the courts heretofore named in this section within the jurisdiction of which the corporation or other person guilty of contumacy or refusal to obey resides or carries on business, may issue an order requiring such corporation or other person to appear before the Commission, or one of its examiners designated by it, there to produce documentary evidence if so ordered, or there to give evidence touching the matter in question; and any failure to obey any such order of the court may be punished by said court as a contempt thereof.

Upon application of the Attorney General of the United States, at the request of the Commission, the said courts shall have jurisdiction to issue writs of mandamus commanding any person or corporation to comply with the provisions of this act or any order of the Commission made in pursuance thereof.

SEC. 16. Any person who shall willfully violate any of the provisions of this act, or the rules and regulations promulgated by the Commission pursuant thereto, shall upon conviction be fined not more than $5,000, or imprisoned not more than 5 years, or both, and any officer, director, or agent, or any corporation who knowingly participates in such violation shall be punished by a like fine or imprisonment, or both.

SEC. 17. The necessary appropriations for the purpose of carrying out the provisions of this act are hereby authorized. All moneys derived from the fees imposed by the provisions of this act shall be paid into the Treasury to the credit of miscellaneous receipts.

SEC. 18. If any provisions of this act, or the application of such provision to any person or circumstance, shall be held invalid, the remainder of this act, or the application of such provisions to

persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

TITLE II

SEC. 201. For the purpose of protecting, conserving, and advancing the interests of the holders of foreign securities in default, there is hereby created a body corporate with the name "Corporation of Foreign Security Holders" (herein called the "Corporation"). The principal office of the Corporation shall be located in the District of Columbia, but there may be established agencies or branch offices in any city or cities of the United States under rules and regulations prescribed by the board of directors.

SEC. 202. The control and management of the Corporation shall be vested in a board of 12 directors, who shall be appointed and hold office in the following manner: As soon as practicable after the date this act takes effect the Commission shall appoint 12 directors, and shall designate a chairman and a vice chairman from among their number. After the directors designated as chairman and vice chairman cease to be directors their successors as chairman and vice chairman shall be elected by the board of directors itself. Of the directors first appointed, four shall continue in office for a term of 2 years, four for a term of 4 years, and four for a term of 6 years from the date this act takes effect, the term of each to be designated by the Commission at the time of appointment. Their successors shall be appointed by the Commission, each for a term of 6 years from the date of the expiration of the term for which his predecessor was appointed, except that any person appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed only for the unexpired term of such predecessor. No person shall be eligible to serve as a director who within the 5 years preceding has had any interest, direct or indirect, in any corporation, company, partnership, bank, or association which has sold or offered to sell any foreign securities. The office of a director shall be vacated if the board of directors shall at a meeting specially convened for that purpose by resolution passed by a majority of at least three fourths of the board of directors, remove such member from office, provided that the member whom it is proposed to remove shall have 7 days' notice sent to him of such meeting and that he may be heard.

SEC. 203. The Corporation shall have power to adopt, alter, and use a corporate seal; to make contracts; to lease such real estate as may be necessary for the transaction of its business; to sue and be sued, to complain and to defend, in any court of competent jurisdiction, State or Federal; to require from trustees, financial agents, or dealers in foreign securities information relative to the original or present holders of foreign securities and such other information as may be required and to issue subpenas therefor; to take over the functions of any fiscal and paying agents of any foreign securities in default; to borrow money for the purposes as this title, and to pledge as collateral for such loans any securities deposited with the Corporation pursuant to this title; by and with the consent and approval of the Commission to select, employ, and fix the compensation of officers, directors, members of the committees, employees, attorneys, and agents of the Corporation, without regard to the provisions of other laws applicable to the employment and compensation of officers or employees of the United States; to define their authority and duties, require bonds of them and fix the penalties thereof, and to dismiss at pleasure such officers, employees, attorneys, and agents; and to prescribe, amend, and repeal, by its board of directors, bylaws, rules, and regulations governing the manner in which its general business may be conducted and the powers granted to it by law may be exercised and enjoyed, together with provisions for such committees and the functions thereof as the board of directors may deem necessary for facilitating its business under this title. The board of directors of the Corporation shall determine and prescribe the manner in which its obligations shall be incurred and its expenses allowed and paid.

SEC. 204. The board of directors may—

(1) Convene meetings of holders of foreign securities.

(2) Invite the deposit and undertake the custody of foreign securities which have defaulted in the payment either of principal or interest, and issue receipts or certificates in the place of securities so deposited.

(3) Appoint committees from the directors of the Corporation and bar all other persons to represent holders of any class or classes of foreign securities which have defaulted in the payment either of principal or interest, and determine and regulate the functions of such committees. The chairman and vice chairman of the board of directors shall be ex officio chairman and vice chairman of each committee.

(4) Negotiate and carry out, or assist in negotiating and carrying out, arrangements for the resumption of payments due or in arrears in respect of any foreign securities in default, or for rearranging the terms on which such securities may in future be held, or for converting and exchanging the same for new securities, or for any other object in relation thereto; and under this paragraph any plan or agreement made with respect to such securities shall be binding upon depositors, providing that the consent of holders resident in the United States of 60 percent of the securities deposited with the Corporation shall be obtained.

(5) Undertake, superintend, or take part in the collection and application of funds derived from foreign securities which come into the possession of or under the control or management of the Corporation.

(6) Collect, preserve, publish, circulate, and render available in readily accessible form, when deemed essential or necessary, documents, statistics, reports, and information of all kinds in respect of foreign securities, including particularly records of foreign external securities in default and records of the progress made toward the payment of past-due obligations.

(7) Take such steps as it may deem expedient with the view of securing the adoption of clear and simple forms of foreign securities and just and sound principles in the conditions and terms thereof.

(8) Generally, act in the name and on behalf of the holders of foreign securities the care or representation of whose interests may be entrusted to the Corporation; conserve and protect the rights and interests of holders of foreign securities issued, sold, or owned in the United States; adopt measures for the protection, vindication, and preservation or reservation of the rights and interests of holders of foreign securities either on any default in or on breach or contemplated breach of the conditions on which such foreign securities may have been issued, or otherwise; obtain for such holders such legal and other assistance and advice as the board of directors may deem expedient; and do all such other things as are incident or conducive to the attainment of the above objects.

SEC. 205. The board of directors shall cause accounts to be kept of all matters relating to or connected with the transactions and business of the Corporation, and cause a general account and balance sheet of the Corporation to be made out in each year, and cause all accounts to be audited by one or more auditors who shall examine the same and report thereon to the board of directors.

SEC. 206. The Corporation shall make, print, and make public an annual report of its operations during each year, send a copy thereof, together with a copy of the account and balance sheet and auditor's report, to the Commission and to both Houses of Congress, and provide one copy of such report but not more than one on the application of any person and on receipt of a sum not exceeding $1: *Provided*, That the board of directors in its discretion may distribute copies gratuitously.

SEC. 207. The Corporation may in its discretion levy charges, assessed on a prorata basis, on the holders of foreign securities deposited with it: *Provided*, That any charge levied at the time of depositing securities with the Corporation shall not exceed one fifth of 1 percent of the face value of such securities: *Provided further*, That any additional charges shall bear a close relationship to the cost of operations and negotiations, including those enumerated in sections 203 and 204, and shall not exceed 1 percent of the face value of such securities.

SEC. 208. The Corporation may receive subscriptions from any person, foundation with a public purpose, or agency of the United States Government, and except that such subscriptions may, in the discretion of the board of directors, be treated as loans repayable when and as the board of directors shall determine.

SEC. 209. The Reconstruction Finance Corporation is hereby authorized to loan out of its funds not to exceed $75,000 for the use of the Corporation.

SEC. 210. This title may be cited as the "Corporation of Foreign Bondholders Act, 1933."

SEC. 19. This act shall take effect 90 days after its approval.

The PRESIDING OFFICER. Does the Senator from Florida desire the title of the bill changed in accordance with the language of the Senate text?

Mr. FLETCHER. I have no objection to using the House title.

The PRESIDING OFFICER. Without objection, the Senate bill (S. 875) to provide for the furnishing of information and supervision of traffic in investment securities in interstate commerce will be indefinitely postponed.

Mr. FLETCHER. Mr. President, I move that the Senate insist upon its amendment, ask for a conference with the House on the bill and amendment, and that the Chair appoint conferees.

The motion was agreed to; and the Presiding Officer appointed Mr. FLETCHER, Mr. GLASS, Mr. WAGNER, Mr. NORBECK, and Mr. GOLDSBOROUGH conferees on the part of the Senate.

RADIO DECISION BY UNITED STATES SUPREME COURT

Mr. WHITE. Mr. President, during the last session the senior Senator from Washington [Mr. DILL] made some reference on the floor to a decision of the Court of Appeals of the District of Columbia in a radio case. I also on the floor made reference to the same case. The Supreme Court of the United States has just handed down a decision determinative of the issues involved in that case. The decision is of so much importance to those interested in radio communication that I ask that it may be printed in the RECORD.

There being no objection, the decision was ordered to be printed in the RECORD, as follows:

SUPREME COURT OF THE UNITED STATES

Nos. 657, 658, 659, and 660—October term 1932

(657) FEDERAL RADIO COMMISSION, PETITIONER, *v.* NELSON BROS. BOND & MORTGAGE CO. (STATION WIBO). (658) FEDERAL RADIO COMMISSION, PETITIONER, *v.* NORTH SHORE CHURCH (STATION WPPC). (659) FEDERAL RADIO COMMISSION AND JOHNSON-KENNEDY RADIO CORPORATION (STATION WJKS), PETITIONERS, *v.* NELSON BROS. BOND & MORTGAGE CO. (STATION WIBO). (660) FEDERAL RADIO COMMISSION AND JOHNSON-KENNEDY RADIO CORPORATION (STATION WJKS), PETITIONERS, *v.* NORTH SHORE CHURCH (STATION WPCC). ON WRITS OF CERTIORARI TO THE COURT OF APPEALS OF THE DISTRICT OF COLUMBIA

Mr. Chief Justice Hughes delivered the opinion of the Court.

The Johnson-Kennedy Radio Corporation, owning station WJKS at Gary, Ind., applied to the Federal Radio Commission for modification of license so as to permit operation, with unlimited time, on the frequency of 560 kilocycles, then assigned for the use of station WIBO, owned by Nelson Bros. Bond & Mortgage Co., and station WPCC, owned by the North Shore Church, both at Chicago, Ill. These owners appeared before the chief examiner who, after taking voluminous testimony, recommended that the application be denied. The applicant filed exceptions and, on consideration of the evidence, the Commission granted the application and directed a modified license to issue to the applicant authorizing the operation of station WJKS on the frequency of 560 kilocycles and terminating the existing licenses theretofore issued for stations WIBO and WPCC. On appeal, the Court of Appeals of the District of Columbia reversed the Commission's decision upon the ground that it was "in a legal sense arbitrary and capricious" (62 F. (2d) 854). This Court granted certiorari (288 U.S. —).

The action of the Commission was taken under section 9 of the Radio Act of 1927 (c. 169, 44 Stat. 1166), as amended by section 5 of the act of March 28, 1928 (ch. 263, 45 Stat. 373; 47 U.S.C. 89).[1] The findings of fact upon which the Commission based its order included the following:

"Gary, Ind., about 30 miles from Chicago, is the largest steel center in the world. It has a population of approximately 110,000 and is located in what is known as the Calumet region which has a population of about 800,000, 60 percent of whom are foreign born and represent over 50 nationalities. Station WJKS is the only radio station in Gary, and the programs it broadcasts are well designed to meet the needs of the foreign population. These programs include 'broadcasts for Hungarian, Italian, Mexican, Spanish, German, Russian, Polish, Croatian, Lithuanian, Scotch, and Irish people', and 'are musical, educational, and instructive in their nature and stress loyalty to the community and the Nation.' Programs are arranged and supervised 'to stimulate community and racial origin pride and rivalry and to instruct in citizenship and American ideals and responsibilities.' 'Special accident prevention talks' are given for workingmen, explaining the application of new safeguards of various types of machinery used in the steel mills. The children's hour utilizes selections from various schools. There are 'good-citizenship talks' weekly by civic leaders. The facilities of the station are made available to the local police department and to all fraternal, charitable, and religious organizations in the Calumet region, without charge. Sunday programs consist mainly 'of church service broadcasts' including all churches and denominations desiring to participate. Although the Calumet area is served by a station at Fort Wayne and by several stations in Chicago, station WJKS 'is the only station which serves a substantial portion of the area with excellent or even good service.' While station WJKS 'delivers a signal of sufficient strength to give good reception in its normal service area if not interfered with, heterodyne and cross-talk interference exist to within 3 miles of the transmitter and constant objection to interference is found in the good-service area of the station, particularly to the south, southeast, and east.' This interference has increased during the past 2 years.

"Station WIBO is operated by Nelson Bros. Bond & Mortgage Co. separately from its mortgage and real-estate business. It employs 55 persons, and its total monthly expenses average $17,000. In March 1931 it earned a net profit of $9,000. It represents a total cost of $346,362.99, less a reserve for depreciation of $54,627.36, and has been operated since April 1925. Station WIBO was licensed to share time with station WPCC, the latter being authorized to operate on Sundays during stated hours and by agreement has operated on certain week days in exchange for Sunday hours.

"The licenses for stations WIBO and WPCC, effective from September 1, 1931, to March 1, 1932, were issued upon the following condition: 'This license is issued on a temporary basis and subject to such action as the Commission may take after hearing on the application filed by station WJKS, Gary, Ind., for the frequency 560 kilocycles. No authority contained herein shall be construed as a finding by the Federal Radio Commission that the operation of this station is or will be in the public interest beyond the term hereof.'

"The programs broadcast by station WIBO include a large number of chain programs originating in the National Broadcasting Network, and are almost entirely commercial in their nature. The same general type of programs broadcast by WIBO, including National Broadcasting Chain programs, are received in the service area of WIBO from many other stations located in the Chicago district.

"Station WPCC, owned by the North Shore Church, has programs made up entirely of sermons, religious music, and talks relating to the work and interests of the church. Contributions are solicited for the use of the church and to advance the matters in which it is interested; it is not used by other denominations or societies. 'Other stations in Chicago, including WMBI, owned by the Moody Bible Institute, devoting more time to programs of a religious nature than WPCC, are received in the service area of that station.'

"'The State of Indiana is 2.08 units, or 22 percent, under quota in station assignments, and the State of Illinois is 12.49 units, or 55 percent over quota in such assignments. The fourth zone, in which both States are located, is 21 units, or 26 percent, over quota in station assignments. The granting of this application and deletion of WIBO and WPCC would reduce the over-quota status of the State of Illinois and the fourth zone by 0.88 unit and 0.45 unit, respectively, and would increase the quota of Indiana by 0.43 unit.'"

"Summarizing the grounds of its decision, the Commission found:

"'1. The applicant station (WJKS) now renders an excellent public service in the Calumet region, and the granting of this application would enable that station to further extend and enlarge upon that service.

"'2. The deletion of stations WIBO and WPCC would not deprive the persons within the service areas of those stations of any type of programs not now received from other stations.

"'3. Objectionable interference is now experienced within the service area of WJKS through the operation of other stations on the same and adjacent frequencies.

"'4. The granting of this application and deletion of stations WIBO and WPCC would not increase interference within the good service areas of any other stations.

"'5. The granting of this application and deletion of stations WIBO and WPCC would work a more equitable distribution of broadcasting facilities within the fourth zone, in that there would be an increase in the radio broadcasting facilities of Indiana which is now assigned less than its share of such facilities and a decrease in the radio broadcasting facilities of Illinois which is now assigned more than its share of such facilities.

"'6. Public interest, convenience, and/or necessity would be served by the granting of this application.'"

The court of appeals was divided in opinion. The majority pointed out that the court had repeatedly held that "it would not be consistent with the legislative policy to equalize the comparative broadcasting facilities of the various States or zones by unnecessarily injuring stations already established which are rendering valuable service to their natural service areas"; and they were of opinion that the evidence showed that stations WIBO and WPCC had been "serving public interest, convenience, and necessity certainly to as great an extent as the applicant station" and that "the conclusively established and admitted facts" furnished no legal basis for the commission's decision. The minority of the court took the view that the court was substituting its own conclusions for those of the commission, that the commission had acted within its authority, and that its findings were sustained by the evidence.

First. Respondents challenge the jurisdiction of this court. They insist that the decision of the court of appeals is not a "judicial judgment"; that, for the purpose of the appeal to it, the Court of Appeals is merely a part of the machinery of the Radio Commission and that the decision of the court is an administrative decision. Respondents further insist that if this court examines the record, its decision "would not be a judgment, or permit of a judgment to be made in any lower court, but would permit only consummation of the administrative function of issuing or withholding a permit to operate the station."

Under section 16 of the Radio Act of 1927, the court of appeals, on appeal from decisions of the Radio Commission, was directed

[1] Section 5 of the act of March 28, 1928 (45 Stat. 373), is as follows:

"SEC. 5. The second paragraph of section 9 of the Radio Act of 1927 is amended to read as follows:

"It is hereby declared that the people of all the zones established by section 2 of this act are entitled to equality of radio broadcasting service, both of transmission and of reception, and in order to provide said equality the licensing authority shall as nearly as possible make and maintain an equal allocation of broadcasting licenses, of bands of frequency or wave lengths, of periods of time for operation, and of station power, to each of said zones when and insofar as there are applications therefor; and shall make a fair and equitable allocation of licenses, wave lengths, time for operation, and station power to each of the States, the District of Columbia, the Territories, and possessions of the United States within each zone, according to population. The licensing authority shall carry into effect the equality of broadcasting service hereinbefore directed, whenever necessary or proper, by granting or refusing licenses or renewals of licenses, by changing periods of time for operation, and by increasing or decreasing station power, when applications are made for licenses or renewals of licenses: *Provided*, That if and when there is a lack of applications from any zone for the proportionate share of licenses, wave lengths, time of operation, or station power to which such zone is entitled, the licensing authority may issue licenses for the balance of the proportion not applied for from any zone, to applicants from other zones for a temporary period of 90 days each, and shall specifically designate that said apportionment is only for said temporary period. Allocations shall be charged to the State, District, Territory, or possession wherein the studio of the station is located and not where the transmitter is located."

to "hear, review, and determine the appeal" upon the record made before the commission, and upon such additional evidence as the court might receive, and was empowered to "alter or revise the decision appealed from and enter such judgment as to it may seem just" (44 Stat. 1169). This provision made the court "a superior and revising agency" in the administrative field and consequently its decision was not a judicial judgment reviewable by this court. (*Federal Radio Commission* v. *General Electric Co.*, 281 U.S. 464, 467.) The province of the court of appeals was found to be substantially the same as that which it had, until recently, on appeals from administrative decisions of the Commissioner of Patents. While the Congress can confer upon the courts of the District of Columbia such administrative authority, this court cannot be invested with jurisdiction of that character whether for the purpose of review or otherwise. It cannot give decisions which are merely advisory, nor can it exercise functions which are essentially legislative or administrative. (*Id.*, pp. 468, 469; *Keller* v. *Potomac Electric Power Co.*, 261 U.S. 428, 442–444; *Postum Cereal Co.* v. *California Fig Nut Co.*, 272 U.S. 693, 700.)

In the light of the decision in the General Electric case, supra, the Congress, by the act of July 1, 1930, chapter 788, amended section 16 of the Radio Act of 1927 so as to limit the review by the court of appeals (46 Stat. 844; 47 U.S.C. 96).[3] That review is now expressly limited to "questions of law" and it is provided "that findings of fact by the Commission, if supported by substantial evidence, shall be conclusive unless it shall clearly appear that the findings of the Commission are arbitrary or capricious." This limitation is in sharp contrast with the previous grant of authority. No longer is the court entitled to revise the Commission's decision and to enter such judgment as the court may think just. The limitation manifestly demands judicial, as distinguished from administrative, review. Questions of law form the appropriate subject of judicial determinations. Dealing with activities admittedly within its regulatory power, the Congress established the Commission as its instrumentality to provide continuous and expert supervision and to exercise the administrative judgment essential in applying legislative standards to a host of instances. These standards the Congress prescribed. The powers of the Commission were defined, and definition is limitation. Whether the Commission applies the legislative standards validly set up, whether it acts within the authority conferred or goes beyond it, whether its proceedings satisfy the pertinent demands of due process, whether, in short, there is compliance with the legal requirements which fix the province of the Commission and govern its action, are appropriate questions for judicial decision. These are questions of law upon which the court is to pass. The provision that the Commission's findings of fact, if supported by substantial evidence, shall be conclusive unless it clearly appears that the findings are arbitrary or capricious, cannot be regarded as an attempt to vest in the court an authority to revise the action of the Commission from an administrative standpoint and to make an administrative judgment. A finding without substantial evidence to support it—an arbitrary or capricious finding—does violence to the law. It is without the sanction of the authority conferred. And an inquiry into the facts before the Commission, in order to ascertain whether its findings are thus vitiated, belongs to the judicial province and does not trench upon, or involve the exercise of, administrative authority. Such an examination is not concerned with the weight of evidence or with the wisdom or expediency of the administrative action. (*Interstate Commerce Commission* v. *Illinois Central R.R. Co.*, 215 U.S. 452, 470; *Interstate Commerce Commission* v. *Union Pacific R.R. Co.*, 222 U.S. 541, 547, 548; *New England Divisions Case*, 261 U.S. 184, 203, 204; *Keller* v. *Potomac Electric Power Co.*, *supra*; *The Chicago Junction Case*, 264 U.S. 258, 263, 265; *Silberschein* v. *United States*, 266 U.S. 221, 225; *Ma-King Products Co.* v. *Blair*, 271 U.S. 479, 483; *Federal Trade Commission* v. *Klesner*, 280 U.S. 19, 30; *Tagg Bros.* v. *United States*, 280 U.S. 420, 442; *Federal Trade Commission* v. *Raladam Co.*, 283 U.S. 643, 654; *Crowell* v. *Benson*, 285 U.S. 22, 49, 50.)

If the questions of law thus presented were brought before the Court by suit to restrain the enforcement of an invalid administrative order there could be no question as to the judicial character of the proceeding. But that character is not altered by the mere fact that remedy is afforded by appeal. The controlling question is whether the function to be exercised by the Court is a judicial function; and if so, it may be exercised on an authorized appeal from the decision of an administrative body. We must not "be misled by a name but look to the substance and intent of the proceeding". (*United States* v. *Ritchie*, 17 How. 525, 534; *Stephens* v. *Cherokee Nation*, 174 U.S. 445, 479; *Federal Trade Commission* v. *Eastman Co.*, 274 U.S. 619, 623; *Old Colony Trust Co.* v. *Commissioner*, 279 U.S. 716, 722–724.) "It is not important", we said in *Old Colony Trust Co.* v. *Commissioner*, supra, "whether such a proceeding was originally begun by an administrative or executive determination, if when it comes to the court, whether legislative or constitutional, it calls for the exercise of only the judicial power of the court upon which jurisdiction has been conferred by law." Nor is it necessary that the proceeding to be judicial should be one entirely de novo. When on the appeal, as here provided, the parties come before the court of appeals to obtain its decision upon the legal question whether the Commission has acted within the limits of its authority and to have their rights, as established by law, determined accordingly, there is a case or controversy which is the appropriate subject of the exercise of judicial power. The provision that in case the Court reverses the decision of the Commission "it shall remand the case to the Commission to carry out the judgment of the Court" means no more than that the Commission in its further action is to respect and follow the Court's determination of the questions of law. The procedure thus contemplates a judicial judgment by the court of appeals, and this Court has jurisdiction, on certiorari, to review that judgment in order to determine whether or not it is erroneous. (*Osborn* v. *United States Bank*, 9 Wheat. 738, 819; *In re Pacific Railway Commission*, 32 Fed. 241, 255; *Federal Trade Commission* v. *Klesner*, supra; *Federal Trade Commission* v. *Raladam Co.*, supra; *Old Colony Trust Co.* v. *Commissioner*, supra.)

Second. In this aspect, the questions presented are (1) whether the Commission, in making allocations of frequencies or wave lengths to States within a zone has power to license operation by a station in an "under-quota" State on a frequency theretofore assigned to a station in an "over-quota" State and to terminate the license of the latter station; (2) whether, if the Commission has this power, its findings of fact sustain its order in the instant case, in the light of the statutory requirements for the exercise of the power; and if so, whether these findings are supported by substantial evidence; and (3) whether, in its procedure, the Commission denied to the respondents any substantial right.

1. No question is presented as to the power of the Congress, in its regulation of interstate commerce, to regulate radio communications. No State lines divide the radio waves, and national regulation is not only appropriate but essential to the efficient use of radio facilities. In view of the limited number of available broadcasting frequencies, the Congress has authorized allocation and licenses. The Commission has been set up as the licensing authority and invested with broad powers of distribution in order to secure a reasonable equality of opportunity in radio transmission and reception.

The Radio Act divides the United States into five zones, and Illinois and Indiana are in the fourth zone. (Sec. 2, 47 U.S.C. 82.) Except as otherwise provided in the act, the Commission "from time to time, as public convenience, interest, or necessity requires", is directed to "assign bands of frequency or wave lengths to the various classes of stations and assign frequencies or wave lengths for each individual station and determine the power which each station shall use and the time during which it may operate", and to "determine the location of classes of stations or individual stations." (Sec. 4 (c) (d), 47 U.S.C. 84.) By section 9, as amended in 1928, the Congress declared that the people of all the zones "are entitled to equality of radio broadcasting service, both of transmission and of reception", and that "in order to provide said equality the licensing authority shall as nearly as possible make and maintain an equal allocation of broadcasting licenses, of bands of frequency or wave lengths, of periods of time for operation, and of station power to each of said zones when and insofar as there are applications therefor"; and the Commission is further directed to "make a fair and equitable allocation of licenses, wave lengths, time for operation, and station power to each of the States, * * * within each zone, according to population"; and the Commission is to "carry into effect the equality of broadcasting service, * * * whenever necessary or proper, by granting or refusing licenses or renewals of licenses, by changing periods of time for operation and by increasing or decreasing station power when applications are made for licenses or renewals of licenses." (Sec. 9, 47 U.S.C. 89.[3])

By its General Order No. 40, of August 30, 1928[4] the Commission established a basis for the equitable distribution of broadcasting facilities in accordance with the act. That order, as amended, provided for the required apportionment by setting aside a certain number of frequencies for use by stations operating on clear channels for distant service, and other frequencies for simultaneous use by stations operating in different zones, each station serving a regional area, and still others for use by stations serving

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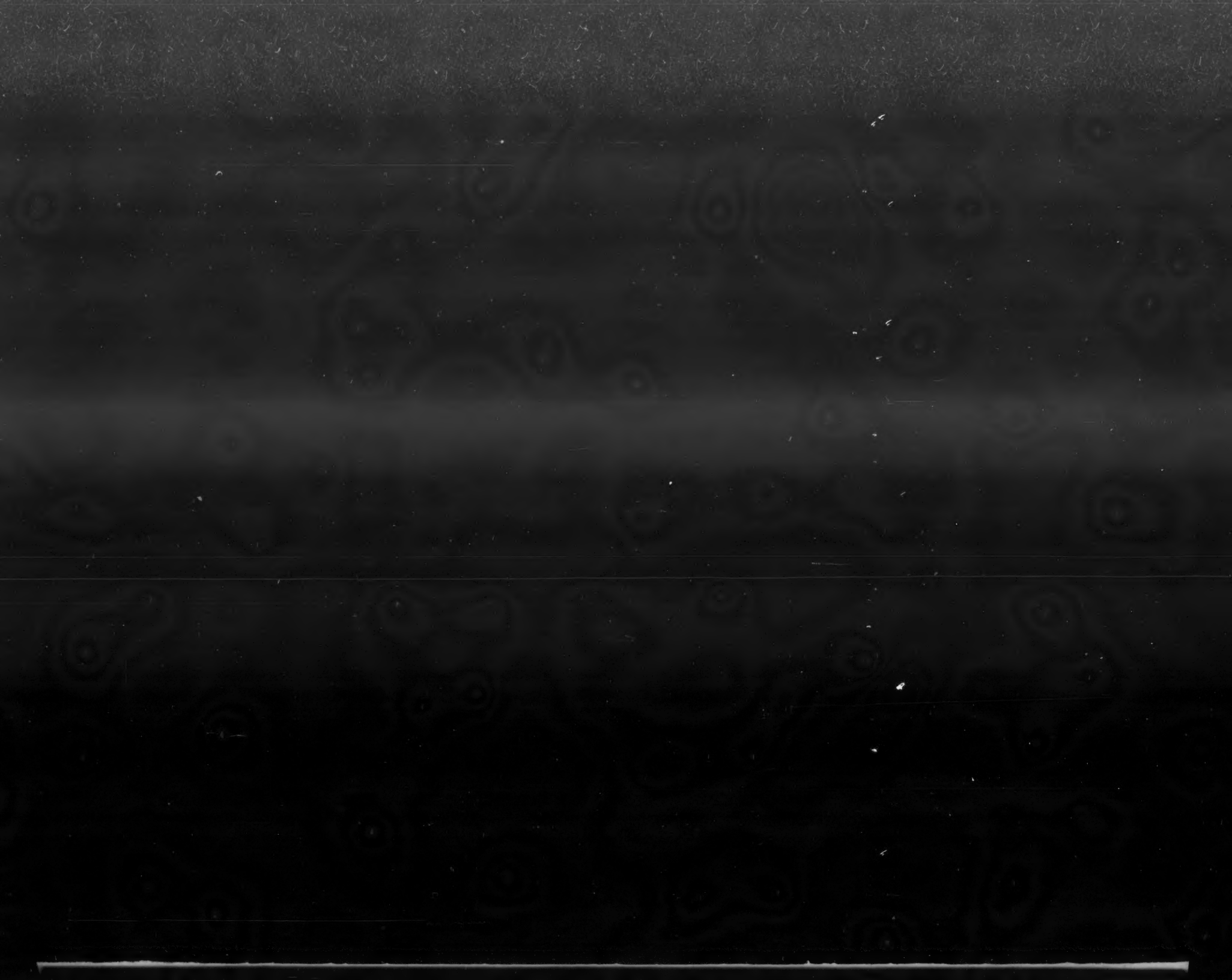
[3] By this amendment, sec. 16 (d) reads as follows:

"At the earliest convenient time the court shall hear and determine the appeal upon the record before it, and shall have power, upon such record, to enter a judgment affirming or reversing the decision of the Commission, and, in event the court shall render a decision and enter an order reversing the decision of the Commission, it shall remand the case to the commission to carry out the judgment of the court: *Provided, however*, That the review by the court shall be limited to questions of law and that findings of fact by the Commission, if supported by substantial evidence, shall be conclusive unless it shall clearly appear that the findings of the commission are arbitrary or capricious. The court's judgment shall be final, subject, however, to review by the Supreme Court of the United States upon writ of certiorari on petition therefor under sec. 347 of title 28 of the Judicial Code by appellant, by the Commission, or by any interested party intervening in the appeal" (46 Stat. 844; 47 U.S.C. 96).

In reporting this amendment, the Committee on the Merchant Marine and Fisheries of the House of Representatives stated: "The purpose of the amendment is to clarify the procedure on appeal to the court from decisions of the Federal Radio Commission, to more clearly define the scope of the subject matter of such appeals, and to insure a review of the decision of the Court of Appeals of the District of Columbia by the Supreme Court" (H.Rept. No. 1665, 71st Cong., 2d sess., p. 2).

[3] See note 1.

[4] Report, 1928, Federal Radio Commission, pp. 17, 48.



city or local areas. These three classes of stations have become known as "clear, regional, and local channel stations." A new allocation of frequencies, power, and hours of operation was made in November 1928,[5] to conform to the prescribed classification. It was found to be impracticable to determine the total value of the three classes of assignments so that it could be ascertained whether a State was actually "under or over quota on total radio facilities", and the Commission developed a "unit system" in order "to evaluate stations, based on type of channel, power, and hours of operation, and all other considerations required by law." In June 1930 the Commission issued its General Order No. 92,[6] specifying the "unit value" of stations of various types, and in this way the Commission was able to make a tabulation by zones and States showing the "units due", based on estimated population, and the "units assigned." This action called for administrative judgment, and no ground is shown for assailing it. It appears that, with respect to total broadcasting facilities, Indiana is "under quota" and Illinois is "over quota" in station assignments.

Respondents contend that the Commission has departed from the principle set forth in its General Order No. 92, because it has ignored the fact that, both Indiana and Illinois being under quota in regional station assignments, Indiana has more of such assignments in proportion to its quota than has Illinois, and by ordering the deletion of regional stations in Illinois in favor of an Indiana station, the Commission has violated the command of Congress by increasing the under-quota condition of Illinois in favor of the already superior condition of Indiana with respect to stations of that type. We find in the act no command with the import upon which respondents insist. The command is that there shall be a "fair and equitable allocation of licenses, wave lengths, time for operation, and station power to each of the States within each zone." It cannot be said that this demanded equality between States with respect to every type of station. Nor does it appear that the Commission ignored any of the facts shown by the evidence. The fact that there was a disparity in regional station assignments, and that Indiana had more of this type than Illinois could not be regarded as controlling. In making its "fair and equitable allocations" the Commission was entitled and required to consider all the broadcasting facilities assigned to the respective States, and all the advantages thereby enjoyed, and to determine whether, in view of all the circumstances of distribution, a more equitable adjustment would be effected by the granting of the application of station WJKS and the deletion of stations WIBO and WPCC.

To accomplish its purpose the statute authorized the Commission to effect the desired adjustment "by granting or refusing licenses or renewals of licenses by changing periods of time for operation, and by increasing or decreasing station power." This broad authority plainly extended to the deletion of existing stations if that course was found to be necessary to produce an equitable result. The context, as already observed, shows clearly that the Congress did not authorize the Commission to act arbitrarily or capriciously in making a redistribution, but only in a reasonable manner to attain a legitimate end. That the Congress had the power to give this authority to delete stations, in view of the limited radio facilities available and the confusion that would result from interferences, is not open to question. Those who operated broadcasting stations had no right superior to the exercise of this power of regulation. They necessarily made their investments and their contracts in the light of and subject to this paramount authority. This Court has had frequent occasion to observe that the power of Congress in the regulation of interstate commerce is not fettered by the necessity of maintaining existing arrangements which would conflict with the execution of its policy, as such a restriction would place the regulation in the hands of private individuals and withdraw from the control of Congress so much of the field as they might choose by prophetic discernment to bring within the range of their enterprises. (*Union Bridge Co.* v. *United States*, 204 U.S. 364, 400, 401; *Philadelphia Co.* v. *Stimson*, 223 U.S. 605, 634, 638; *Philadelphia, Baltimore & Washington R. R. Co.* v. *Schubert*, 224 U.S. 603, 613, 614; *Greenleaf Lumber Co.* v. *Garrison*, 237 U.S. 251, 260; *Continental Insurance Co.* v. *United States*, 259 U.S. 156, 171; *Sproles* v. *Binford*, 286 U.S. 374, 390, 391; *Stephenson* v. *Binford*, 287 U.S. 251, 276; *City of New York* v. *Federal Radio Commission*, 36 F. (2d) 115; 281 U.S. 729; *American Bond & Mortgage Co.* v. *United States*, 52 F. (2d) 318; 285 U.S. 538; *Trinity Methodist Church South* v. *Federal Radio Commission*, 62 F. (2d) 850; 288 U.S. —.)

Respondents urge that the Commission has misconstrued the act of Congress by apparently treating allocation between States within a zone as subject to the mandatory direction of the Congress relating to the zones themselves. Respondents say that as to zones Congress requires an "equal" allocation, but as between States only "a fair and equitable" allocation, and that the provision "for granting or refusing licenses or renewals of licenses" relates to the former and not to the latter. It is urged that this construction is fortified by the proviso in section 9 as to temporary permits for zones.[7] We think that this attempted distinction is without basis. The Congress was not seeking in either case "an exact mathematical division."[8] It was recognized that this might be physically impossible. The equality sought was not a mere matter of geographical delimitation. The concern of the Congress was with the interests of the people—that they might have a reasonable equality of opportunity in radio transmission and reception, and this involved an equitable distribution not only as between zones but as between States as well. And to construe the authority conferred, in relation to the deletion of stations, as being applicable only to an apportionment between zones and not between States, would defeat the manifest purpose of the act.

We conclude that the Commission, in making allocations of frequencies to States within a zone, has the power to license operation by a station in an under-quota State on a frequency theretofore assigned to a station in an over-quota State, provided the Commission does not act arbitrarily or capriciously.

(2) Respondents contend that the deletion of their stations was arbitrary in that they were giving good service, that they had not failed to comply with any of the regulations of the Commission, and that no proceeding had been instituted for the revocation of their licenses as provided in section 14 of the act (47 U.S.C. 94). That section permits revocation of particular licenses by reason of false statements or for failure to operate as the license required or to observe any of the restrictions and conditions imposed by law or by the Commission's regulations. There is, respondents say, no warrant in the act for a "forfeiture" such as that here attempted. But the question here is not with respect to revocation under section 14, but as to the equitable adjustment of allocations demanded by section 9. The question is not simply as to the service rendered by particular stations, independently considered, but as to relative facilities—the apportionment as between States. At the time of the proceeding in question respondents were operating under licenses running from September 1, 1931, to March 1, 1932, and which provided in terms that they were issued "on a temporary basis and subject to such action as the Commission may take after hearing on the application filed by station WJKS" for the frequency 560 kilocycles. Charged with the duty of making an equitable distribution as between States it was appropriate for the Commission to issue temporary licenses with such a reservation in order to preserve its freedom to act in the light of its decision on that application. And when decision was reached there was nothing either in the provisions of section 14 or otherwise in the act which precluded the Commission from terminating the licenses in accordance with the reservation stipulated.

In granting licenses the Commission is required to act "as public convenience, interest, or necessity requires." This criterion is not to be interpreted as setting up a standard so indefinite as to confer an unlimited power. (Compare *N. Y. Central securities Co.* v. *United States*, 287 U.S. 12, 24.) The requirement is to be interpreted by its context, by the nature of radio transmission and reception, by the scope, character, and quality of services, and, where an equitable adjustment between States is in view, by the relative advantages in service which will be enjoyed by the public through the distribution of facilities. In making such an adjustment the equities of existing stations undoubtedly demand consideration. They are not to be the victims of official favoritism. But the weight of the evidence as to these equities and all other pertinent facts is for the determination of the Commission in exercising its authority to make a "fair and equitable allocation."

In the instant case the Commission was entitled to consider the advantages enjoyed by the people of Illinois under the assignments to that State, the services rendered by the respective stations, the reasonable demands of the people of Indiana, and the special requirements of radio service at Gary. The Commission's findings show that all these matters were considered. Respondents say that there had been no material change in conditions since the general reallocation of 1928. But the Commission was not bound to maintain that allocation if it appeared that a fair and equitable distribution made a change necessary. Complaint is also made that the Commission did not adopt the recommendations of its examiner. But the Commission had the responsibility of decision and was not only at liberty but was required to reach its own conclusions upon the evidence.

We are of the opinion that the Commission's findings of fact, which we summarized at the outset, support its decision, and an examination of the record leaves no room for doubt that these findings rest upon substantial evidence.

(3) Respondents raise a further question with respect to the procedure adopted by the Commission. In January 1931 the Commission issued its General Order No. 102[9] relating to applications from underquota States. This order provided, among other things, that "applications from underquota States in zones which have already allocated to them their pro rata share of radio facilities should be for a facility already in use in that zone by an overquota State", and that, since the Commission had allocated frequencies for the different classes of stations, "applications should be for frequencies set aside by the Commission for the character of station applied for." Respondents insist that these requirements foreclosed the exercise of discretion by the Commission by permitting the applicant to select the station and the facilities which it desired; that this "naked action of the applicant" precluded the Commission from "giving general considera-

[5] Id., pp. 18, 215–218.
[6] Report, 1930, Federal Radio Commission, pp. 4, 24.
[7] See note 1.
[8] Report of the Committee on the Merchant Marine and Fisheries (H.Rept. 800, 70th Cong., 1st sess., p. 3).
[9] Report, 1931, Federal Radio Commission, p. 91.

tion to the field" and from making that fair and equitable allocation which is the primary command of the statute. We think that this argument misconstrues General Order No. 102. That order is merely a rule of procedural convenience, requiring the applicant to frame a precise proposal and thus to present a definite issue. The order in no way derogates from the authority of the Commission. While it required the applicant to state the facilities it desires, there was nothing to prevent respondents from contesting the applicant's demand upon the ground that other facilities were available and should be granted in place of those which the applicant designated. If such a contention had been made, there would have been no difficulty in bringing before the Commission other stations whose interests might be drawn in question. There is no showing that the respondents were prejudiced by the operation of the order in question.

Respondents complain that they were not heard in argument before the Commission. They were heard before the examiner, and the evidence they offered was considered by the Commission. The exceptions filed by the applicant to the examiner's report were filed and served upon the respondents in August 1931, and the decision of the Commission was made in the following October. While the request of the applicant for oral argument was denied, it does not appear that any such request was made by respondents or that they sought any other hearing than that which was accorded.

We find no ground for denying effect to the Commission's action. The judgment of the court of appeals is reversed, and the cause is remanded with direction to affirm the decision of the Commission.

It is so ordered.

SUPPLEMENTAL ESTIMATE, LEGISLATIVE ESTABLISHMENT

The PRESIDING OFFICER (Mr. BARKLEY in the chair) laid before the Senate a communication from the President of the United States, transmitting, without revision, a supplemental estimate of appropriation pertaining to the legislative establishment, United States Senate, for the fiscal years 1933 and 1934 (police force for Senate Office Building, under the Sergeant at Arms), in the sum of $24,300, which, with the accompanying papers, was referred to the Committee on Appropriations.

JUDGMENTS RENDERED BY THE COURT OF CLAIMS

The PRESIDING OFFICER laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, a list of judgments rendered by the Court of Claims requiring an appropriation for their payment, as follows: Under the Navy Department, $3,375.14; under the War Department, $716,295.41; in total amount, $719,670.55, which, with the accompanying papers, was referred to the Committee on Appropriations.

JUDGMENTS RENDERED AGAINST GOVERNMENT BY DISTRICT COURTS

The PRESIDING OFFICER laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, records of judgments rendered against the Government by the district courts, as follows: Under the Navy Department, $2,508.48; under the Treasury Department, $3,632.14; in total amount, $6,140.62, which, with the accompanying papers, was referred to the Committee on Appropriations.

CLAIMS FOR DAMAGES TO PRIVATELY OWNED PROPERTY

The PRESIDING OFFICER laid before the Senate a communication from the President of the United States, transmitting estimates of appropriations submitted by the Post Office and Treasury Departments to pay claims for damages to privately owned property, in the sum of $4,519.92, which have been considered and adjusted under the provisions of law and requiring appropriation for their payment, which, with accompanying papers, was referred to the Committee on Appropriations.

CLAIMS OF DEPARTMENTS COVERED BY CERTIFICATES OF SETTLEMENT

The PRESIDING OFFICER laid before the Senate a letter from the President of the United States, transmitting, in compliance with law, schedules of claims amounting to $110,030.92 allowed by the General Accounting Office, as covered by certificates of settlement, for the service of the several departments and independent offices, which, with accompanying papers, was referred to the Committee on Appropriations.

POLICIES FOR AGRICULTURE—ADDRESS BY HENRY MORGENTHAU, JR.

Mr. MURPHY. Mr. President, I ask unanimous consent to have printed in the RECORD an address on Policies for Agriculture, by Henry Morgenthau, Jr., delivered before the round-table conference of the Twenty-first Annual Meeting of the Chamber of Commerce of the United States on May 4, 1933.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

The general topic which has been proposed for my discussion this afternoon, that of Policies for Agriculture, covers a broad field. Obviously, within the limits of my time, and of your patience, I cannot attempt to cover it comprehensively. What I propose to do is to merely touch upon some aspects of it that relate to my own experience.

The conditions that have existed for some years past have invited many schemes for the relief of agriculture. This Niagara of proposals for governmental action is just one of the symptoms of general distress. They are evidence of the extreme concern which has spread to all classes of the population as to a condition about which we all should reasonably have grave concern. It should prove valuable to have many minds busying themselves with the problem, but, of course, there is always the danger that an extreme emergency may provoke too much interest in panic suggestions and divert too much of our attention from fundamentals and from consistent efforts to make orderly progress, to correction of detailed evils. Whatever novel and heroic measures we adopt for dealing with an acute emergency there will still be the long task ahead of adjusting agriculture to changing needs, of correcting inequities in financing, in taxation and in marketing methods, of attempting to give some plan and direction to agricultural production, and of planning more satisfactory conditions of rural life.

One of the heavy penalties we have paid in the long and disastrous decline of farm prices has been the interruption of progress along many lines of effort that must be followed through to create a lasting improvement in the conditions that surround agriculture and in farm living conditions. I doubt if it will ever be possible to protect agriculture completely from the results of a general business slump of such magnitude as that we have witnessed within the last few years; but the decline in agriculture preceded the general industrial depression, and when we analyze conditions prevailing 5 to 8 years ago we are able to trace influences that contributed to the agricultural decline. These influences point to the need for long-range planning and indicate ways in which Federal and State Governments, farmers' organizations, and individual farmers can cooperate to remove some of the obstacles to agricultural prosperity.

Agriculture in the United States has undergone a continual process of transformation. In character and distribution, it has changed with every generation. The opening of new lands, changes in industry, changes in consumption demands, and changes in farming methods have all played their part. One of the most profound influences in recent years has been the increased use of modern agricultural machinery, and an even more profound change has been wrought by the general motorizing of transportation.

The use of the truck and automobile has greatly altered the currents of distribution of farm products and has necessarily changed the character of production in many areas. One of the most difficult adjustments has been made necessary by the tremendous decrease in demand for fodder crops. All of these influences can be strikingly traced in almost any one of the States of the eastern seaboard, of which the State of New York is a conspicuous and interesting example.

Despite its great concentrated urban population, the Empire State, from a standpoint of acres employed, is predominantly a farm State and it continues to rank high among the States of the Union in farm production. It is an interesting fact that this farm production continues to be maintained at a high level in spite of the abandonment of literally millions of acres of land that has been used for growing crops for many generations, going back to colonial days.

A survey, some 4 years ago, developed the fact that approximately 4,000,000 acres of the soil of New York State, formerly used for farm purposes, had been abandoned and at that time abandonment of farms was going on at the rate of approximately 250,000 acres a year. Observation by agricultural economists led to the conclusion that it was economically a sound policy not merely to permit but to encourage this abandonment of marginal and submarginal land. The conclusion was reached that much of the land still in cultivation was being farmed uneconomically and that a competition of its products with those of better land tended not only from the standpoint of volume but from the standpoint of quality, to insure the reputation and the price of the products of the better land.

The situation is one which has its counterpart in many other States of the Union. The interesting thing about the situation in the State of New York is that action was taken by the State to correct this condition. Much of the submarginal areas in the State consists of hilly land better suited to growing trees than to any other purpose. In part for the purpose of benefiting agriculture and in part to realize other values, the State has undertaken, and has in process of accomplishment a program of reforestation on a broad scale. A part of that program is to give encouragement to individuals and communities to reforest submarginal lands. This encouragement is given by State appropriations to supplement county funds, by the furnishing of young trees free to public

authorities and by furnishing them at cost to private individuals. Special provisions for the taxation of reforested land are another means of encouragement.

A still broader effort has been undertaken by the State on its own initiative and responsibility. A program has been laid out for the purpose by the State of 1,000,000 acres of abandoned farm lands, over a period of a dozen years, for reforestation. Although the program has been under way only 3 years, already approximately 200,000 acres have been acquired and approximately 60,000 acres have been planted. The plan has had the formal approval of the people of the State at referendum election, which furnishes a strong guaranty that it will be completed.

An essential part of the general scheme is the planning of agricultural production. Along with the reforestation program in New York State has gone an economic land survey, which not only indicates the submarginal areas suitable for reforestation, but points out the direction in which agricultural production should be developed. Values inherent in this survey include the saving of unnecessary expense for development of unprofitable areas, the location of roads, schools, and even villages where they will most usefully serve the needs of the population and a saving of expense for such developments where they will not be permanently useful. With a more logical concentration of farm production, communities can be better served with schools, roads, power lines, telephones, and all the other facilities that contribute to a most satisfactory form of living.

Reforestation in New York has also made its contribution to relieving unemployment. Last year we drew the extra workers needed in the tree nurseries and for the planting crews from community lists of unemployed, and 10,000 persons were thus given an opportunity to earn wages for useful work. It was this experience that suggested a wider use of the unemployed on reforestation projects in the Nation.

The pattern of what New York State has planned and is attempting in planting forests in submarginal land can well be applied to other States. It will contribute to efficient production, will lessen the depressing influence upon prices caused by competition of the products of poor land, and it will effect a substantial saving in the expenditure of public funds, which also has an important bearing on the farmers' economic life.

In the State of New York we have also made some attempt to adjust the scheme of taxation to modern conditions in the interest of the farmer. There was a time when the expense of construction and maintenance of public roads was considered logically to be chargeable exclusively to the locality in which the roads were built. That fitted reasonably well the conditions of the days of the farm wagon, the horse and buggy, and the steam railroad as the sole means of long-distance transportation. It does not fit today's conditions at all. A check of the vehicles on even one of the most remote of country roads will reveal in most cases that local inhabitants are not the major users of them. Even if a so-called "farm-to-market road" were used exclusively for hauling farm produce to market, which is not the case, it does not necessarily follow that the expense of maintaining the road should be chargeable only to the land from which the products originate. The cost of the road may properly be considered as a part of the cost of the product delivered to the market; and only if the farmer himself were, in all cases, the transporting agent, could all the road cost be properly chargeable to him.

In dealing with this problem the State of New York, along with other States, has experimented with various types of State aid. One form was the distribution of State aid on a valuation basis. A later development was the matching of appropriations by localities. Naturally this gave a tremendous advantage to the richer suburban communities with high land values. This was the situation when Governor Roosevelt took office in 1930. He appointed an agricultural advisory commission, of which I happened to have the honor of being chairman, and which considered this and many other problems affecting rural communities. One of the commission's first recommendations was for the levying of a gasoline tax, primarily for road purposes. They followed this with the recommendation that aid for farm-to-market roads be distributed on a mileage basis. Legislation to accomplish this was passed and it has resulted in a very great improvement of roads in localities where improvement was most needed without imposing an unbearable strain on strictly farm property which it was designed to help.

The State, on the recommendations of the same advisory body, undertook experiments with various types of road construction suitable for rural highways. The road program in the State is still under development but the policy underlying it is that the whole State is intimately concerned with rural planning and the provision of highway access to localities which are permanent farming regions.

The school problem has similar aspects. The theory that the State could guarantee full educational rights to the children of all its citizens has never been fully realized and it is perhaps an impossible ideal, but there has been room for improvement toward that ideal. The State, at the suggestion of the agricultural advisory commission, undertook measures to enlarge the educational opportunities of children in rural regions by establishing minimum standards and increasing the rate of contribution to the more sparsely settled rural communities.

These are types of legislation and State action made possible by departing somewhat from ancient precedents in State government. I think we need not regard ourselves as bound by a system which leaves the conduct of State affairs entirely to representatives chosen on a geographical basis. In any State farmers and their organizations should, I believe, find means for studying among themselves the specific problems of State government which intimately affect them and of laying their conclusions before governing authorities. There are many ways of doing this but I think the course followed in New York has many features to recommend it.

The prime essential to making the views of the farmer really effective in any branch of government is that they should give serious and fair-minded study to their own needs and their relation to other groups in the State population. In New York State the farmers have relied heavily on the advice of experts, including members of the staffs of their State colleges, who are equipped to make a careful and scientific study of economic, social, and political questions, questions that are political in the broad sense. It seems to me that in some cases farmers have exercised their undoubted right to influence legislation and governmental action without the right sort of inquiry and study made of their own initiative, but rather in response to the suggestions of the advocate of some particular theory or project. Of course this relates to the whole question of how to make citizenship active and effective. I touch upon it because I think it has a really important bearing on the farm problem and progress toward more suitable conditions for agriculture.

Out of my experience in the State of New York I have come to believe that there is great hope for economic progress by the farmer through cooperative organization. I realize that there are many difficulties in the road of cooperation. They are not all the result of opposition by external enemies; probably a large proportion of them are internal, but there is no need for despair because there are many failures in cooperative enterprises. All of you gentlemen know that there are also many failures in private business. I doubt if the proportion of failures in farmers' cooperatives is as high. To those who object to the invasion of what they regard as the legitimate field of private business by farmer cooperative enterprises the answer should be made that anything which contributes to the economic stability of the farming industry contributes also to the general stability of our industrial life. The free growth of farm cooperatives is just as fully justified as the free growth of other producing enterprises which seek by every means possible to stabilize the conditions of sale of their products. Farming affects the welfare of a larger proportion of our population than any one other industry, and it is properly a matter of Government concern to foster and protect a sound business organization for it.

In developing this policy the Federal Government, ever since 1916, has given its attention to the development of a sound system of finance, both for the individual farmer and for cooperative credit organizations, as well as cooperative marketing organizations. In recent years there have been added emergency measures which provide direct loans for farmers, and it is due to the unfortunate conditions that have prevailed that an element of subsidy has entered and the valuable principle of cooperation has been to a degree sacrificed. Other illogical features have developed, the most conspicuous of which is that the Government has created a number of separate agencies, all concerned with the farmers' credit problem, with large independent organizations and often with conflicting policies. Thoughtful men, interested in farm financing, have deplored this scattering of governmental effort, which was due more to circumstances than to lack of forethought, and have foreseen that a consolidation of this governmental assistance to farmers in their credit problems must eventually occur.

President Roosevelt is one who has long given thought to this problem and the result—his first consolidation order pursuant to extraordinary powers granted by Congress—was to order the consolidation of government lending agencies. We are now in the midst of the problem of effecting that consolidation. It is no small problem and I have time only to outline its scope very briefly. The new agency created is the Farm Credit Administration. Under the terms of President Roosevelt's Executive order, it will come into active functioning the latter part of this month. The agencies to be consolidated are the Federal land banks and intermediate-credit banks, now supervised by the Federal Farm Loan Board, of which the Secretary of the Treasury is chairman, and with 6 other members, 1 of whom is the active executive head and is known as the "Farm Loan Commissioner"; the regional agricultural credit corporations, of which there are 12, 1 in each Federal land-bank region, under the direction of the Reconstruction Finance Corporation; the Crop Production Loan Division, and the Seed Loan Division of the United States Department of Agriculture, which through regional offices disburses emergency crop and seed loans, in relatively small amounts, to all parts of the country; and the Federal Farm Board, which was created in 1929 to furnish assistance to cooperative marketing enterprises and through other devices to promote orderly marketing or agricultural products.

The form of organization prescribed by the President discards the board system of control. Both the Federal Farm Loan Board and the Federal Farm Board are abolished and their powers are concentrated in the office of Governor of the Farm Credit Administration. Likewise the control of the Board of Directors of the Reconstruction Finance Corporation over the affairs of the regional agricultural credit corporations is brought to an end and these corporations also are responsible solely to the Governor of the Farm Credit Administration, who in turn will be responsible directly to the President. In exercising the general supervisory and administrative functions of these various agencies, it has seemed to the President and his advisers that there is no more

compelling reason why decision should be reached by a board of many members than for having similar boards of control in authority over the executive departments of the Government. The board system is inevitably cumbersome; it delays decisions and divides instead of concentrating responsibility. It seems the more unnecessary because of the fact that in several of these activities, that is, those having a banking aspect, there are separate local boards of directors and loan committees to deal with applications and with policies.

All these present agencies of the Government deal with similar problems and in many cases they deal with the same individuals, or groups of individuals, seeking to borrow from Government funds or from funds gathered under Government auspices and supervised by Government agencies. There are a great duplication of records and paralleling of investigations. There is also a diversity of loan policies. From the standpoint of the borrowers the situation is even more complicated and confusing. It is not to be expected that an ordinary farmer-borrower shall know the details of all the statutes and plans of operation of these different governmental agencies and therefore when he undertakes to obtain a loan, or the refinancing of an indebtedness, he is forced to embark on an investigation to find out where he should go to obtain what he wants and inevitably he may be referred from one agency to another, with resulting loss of time and vexation before he gets the final answer to his application.

We expect to accomplish, through the consolidation, simplicity of control, a unified policy, a consolidation of records and more direct and satisfactory dealings with applicants. We have in mind another policy which seems not less important; that policy is a gradual but definite effort to return to the cooperative principle in granting credit. Around the system of Federal land banks and intermediate credit banks, with their affiliated loan associations and credit corporations made up of farmer-borrowers, it is our hope to build up a complete system of cooperative local credit organizations which will do business with the regional branches of the Farm Credit Administration. Many of the problems of the Farm Board, with respect to loans to cooperative-marketing organizations, are essentially local in their character and can be handled more effectively and prudently by regional subdivisions than through action by a central board in Washington, as is the case at present. It is expected that the future dealings of the central office of that division of the Farm Credit Administration, which has to do with loans to cooperatives, will be exclusively with national cooperative organizations, while local problems will be dealt with primarily in the regions.

Our tentative plans call for five divisions of the work of the Farm Credit Administration, each one of which will be headed by a commissioner, who will be an adviser to the governor of the administration in his particular line of activity. The proposed divisions are: Land loans, intermediate credit loans, production credit loans, cooperative marketing loans, and emergency loans. The emergency-loan division will consolidate the existing Reconstruction Finance Corporation regional loans and the crop production loans of the Department of Agriculture, which are, except as to the limit in the amount allowed to an individual borrower, almost identical in character. The production-loan division's task will be to promote the formation of strictly cooperative credit corporations, which will borrow through the intermediate credit system. The function of the intermediate credit division is, and will remain of a banking character. Its scrutiny will be concentrated on the character of the individual loan, while the production credit division will generally oversee the functioning of the credit corporations.

At the outset of its career the Farm Credit Administration has a very heavy problem imposed upon it to administer the provisions of the Farm Mortgage Refinancing Act, which entails the issue of up to two billions of new land-bank bonds, on which interest is guaranteed by the Government; a general reduction in interest rates to all borrowers; new terms as to interest and amortization and provision for direct loans on second mortgages and chattel mortgages on a 10-year basis. This refinancing program is naturally very closely related to the emergency credit functions which are being absorbed in the new administration, and consolidation of these functions is thus most timely.

I think there is pretty general agreement that the unequal and in many cases unjust debt burden resting on most American farmers is one of the most serious obstacles to a return to stable conditions in agriculture. The mortgage refinancing plan and the creation of the Farm Credit Administration are not mere temporary emergency measures but they look toward putting the industry of farming on a more satisfactory basis by making permanent provision for meeting farm-credit needs in an adequate and businesslike manner.

I have not, as I indicated at the outset of this brief talk, attempted a comprehensive view of policies affecting agriculture. I have, I think, however, by reference to those questions that have come within my own experience, touched upon lines of policy that are most vital to the whole problem. These as I regard them are: Planned production, the cooperation of individuals with State and Federal Governments, and cooperation among farmers themselves to solve their own credit and their own production problems, so that agriculture may be put firmly on its feet as the most stable of our industries and the one most essential to the country's welfare.

PROPOSED BANKING LEGISLATION—ADDRESS BY SENATOR BULKLEY

Mr. MURPHY. Mr. President, I ask unanimous consent to have printed in the RECORD an address on the subject of proposed banking legislation delivered by the junior Senator from Ohio [Mr. BULKLEY] before the United States Chamber of Commerce on May 4, 1933.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

The Glass subcommittee of the Senate Committee on Banking and Currency has just concluded its deliberations on the revised Glass bill, and that measure is being reintroduced by Senator GLASS and Congressman STEAGALL.

The subcommittee began its work more than 2 years ago pursuant to a resolution passed by the Senate in the Seventy-first Congress, directing the Banking and Currency Committee to make a complete survey of the Federal Reserve and national banking systems, and specifically to inquire as to whether the facilities of these systems had been used to an improper extent to finance the carrying of speculative securities. The subcommittee was directed to make a full compilation of essential facts and to report its recommendations for legislation.

The Glass subcommittee made an exhaustive study, by public hearings and by questionnaires directed to Federal Reserve banks and member banks, and first reported in the spring of 1932 a bill which, after further hearings before the full Committee on Banking and Currency, was reported to the Senate and there debated in May of last year. It became necessary to displace the bill in order to consider the emergency revenue bill, with the result that consideration of the Glass bill was not concluded during the session. It was brought up again on the floor last January and, after lengthy and spirited debate, passed the Senate with only minor changes, by the handsome majority of 54 to 9. However, this occurred so late in the session that the bill did not come up for consideration in the House of Representatives.

With the beginning of the extra session of the Seventy-third Congress the Glass subcommittee resumed its labors and has now concluded to report the Glass bill as it passed the Senate in the last Congress, with very few changes. One of the changes to be proposed, however, is of the greatest importance and public interest; it provides for the insurance of bank deposits. This new feature of the bill is what I want to discuss here, and I shall assume that this audience is already reasonably familiar with the other very important features of the Glass bill, including the increased powers given to the Federal Reserve Board and Federal Reserve banks to prevent undue use of the credit facilities of member banks for the purpose of carrying speculative securities; the divorcement of all member banks from affiliate relationship; the complete separation of the investment banking business from commercial banking; the extension of branch banking in the national banking system to such extent as may be permitted by the laws of the several States respectively; and the regulation of holding companies which control member banks of the Federal Reserve System.

In addition to the provisions I have just enumerated and a few minor amendments to the National Bank Act and the Federal Reserve Act, the Glass bill, as passed by the Senate in the Seventy-second Congress, provides for the incorporation of a liquidating corporation with a view to providing means whereby the depositors in closed banks might more promptly receive a substantial share of such amounts as they might be entitled to upon their deposit accounts. The experiences which we have had during and following the banking holiday of March 1933 have convinced the subcommittee that a more far-reaching plan is desirable, if not imperative.

Accordingly, in place of the liquidating corporation provided for in the old Glass bill, the subcommittee now proposes the Federal Bank Deposit Insurance Corporation. The initial capital of this corporation is to be provided by a subscription of $150,000,000 by the United States Treasury, a subscription by the Federal Reserve banks in an amount equal to one half of the surplus of such banks, and a subscription by each member bank of an amount equal to one half of 1 percent of its total deposit liabilities. The amount so subscribed by the Federal Reserve banks would be approximately $140,000,000; the amount to be realized from member bank subscriptions is difficult to estimate because undoubtedly this very provision for bank-deposit insurance will draw large numbers of nonmember banks into the Federal Reserve System. It is believed that the subscription by member banks will aggregate more than $150,000,000 so that the original capital stock of the Bank Deposit Insurance Corporation will be about $450,000,000.

In order to provide still greater resources the corporation is authorized to issue and sell bonds, notes, or debentures in an aggregate amount equal to twice its capital stock.

All deposit accounts of $10,000 and less will be fully insured. Accounts in excess of $10,000 will be insured to the extent of 75 percent of the excess over $10,000 up to $50,000, and will be insured to the extent of 50 percent of all the excess over $50,000.

The small depositor is not so likely as the large depositor to have facilities for analyzing the condition of his bank or arriving at a valid conclusion as to its soundness, and it is, therefore, in the public interest that the small depositor should be protected in full. There is another very logical reason that supports the argument for full protection to the small depositor, and that is that in time of stress and doubt it is the aggregate withdrawals of small depositors which have in many cases so drained our banking institutions of cash that even completely solvent banks have been unable to meet the cash demands of their depositors. Those demands were not due to any actual need of cash but were in-

spired only by fear for the safety of the accounts. The insurance provided by this proposed act will so far remove any possible legitimate cause for such fear that it is most unlikely that in the future there will be any runs on banking institutions whose deposits may be insured by this Federal Bank Deposit Insurance Corporation.

Now, as to the manner of making the insurance effective for the benefit of the depositor: Immediately upon the closing of a member bank the insurance corporation will establish a new banking unit which will be ready at once to function with respect to checking accounts. This new unit will assume the net deposit liabilities of the closed bank, and as soon as the amount of the depositors' net claims, after offsets, can be determined, the depositors will be credited with the amount of their approved claims in the form of a deposit in the new banking unit, subject to check. The new unit will be authorized to accept deposits, so that depositors may proceed, almost without interruption, to transact with the new unit their daily business of drawing and depositing checks, just as they had previously conducted it with the old bank. The Bank Deposit Insurance Corporation will be obligated to the new banking unit in an amount equal to the net deposit liabilities of the closed bank, and will provide the new unit with such cash as may be required to carry on its business and allow a low rate of interest on the balance of the obligation. The new banking unit will thus be 100 percent liquid, and its depositors, having nothing to fear, will have no motive to withdraw their accounts, but will undoubtedly retain their balances in the new unit to the same extent that they would have retained them in the old bank had there been no suspicion of insolvency. This will make it possible to protect the safety and convenience of the depositors without any necessity for the insurance corporation to advance in cash the entire amount necessary to pay the depositors in full.

This proposed new banking unit will be completely under the direction of the Bank Deposit Insurance Corporation and will be operated, without any board of directors, by an executive officer appointed by the corporation. Until fully established on the basis I am about to explain, this new banking unit will not carry on any other function than that of deposit banking, and its only assets will be cash, Government securities, balance in the Federal Reserve bank, and balance due from the Deposit Insurance Corporation. In other words, it will be absolutely 100 percent liquid.

As soon as convenient the Bank Deposit Insurance Corporation will cause books to be opened for subscription to capital and surplus of a new national bank to carry on the business of the new banking unit which I have just described. The amount of capital and paid-in surplus will be fixed in reasonable proportion to deposit liabilities of the new banking unit, and stockholders of the closed bank, whose liabilities shall have been assumed by the new banking unit, will be given the first opportunity to subscribe for stock in the new bank. If the amount fixed as the appropriate capital and surplus should be subscribed and paid in, the stockholders would proceed to elect their directors and take over the management of the business of the new banking unit, which would thus become a full-fledged national bank.

If subscriptions should not be forthcoming for a new bank, the insurance corporation would have the right to turn over the going business of the new banking unit to any approved banking institution already in existence which might be willing to take over the assets and liabilities of the new banking unit upon making a showing that its own condition was such as to enable it safely to do so.

In either case, whether the new banking unit should, by the subscription of new capital, become a new national bank, or whether it should be merged into an existing institution, it would, as I have just explained, have complete liquidity of its assets. In fact, its liquidity would at first be too great to permit of profitable operation. It would therefore be sound business to draw on its credit with the insurance corporation in order to acquire loans and investments yielding a better return than the interest which would be allowed by the insurance corporation, and nothing could be more natural than that it would want to acquire all of the sound loan accounts of its customers—the depositors which it inherited from the old bank which had to close.

The new bank, therefore, would be the natural and normal customer to buy from the receiver the sound assets of the old bank, leaving the frozen and questionable items to be liquidated through the receivership. The same consideration would apply, of course, if a previously existing institution should take over these deposit liabilities; it would most naturally want to use some of its cash assets to buy the sound loans of the closed bank.

So much for the transfer and continuation of the business of a closed bank. Now, let us see how the insurance corporation will work out on the other end of the situation. Having obligated itself to the new banking unit in an amount equal to the entire net deposit liabilities of the closed bank, and having thus assured the depositors the full amount of their deposit accounts, the insurance corporation becomes subrogated to the rights of those depositors against the closed bank.

The bill provides that the corporation shall itself be appointed receiver if the closed institution happens to be a national bank, and that it may accept appointment as receiver of a State member bank if that is possible under the laws of the State in which the member bank was incorporated. In either case, it must proceed at once to determine the probable realizable value of the depositors' claims which it has thus acquired. Pursuant to that determination the estimated value of those claims will be set up on the books of the insurance corporation as a sound asset. The amount of this asset must, of course, be less than the amount of the deposit liability which the insurance corporation has been obliged to assume. This difference represents the estimated loss of the particular transaction, and will be charged immediately against a deposit insurance account. The losses charged against that deposit insurance account must be made good from time to time by assessments against the banks which are members of the system.

The bill, therefore, provides that whenever the aggregate debit, representing losses to the insurance corporation, shall exceed an amount equal to one fourth of 1 percent of the total deposit liabilities of all the member banks, there shall be an assessment of one fourth of 1 percent of such liability made against all member banks, and the amount collected from such assessments will be credited to the deposit insurance account. In that manner losses will be promptly restored to the insurance corporation. It will, of course, be found after complete administration of the affairs of any closed bank, that the realization will be either more or less than the estimate, so that ultimately there will be an adjusting debit or credit entry in the deposit insurance account. Such adjusting entries will in all probability be relatively small in amount. The insurance corporation will keep itself sound and solvent by requiring its members to pay losses promptly from time to time as frequently as estimated losses may aggregate an amount equal to one fourth of 1 percent of the deposit liabilities of member banks.

Now, having set up the appropriate loss charge to the deposit insurance account, the insurance corporation proceeds, as receiver, to liquidate the assets of the closed bank in an orderly manner and to collect the stockholders' liability. As we have already seen, there is a natural customer for the sound assets of the closed bank. That customer, the new banking unit, is able to pay for those sound assets with cash or its equivalent. It will undoubtedly make payment by drawing against the credit which it has with the insurance corporation and thus the insurance corporation realizes on those assets of the closed bank by the simple process of reduction of its own liabilities to the new successor bank. The slow or frozen assets must be liquidated out over a period of time with due regard to the interest of all concerned. Of course, settlements in the nature of liquidating dividends will have to be paid to creditors of the closed bank other than depositors, and in many cases also to large depositors whose accounts were not fully insured. These are details with which we need not here be concerned.

The plan has been so devised as to afford complete insurance to the mass of small depositors and a substantial measure of insurance to all depositors, and yet so as never to require the actual paying out of all deposit liabilities of any institution at any time. In normal circumstances depositors in any bank are depositors simply because the deposit credit in a banking institution is of greater convenience in the normal course of business than a similar amount of currency. As long as they can be sure that their deposit credit is available and not in danger of being lost, there is no occasion to draw it out except in the making of payments in the ordinary course of business transactions. With deposits in banks insured, as provided by the Glass bill, there need be no fear of loss, and therefore there can be no incentive for a run on a bank. Even if a bank should close, a new deposit credit with the new temporary banking unit will, under the provisions of this bill, be available to depositors almost immediately, and the regular routine business of collections and payments would be carried on almost without interruption.

It follows that a new unit bank, carrying on the business of a closed bank, will practically never have to call upon the insurance corporation to pay in cash the full amount which the insurance corporation undertakes to make available to the new bank, which, as I have explained, is an amount equal to the deposit liabilities of the new bank. Instead of being called upon to pay that whole amount in cash, the insurance corporation will satisfy its obligation in large part by turning over to the new bank the sound and quick assets of the closed bank, to which assets the insurance corporation will have become entitled by virtue of its subrogation to the rights of the depositors of the closed bank. Of course, the new bank will require some cash and will therefore call upon the insurance corporation to pay some part of its obligation in cash. Such cash payments on the part of the insurance corporation will, in part, be replenished promptly by assessment of losses against member banks, and in part will be replenished more slowly by the liquidation, over a considerable period of time, of the slow and frozen assets of the closed banks.

The carrying of such assets for the time necessary to accomplish an orderly liquidation necessitates a certain investment of funds by the insurance corporation. If the investment required proves to be more than the amount made available by the original capital subscriptions to the insurance corporation, then that corporation will have to issue and sell its debentures, which it is authorized to do to the extent of twice the amount of its capital stock.

The bill provides that the stock in the insurance corporation held by the Federal Reserve banks shall be entitled to voting power but not to dividends, while the stock held by the United States Government or by the member banks is entitled to dividends.

Let us consider from what sources the insurance corporation will derive the income which will be necessary to pay interest on debentures and dividends on stock. One source will be the income derived from the investment of its capital, which at first would perhaps be largely invested in Government securities and later

shifted gradually into an investment in the slow assets of the closed banks. Even such slow assets should yield some income. The second source of earnings for the corporation will be the earning of fees as receiver of closed banks.

The insurance losses will not be losses to the insurance corporation itself, but will be carried by it only temporarily, to be promptly repaid by the member banks. It is very reasonable to expect, therefore, that the insurance corporation will be able to earn enough to pay reasonable dividends upon its capital stock.

It is proper to inquire whether the member banks can reasonably afford to pay the assessments which will be made against them from time to time to meet losses. This general question is too large to treat with finality in the brief time at my disposal here. The losses to bank depositors over the course of the last few years are, of course, staggering in amount. It is fair to presume, however, that if, as provided in the Glass bill, the only banks which will be permitted to participate in the insurance system are those which are now able to pass a thorough and searching examination, the probability of any substantial loss within that system will be reduced to a minimum.

There was a time, prior to the recent increase in bank casualties, when over a considerable period of years an annual assessment of one thirtieth of 1 percent of deposit liabilities of all the banks in the United States would have been sufficient to pay all losses. With a proper rigid examination of member banks as a condition precedent to membership in the insurance system, and with diligent and efficient supervision to follow, it is not too much to hope that the occasional assessment of one fourth of 1 percent of deposit liabilities will come at intervals satisfactorily infrequent.

The Glass bill prohibits member banks from paying interest upon demand deposits, and authorizes the Federal Reserve Board to regulate the interest on savings and time deposits. Without attempting at this time to submit complete proof, I venture to express the view that the amount saved to the banks by restrictions on the payment of interest on deposits will be more than enough to pay the assessments made by the insurance corporation on account of losses. On the other hand, depositors will be more than compensated for the elimination of interest on demand deposits and its possible reduction on time and savings deposits by the effective insurance which this bill provides against loss and against the freezing up of deposit credit.

Any discussion of the insurance of bank deposits would be incomplete without at least a brief reference to the classical arguments against any form of insurance or guaranty. I shall, therefore, notice them here, though it will be necessary to refrain from arguing them at length.

It will, of course, be said that the history of all attempts to guarantee or insure bank deposits is unfavorable, and has demonstrated the impracticability of the idea. It must be admitted that past experience has, on the whole, been very unsatisfactory, but it may fairly be answered that no experiment has ever been tried on so large a scale and with so satisfactory a diversification of risk as is now proposed.

It will, of course, be said that any law which makes every bank as safe as every other bank promotes bad banking because it does not require depositors to discriminate and to place their deposits only with the best bankers. To this it must be answered that the vast majority of depositors can never be expected to be so informed as to understand which bank is absolutely safe, and that there have recently been too many bitter disappointments in the closing of banks which had enjoyed good reputations. It may further be answered that a strict limitation on the payment of interest on deposits will eliminate the most unsound method of competition for deposit accounts, and still further it might be answered that the mutual responsibility and mutual liability of all bankers for all banking losses will have a strong tendency to bring about better banking, through more complete cooperation among bankers and through the creation of a definite selfish motive on the part of each banker to be active in preventing unsound banking practices by neighboring banks.

In the stress of the recent banking crisis many a banker, who had for years opposed any form of bank guarantee or insurance, and who for years had repeated the classical arguments which I have just reviewed, suddenly changed his mind when the general loss of confidence in all banks became so great as to threaten a serious run on his own institution, and indeed on all banks generally, regardless of how soundly they might have been managed. During that crisis there was a very definite appeal from bankers for the United States Government itself to insure all bank deposits so that no depositor anywhere in the country need have any fear as to the loss of his account. Such a guarantee as that would indeed have put a premium on bad banking. Such a guarantee as that would have made the Government pay substantially all losses which had been accumulated, whether by misfortune, by unwise judgment, or by sheer recklessness, and it might well have brought an intolerable burden upon the Federal Treasury.

The plan now proposed differs sharply from that. It puts the burden of losses directly on the member banks. It compels the large depositor either to distribute his deposits widely or to select his banking institution wisely. It gives the small depositor the absolute assurance to which he is properly entitled. It frees the banker from that fear of his own depositors which has so distressed the banking fraternity in recent months. And it compels the cooperation of all banks toward the perfection of a system so sound as to eliminate all losses to depositors.

There may still be some opposition to the insurance of bank deposits. No doubt it is true that the system now proposed does in a sense make one man pay for another man's fault. But unfortunately our present method does that too, and with much more dangerous consequences. Still too fresh in our memories must be the picture of countless losses to innocent depositors, and countless instances of indefinite postponement of realization on bank-deposit credits, which everyone ought to have the right to regard as the most liquid and readily available of all assets.

We cannot afford to permit a repetition of our recent experience. Our social values as well as our business soundness depend upon a restoration of complete confidence that the deposit of a lifetime's savings as well as the deposit of a necessary business working account is safe beyond the peradventure of a doubt. Our existing system has not met that test. The necessary measure of safety will not come without definite and decisive governmental action. That necessary action is proposed in the Glass bill. Let us proceed to make our banks safe for all of our people.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

REPORT OF COMMITTEE ON THE JUDICIARY

The PRESIDING OFFICER. Reports of committees are in order.

Mr. BRATTON, from the Committee on the Judiciary, reported favorably the nomination of Henry H. McPike, of California, to be United States attorney, northern district of California.

GREAT LAKES-ST. LAWRENCE DEEP WATERWAY TREATY

The PRESIDING OFFICER. If there be no further reports of committees, the calendar is in order.

The legislative clerk announced Executive C, Seventy-second Congress, second session, a treaty between the United States and the Dominion of Canada for the completion of the Great Lakes-St. Lawrence deep waterway, signed on July 18, 1932, as first in order on the calendar.

Mr. KING. Let that go over.

The PRESIDING OFFICER. The treaty will be passed over.

DEPARTMENT OF THE TREASURY

The legislative clerk read the nomination of J. F. T. O'Connor, of California, to be Comptroller of the Currency.

Mr. McNARY. Mr. President, on two occasions I have caused this nomination to go over for sufficient reasons. I have no desire further to prevent action by the Senate, and therefore make no objection at this time.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

CIVIL SERVICE COMMISSION

The legislative clerk read the nomination of Lucile F. McMillin, of Tennessee, to be Civil Service Commissioner.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Harry B. Mitchell, of Montana, to be Civil Service Commissioner.

The PRESIDING OFFICER. Without objection, the nomination is confirmed. Without objection, the President will be notified.

Mr. McNARY. Mr. President, the practice of notifying the President immediately has not met with the full accord of a great many Members of the Senate. At one time, I believe, a lawsuit arose out of action of that kind. I think notification concerning these nominations should await the time required under the rule.

The PRESIDING OFFICER. Without objection, that course will be pursued.

HENRY H. M'PIKE

Mr. BRATTON. Mr. President, a moment ago, from the Judiciary Committee, I reported the nomination of Henry H. McPike, of California, to be United States attorney for the Northern District of California. I ask unanimous consent for the immediate consideration of the nomination.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the clerk will state the nomination.

The legislative clerk read the nomination of Henry H. McPike, of California, to be United States attorney for the Northern District of California.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

J. F. T. O'CONNOR

Mr. ROBINSON of Arkansas. Mr. President, so far as I am informed, the Senate is not ready to proceed with any important measure. Unless some Senator has some important measure or matter to take up tomorrow, I intend, when the Senate resumes legislative session, to move a recess until day after tomorrow at 12 o'clock.

Mr. REED. Mr. President, will the Senator withhold the motion for a motion?

Mr. ROBINSON of Arkansas. Very well.

Mr. REED. Mr. President, when the Senate went into executive session I was necessarily absent and was unable to get here promptly. I wish to refer briefly to the nomination of Mr. O'Connor, of California, to be Comptroller of the Currency.

I do not mean to move to reconsider the confirmation of Mr. O'Connor's nomination, but I should like to register my objection to it, which is not based on any grounds personal to Mr. O'Connor. I am assured by those who know him, and I am quite ready to believe, that he is a gentleman of integrity and ability. But the post to which he is appointed, that of Comptroller of the Currency, is one of the key positions in the Government. It is a position which in this time of crisis and banking difficulties is probably, outside of the Presidency and the office of Director of the Budget, the most important single position in the United States Government.

Mr. O'Connor has never had any banking experience whatsoever. He has never been an officer of a bank. He has never been a director of a bank. He has never been counsel for a bank. So far as the Finance Committee could learn, he knows no more about banking than any depositor would know from having had a checking account. Yet he has been put into this position of great power, of great responsibility, of great authority over the entire banking system of the United States; and, because of his inexperience, it is necessarily going to take him months before he can learn his job as Comptroller of the Currency should know it. I am extremely sorry that President Roosevelt should have seen fit to appoint a man so inexperienced to a job so vital.

It ought not to be a job. It ought to be a position and yet I cannot discover, in what we learned in the Finance Committee, any single reason for selecting Mr. O'Connor for this position except it be his general reputation for integrity and his reputation for general ability. I have no doubt that, like most lawyers, he has learned to cram on a case rapidly, and to get the necessary knowledge to function; but he ought to have that knowledge at this moment. It is like appointing him to be captain of an ocean liner in the middle of a hurricane. Doubtless with his ability he would in time learn to be captain of an ocean liner and doubtless he will learn the duties of this position; but he does not know them now, and I regard his appointment as a great mistake.

I am perfectly well aware that any opposition to confirmation would be fruitless. We cannot muster enough votes on the two sides of the aisle to prevent confirmation, but I did not want the matter to be disposed of without registering my protest, as I have done.

Mr. McADOO. Mr. President, I have listened with interest as I always do to any remarks by my distinguished colleague from Pennsylvania, but in this matter I do not concur at all in the judgment he has rendered upon Mr. O'Connor. I rather gather from what he said that his chief objection to Mr. O'Connor is that he is inexperienced in banking.

Mr. REED. That is my only objection.

Mr. McADOO. That is the Senator's only objection. I regard that as a virtue in this particular position. I speak advisedly because, having been for 6 years Secretary of the Treasury, I learned something of the duties and obligations of this great office, which is administered under the general direction of the Secretary of the Treasury. We do not need so much in this office a man experienced in banking as a man experienced with bankers; and Mr. O'Connor in his lifetime has had ample experience with bankers.

I do not mean to have the Members of the Senate infer that I am casting any reflections upon bankers. They fill a highly desirable place in the general economy of the country, and I have great respect for them. The Comptroller's Office, however, is the statutory policeman of the bankers of the United States; and I found while I was in the Treasury that it is more important to have in that position a man who is free and independent, without a biased mind in any direction, than to have someone who has had technical banking experience.

Throughout the history of the Comptroller's Office the men who have been most conspicuous as Comptrollers of the Currency have been lawyers. Every lawyer of large practice has had experience in banking—enough, at least, to qualify him for this position.

The first Comptroller of the Currency, for instance, was Hugh McCulloch, subsequently one of the great Secretaries of the Treasury. He was a lawyer. He did not know anything about the office when he took possession of it. How could he? It was created for the first time during the Civil War. He had to organize it and administer it.

Subsequently James H. Eckles, of Chicago, became Comptroller of the Currency. The objection was raised to him at the time that he was not only too young but, being only a lawyer and having no banking experience, was not qualified to discharge the duties of the comptrollership. Eckles turned out to be one of the ablest of the Comptrollers of the Currency; and the same thing may be said of other lawyers who have occupied that position.

I think, by the way, that Charles G. Dawes, when he was appointed Comptroller of the Currency, was not a lawyer, but he certainly had had no experience in banking at that time.

Mr. ROBINSON of Arkansas. He was a lawyer.

Mr. McADOO. Was Charles G. Dawes a lawyer?

Mr. ROBINSON of Arkansas. Yes.

Mr. McADOO. I did not know that that was one of his many accomplishments.

Mr. ROBINSON of Arkansas. He was a partner of Pershing when he began practicing law.

Mr. McADOO. I thank the Senator from Arkansas for the information.

The Secretaries of the Treasury, under whom the Comptroller of the Currency must exercise these duties, have frequently been men without any experience whatever in banking.

Alexander Hamilton was a lawyer. He was not a banker, and yet he was the greatest Secretary of the Treasury this country has ever produced.

Salmon P. Chase was a lawyer, and one of the great Secretaries of the Treasury. What did he know about the duties of that great office when he was appointed?

I could cite many similar instances.

I want to say in reference to Mr. O'Connor that he is a man of exceptionally fine ability. He has a quick mind. He knows something about the problems confronting the country; and I know that he will, with great ability and integrity and courage, administer the great office to which the Senate has just confirmed him.

Mr. ROBINSON of Arkansas. Mr. President, the nomination now under discussion has been acted upon by the Senate, and by unanimous vote confirmation has been accorded to Mr. O'Connor. The criticism of the qualifications

of Mr. O'Connor by the Senator from Pennsylvania comes too late to affect the judgment of the Senate.

The nomination was reported by the Finance Committee. No objection was interposed to favorable action. After favorable action had been taken, the Senator from Pennsylvania expresses a doubt in his own mind as to the fitness of Mr. O'Connor to perform the very responsible duties of Comptroller of the Currency because Mr. O'Connor is not a practical banker.

I think anyone at first thought would be disposed to give credence to that objection and criticism; but, after all, particularly at this time, the duties of the Comptroller are of such a general and comprehensive nature that someone with more liberal, someone with broader experience than a cashier of a bank, or even a president of a bank, is needed to carry on the functions of that office. As stated by the Senator from California [Mr. McADOO], it is well worth while to have at that post now one who enjoys a liberal experience in the great legal profession, for the test of the success of his efforts will be the interpretation and the application of laws—not only the laws that have been passed during the present extraordinary session of the Congress but laws which have been on the statute books for quite a while, and which, according to the common judgment of the people of the country, have not been effective in the accomplishment of the purposes for which they were designed.

I express the hope and belief that the services of Mr. O'Connor in this important position will fully vindicate the soundness of the judgment exercised in his selection by the Executive and his confirmation by the Senate.

It is, of course, regrettable that the President's choice did not meet with the approval of the Senator from Pennsylvania; but the position of Comptroller of the Currency under the administration which the Senator from Pennsylvania dominated, or is alleged to have dominated, was vacant during the greater part of the last 2 years. President Hoover did not appoint a Comptroller of the Currency after the resignation of Mr. Pole. We had an Acting Comptroller of the Currency. Now, after the nomination has been made and the judgment of the Senate expressed on the subject, the Senator from Pennsylvania seeks to raise a doubt as to the propriety of the selection.

Mr. FLETCHER. Mr. President, I merely desire to call attention as a matter of history to the fact that in the old civilizations of Europe, built up after centuries and centuries, we saw the most tremendous collapse ever known in history. Austria and Germany completely fell down. Their financial affairs were, and had been, in the hands of bankers. We have seen the financial affairs of the United States supervised and controlled and directed largely by bankers.

I do not reflect on bankers in these statements, but that is history. Why insist that bankers must stand in positions of control and direction continuously hereafter? They have certain views and certain ideas about how things should be managed. All very well, and we appreciate that; but if there is any lesson to be learned from it, it is that bankers have not been successful in the conduct of the financial affairs of this country or of Europe.

RECESS

The Senate resumed legislative session.

Mr. ROBINSON of Arkansas. I move that the Senate stand in recess until 12 o'clock noon on Wednesday.

The motion was agreed to; and (at 3 o'clock and 40 minutes p.m.) the Senate took a recess until Wednesday, May 10, 1933, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate May 8 (legislative day of May 1), 1933

SECRETARY IN THE DIPLOMATIC SERVICE

George Bliss Lane, of New York, now a Foreign Service officer, unclassified, and a vice consul of career, to be also a secretary in the Diplomatic Service of the United States of America.

ASSISTANT ATTORNEY GENERAL

Pat Malloy, of Oklahoma, to be Assistant Attorney General, to fill an existing vacancy.

DISTRICT JUDGE OF THE CANAL ZONE

Richard Curd Pope Thomas, of Kentucky, to be district judge of the Canal Zone, to succeed James J. Lenihan, term expired.

UNITED STATES MARSHAL

Edward B. Doyle, of Georgia, to be United States marshal, middle district of Georgia, to succeed Samuel Purvis, term expired.

COAST GUARD

The following-named young men to be ensigns in the Coast Guard of the United States, to rank as such from May 15, 1933:

David Hall Bartlett.
Rudolph Bjorge.
Emmet Timothy Calahan.
Albert John Carpenter.
Hubert Roe Chaffee.
William Wilder Childress.
Eugene Auguste Coffin, Jr.
Warren Loomis David.
Harry Elmer Davis, Jr.
John Herman Forney.
Albert Everest Harned.
Clarence Herbert.
Swen Alfred Hill.
George Whisler Holtzman.
Joseph Howe.
John Jenkins Hutson, Jr.
Vaino Oliver Johnson.
Robert Egan McCaffery.
Joseph Francis McCue.
Thomas Robley Midtlyng.
George Olof Olson.
John Birdsell Oren.
William Mulford Peel.
Richard Foster Rea.
David Owen Reed.
Peter Joseph Smetonis.
Willard John Smith.
Thomas Harold Stubbs.
Louis MacLane Thayer, Jr.
John Herbert Wagline.
Quentin Robert Walsh.

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

TO QUARTERMASTER CORPS

Capt. John Sutherland Claussen, Infantry (detailed in Quartermaster Corps), with rank from July 1, 1920.

Capt. James Brian Edmunds, Cavalry (detailed in Quartermaster Corps), with rank from February 1, 1932.

PROMOTIONS IN THE REGULAR ARMY

To be colonel

Lt. Col. Daniel Andrew Nolan, Infantry, with rank from May 1, 1933.

To be lieutenant colonel

Maj. George William Carlyle Whiting, Infantry, from May 1, 1933.

To be majors

Capt. William Fred Riter, Quartermaster Corps, from May 1, 1933.

Capt. Herbert Warren Hardman, Quartermaster Corps, from May 1, 1933.

Capt. John Dillard Goodrich, Quartermaster Corps, from May 1, 1933.

To be captains

First Lt. Laurence Daly Talbot, Quartermaster Corps, from April 22, 1933.

First Lt. Newman Raiford Laughinghouse, Air Corps, from April 26, 1933.

First Lt. John Paul Dean, Corps of Engineers, from May 1, 1933.

First Lt. Patrick Henry Timothy, Jr., Corps of Engineers, from May 1, 1933.

First Lt. Hugh John Casey, Corps of Engineers, from May 1, 1933.

First Lt. Patrick Henry Tansey, Corps of Engineers, from May 1, 1933.

First Lt. Hans Kramer, Corps of Engineers, from May 1, 1933.

First Lt. Albert Gordon Matthews, Corps of Engineers, from May 1, 1933.

First Lt. Amos Blanchard Shattuck, Corps of Engineers, from May 1, 1933.

First Lt. Leland Hazelton Hewitt, Corps of Engineers, from May 1, 1933.

To be first lieutenants

Second Lt. Forester Hampton Sinclair, Field Artillery, from April 22, 1933.

Second Lt. Walter Morris Johnson, Infantry, from April 26, 1933.

Second Lt. Harold Stanley Isaacson, Field Artillery, from May 1, 1933.

Second Lt. Willis Webb Whelchel, Field Artillery, from May 1, 1933.

Second Lt. Albert Harvey Dickerson, Infantry, from May 1, 1933.

Second Lt. Leander LaChance Doan, Cavalry, from May 1, 1933.

Second Lt. Arthur Edwin Solem, Field Artillery, from May 1, 1933.

Second Lt. Theodore Kalakuka, Cavalry, from May 1, 1933.

Second Lt. Charlie Wesner, Field Artillery, from May 1, 1933.

Second Lt. Henry Magruder Zeller, Jr., Cavalry, from May 1, 1933.

Second Lt. Orville Melvin Hewitt, Infantry, from May 1, 1933.

MEDICAL CORPS

To be lieutenant colonel

Maj. Harry Rex MacKellar, Medical Corps, from April 28, 1933.

CHAPLAIN

To be chaplain with the rank of lieutenant colonel

Chaplain William Richard Arnold (major), United States Army, from April 29, 1933.

PROMOTIONS IN THE NAVY

Capt. Joseph R. Defrees to be a rear admiral in the Navy from the 5th day of April 1933.

Commander Damon E. Cummings to be a captain in the Navy from the 1st day of January 1933.

Commander Bryson Bruce, an additional number in grade, to be a captain in the Navy from the 5th day of April 1933.

Lt. Comdr. Carroll M. Hall to be a commander in the Navy from the 5th day of April 1933.

Lt. Herbert M. Scull to be a lieutenant commander in the Navy from the 30th day of June 1932.

Lt. (Junior Grade) Walter S. Ginn to be a lieutenant in the Navy from the 1st day of February 1932.

Lt. (Junior Grade) Emory W. Stephens to be a lieutenant in the Navy from the 5th day of January 1933.

The following-named lieutenants (junior grade) to be lieutenants in the Navy from the 1st day of February 1933:

John M. Kennaday.

Philip M. Boltz.

The following-named lieutenants (junior grade) to be lieutenants in the Navy from the 1st day of March 1933:

Sumner K. MacLean.

Paul Graf.

Warren D. Wilkin.

The following-named lieutenants (junior grade) to be lieutenants in the Navy from the 1st day of April 1933:

Everett W. Abdill.

Paul L. F. Weaver.

Willis E. Cleaves.

The following-named pharmacists to be chief pharmacists in the Navy, to rank with but after ensign, from the 23d day of February 1933:

Will Grimes.

Paul T. Rees.

The following-named pay clerks to be chief pay clerks in the Navy, to rank with but after ensign, from the 15th day of January 1933:

Lawrence W. Sadd.

Arthur D. Gutheil.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 8 (legislative day of May 1), 1933

UNITED STATES ATTORNEY

Henry H. McPike to be United States attorney, northern district of California.

COMPTROLLER OF THE CURRENCY

J. F. T. O'Connor to be Comptroller of the Currency.

MEMBERS OF THE CIVIL SERVICE COMMISSION

Lucille F. McMillin.

Harry B. Mitchell.

HOUSE OF REPRESENTATIVES

MONDAY, MAY 8, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Our Lord and our Redeemer, full of grace and glory, to Thee we come. A mighty fortress is our God, a bulwark never failing. As the work of the day unfolds, clothe our thoughts with wisdom and our wisdom with action that can stand the scrutiny of broad daylight and sound true to the last. Help us by giving us a very close acquaintance with Thee. Strengthen us with the royalty of an unsullied conscience. Hear us, blessed Lord God, for our country. Mercifully be with the unemployed and idle multitudes all over our land. O give this Congress wisdom to solve their problems. Do Thou subdue all restless clamor, the turbulence of selfish strife, and melt all discord into harmony. Remember us individually. Take each one of us and draw us nearer and nearer to the divine embodiment of the peerless manhood of the Perfect One. O may we dream and strive after the impossible—these are the immortal motives. In the name of our Saviour. Amen.

The Journal of the proceedings of Friday, May 5, 1933, was read and approved.

PRESIDENT ROOSEVELT'S SPEECH

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing therein the speech delivered by the President of the United States last night.

The SPEAKER. The gentleman from Mississippi asks unanimous consent to extend his remarks in the RECORD by printing the radio address delivered by the President last night. Is there objection?

There was no objection.

Mr. RANKIN. Mr. Speaker, under the permission granted me to extend my remarks in the RECORD, I am inserting the address delivered over the radio last night by President Roosevelt.

It is one of the most reassuring and timely speeches ever delivered by a President and one that has inspired the American people with renewed courage and renewed hope.

The address reads as follows:

THE SECOND RADIO REPORT OF PRESIDENT ROOSEVELT AS TO WHAT THE ADMINISTRATION HAS DONE AND WHAT IT IS PLANNING TO DO

My friends, on a Sunday night a week after my inauguration I used the radio to tell you about the banking crisis and the measures we were taking to meet it. I think that in that way I made clear to the country various facts that might otherwise have been misunderstood and in general provided a means of understanding which did much to restore confidence.

Tonight, 7 weeks later, I come for the second time to give you my report—in the same spirit and by the same means—to tell you about what we have been doing and what we are planning to do.

Two months ago we were facing serious problems. The country was dying by inches. It was dying because trade and commerce had declined to dangerously low levels; prices for basic commodities were such as to destroy the value of the assets of national institutions such as banks, savings banks, insurance companies, and others. These institutions, because of their great needs, were foreclosing mortgages, calling loans, refusing credit. Thus there was actually in process of destruction the property of millions of people who had borrowed the money on that property in terms

of dollars which had had an entirely different value from the level of March, 1933. That situation in that crisis did not call for any complicated consideration of economic panaceas or fancy plans. We were faced by a condition and not a theory.

TWO ALTERNATIVES FACED

There were just two alternatives: The first was to allow the foreclosures to continue, credit to be withheld, and money to go into hiding, and thus force liquidation and bankruptcy of banks, railroads, and insurance companies, and a recapitalizing of all business and all property on a lower level. This alternative meant a continuation of what is loosely called "deflation", the net result of which would have been extraordinary hardship on all property owners and, incidentally, extraordinary hardships on all persons working for wages through an increase in unemployment and a further reduction of the wage scale.

It is easy to say that the result of this course would have not only economic effects of a very serious nature but social results that might bring incalculable harm. Even before I was inaugurated I came to the conclusion that such a policy was too much to ask the American people to bear. It involved not only a further loss of homes, farms, savings, and wages, but also a loss of spiritual values—the loss of that sense of security for the present and the future so necessary to the peace and contentment of the individual and of his family. When you destroy these things you will find it difficult to establish confidence of any sort in the future.

It was clear that mere appeals from Washington for confidence and the mere lending of more money to shaky institutions could not stop this downward course. A prompt program, applied as quickly as possible, seemed to me not only justified but imperative to our national security. The Congress—and when I say Congress I mean the Members of both political parties—fully understood this and gave me generous and intelligent support. The Members of Congress realized that the methods of normal times had to be replaced in the emergency by measures which were suited to the serious and pressing requirements of the moment.

NO SURRENDER OF POWER

There was no actual surrender of power. Congress still retained its constitutional authority, and no one has the slightest desire to change the balance of these powers. The function of Congress is to decide what has to be done and to select the appropriate agency to carry out its will. This policy it has strictly adhered to. The only thing that has been happening has been to designate the President as the agency to carry out certain of the purposes of the Congress. This was constitutional and in keeping with the past American tradition.

The legislation which has been passed or is in the process of enactment can properly be considered as part of a well-grounded plan.

First, we are giving opportunity of employment to one quarter of a million of the unemployed, especially the young men who have dependents, to go into the forestry and flood-prevention work. This is a big task, because it means feeding, clothing, and caring for nearly twice as many men as we have in the Regular Army itself. In creating this Civilian Conservation Corps we are killing two birds with one stone. We are clearly enhancing the value of our national resources and, second, we are relieving an appreciable amount of actual distress. This great group of men have entered upon their work on a purely voluntary basis, no military training is involved, and we are conserving not only our natural resources but our human resources. One of the great values to this work is the fact that it is direct and requires the intervention of very little machinery.

Second, I have requested the Congress and have secured action upon a proposal to put the great properties owned by our Government at Muscle Shoals to work after long years of wasteful inaction, and with this a broad plan for the improvement of a vast area in the Tennessee Valley. It will add to the comfort and happiness of hundreds of thousands of people and the incidental benefits will reach the entire Nation.

Next, the Congress is about to pass legislation that will greatly ease the mortgage distress among the farmers and the home owners of the Nation, by providing for the easing of the burden of debt now bearing so heavily upon millions of our people.

PLANS FOR PUBLIC WORKS

Our next step in seeking immediate relief is a grant of half a billion dollars to help the States, counties, and municipalities in their duty to care for those who need direct and immediate relief.

The Congress also passed legislation authorizing the sale of beer in such States as desired. This has already resulted in considerable reemployment and incidentally has provided much-needed tax revenue.

We are planning to ask the Congress for legislation to enable the Government to undertake public works, thus stimulating directly and indirectly, the employment of many others in well-considered projects.

Further legislation has been taken up which goes much more fundamentally into our economic problems. The farm relief bill seeks by the use of several methods, alone or together, to bring about an increased return to farmers for their major farm products, seeking at the same time to prevent in the days to come disastrous overproduction which so often in the past has kept farm commodity prices far below a reasonable return. This measure provides wide powers for emergencies. The extent of its use will depend entirely upon what the future has in store.

Well-considered and conservative measures will likewise be proposed which will attempt to give to the industrial workers of the country a more fair wage return, prevent cut-throat competition and unduly long hours for labor, and at the same time to encourage each industry to prevent overproduction.

Our railroad bill falls into the same class, because it seeks to provide and make certain definite planning by the railroads themselves, with the assistance of the Government, to eliminate the duplication and waste that is now resulting in railroad receiverships and continuing operating deficits.

I am certain that the people of this country understand and approve the broad purposes behind these new governmental policies relating to agriculture and industry and transportation. We found ourselves faced with more agricultural products than we could possibly consume ourselves and surpluses which other nations did not have the cash to buy from us, except at prices ruinously low.

We have found our factories able to turn out more goods than we could possible consume, and at the same time we were faced with a falling export demand. We found ourselves with more facilities to transport goods and crops than there were goods and crops to be transported.

BLAMES LACK OF PLANNING

All of this has been caused in large part by a complete lack of planning and a complete failure to understand the danger signals that have been flying ever since the close of the World War. The people of this country have been erroneously encouraged to believe that they could keep on increasing the output of farm and factory indefinitely and that some magician would find ways and means for that increased output to be consumed with reasonable profit to the producer.

Today we have reason to believe that things are a little better than they were 2 months ago. Industry has picked up, railroads are carrying more freight, farm prices are better; but I am not going to indulge in issuing proclamations of over-enthusiastic assurance. We cannot ballyhoo ourselves back to prosperity. I am going to be honest at all times with the people of the country. I do not want the people of this country to take the foolish course of letting this improvement come back on another speculative wave. I do not want the people to believe that because of unjustified optimism we can resume the ruinous practice of increasing our crop output and our factory output in the hope that a kind Providence will find buyers at high prices. Such a course may bring us immediate and false prosperity, but it will be the kind of prosperity that will lead us into another tail spin.

It is wholly wrong to call the measures that we have taken Government control of farming, control of industry, and control of transportation. It is rather a partnership between Government and farming and industry and transportation—not partnership in profits, for the profits would still go to the citizens, but rather a partnership in planning and partnership to see that the plans are carried out.

Let me illustrate with an example. Take the cotton-goods industry. It is probably true that 90 percent of the cotton manufacturers would agree to eliminate starvation wages, would agree to stop long hours of employment, would agree to stop child labor, would agree to prevent an overproduction that would result in unsalable surpluses. But, what good is such an agreement if the other 10 percent of cotton manufacturers pay starvation wages, require long hours, employ children in their mills, and turn out burdensome surpluses? The unfair 10 percent could produce goods so cheaply that the fair 90 percent would be compelled to meet the unfair conditions.

LIFTING ANTITRUST LAWS

Here is where Government comes in. Government ought to have the right and will have the right, after surveying and planning for an industry, to prevent, with the assistance of the overwhelming majority of that industry, unfair practice and to enforce this agreement by the authority of Government.

The so-called "antitrust laws" were intended to prevent the creation of monopolies and to forbid unreasonable profits to those monopolies. That purpose of the antitrust laws must be continued. But these laws were never intended to encourage the kind of unfair competition that results in long hours, starvation wages, and overproduction.

The same principle applies to farm products and to transportation and every other field of organized private industry.

We are working toward a definite goal, which is to prevent the return of conditions which came very close to destroying what we call modern civilization. The actual accomplishment of our purpose cannot be attained in a day. Our policies are wholly within purposes for which our American constitutional Government was established 150 years ago.

I know that the people of this country will understand this and will also understand the spirit in which we are undertaking this policy. I do not deny that we may make mistakes of procedure as we carry out the policy. I have no expectation of making a hit every time I come to bat. What I seek is the highest possible batting average, not only for myself, but for the team. Theodore Roosevelt once said to me: "If I can be right 75 percent of the time, I shall come up to the fullest measure of my hopes."

Much has been said of late about the Federal finances and inflation, the gold standard, and so forth. Let me make the facts very simple and my policy very clear. In the first place, Government credit and Government currency are really one and the same thing. Behind Government bonds there is only a

promise to pay. Behind Government currency we have, in addition to the promise to pay, a reserve of gold and a small reserve of silver.

OUR LIMITED GOLD SUPPLY

In this connection it is worth while remembering that in the past the Government has agreed to redeem nearly thirty billions of its debts and its currency in gold and private corporations in this country have agreed to redeem another sixty or seventy billions of securities and mortgages in gold. The Government and private corporations were making these agreements when they knew full well that all of the gold in the United States amounted to only between three and four billions, and that all of the gold in all of the world amounted to only about eleven billions.

If the holders of these promises to pay started in to demand gold, the first-comers would get gold for a few days, and they would amount to about one twenty-fifth of the holders of the securities and the currency. The other 24 people out of 25, who did not happen to be at the top of the line, would be told politely that there was no more gold left. We have decided to treat all 25 in the same way, in the interest of justice and the exercise of the constitutional powers of this Government. We have placed every one on the same basis in order that the general good may be preserved.

Nevertheless, gold, and to a partial extent silver, are perfectly good bases for currency, and that is why I decided not to let any of the gold now in the country go out of it.

A series of conditions arose 3 weeks ago which very readily might have meant, first, a drain on our gold by foreign countries, and secondly, as a result of that, a flight of American capital, in the form of gold, out of our country. It is not exaggerating the possibility to tell you that such an occurrence might well have taken from us the major part of our gold reserve and resulted in such a further weakening of our Government and private credit as to bring on actual panic conditions and the complete stoppage of the wheels of industry.

POLICY ON PRICE RAISING

The administration has the definite objective of raising commodity prices to such an extent that those who have borrowed money will, on the average, be able to repay that money in the same kind of dollar which they borrowed. We do not seek to let them get such a cheap dollar that they will be able to pay back a great deal less than they borrowed. In other words, we seek to correct a wrong and not to create another wrong in the opposite direction. That is why powers are being given to the administration to provide, if necessary, for an enlargement of credit, in order to correct the existing wrong. These powers will be used when, as, and if it may be necessary to accomplish the purpose.

Hand in hand with the domestic situation which, of course, is our first concern, is the world situation, and I want to emphasize to you that the domestic situation is inevitably and deeply tied in with the conditions in all of the other nations of the world. In other words, we can get, in all probability, a fair measure of prosperity return in the United States, but it will not be permanent unless we get a return to prosperity all over the world.

In the conferences which we have held and are holding with the leaders of other nations we are seeking four great objectives:

First, a general reduction of armaments, and through this the removal of the fear of invasion and armed attack, and, at the same time, a reduction in armament costs, in order to help in the balancing of government budgets and the reduction of taxation.

Secondly, a cutting down of the trade barriers, in order to start the flow of exchange of crops and goods between nations.

Third. The setting up of a stabilization of currencies, in that trade can make contracts ahead.

Fourth. The reestablishment of friendly relations and greater confidence between all nations.

Our foreign visitors these past 3 weeks have responded to these purposes in a very helpful way. All of the nations have suffered alike in this great depression. They have all reached the conclusion that each can best be helped by the common action of all. It is in this spirit that our visitors have met with us and discussed our common problems. The international conference that lies before us must succeed. The future of the world demands it and we have each of ur pledged ourselves to the best joint efforts to that end.

To you, the people of this country, all of us, the Members of the Congress and the members of this administration, owe a profound debt of gratitude. Throughout the depression you have been patient. You have granted us wide powers, you have encouraged us with a widespread approval of our purposes. Every ounce of strength and every resource at our command we have devoted to justifying your confidence. We are encouraged to believe that a wise and sensible beginning has been made. In the present spirit of mutual confidence and mutual encouragement, we go forward.

CALVIN COOLIDGE

Mr. TREADWAY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing an address delivered by Mr. Justice Stone in eulogy of the late President Coolidge.

The SPEAKER. Is there objection?

There was no objection.

Mr. TREADWAY. Mr. Speaker, under the permission granted me to extend my remarks in the RECORD, I am inserting the address made by Mr. Justice Harlan F. Stone, of the Supreme Court of the United States, at a meeting in memory of Calvin Coolidge held at Northampton, Mass., April 30, 1933.

The address is as follows:

On the 5th of January the country was startled by the announcement of the death at his home in this city of Calvin Coolidge, the thirtieth President of the United States. The very suddenness of his going, without warning, without hint of failing health, gave to his countrymen an indescribable shock and sense of bereavement. The quiet dignity and poise with which he had borne the burden of life had given to those who knew him best an illusion of his abiding physical strength and endurance. Unconsciously they had interpreted it in terms of his long life and long-continued public service. For them it was difficult to comprehend the sad truth that in the sixty-first year of a life devoted to the service of his country that strength and endurance were spent and the end had come. To all came an overwhelming sense of public loss: that in a time of peculiar stress and anxiety his capacity for wise counsel, the steadying influences of his personality and character were lost to the Nation.

His death brought to its conclusion a life of almost continuous public service. From the humblest elective office he had passed, step by step, from post to post, to which he had been chosen by the will of the people, to the highest office in the gift of the Nation—common councilman, solicitor, and mayor of this city, member of the Massachusetts Legislature, senator, Lieutenant Governor, and Governor of the State, Vice President and President of the United States—such is the formal record of his public service. Clearly, as we perceive its distinction and the high qualities he brought to it, its appraisal is not for us or for our generation. That must await the ultimate judgment of history.

We are assembled here today, not to pronounce a final verdict upon it but in the fullness of our hearts, in this all too brief an hour, to speak of him whom we have known as friend and neighbor, and of those attributes of mind and character which made him the man the Nation delighted to honor.

Calvin Coolidge was a distinctive product of New England. The strength and dignity of his character, his sane and balanced judgment, his common sense, were the true inheritance from ancestors who for 3 centuries had dwelt among the rugged hills of New England. John Coolidge, the first American member of the family, came from England in 1630 to the Massachusetts Bay Colony, where he settled in Watertown. In 1780 his descendant, John Coolidge, settled in Plymouth, Vt., which became his home and that of his descendants until the birth of Calvin Coolidge on July 4, 1872, the son of John Coolidge and Victoria Josephine Moor Coolidge. His mother's forbears, who were of Scotch-Welsh ancestry, had long dwelt in New England. From them, as from his paternal ancestors, Calvin Coolidge inherited those qualities of mind and character which, in so many instances, were carried forth from New England to make fruitful the intellectual and spiritual life of the Nation. On both sides his ancestors were of the race of pioneers who, building their homes in the New England wilderness, wrung a scanty livelihood from a reluctant soil. In lives of frugality and self-denial, with humble and unfailing devotion to the principles of religion and education, but with sturdy independence and the will to do battle for the right, they laid the foundations of that intellectual and moral leadership which for more than a century gave New England a dominating influence in American life.

Plymouth, at the time of Calvin Coolidge's birth, was, as it still is, like many another New England hill town. Its great natural beauty is more wild and rugged than that of the gentler slopes with which we are familiar along the Connecticut River Valley. Even when wrapped in the snows of winter, tall pine and verdant spruce and hemlock clothe its heights with a beauty which, entering into the very soul of the New Englander, becomes a permanent part of his being. Remote from cities and from the turmoil of business and industry, life there is simple, natural, and untroubled.

Here Calvin Coolidge spent a youth like that of many another New England country boy. His father was the chief man of the village, farmer, storekeeper, deputy sheriff, and member of the State legislature. He was a competent business man, thrifty, shrewd, and prudent. His integrity and sound judgment commanded the confidence and respect of the countryside. Neither direction nor discipline was wanting in the daily life of the son. There were chores to be done, simply homely duties to be performed. He shared with his father in the work of the farm and the store. Church, school, and the New England town meeting were the institutions which gave direction and character to the life of the community. Honesty, industry, thrift, and careful economy were the rule of his life and those about him. It was a life filled with the petty, but exacting, cares of a small and still primitive country town, a life that present-day boys might regard as dull and irksome. But it never seemed dull to him. In his later years the indelible impressions of his youth were often recalled and stated in terms of the beauty and poetry of the life among his native hills.

The simplicity of that life, its naturalness, its genuineness and essential dignity, had their possibilities of character building to be fully realized only in other times and at other places. Integrity—moral and intellectual—industry, thrift, fidelity to the day's task, however humble, and belief in the worthiness of public service, all his by inheritance, were nurtured and strengthened by environment.

Boy and man he was modest, reticent, silent; he had no small talk. His reticence, his unconquerable aversion to any form of self-advertisement concealed from casual acquaintances the clarity and vigor of his mind and his capacity to form judgments which could be firm and decisive when occasion demanded. Knowledge of these qualities of the inner man came slowly, even to his intimates, but with strangely cumulative force as the years and experience revealed them.

At 12 years of age tragedy came into his life with the death of his mother, then 39 years of age. Of her he said:

"She was practically an invalid ever after I could remember her, but used what strength she had in lavish care upon me and my sister, who was 3 years younger. There was a touch of mysticism and poetry in her nature which made her love to gaze at the purple sunsets and watch the evening stars. Whatever was grand and beautiful in form and color attracted her. It seemed as though the rich green tints of foliage and the blossoms of the flowers came for her in the springtime, and in the autumn it was for her that the mountain sides were struck with crimson and with gold."

Five years later the sister, too, was laid to rest in the Plymouth churchyard with his dead, "pillowed on the breast of the eternal hills."

Some years of the rough-and-ready training of the district school in the little stone schoolhouse of the village, 4 more at the Black River Academy at Ludlow, 12 miles away, interspersed with summer vacations spent in work on the farm, guided his footsteps to the threshold of Amherst College and for the first time into this community which, for most of his life, he was to regard as his home.

Only those who knew the Amherst of his day and in later years came to understand something of the inner workings of his mind can appreciate how profoundly Calvin Coolidge was affected by his experiences at Amherst. It is a small college, but it has always enjoyed the priceless blessing of the presence there of great teachers. For more than a century that presence has meant the intellectual and spiritual rebirth of eager students who have thronged its halls. The unobtrusive, green mountain boy who spent the years 1891 to 1895 in Amherst found there a small group of men who were great teachers because they were great men. Of them, those who, perhaps, made the most profound impression upon him were Professor Morse and Professor Garman. Morse was a teacher of history, of exceptionally enlightened and penetrating mind All history in his view was to be measured in terms of human progress. The whole range of modern history was his province, but his discussions of the development of party government in the United States were a unique and important contribution in that field. He dealt with political parties as instruments of government essential to the functioning of democracy, by which the will of the people is formulated in public discussion and translated into political action at the polls. It was in the classroom of this gifted teacher that direction was given to that profound insight into the nature and function of party action which was to distinguish the career of his most famous student. It was no accident that Calvin Coolidge, a politician in the truest and noblest sense, always referred, and rightly, to worthy party service as public service.

Garman, the philosopher, taught his students to stand on their own feet intellectually, not to bow blindly and obsequiously to authority, but to be open-eyed seekers of the truth. Of him Calvin Coolidge said, in the full maturity of his judgment and experience: "We looked upon Garman as a man who walked with God. * * * In ethics he taught us that there is a standard of righteousness; that might does not make right; that the end does not justify the means; and that expediency as a working principle is bound to fail. The only hope of perfecting human relationships is in accordance with the law of service under which men are not so solicitous about what they shall get as they are about what they shall give. * * * For a man not to recognize the truth, not to be obedient to law, not to render allegiance to the State, is for him to be at war with his own nature—to commit suicide. That is why 'the wages of sin is death.' Unless we live rationally, we perish, physically, mentally, and spiritually."

These college experiences stirred profoundly the responsive soul beneath the quiet exterior of this New England boy. Repeatedly in after years he was to recur to them specifically or by unmistakable allusion. Calvin Coolidge was not given to self-revelation. But if we search beneath the surface for the guiding principles of his life we shall find them in his lifelong desire to be obedient to truth, to the law of service, and to adhere steadfastly to the principles of the rational life.

Graduating from college in 1895, he began his professional career in the office of prominent lawyers of this city. Here he established his home and maintained it until his death. To it he brought his bride, Grace Goodhue Coolidge, whom he married at Montpelier, Vt., in October, 1905, beginning a married life which, until the moment of his death, continued to be singularly fortunate and happy. Here their children, two sons, were born.

Study and practice of the law in this community and daily contacts with its business and social life completed the preparation for the role which he was to play in the political life of State and Nation. A superlative, natural talent for the art of politics enlisted his interest in the political activities of city and State and gradually drew him away from the practice of his chosen profession, in which he would otherwise have come to a position of leadership. "In general", he said, "only the man of broad and deep understanding of his fellow men can meet with much success in politics." He possessed that understanding in rare degree. That, and the unfailing loyalty and integrity with which he administered every office for which he was chosen, brought to him success in 18 out of the 19 contests at the polls in which he engaged. They carried him by successive steps from membership in the city council of Northampton to the various other offices of city and State which he occupied, and finally to the Presidency of the United States.

In 1916, after serving in the lower house of the State legislature and after 2 years' service as State senator, he was again elected to the senate and chosen its presiding officer. On that occasion he made a notable address. It was notable in that it gives us, perhaps for the first time, a real insight into his maturing political philosophy, and reveals those qualities of mind which soon were to attract the attention of the Nation and to open the way to the highest office in its gift. Parts of this address were obviously directed to the problems of the hour, and so may now be regarded as but ephemeral, but some of it revealed a profound understanding of the problems of legislation and the enduring principles which should guide political action. Well known as they are, they are, nevertheless, worthy of repetition here.

"Do the day's work", he said. "If it be to protect the rights of the weak, whoever objects, do it. If it be to help a powerful corporation, better to serve the people, whatever the opposition, do that. Expect to be called a standpatter, but don't be a standpatter. Expect to be called a demagogue, but don't be a demagogue. Don't hesitate to be as revolutionary as science. Don't hesitate to be as reactionary as the multiplication table. Don't expect to build up the weak by pulling down the strong. Don't hurry to legislate. Give administration a chance to catch up with legislation.

"We need a broader, firmer, deeper faith in the people—a faith that men desire to do right; that the Commonwealth is founded upon a righteousness which will endure, a reconstructed faith that the final approval of the people is given not to demagogues, slavishly pandering to their selfishness, merchandising with the clamor of the hour, but to statesmen, ministering to their welfare, representing their deep, silent, abiding convictions.

"Statutes must appeal to more than material welfare. Wages won't satisfy, be they ever so large; nor houses; nor lands; nor coupons, though they fall thick as the leaves of autumn. Man has a spiritual nature. Touch it, and it must respond as the magnet responds to the pole. To that, not to selfishness, let the laws of the Commonwealth appeal. Recognize the immortal worth and dignity of man. Let the laws of Massachusetts proclaim to her humblest citizen, performing the most menial task, the recognition of his manhood; the recognition that all men are peers, the humblest with the most exalted; the recognition that all work is glorified. Such is the path to equality before the law. Such is the foundation of liberty under the law. Such is the sublime revelation of man's relation to man—democracy."

Here spoke the genius of New England, intelligently conservative, but also cautiously and wisely progressive; instinct with the spirit of justice for all men, with faith in the capacity of man's spiritual nature to triumph over a sordid materialism; and hence with faith in the capacity of democracy itself to function as both the source and the instrument of good government.

These were profound thoughts to come from the modest Hampshire County politician. Spoken to strengthen the faith of his fellow citizens in Massachusetts, they inspired in all to whom they came a profound faith in the speaker himself. It was a faith which never waned. After another year in the Senate, he took, as had become his habit, a step forward and upward, to become lieutenant governor for 3 years. The office was one involving both executive and administrative duties. It afforded renewed opportunity for public service and training for larger responsibilities which, in 1918, he assumed as Governor of the State.

His two terms as Governor were notable for their wise and efficient administration. In obedience to an amendment of the State constitution requiring reorganization of the administrative agencies of the State government he secured the requisite legislation and carried it into effect with skill and celerity. He did not hesitate to veto several measures, apparently popular, and to expose their fallacies. His first term was proceeding quietly, almost uneventfully, to its end when, within 2 months of the election in which he was to be a candidate for reelection, the State was suddenly thrown into a crisis, which proved to be also the crisis of his life. Efforts had been made to unionize the metropolitan police force of Boston, which was subject, in some very limited respects, to the ultimate authority of the Governor. Nineteen of its members had been tried and dismissed for joining a union in violation of police regulations. A strike of the police force was called and a general strike threatened. Two thirds of its members abandoned their posts and left the city without adequate police protection. The situation speedily became one occasioning grave concern. Here was irreconcilable conflict between supposed private interest and unmistakable public duty. Two paths were open to the Governor—the one, that of political expediency, with its temptation to yield to the exigencies of the moment, that a delusive larger good might come; the other, that of adherence to the principle of the supremacy of the law and the principle that the assumption of duty as guardians of the public safety admits of no conflicting allegiance. His choice was unhurried, but decisive. As he said of it later, "The right thing to do never requires any subterfuge. It is always simple and direct." Unequivocably, he declared to the leader of organized labor, "You can depend on me to support you in every legal action and sound policy. I am equally determined to defend the sovereignty

of Massachusetts and to maintain the authority and jurisdiction over her public officers where it has been placed by the constitution and laws of her people." That declaration was translated into action.

The significance of his choice was not that it was made as it was; inheritance, training, and the character of the man made that inevitable. Its significance lay in the fact that the event had revealed the man. His action responded to the popular yearning for the public officer who has the faith and courage to take his political life in his hands that right and duty may prevail over expediency. It made him a national figure. Though he declined to authorize the use of his name as a candidate for the Presidency in the election of 1920, there was, nevertheless, widespread popular discussion of his fitness for the office. It resulted in his spontaneous nomination at the convention as candidate for the Vice-Presidency, which was followed by his election, and upon the death of President Harding on August 2, 1923, by his induction into the Presidency. The dramatic picture of the midnight scene when, in the simple surroundings of his Plymouth home, he took the oath of office, administered by his aged father, will long be vibrant in our memory.

The 6 years of his Presidency, we now know, marked the closing of an epoch. The people of the country, after the struggle on European battlefields, were intent on repairing the ravages of war upon our social and economic structure, and upon restoring the current of American life to its normal channels. Depletion of the world's stock of goods by war, the creation of new industries and new methods of production of goods in the mass, were stimulating an abnormal prosperity, with all its temptations to public and private extravagances. Avoidance of waste in public expenditures, the lightening of the burdens of taxation, the tightening of the ancient restrictions upon every form of improvidence in government, the establishment of friendly relations with all peoples, and the promotion of the cause of peace, were the immediate problems of government.

The talents of the new President and his political philosophy were peculiarly adapted to the times and their problems. He came, bringing no new or untried devices for meeting issues which were as old as government itself. In his philosophy of government, as of life, first things came first. The right thing to do was always simple and direct. Its essentials, written by George Mason, one of our wisest political thinkers, into the Virginia bill of rights, was restated in the constitution of Calvin Coolidge's native State: "Frequent recurrences to first principles", it affirms, "and firm adherence to justice, moderation, temperance, industry, and frugality are necessary to preserve the blessings of liberty and keep government free."

His first public speech as President, in New York City, and his first message to Congress outlined the policy of the new administration in plain, simple, and reassuring language. He worked steadily and persistently for the curtailment of public expense. In a single sentence he stated to Congress his unalterable opposition to bonus legislation. Four times during his administration the Internal Revenue System was revised, with the abolition of many taxes and the reduction of others. The national debt was steadily reduced. Every fiber of his being rebelled against governmental extravagance. Both in his public addresses and his practical administration of the National Budget he took infinite pains to give effect to the principle of economy of government. Annually, at a great meeting in Washington, he addressed all the administrative officers of the Government on the importance of the curtailment of Government expenditures. His insistent demand for economy, he said, "is not because I wish to save money, but because I wish to save the people. The men and women of this country who toil are the ones who bear the cost of Government. Every dollar that we carelessly waste means that their life will be so much the more meager. Every dollar that we prudently save means that their life will be so much the more abundant. Economy is idealism in its most practical form." Who, in the crisis of this present hour, viewing this policy in retrospect, can doubt its wisdom or fail to respect his steadfast adherence to it.

Steadily and consistently he promoted the cause of world peace. He favored our entrance to the Permanent Court of International Justice. Our relations with Mexico, for a generation a constant source of irritation and misunderstanding, were established on the firm basis of mutual confidence and good will. The manner in which that surprising change was accomplished, by the selection as Ambassador of his classmate and friend, Dwight Morrow, the man in whose competence for the task he rightly had unbounded confidence, is one of the most interesting chapters in our diplomatic history. It should ever be recalled as an example and reminder of the truth that we cannot hope for permanently peaceful relations with other nations without the mutual concession to each of what is justly its due, the equal recognition of rights, the cultivation of mutual understanding. His every public act, his every utterance concerning our foreign relations, clearly disclosed how thoroughly he understood that for these, the very foundations of any genuine peace, there can be no artificial substitute either by formal convention or by any species of coercion. That spirit inspired his address at the Pan American conference at Habana and animated the negotiations carried on under his direction which led to the ratification of the Paris peace pact by the principal nations of the world.

He had a rare capacity for administration, a talent which his reserve and simplicity of manner have tended to obscure. It was not by chance that the vast stream of public business which flows ceaselessly through the White House offices moved forward during his administration with singular ease, effectiveness, and dispatch. His long experience in public office had prepared him for the far greater administrative tasks of the Presidency, but it was only the training and stimulation of a natural aptitude. His lifelong habit of economy in the expenditure of words, of time, of effort, speeded the public business. A sure instinct for the essential enabled him to disentangle the fundamental from the extraneous and to deal promptly with questions of policy without burdening himself unnecessarily with detail. He had the rare art, indispensible to efficient Executive action, of never permitting himself to be encumbered with burdens which others could bear. Always accessible to the heads of departments and to all others who had public business to transact, he listened willingly and attentively to a statement of their problems. But he never wasted his time or permitted others to waste it. Those who served in his administration found a durable satisfaction in Government service under such conditions. They made for efficient administration, assured loyal cooperation of all Government officials, and prompt dispatch of the public business. The smooth functioning of the governmental machinery during his administration was the result of the constant vigilance and wise action of one of the most competent administrators who has ever held the Presidential office.

Early in his administration the country was alarmed and dismayed at revelations of scandal at the very seat of the Government. High officials of his own party were implicated or under suspicion. There was grave danger that his administration would be wrecked by the sins of others. Only the most implicit confidence in his integrity, in his will and capacity to guide the Government in the paths of right conduct could have triumphed over that danger. Slow to condemn without adequate cause, unwilling to do injustice to others by listening to false accusations or yielding to popular clamor, he did not deviate from the path of duty. Once and for all he declared himself for the even-handed enforcement of the law. Without hesitation he used the powers of his high office and authorized the Attorney General to use the powers of his own to further the prosecutions which had been ordered and in every other respect to uphold the dignity and honor of the United States.

The revelations of the inner workings of his mind and conscience, which came with cumulative force from his public acts and pronouncements, inspired an extraordinary popular confidence in his honesty and wisdom. They speedily established confidence in the integrity of his administration of the Government. The people knew that no breath of scandal could touch his private or public acts, or those to whom he gave his confidence. Elected to a second term of office by great popular majority, there was an insistent and widespread demand that he should be elected to a third. It seemed certain that for the first time since the Presidency of George Washington, a President of the United States could be elected to a third successive term. His innate modesty, his respect for the traditions of our Government, his sane judgment of what was wise for the country and himself, precluded his taking that step, as inexorably as though it were forbidden by some changeless law of nature. "We draw our Presidents from the people", he said. "It is a wholesome thing for them to return to the people. I came from them; I wish to be one of them." And so in 1929, he returned to this community, as he came from it, and took up again, so far as it is possible for one who has been a President of the United States, the simple life which he had led here before he became a national figure.

Perhaps the most striking evidence of Calvin Coolidge's stability of character and practical wisdom is that all the adulation which is lavished upon a President left him unmoved. His coming to the Presidency was but a renewal, on a larger scale, of the experience which had been progressively repeated after he first ran for the Massachusetts Legislature. He who had been faithful unto a few things had been called upon to rule over many. It seems clear that even then he knew and appraised his own capacity far more accurately than did the public or even his friends. But the appraisal was a modest one, without any taint of exaggeration. Commendably ambitious to carry on his lifelong career of public service, he put his faith in the principles that had guided his life and remained as he had always been, the plain, unassuming man. After 6 years in the intoxicating atmosphere of the incense which is burned at the feet of a President, surrounded as is every President, by so many who are eager to say "yes" and fearful to say "no", after an administration universally recognized as wise and successful, he left the Presidency as he came to it, with no inflated notions of his own personal worth and achievements, content to be judged by the faith that was in him.

In retirement he did not forget the dignity of the great office he had held. He turned away from opportunities for money-making in business which involved no public service and might restrict his freedom of action. He gave himself freely to useful public activities not inconsistent with the part he had played in our national life. He continued to serve as a trustee of Amherst College; he became a trustee of a great insurance company, moved by the opportunity presented to encourage habits of saving and thrift. He became president of the American Antiquarian Society. From time to time he published in the public prints articles in various form concerning his own biography, noncontroversial problems of government, and current events. In their quaint and homely philosophy, in their simplicity and directness, their appeal to the common sense and worthy aspirations of the great mass of the people, and in their wholesome influence they remind of the similar utterances of Benjamin Franklin, a great American of another day.

One cannot contemplate this unique career without being aware that there was something in the personality of this self-contained, self-effacing, silent man which baffles analysis, which seems at odds with the courageous, clear-thinking, efficient man whom ultimately all the world has come to know. We shall understand that personality only if we remember that devotion to the public service was its energizing force, that its ruling passion was to do worthily the worthy task which lay nearest at hand and to leave it unadvertised. To each task he brought, with unfailing devotion, all the resources of a sterling character and of an orderly and disciplined mind which instinctively made principle rather than expediency the test of action. The principles of government he reduced to their simplest terms and applied them directly without evasion or subterfuge. Government itself, in his estimation, like man's relation to man, rested on a spiritual basis. Yet there was a place in his philosophy for every human activity and interest which contribute to the public well-being. Hence the dignity and worthiness of work and the sanctity of rights of property were essential tenets of his belief. "People are entitled to the rewards of their industry," he said. "What they earn is theirs, no matter how small or how great. But the possession of property carries the obligation to use it in a larger service." Still, in his personal life material things found no place. He neither sought nor cared for wealth or possessions. Spiritual values were what counted with him. Things were important only insofar as they had a spiritual significance. "No person", he said, "was ever honored for what he received. Honor has been the reward for what he gave." "We do not need more of the things that are seen. We need more of the things that are unseen."

His undemonstrative exterior could not conceal the kindliness of his disposition and an almost passionate desire in all his dealings with men to keep faith and to avoid injustice to others. Slow to promise, the promise, once given, was a sacred obligation. Any attack directed against one upon whose action, character, or ability he had to pass judgment at once stirred him to come to the defense of the accused. This was no indication of what the final judgment might be. It seemed rather that his own tolerant spirit and sense of justice were roused to bar the way to hasty condemnation; that he was instinctively guarding against the wrong that might be done to others and to himself by any ill-considered or one-sided judgment. Even his political opponents recognized and respected this sense of obligation and the love of justice which unfailingly controlled his action. Enmities played no part in his life. He bore no grudges and inspired none. After more than 30 years of active political life, he left office with the esteem and affection of his countrymen, which knew no party boundaries.

He was a deeply religious man. Although religion was in the daily atmosphere of his boyhood home, his religion was neither an inheritance nor a mere habit. It was the deliberate, considerate choice of a man who ever sought the path of right and truth. It was not worn as a garment for the world to see, but reserved for the guidance of the inner man, regardless of what others might think or say.

He was a scholarly man, widely read in the fields of history and government. Wise in the ways of man by contact and experience, he retained through life the capacity to learn from books.

Sparing of speech, he nevertheless made many public addresses. Uniformly elevated in thought, their simplicity and directness, the poetry of their expression and allusion, gave them a distinguished quality of literary excellence rising at times to the heights of true eloquence. Those were noble lines spoken at the three hundredth anniversary of the landing of the Pilgrims at Plymouth, Mass.:

"Plymouth Rock does not mark a beginning or an end. It marks a revelation of that which is without beginning and without end—a purpose, shining through eternity with a resplendent light, undimmed even by the imperfections of men; and a response, an answering purpose, from those who, oblivious, disdainful of all else, sailed hither, seeking only for an avenue for the immortal soul."

Touching in their simple eloquence are the words spoken in an address in memory of Theodore Roosevelt:

"No man was ever meanly born. About his cradle is the wondrous miracle of life. He may descend into the depths, he may live in infamy and perish miserably, but he is born great. Men build monuments above the graves of their heroes to mark the end of a great life, but women seek out the birthplace and build their shrine, not where a great life had its ending but where it had its beginning, seeking with a truer instinct the common source of things not in that which is gone forever but in that which they know will again be manifest. Life may depart, but the source of life is constant."

We shall not understand the man or form a correct estimate of his life if we leave out of account the part Mrs. Coolidge played in it. Her unfailing graciousness and tact, her natural charm, her vivacity, her intelligence and intuitive good judgment, were aids of inestimable value in smoothing the pathway of his life, in interpreting him to his countrymen, and in gaining for both the abiding respect and affection of the Nation.

If by some miracle Calvin Coolidge could have been induced to give his own estimate of his character and attainments it is certain that he would have disclaimed any exceptional personal merit. He would have attributed his success to the validity of the principles of action to which he had given his adherence. To remain through life the steadfast seeker for the truth, to follow its light without faltering, patiently, persistently, and courageously, is the very soul of wisdom and the foundation upon which most great careers are built. It was the almost instinctive recognition of this side of his character which inspired the extraordinary public confidence in him. As that and the simplicity of his tastes, his shrewdness, his all-embracing intellectual honesty, his sense of humor, revealed to those about him in quaint and pithy phrase, became known, they won to him the sympathetic understanding of his countrymen. They gave to him a moral power such as no other has wielded in our generation.

Hence it is that, as distinguished as is Calvin Coolidge's public service, it is what he was, typifying the faith and aspirations of the great mass of the people, even more than what he did, which gives his career its true significance and will finally determine its place in history.

It is a comforting thought, inspiring renewed confidence in the future, that in times when mere material values have seemed to outweigh things of the mind and spirit, sheer force of character has made so profound an impression, and that its example is so universally cherished. "Righteousness exalteth the Nation." The Nation exalts itself in doing honor to this man, who, above all else, put his faith in righteousness as the rule of life—as the indispensable principle of government.

INVESTIGATION OF JUDGE JAMES A. LOWELL

Mr. WARREN. Mr. Speaker, I call up House Resolution 132 from the Committee on Accounts and ask that it be read:

The Clerk read as follows:

House Resolution 132

Resolved, That the expenses of conducting the investigation authorized by House Resolution 120, authorizing the Judiciary Committee to investigate the official conduct of James A. Lowell, a district judge for the United States District Court for the District of Massachusetts, shall be paid out of the contingent fund of the House on vouchers authorized by the committee, signed by the chairman thereof, and approved by the Committee on Accounts, but shall not exceed $5,000.

Mr. WARREN. Mr. Speaker, on April 26, 1933, the House passed a resolution authorizing an investigation of the official conduct of Judge James A. Lowell, and attempted at the same time to appropriate $5,000 for that purpose. Under the faulty resolution passed by the House the Committee on Accounts has no authority whatever to approve a single voucher. This invariably happens every time there is an attempt made in the House to overrule the Committee on Accounts, which is properly the auditing committee of the House, and I believe that the House desires that it continue to be the auditing committee for these investigations. I can personally testify that during the last 8 years the Committee on Accounts has saved thousands of dollars because of its close scrutiny of the expenditures of these investigations. This is merely to remedy the defect in the original resolution.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. WARREN. Yes.

Mr. SNELL. I did not understand how the gentleman is going to remedy that defect.

Mr. WARREN. The House by roll-call vote attempted to appropriate $5,000 for this investigation. The Committee on Accounts has no authority to approve vouchers under the resolution as passed by the House. The gentleman from Virginia [Mr. SMITH] has introduced this resolution, which has been referred to the Committee on Accounts in the usual form, and I am now calling that resolution up for passage.

Mr. SNELL. And that leaves the matter entirely up to the Committee on Accounts?

Mr. WARREN. Yes.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. WARREN. Yes.

Mr. BLANTON. This particular $5,000 is to be expended for what investigation?

Mr. WARREN. For investigation into the official conduct of Judge James A. Lowell, of Massachusetts.

Mr. BLANTON. Did the resolution to investigate first go to the Committee on the Judiciary?

Mr. WARREN. It did not go to any committee. I was unavoidably absent from the House when the resolution came up. That prevented my making a point of order at that time. I am always going to make these points of order.

Mr. BLANTON. Does not the gentleman think that such a resolution as that, before it receives the approval of this House, ought to go to the Committee on the Judiciary and receive its approval?

Mr. WARREN. As I understand it, the resolution as presented by the gentleman from Virginia on April 26 was privileged.

Mr. BLANTON. And unless we pass this resolution there will be no money appropriated or spent?

Mr. WARREN. That is correct.

Mr. BLANTON. Why does not the gentleman let the matter remain in status quo until it does go to a proper committee? If there is no danger of spending any money, why worry?

Mr. WARREN. Because the House by a roll-call vote authorized this investigation, and the Committee on Accounts thinks that the fair thing to do is to carry out the purpose and the intent of the House.

Mr. BLANTON. Then, under the gentleman's resolution, the whole matter goes to his committee; and if his committee thinks this ought not to be spent, it will turn it down. Is that the situation?

Mr. WARREN. No; that is not the situation.

Mr. BLANTON. What will be the effect of the gentleman's action?

Mr. WARREN. The Committee on Accounts will merely approve the expenditures up to $5,000.

Mr. BLANTON. Blindly, without giving the proposed expenditure due consideration, without even casually thinking about it?

Mr. WARREN. The Committee on Accounts would only have authority to audit and scrutinize the expenditures made out of the $5,000 upon approval by the Chairman of the Committee on the Judiciary, and this the committee will do.

Mr. BLANTON. I am against wasting money on useless investigations, and from now on I am going to try to stop them. But in view of the fact that the House has determined that this one is wise and necessary, and I have confidence in my friend and his committee, I am willing to vote for this resolution.

Mr. COCHRAN of Missouri. Mr. Speaker, will the gentleman yield me 3 minutes?

Mr. WARREN. Mr. Speaker, I yield 3 minutes to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN of Missouri. Mr. Speaker, I opposed the original resolution when it was pending on the floor of the House. I opposed this resolution in the committee last week.

I think the action taken by the House in passing the original resolution was a mistake, and I am not considering the merits of the case which caused this action. I feel that the resolution that was passed is full of TNT. I recall, and the older Members here will recall, that there is a blot upon the record of this House that will never be erased. I refer to the Victor Berger case. Victor Berger, the leader of the school of thought of his political party, was convicted by a United States district court of violating the Espionage Act, and on that account he was denied a seat in this body. His case went to the court of appeals, and the court of appeals unanimously said that he was not guilty.

He went back to his people and was reelected to this House and he was received here with open arms. An innocent man was denied a seat in this House because a lower court had held he was guilty.

Now, what is the situation here? A district judge renders a certain decision and it is proposed to investigate the act of that district judge. The case has now gone to the court of appeals. If the court of appeals affirms the decision, stands by the district judge, are you not in honor bound to investigate the entire membership of the court of appeals? I say the Committee on the Judiciary should wait until this case is finally determined by the courts having jurisdiction. It will be time enough to act after the last court has said the final word. I simply wanted to state for the RECORD why I oppose the resolution.

Mr. WARREN. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution.

The question was taken; and on a division (demanded by Mr. BLANCHARD) there were ayes 109 and noes 60.

Mr. DE PRIEST. Mr. Speaker, I make the point of order that there is not a quorum present, and I object to the vote on that ground.

The SPEAKER. The Chair will count. [After counting.] Two hundred and eighteen Members are present, a quorum.

Mr. DE PRIEST. Mr. Speaker, I ask for the yeas and nays.

The SPEAKER. As many as favor taking this vote by the yeas and nays will stand and remain standing until counted. [After counting.] Forty-five Members have arisen, a sufficient number.

The yeas and nays were ordered.

The question was taken; and there were—yeas 186, nays 160, answered "present" 8, not voting 77, as follows:

[Roll No. 34]

YEAS—186

Abernethy	Dingell	Lemke	Ruffin
Allgood	Disney	Lesinski	Sanders
Bailey	Dobbins	Lewis, Md.	Sandlin
Beam	Dockweiler	Lloyd	Scrugham
Beiter	Doughton	Lozier	Sears
Berlin	Doxey	McCarthy	Shallenberger
Biermann	Driver	McClintic	Sirovich
Bland	Duncan, Mo.	McFadden	Sisson
Blanton	Eagle	McFarlane	Smith, Va.
Boileau	Elizey, Miss.	McKeown	Snyder
Brennan	Faddis	McMillan	Spence
Brown, Ky.	Flannagan	McReynolds	Steagall
Brown, Mich.	Frear	McSwain	Strong, Tex.
Browning	Fuller	Maloney, La.	Stubbs
Buck	Fulmer	Mansfield	Swank
Bulwinkle	Gambrill	May	Tarver
Burch	Gasque	Meeks	Taylor, Colo.
Burke, Calif.	Glover	Miller	Taylor, S.C.
Byrns	Green	Milligan	Terrell
Cady	Greenwood	Mitchell	Thom
Caldwell	Gregory	Monaghan	Thomason, Tex.
Cannon, Mo.	Griffin	Montet	Thompson, Ill.
Carden	Haines	Moran	Turner
Cary	Hamilton	Morehead	Umstead
Castellow	Hart	Murdock	Underwood
Chapman	Hastings	Nesbit	Utterback
Chavez	Hildebrandt	O'Connell	Vinson, Ga.
Church	Hill, Ala.	O'Connor	Vinson, Ky.
Clark, N.C.	Hill, Knute	O'Malley	Wallgren
Coffin	Hill, Samuel B.	Oliver, Ala.	Warren
Colden	Huddleston	Palmisano	Weaver
Cole	Jacobsen	Parker, Ga.	Weideman
Colmer	Jeffers	Parks	Welch
Cooper, Tenn.	Johnson, Minn.	Patman	Werner
Corning	Johnson, Okla.	Peavey	West, Ohio
Cox	Johnson, Tex.	Peterson	West, Tex.
Cravens	Jones	Polk	White
Crosby	Kee	Pou	Whittington
Cross	Kemp	Ramsay	Wilcox
Crowe	Kerr	Ramspeck	Willford
Cummings	Kleberg	Randolph	Williams
Darden	Kocialkowski	Rankin	Wilson
Dear	Kramer	Rayburn	Withrow
Deen	Kvale	Richards	Wood, Ga.
DeRouen	Lambeth	Robertson	Woodrum
Dickinson	Lanham	Robinson	
Dies	Lee, Mo.	Rogers, Okla.	

NAYS—160

Allen	Connolly	Ford	Johnson, W. Va.
Andrew, Mass.	Cooper, Ohio	Foss	Kahn
Andrews, N.Y.	Crosser	Gibson	Keller
Bacon	Crowther	Gilchrist	Kelly, Ill.
Beck	Culkin	Gillespie	Kelly, Pa.
Blanchard	Darrow	Gillette	Kenney
Bloom	Delaney	Goss	Kinzer
Boehne	De Priest	Granfield	Kloeb
Boland	Dirksen	Gray	Kniffin
Bolton	Dondero	Griswold	Knutson
Britten	Douglass	Guyer	Koppleman
Brumm	Doutrich	Hancock, N.Y.	Lambertson
Burke, Nebr.	Dowell	Harlan	Lamneck
Burnham	Duffey	Harter	Lanzetta
Cannon, Wis.	Durgan, Ind.	Hartley	Larrabee
Carpenter, Kans.	Eaton	Healey	Lehlbach
Carter, Calif.	Edmonds	Hess	Lindsay
Carter, Wyo.	Eicher	Hoeppel	Luce
Cavicchia	Eltse, Calif.	Hollister	Ludlow
Celler	Englebright	Holmes	Lundeen
Chase	Evans	Hooper	McCormack
Christianson	Farley	Hope	McGrath
Clarke, N.Y.	Fiesinger	Hughes	McGugin
Cochran, Mo.	Fish	Imhoff	McLean
Cochran, Pa.	Fitzgibbons	James	McLeod
Collins, Calif.	Fitzpatrick	Jenckes	Maloney, Conn.
Connery	Fletcher	Jenkins	Mapes

Marshall	Pierce	Shoemaker	Traeger
Martin, Colo.	Powers	Sinclair	Treadway
Martin, Mass.	Ransley	Smith, W.Va.	Truax
Martin, Oreg.	Reilly	Snell	Turpin
Mead	Rich	Stalker	Walter
Merritt	Richardson	Studley	Watson
Milliard	Rogers, Mass.	Sutphin	Wearin
Mott	Rogers, N.H.	Sweeney	Whitley
Musselwhite	Schaefer	Swick	Wigglesworth
Parker, N.Y.	Schuetz	Taber	Wolcott
Parsons	Schulte	Taylor, Tenn.	Wolverton
Pettengill	Secrest	Thurston	Woodruff
Peyser	Seger	Tinkham	Young

ANSWERED "PRESENT"—8

Adams	Condon	Kurtz	Major
Beedy	Dunn	Lewis, Colo.	Sumners, Tex.

NOT VOTING—77

Adair	Cartwright	Howard	Romjue
Almon	Claiborne	Kennedy, Md.	Rudd
Arens	Collins, Miss.	Kennedy, N.Y.	Sabath
Arnold	Crump	Lea, Calif.	Sadowski
Auf der Heide	Cullen	Lehr	Shannon
Ayers, Mont.	Dickstein	McDuffie	Simpson
Ayres, Kans.	Ditter	Marland	Smith, Wash.
Bacharach	Drewry	Montague	Somers, N.Y.
Bakewell	Fernandez	Moynihan	Stokes
Bankhead	Focht	Muldowney	Strong, Pa.
Black	Foulkes	Norton	Sullivan
Boylan	Gavagan	O'Brien	Tobey
Brand	Gifford	Oliver, N.Y.	Wadsworth
Brooks	Goldsborough	Owen	Waldron
Brunner	Goodwin	Perkins	Wolfenden
Buchanan	Hancock, N.C.	Prall	Wood, Mo.
Buckbee	Henney	Ragon	Zioncheck
Busby	Higgins	Reece	
Carley	Hoidale	Reed, N.Y.	
Carpenter, Nebr.	Hornor	Reid, Ill.	

So the resolution was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Cartwright (for) with Mr. Wadsworth (against).
Mr. Brand (for) with Mr. Wolfenden (against).
Mr. Drewry (for) with Mr. Bacharach (against).
Mr. Montague (for) with Mr. Reed of New York (against).
Mr. Owen (for) with Mr. Tobey (against).
Mr. Almon (for) with Mr. Gavagan (against).
Mr. Hancock of North Carolina (for) with Mr. Cullen (against).
Mr. Bankhead (for) with Mr. Ditter (against).
Mr. McDuffie (for) with Mr. Bakewell (against).
Mr. Fernandez (for) with Mr. Muldowney (against).
Mr. Busby (for) with Mr. Goodwin (against).
Mr. Hornor (for) with Mr. Prall (against).
Mr. Ragon (for) with Mr. Rudd (against).
Mr. Ayers of Montana (for) with Mr. Adair (against).
Mr. Collins (for) with Mr. Sullivan (against).
Mr. Goldsborough (for) with Mr. Auf der Heide (against).
Mr. Kennedy of Maryland (for) with Mr. O'Brien (against).

General pairs:

Mrs. Norton with Mr. Simpson.
Mr. Ayres of Kansas with Mr. Gifford.
Mr. Kennedy of New York with Mr. Buckbee.
Mr. Buchanan with Mr. Higgins.
Mr. Arnold with Mr. Perkins.
Mr. Somers of New York with Mr. Reid of Illinois.
Mr. Carley with Mr. Waldron.
Mr. Dickstein with Mr. Reece.
Mr. Crump with Mr. Focht.
Mr. Claiborne with Mr. Moynihan.
Mr. Brunner with Mr. Strong of Pennsylvania.
Mr. Howard with Mr. Stokes.
Mr. Romjue with Mr. Arens.
Mr. Oliver of New York with Mr. Zioncheck.
Mr. Boylan with Mr. Lehr.
Mr. Black with Mr. Brooks.
Mr. Shannon with Mr. Carpenter of Nebraska.
Mr. Smith of Washington with Mr. Wood of Missouri.
Mr. Henney with Mr. Hoidale.
Mr. Marland with Mr. Foulkes.

Mr. JOHNSON of Oklahoma. Mr. Speaker, my colleague, Mr. CARTWRIGHT, is unavoidably absent. I am authorized to say if he were present he would vote "aye."

The result of the vote was announced as above recorded.

On motion by Mr. WARREN, a motion to reconsider the vote by which the resolution was agreed to was laid on the table.

MUSCLE SHOALS

Mr. POU, from the Committee on Rules, submitted the following privileged report (H.Res. 131) on the bill, H.R. 5081, for printing under the rules:

House Resolution 131

Resolved, That immediately upon the adoption of this resolution, the bill (H.R. 5081) entitled "A bill to provide for the common defense; to aid interstate commerce by navigation; to provide flood control; to promote the general welfare by creating the Tennessee Valley Authority; to operate the Muscle Shoals properties; and to encourage agricultural, industrial, and economic development" be, and the same is hereby, taken from the Speaker's table to the end that the amendment of the Senate be, and the same is hereby, disagreed to and a conference is requested with the Senate on the disagreeing votes of the two Houses.

ELECTION OF MEMBERS TO STANDING COMMITTEES

Mr. DOUGHTON. Mr. Speaker, I present the following privileged resolution and move its adoption.

The Clerk read as follows:

House Resolution 134

Resolved, That the following Members be, and they are hereby, elected members of the following standing committees of the House of Representatives, to wit:

Merchant Marine, Radio, and Fisheries: JOE H. EAGLE, Texas.
Mines and Mining: ALBERT C. WILLFORD, Iowa.
Elections No. 1: MILTON H. WEST, Texas.
Immigration and Naturalization: MILTON H. WEST, Texas.
Irrigation and Reclamation: MILTON H. WEST, Texas.

The resolution was agreed to.

THE MEMORY OF SHAKESPEARE

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a speech made by the distinguished gentleman from Pennsylvania, Mr. BECK.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi [Mr. RANKIN]?

There was no objection.

Mr. RANKIN. Mr. Speaker, under the permission granted me to extend my remarks in the RECORD, I take pleasure in inserting an address delivered by the distinguished gentleman from Pennsylvania [Mr. BECK] in the National Cathedral in Washington on April 23, 1933, the anniversary of the birth and also of the death of the "myriad-minded" Shakespeare, the "greatest genius of the human race."

It has been said that three things are necessary for the performance of a great accomplishment: the man, the hour, and the opportunity. These three requisites were happily combined when the able and learned gentleman from Pennsylvania was called upon to speak on this anniversary occasion on the life and works of the man whose writings did more to shape the course of our western civilization than of any other human being who ever lived "in the tides of time."

His address is a masterpiece and one that will be read and enjoyed by the intelligent people of the English-speaking world long after we have all passed away.

The address follows:

This is St. George's Day. The revered, but somewhat mythical, Saint has symbolized for centuries the romance and chivalry of the English race. On the Sunday following the armistice it was my privilege to speak from the pulpit of an Anglican church in England. One half of my audience were wounded English soldiers, and the valor and fortitude they represented seemed to illustrate the flaming line of Shakespeare:

"Our ancient work of courage—fair St. George!"

It is a happy coincidence that on St. George's Day, William Shakespeare was born, and on the same saint's day he died, 52 years later, for no one has ever given nobler expression to the higher ideals and heroic chivalry of the English-speaking race than the Stratford poet. Equally happy is the fact that he was born in the spring, when nature's loveliest poems, the flowers, "do paint the meadows with delight", for he was destined to bring into the world the eternal spring of a beautiful and noble imagination, and his books reveal that he loved nothing more than the beauties of nature.

Shakespeare's medium was the theater, and the theater is the child of the church, for it developed from the mystery and morality plays, with which the medieval church sought to dramatize either the great stories of the Bible or the sublime moralities of Holy Writ. It is an infinite pity that the theater, potentially one of the noblest cultural institutions of mankind, should have wandered so far from its mother's influences. Its debasement through the inordinate spirit of commercialism is an immeasurable waste of a great moral and cultural asset.

Of all the children of men, who have written for the theater, incomparably the greatest is William Shakespeare. This is now the common verdict of mankind.

You can measure the magnitude of his achievement, if you will go to the Folger Shakespeare Library in Washington—the noblest memorial to the great poet in all the world—and you will see, in the great reading room, more than 2,000 separate editions





of Shakespeare, and that treasure house contains more than 70,000 volumes, relating in some degree to the great poet. Perhaps the most striking tribute to the timeless substance of his reputation is that stated by one of his greatest editors, Dr. Furness, in the introduction of the variorum edition of Hamlet. Speaking of this character of Hamlet, he says:

"No one of mortal mold 'save Him whose blessed feet were nailed for our advantage to the bitter cross' [a quotation from Shakespeare] ever trod this earth commanding such absorbing interest as this Hamlet, this mere creation of a poet's brain. No syllable that he whispered, no word let fall by anyone near him, but is caught and pondered as no words have ever been, except of Holy Writ. Upon no throne built by mortal hands has ever beat so fierce a light as upon that airy fabric reared at Elsinore."

Of Shakespeare's personality, we know little, but that little is favorable. The uniform testimony of those who knew him was that he was a man of an open, frank nature, whose distinguishing quality was his gentleness. His associates felt for him not only unbounded admiration, but a feeling of deep affection. Long after his death, his great rival said that he loved the man "this side of idolatry", and his fellow actors, who piously collected his plays after his death, gave as their excuse that their purpose was not one of self-profit or fame, but simply to keep alive the memory of "so worthy a man as was our Shakespeare." Note the affection of the pronoun.

Of his many-sided greatness there is no time to speak; and even if there were, words would be inadequate. But it seems appropriate in this sacred edifice to dwell briefly upon the relation, if any, which Shakespeare's moral philosophy bears to the eternal truths of revealed religion.

That he was a churchman, at least in the outward observance of the ceremonials of the Anglican Church, is evidenced by the unquestioned records of his family life. In an Anglican Church he was baptized, and within its chancel he is buried.

I like to think of him in the evening of his life, sitting on a Sunday in the lovely church on the sweetly flowing Avon, listening to the noble ritual of the church, and pondering with that great mind of his upon the utterances of the preacher. He died when only 52 years of age; and had he been given his threescore and ten, who can say what profound play he might have written, of a deeply religious character?

His mighty verse contains many references to Biblical events and Scriptural truths. While many of these are casual and perfunctory, yet some contain very tender allusions to the doctrines of Christianity. What nobler gloss is there in all literature upon the beatitude "Blessed are the merciful, for they shall obtain mercy", than Portia's exquisitely beautiful plea for mercy, in which she refers to the Lord's Prayer in the words:

"We all do pray for mercy, and that same prayer should teach us all to render the deeds of mercy."

And was ever the spirit of Christmastide more beautifully expressed than in Hamlet, where Marcellus says:

"Some say, that ever 'gainst that season comes
Wherein our Savior's birth is celebrated,
This bird of dawning singeth all night long;
And then, they say, no spirit dare walk abroad;
The nights are wholesome; then no planets strike,
No fairy takes, nor witch hath power to charm,
So hallow'd and so gracious is that time."

We are however more concerned with the answer, if any, which Shakespeare sought to give to the unsolved problems of life. The great tragedies which he largely wrote in the middle period of his life and which superficially seem to suggest his belief in an irresistible and implacable fate—like the ananke of the Greek tragedies—do not themselves indicate that Shakespeare regarded the moral world an unfathomable vacuum. If any deduction can be drawn from the nature of his plots—nearly all of which he borrowed from older sources—then it is significant that in his later plays, written in his last years in the quiet of his Stratford home, the sweeter themes of repentence, kindliness, and mercy seem to animate his verse. While I have always distrusted the autobiographical interpretation of Shakespeare's plays, yet it may be true that from the exuberant joy of his youth, when his finest comedies and noblest histories were written, he may have passed, in middle life, into the dark shadow of a moral crisis, from which he emerged in his later years with a larger spirit of kindness, magnanimity, and faith. If so, it was as "light at eventide."

While he did not believe in fate, in the Greek sense of an implacable power which predetermines our existence and determines our destiny beyond any power of volition on our part, yet he did recognize the fateful part that even a trivial accident can play in the life of a man. But he always recognized that it was the conjunction of accident with some fatal defect in character that brought about a tragic result. He believed that man was "master of his soul and captain of his fate", provided that he had the character to cope with adverse circumstance. Man is not a mere pawn to be moved on the chessboard of life by an all-powerful and implacable destiny. As he made his Cassius say:

"The fault, dear Brutus, is not in our stars, but in ourselves, that we are underlings."

The only fatality that Shakespeare recognizes is a fatality that springs from the man himself. In this respect he was a stern moralist, for, as previously suggested, he believed that an otherwise noble nature might be destroyed by a single defect. This was the keynote to Hamlet, for he tells us in one of the most disputed passages that one "dram of evil" can corrupt the noble substance of a man. With Macbeth it was ambition; with Hamlet, lack of faith; with Coriolanus, a spiritual arrogance; with Brutus, a visionary idealism; with Lear, a too impulsive and passionate nature, aggravated by senile decay. Given a well-balanced character a man can overcome adverse circumstance and can see "tongues in trees, books in the running brook, sermons in stones, and good in everything."

Throughout all his plays, there is the finest recognition of all that is noble and great in human nature, and a corresponding dislike of all that is base and trivial, so that one of his greatest critics, Coleridge, could say with truth that Shakespeare "was a writer, of all others, the most calculated to make his readers better as well as wiser."

This may be said with frank recognition, that a relatively small part of his works contains passages which on the ground of propriety could have been profitably omitted. The conventions of his age explain, but cannot justify his rare lapses in good taste.

While he had an inextinguishable hatred of the meaner vices, like hypocrisy and ingratitude, yet, for the common frailties of human nature, he had only a tolerant pity, for he said, "Forbear to judge, for we are sinners all." And, again, in the words of Rosalind:

"I will chide no breather alive except myself,
Against whom I know most faults."

A gloss upon the saying, "Judge not and ye shall not be judged."

I do not suggest that Shakespeare was consciously a moral preacher. Primarily, he wrote for the theater, and nothing was further from his purpose than to usurp the function of the church. Yet those who will search diligently his masterful writings, and disregard the incidents of borrowed plots and the utterances of individual characters (which do not always represent Shakespeare's own views), will find that independent of both plot and character there is often a lofty moral purpose in Shakespeare's writing and a devout belief in an overruling Providence.

Let me illustrate this by a reference to a single play, Hamlet, by common consent the greatest of his tragedies, in which Shakespeare depicts a noble mind for a time enveloped in the dark shadow of unbelief, who was finally brought to believe in an overruling Providence. He makes this character say, as the keynote to the tragedy, that it is not enough for a man to be preponderantly good, for one "dram of evil" may bring a noble character to ruin.

In my judgment the two greatest dramatic compositions in all literature are the Book of Job and the tragedy of Hamlet. Of the two, the earlier dramatic poem is the greater, for never in my judgment has the human mind risen on the wings of imagination to such sublime heights as in this dramatic poem, possibly written by some nomad chief, who, with the infinitude of the desert about him and the starry sky as his ceiling, tried to penetrate the greatest of all mysteries of human life, namely, the dark enigma of evil in the world.

Only secondary to the Book of Job is this masterpiece of the English poet, who addresses himself to the same eternal question. The two plays differ in detail, but not in kind: The old patriarch, Job, overwhelmed by his sorrows, curses the day of his birth, longs for death, and challenges the justice of God in imposing unmerited sufferings upon him. Having heard his lamentations, the Almighty answers him out of the whirlwind by the eternal reply:

"Who is this that darkeneth counsel by words without knowledge? Where wast thou when I laid the foundations of the earth?"

And Job, appalled at his own audacity in questioning the design of an overruling Providence, bows in resignation to the eternal will.

The problem is the same in Hamlet. It is true that Hamlet does not suffer, as Job does, in his material possessions or in his physical well-being. From a material standpoint he has everything that a man would wish, but that which appalled him, as the sufferings of Job appalled Job, was the iniquity of the world.

Coming from college, he found the illusions of his youth wholly shattered. The ways of life became "stale, flat, and unprofitable." Life was an "unweeded garden, that grows to seed; things rank and gross in nature possess it merely." The world was a prison and Denmark one of the worst of its dungeons. Losing faith not only in himself, his fellow men, and the work appointed to him to do, but even in his God, Hamlet longs for death, and the purpose of the poet in developing the agnosticism of Hamlet is strikingly shown in a change that he made in the "To be or not to be" soliloquy, between the first version of the play and the second.

He is wondering why men endure the wickedness of the world when a voluntary exit is so easy, and in the first version he says:

"And in the dream of death when we awake
And borne before an everlasting Judge,
From whence no passenger ever returned,
The undiscover'd country at whose sight
The happy smile and the accursed damn,
But for this the joyful hope of this"—

And so forth. In other words, he says that it is the hope of a better life, where all will be made right, that puzzles us here, which deters man from violating the canon against self-slaughter.

But when he revises the play, he gives as a reason for men's willingness to live:

"But that the dread of something after death,
The undiscover'd country, from whose bourn
No traveler returns, puzzles the will,
And makes us rather bear those ills we have
Than fly to others that we know not of?"

The depth of his skepticism is even more strikingly illustrated in one of the noblest, and yet most terrible, passages of Shakespeare. In explaining to his friends the cause of his melancholy, Hamlet says:

"I have of late—but wherefore I know not—lost all my mirth; foregone all custom of exercise; and indeed it goes so heavily with my disposition that this goodly frame, the earth, seems to me a sterile promontory; this most excellent canopy, the air—look you!—this brave o'erhanging firmament, this majestical roof fretted with golden fire—why, it appears no other thing to me but a foul and pestilent congregation of vapors."

The dismal teachings of science cannot go further than this picture of the physical universe. Then, curiously enough, he launches into the praise of man by saying:

"What a piece of work is a man! How noble in reason! how infinite in faculty! in form, in moving, how express and admirable! in action how like an angel! in apprehension how like a god! the beauty of the world! the paragon of animals!"

And yet this noblest panegyric upon man he quickly turns into the pessimistic cry:

"And yet to me, what is this quintessence of dust?"

I should not dwell upon this tragic mood of Hamlet, which so strikingly resembles the fiery and passionate protest of Job against the justice of his fate, were it not for the sequel.

Hamlet is sent to England to be assassinated. By a series of extraordinary events, to which neither his volition nor his deeds contributed, he is saved. Impressed by this evidence of an overruling providence, the skeptical Hamlet becomes a believer, even though his faith did not arise above the prayer: "I believe; help Thou my unbelief."

This is clearly indicated in the last act of the tragedy. In explaining his miraculous escape to his friend, Horatio, Hamlet says that "even in that was Heaven ordinant", and when he has a presentiment that he is going to his death and Horatio begs him to obey the presentiment, Hamlet says:

"We defy augury: there is a special providence in the fall of a sparrow."

Then, speaking of death, he says:

"If it be now, 'tis not to come; if it be not to come, it will be now; if it be not now, yet it will come; the readiness is all."

This is something more than the spirit of fatalism, and it is significant that Hamlet's expression of faith, that "there is a special Providence in the fall of a sparrow" is a paraphrase of Christ's saying:

"Are not two sparrows sold for a farthing? and one of them shall not fall to the ground without your Father." (St. Matthew 10:29.)

What could be more Christlike than Hamlet's forgiveness of Laertes when, realizing that he had been the victim of the basest treachery at Laertes' hands, yet, when Laertes appeals to him to forgive the foul crime, he says:

"Heaven make thee free of it!
I follow thee."

There is a final parallel. Job veiled his face and submitted himself to the will of the Almighty by saying:

"Behold, I am of small account. What shall I answer Thee? I lay my hands upon my mouth."

Similarly Hamlet, as he succumbs to death, says:

"The rest is silence."

No more questionings or doubts; only submission, for the evidence of an overruling Providence had made him believe that there is a "divinity that shapes our ends, roughhew them as we may." Shakespeare himself, who, because he dealt with that great stage—the world—yet rarely speaks of any hereafter for his characters, yet says of Hamlet:

"Good night, sweet prince;
And flights of angels sing thee to thy rest!"

There is a lesson for our times in the common theme of the book of Job and the tragedy of Hamlet. The world is in a state of unparalleled wreckage. What will be the effect upon this and future generations of man? I am hopeful that the result may mean a new reformation of the world. The great German, who alone could be compared with Shakespeare, Goethe, said:

"He who has not eaten his bread with tears,
He knows you not, you heavenly powers."

Individuals and nations become soft and flabby with prosperity, but can gain in moral strength by adversity. The ages which have suffered most have been the ages of believers. If the effect of present suffering were only to revive in the hearts of men, saddened with material prosperity, the spirit of compassion toward men, it would mean moral reformation.

In this connection, I cannot forbear, before concluding, by referring to one of the noblest passages in Shakespeare, which has an especial application to our duties in these critical days.

When the aged Lear is driven from his daughter's house in a storm of elemental fury, he, like Job and Hamlet, upbraided the Almighty for permitting such sorrow to come to one who was "more sinned against than sinning"; and then, as the rain drenches the aged Lear to the very skin, it suddenly occurs to him how little, in the days of his prosperity, he had ever thought of the sufferings of others, and he gives utterance to the following self-reproachful words:

"Poor naked wretches, whereso'er you are,
That bide the pelting of this pitiless storm,
How shall your houseless heads, and unfed sides,
Your loop'd and window'd raggedness, defend you
From seasons such as these? O! I have ta'en
Too little care of this! Take physic, pomp;
Expose thyself to feel what wretches feel,
And thou may'st shake the superflux to them,
And show the heavens more just."

In this there is great truth—that the unfortunates of the earth may too often get their impression of the justice of Heaven from the treatment they get from their fellow men, who have what Lear called the "superflux", or, in other words, the superfluity of material possessions.

I have given you a very slight idea of the sublime morality that can be found in Shakespeare's verse to those who look for it. Shakespeare's mighty soul, the most comprehensive ever given to any of the children of men, saw life as a whole, in all its good and in all its evil; but the great fact remains, which we can gratefully recall on this anniversary of his birth and death, that, next to the Bible itself, no writer of our mother tongue has ever so profoundly quickened the imagination and developed the souls of men as William Shakespeare. As the vicar of the lovely little church on the Avon, in which lie all that is mortal of the great poet, once said on the annual memorial service in that church:

"Wherever men do congregate or wherever they muse in solitude there abides this great cause of thankfulness to Almighty God: that the greatest name in our literature should be also our wisest and profoundest teacher."

FRATERNAL ORDER OF EAGLES SUBMITS TO PRESIDENT ROOSEVELT ITS PLAN TO STABILIZE EMPLOYMENT AND WARD OFF DEPRESSIONS—PROPOSED AS A FEATURE OF THE REORGANIZED PLAN OF GOVERNMENT

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. LUDLOW. Mr. Speaker, on behalf of 600,000 members of the Fraternal Order of Eagles and 100,000 members of the Eagles' Auxiliary, I have presented to President Roosevelt today a memorandum setting forth the Eagles' plan of economic stabilization through a proposed economic planning board, and have requested the President to consider the wisdom of adopting it in principle and including it as a part of the set-up of the governmental reorganization which the President is authorized to make under the broad powers voted to him by the Congress. With the courteous permission granted to me by the House I will utilize the opportunity to bring this important proposal to the attention of the Congress and the country.

The Eagles' memorandum, prepared by Past Grand Worthy President Frank E. Hering and endorsed by all of the national leaders of the order, outlines for consideration of the President "a program to prevent severe depressions through far-sighted national planning."

A covering letter of my own accompanying the memorandum is as follows:

DEAR MR. PRESIDENT: This is to ask your attention to the plan of the Fraternal Order of Eagles to stabilize employment and prevent depressions.

As a member and representative of that order, I have been requested to urge you to consider the advisability of welding into the reorganized Government of the United States a mechanism which will embody the principle of a commission or board to stabilize industry, commerce, and agriculture, for which the Fraternal Order of Eagles has long contended. By request of the order, I introduced the bill in the Seventy-first, Seventy-second, and Seventy-third Congresses. In the Seventy-second Congress it was reported favorably without a dissenting vote from Subcommittee No. 3 of the House Committee on the Judiciary. In the present extra session no opportunity has been afforded either in committee or in the House to consider the measure, but there are strong and convincing evidences that it is growing rapidly in favor.

The proposal is simply that there shall be created some sort of governmental mechanism, whether it be known as board, commission, or by some other name, composed of qualified experts, who will study both foreign and domestic trends, keep constantly abreast of changing economic conditions, and report to Congress from time to time recommendations for legislation that will keep business and employment on an even keel and ward off the awful cycles of depression such as the one from which the country has so long suffered and from which, happily, through your leadership, we now appear to be emerging.

We who speak for this plan do not really consider that it is necessary to go through the long and tedious process of legislation to effectuate the purpose which this great fraternal order has in mind, as the Congress has wisely clothed you with plenary authority to reorganize the Government. Rather, Mr. President, we are hopefully and prayerfully looking to you to approve the suggestion and by Executive action to provide somewhere in the set-up of the reorganized Government such mechanism as we have in mind, the personnel to be composed of the best and most qualified experts in the Government service, who will undertake to examine and analyze economic trends, to procure, correlate, and present to Congress in systematized form information gathered from every possible source that will have a bearing toward the stabilization of industry, agriculture, commerce, and employment, and which we believe will enable Congress knowingly and advisedly to enact legislation that will tend largely, if not entirely, to prevent such industrial collapses and spreads of unemployment as the one through which we have been passing.

In presenting this matter to you I am authorized to speak for the 600,000 members of the Fraternal Order of Eagles and the 100,000 women who compose the Eagles' Auxiliary. This is the fraternal order that is closest to the poor man, the order that has to its credit a great record of humanitarian achievement along lines of social welfare, such as old-age pensions, mothers' pensions, and workmen's compensation statutes. But you, sir, are a member of the order, so I need not here dwell elaborately on its humanitarian activities. Suffice it to say that in all of its urge to serve humanity the Fraternal Order of Eagles has never been more whole-heartedly consecrated to an idea than it is now consecrated to this plan to make unemployment debacles impossible in the future, thus rendering a real service to the millions who are always tragic sufferers in periods of hard times and unemployment. This, the order believes, is not a chimerical dream but a possibility which can be accomplished by creating such a governmental mechanism as a stabilization of employment board or commission with well-defined duties.

My mission today, Mr. President, is to deliver to you in person a memorandum prepared by Past Grand Worthy President Frank E. Hering and addressed to you which explains with clarity, precision, and, I think, very impressively what is sought to be accomplished by the creation of a stabilization of employment board or commission. Duplicate copies of this memorandum are going forward to the Secretary of Labor, Secretary of Commerce, Secretary of Agriculture, Secretary of the Interior, and Secretary of State, because the sponsors of the movement believe that the departments presided over by those officials would be most greatly affected.

I take pleasure in presenting this memorandum to you, and I thank you in advance for the careful consideration I know you will give to it.

Very sincerely yours,

LOUIS LUDLOW.

The memorandum prepared by Mr. Hering, who first proposed a stabilization of employment plan in 1930 and secured its sponsorship by the National Order of Eagles in that year, outlines a program to prevent severe depressions through far-sighted national planning. Mr. Hering is a distinguished economist and a former professor of Notre Dame University. The program purposes:

1. To stabilize employment, so that workers may obtain a steady wage.

2. To hold business on an even keel, so that the investor may obtain a reasonable dividend.

As a means to those ends we suggest this simple plan: That the President appoint a board continuously to study conditions in industry, agriculture, and commerce that threaten to throw men out of work and thus to bring on business depression. This board would act, in short, as an economic weather bureau to warn of approaching storms. It would do even more. It would formulate and recommend plans for dissipating them.

THE BOARD'S PLACE IN THE GOVERNMENTAL STRUCTURE

It is suggested that the board be established not as an independent body but as a part of the existing governmental structure. Without additional legislation, the board could be made a part of the Government reorganization program now being mapped by the President. Under the plenary power Congress has given him to effect such reorganization, he has the authority to appoint such a board.

MEMBERSHIP OF THE BOARD

Members of the board would include trained economists, chosen for their knowledge of the problems of industry, agriculture, and commerce, not only as they affect a particular group but as they affect all groups in relation to each other.

The nucleus of the board might be drawn from the following departments whose functions pertain so largely to the economic welfare of the Nation:

1. The Department of State, because its representatives in foreign lands are able to secure—from a world-wide field—information of value in planning America's industrial, agricultural, and commercial life, and in arranging reciprocal tariffs.

2. The Department of the Interior, because it is concerned with the preservation of our natural resources, such as coal, iron, copper, oil, etc.

3. The Department of Agriculture, because its duty is to safeguard the welfare of the farmer, upon which the Nation's prosperity so largely depends.

4. The Department of Commerce, because to this Department comes valuable information relative to the state of foreign and domestic trade.

5. The Department of Labor, because the Secretary of Labor "is charged with the duty of fostering, promoting, and developing the welfare of the wage earners of the United States, improving their working conditions, and advancing their opportunities for profitable employment."

There would need to be no expensive secretariat. The board would call upon the various departments of the Government for the use of experienced economists and statisticians whose work brings them into intimate contact with the problems with which the proposed board would deal.

POWERS AND DUTIES OF THE BOARD

The board would be empowered to—

1. Make surveys, studies, and investigations of all problems relating to the stabilization of employment in industry, agriculture, and commerce because a steadily working population is the basis of prosperity.

2. Formulate such plans and recommend such legislation as will keep production and consumption in balance, and hence enable employees to obtain a steady wage and investors a reasonable dividend.

It will be noted that the board would act in the twofold capacity of investigator and advisor.

True, many governmental and nongovernmental groups already make surveys, studies, and investigations. The board would not duplicate such work. It would make surveys only in fields not already covered.

But information in the hands of existing fact-finding bodies, although intrinsically valuable, has been of little use to those who have needed it most because it has not been properly assembled, analyzed, and distributed. No group exists to act as a clearing house for the information collected. No group exists to correlate and interpret the facts so that our business, industry, labor, and commerce may intelligently meet influences developing throughout the Nation and the world.

The proposed board would first of all, then, act as a clearing house. It would see that new trends and changes revealed by surveys in one industry were reported to related industries that would be affected. It would eliminate investigations that wastefully overlap, as many now do. It would piece together isolated facts and draw up for the guidance of industry, agriculture, and commerce a true and constantly revised picture of economic trends.

The distinguished Subcommittee of the House Judiciary Committee of the Seventy-second Congress when recommending, without a dissenting vote, that this plan be enacted into law, stated in a very illuminating report submitted by its chairman, Hon. TOM MCKEOWN, of Oklahoma:

"Had such a committee been in existence to anticipate, prior to 1929 and subsequently, economic changes as they have influenced industry, agriculture, and commerce, the grave conditions of certain industries would not now obtain, and in many instances economic tragedies would have been avoided."

For example:

Statistics gathered at some expense show that real wages were going down during the period from 1922 to 1929, whereas it was generally believed they were going up. The truth should have been made known; it was of vital importance to manufacturers and producers in every field. Other investigations, studies, and reports showed that copper from the vast Katanga surface mines in Africa was being laid down in this country for less than the cost of producing American copper; that United States markets had dried up in the Central and South American countries raising coffee and sugar, because of overproduction; that improvements in machines and other mass-production methods were driving men out of industries faster than they were being reabsorbed in others; that the World War had caused a cataclysm in international monetary relations; that wasteful competition was ruining the oil industry; that mass production in agriculture, burdensome farm debts, and foreign competition were combining to cut off the purchasing power of the farmer; that taxes were absorbing so much of income that private enterprise could not continue to prosper; that production was increasing without a corresponding increase in consumption.

Had there been in existence a board of trained observers such as is now respectfully proposed, these facts and others equally important would have been read as a warning that trouble was brewing for the oil industry, the copper industry, the farmer, and eventually the whole Nation.

Industry, agriculture, and commerce, if forewarned, could act to help themselves to a great extent. The board could make helpful suggestions. Certain problems, however, would demand Federal cooperation. But individuals and industries are at present powerless to act to obtain assistance promptly.

It is here that the proposed board would perform its second great service.

THE BOARD AND CONGRESS

From its study of conditions, the board would formulate plans and recommend to the President and Congress such legislation as would minimize the adverse influences at work. The necessity for some unit in our national life that will guard us

from our own folly is apparent when we look back over events of the past few years. Our national experience has proved:

1. That information in the possession of the State, the Treasury, and the Commerce Departments did not prevent the sale of foreign bonds which have since defaulted, with great loss to American investors.

2. That knowledge of agricultural conditions (crop forecasts, declining farm values, etc.) did not protect farmers, investors, and bankers in farming regions from losses.

3. That plant capacity was increased, without justification, in anticipation of future sales.

4. That in spite of growing technological unemployment, almost no effort was made to divert surplus workers to other industries.

5. That the relation between the decline in residential building and the purchase of luxuries and semiluxuries on the deferred-payment plan was not realized.

6. That three surveys of the coal industry have resulted in little if any benefit to operators or miners, because no agency existed to effect reforms as a result of the findings.

7. That information collected by the Bureau of Mines and by the United States Tariff Commission was assembled too late to save the copper interests and miners from economic disaster.

8. That the Federal Oil Conservation Board has not been even mildly successful in solving the problems of the petroleum industry, because of lack of authority or because of constitutional inhibitions.

Many of the problems just enumerated were not intelligently met, because, in many instances, they were not recognized as grave problems in time, but more often because they did not come within the scope of any governmental commission or department authorized to act. The proposed board would insist that we take action to avert economic disaster.

It would establish a mutually beneficial relation between business and government. Industry, agriculture, and commerce would have prompt protection. The Congress would have the benefit of the carefully considered opinions of experts who see our economic problems as a related whole. If the board functions within the spirit of the plan here presented this country should never again be plunged into such misery as has prevailed for nearly 4 years.

History: The plan presented in the foregoing memorandum was first presented to Congress in December 1930 as H.R. 13567. The bill was introduced by myself at the request of the Fraternal Order of Eagles, which prepared the measure. The House Judiciary Committee held a hearing on it. I reintroduced the bill in the Seventy-second Congress. The House Judiciary Committee again held a hearing, and subcommittee no. 3, to which the bill was assigned for study, recommended without a dissenting vote that it be passed. I again reintroduced the bill on March 9, 1933.

Since then Congress has vested the President of the United States with full authority to reorganize the Government. Therefore it now becomes possible for an economic planning board, as here outlined, to be created without further legislation.

TO RELIEVE ECONOMIC EMERGENCY BY INCREASING AGRICULTURAL PURCHASING POWER

Mr. JONES. Mr. Speaker, I call up the conference report on the bill (H. R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

The Clerk read the conference report.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate (nos. 1 to 84, inclusive) to the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 16, 27, 32, 42, 46, and 63.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 4, 5, 6, 7, 8, 9, 10, 12, 13, 15, 18, 19, 20, 21, 22, 23, 26, 28, 29, 30, 31, 33, 34, 35, 36, 37, 38, 39, 40, 41, 43, 44, 45, 47, 48, 50, 51, 52, 53, 55, 56, 57, 58, 59, 60, 61, 62, 64, 65, 66, 67, 68, 69, 70, 71, 72, 74, 75, 76, 77, 78, 79, 80, 81, and 82, and agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "base period. The base period in the case of all agricultural commodities except tobacco shall be the pre-war period, August 1909–July 1914. In the case of tobacco, the base period shall be the postwar period, August 1919–July 1929"; and the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment as follows: On page 5, line 16, of the Senate engrossed amendments, strike out "act" and insert "title"; and the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert:

"Under regulations of the Secretary of Agriculture requiring adequate facilities for the storage of any nonperishable agricultural commodity on the farm, inspection and measurement of any such commodity so stored, and the locking and sealing thereof, and such other regulations as may be prescribed by the Secretary of Agriculture for the protection of such commodity and for the marketing thereof, a reasonable percentage of any benefit payment may be advanced on any such commodity so stored. In any such case, such deduction may be made from the amount of the benefit payment as the Secretary of Agriculture determines will reasonably compensate for the cost of inspection and sealing, but no deduction may be made for interest."

And the Senate agree to the same.

Amendment numbered 17: That the House recede from its disagreement to the amendment of the Senate numbered 17, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert:

"The making of any such agreement shall not be held to be in violation of any of the antitrust laws of the United States; and any such agreement shall be deemed to be lawful: *Provided*, That no such agreement shall remain in force after the termination of this act."

And the Senate agree to the same.

Amendment numbered 24: That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(5) No person engaged in the storage in a public warehouse of any basic agricultural commodity in the current of interstate or foreign commerce, shall deliver any such commodity upon which a warehouse receipt has been issued and is outstanding, without prior surrender and cancelation of such warehouse receipt. Any person violating any of the provisions of this subsection shall, upon conviction, be punished by a fine of not more than $5,000, or by imprisonment for not more than 2 years, or both. The Secretary of Agriculture may revoke any license issued under subsection (3) of this section, if he finds, after due notice and opportunity for hearing, that the licensee has violated the provisions of this subsection."

And the Senate agree to the same.

Amendment numbered 25: That the House recede from its disagreement to the amendment of the Senate numbered 25, and agree to the same with an amendment as follows: Beginning with line 3 on page 8 of the Senate engrossed amendments strike out through line 13 on page 9 and insert in lieu thereof the following:

"SEC. 9. (a) To obtain revenue for extraordinary expenses incurred by reason of the national economic emergency, there shall be levied processing taxes as hereinafter provided. When the Secretary of Agriculture determines that rental or benefit payments are to be made with respect to any basic agricultural commodity, he shall proclaim such determination, and a processing tax shall be in effect with respect to such commodity from the beginning of the marketing year therefor next following the date of such proclamation. The processing tax shall be levied, assessed, and collected upon the first domestic processing of the commodity, whether of domestic production or imported, and shall be paid by the processor. The rate of tax shall conform to

the requirements of subsection (b). Such rate shall be determined by the Secretary of Agriculture as of the date the tax first takes effect, and the rate so determined shall, at such intervals as the Secretary finds necessary to effectuate the declared policy, be adjusted by him to conform to such requirements. The processing tax shall terminate at the end of the marketing year current at the time the Secretary proclaims that rental or benefit payments are to be discontinued with respect to such commodity. The marketing year for each commodity shall be ascertained and prescribed by regulations of the Secretary of Agriculture: *Provided*, That upon any article upon which a manufacturers' sales tax is levied under the authority of the Revenue Act of 1932 and which manufacturers' sales tax is computed on the basis of weight, such manufacturers' sales tax shall be computed on the basis of the weight of said finished article less the weight of the processed cotton contained therein on which a processing tax has been paid."

And the Senate agree to the same.

Amendment numbered 49: That the House recede from its disagreement to the amendment of the Senate numbered 49, and agree to the same with amendments as follows: On page 15, line 3, of the Senate engrossed amendments, strike out "sums" and insert "sum", and in line 21 strike out "(d)" and insert "(c)"; and the Senate agree to the same.

Amendment numbered 54: That the House recede from its disagreement to the amendment of the Senate numbered 54, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(b) No tax shall be required to be paid on the processing of any commodity by or for the producer thereof for consumption by his own family, employees, or household; and the Secretary of Agriculture is authorized, by regulations, to exempt from the payment of the processing tax the processing of commodities by or for the producer thereof for sale by him where, in the judgment of the Secretary, the imposition of a processing tax with respect thereto is unnecessary to effectuate the declared policy."

And the Senate agree to the same.

Amendment numbered 73: That the House recede from its disagreement to the amendment of the Senate numbered 73, and agree to the same with an amendment as follows: On page 18, line 20, of the Senate engrossed amendments, after "delivery", insert "on or"; and the Senate agree to the same.

Amendment numbered 84: That the House recede from its disagreement to the amendment of the Senate numbered 84, and agree to the same with amendments as follows:

On page 24, line 18, of the Senate engrossed amendments, before the word "value", insert "normal."

On page 29, between lines 10 and 11 of the Senate engrossed amendments, insert the following new paragraph:

"The rate of interest on such direct loans made at any time by any Federal land bank shall be one half of 1 percent per annum in excess of the rate of interest charged to borrowers on mortgage loans made at such time by the bank through national farm-loan associations."

On page 29, line 22, of the Senate engrossed amendments, strike out "shall" and insert "may."

On page 34, line 6, of the Senate engrossed amendments, before "value", insert "normal."

On page 35 of the Senate engrossed amendments, beginning with line 13, strike out all through line 9, page 36.

On page 36 of the Senate engrossed amendments, strike out lines 12 to 19, both inclusive, and insert in lieu thereof the following:

"SEC. 31. (a) Out of the funds made available to him under section 30, the Farm Loan Commissioner is authorized to make loans, in an aggregate amount not exceeding $25,000,000, at a rate of interest."

On page 39, line 6, of the Senate engrossed amendments, before "value", insert "normal."

On page 39, line 16, of the Senate engrossed amendments, after "years", insert "or, in the case of a first or second mortgage secured wholly by real property and made for the purpose of reducing and refinancing an existing mortgage within an agreed period no greater than that for which loans may be made under the Federal Farm Loan Act, as amended."

On page 39, line 19, of the Senate engrossed amendments, before the period, insert "if the borrower shall not be in default with respect to any other condition or covenant of his mortgage."

On page 41, line 7, of the Senate engrossed amendments, strike out "$8,500" and insert "$10,000."

On page 42, line 8, of the Senate engrossed amendments, strike out "(1)."

On page 42 of the Senate engrossed amendments, beginning with the word "including", in line 10, strike out through the word "project", in line 24, and insert in lieu thereof the following: "and to political subdivisions of States, which, prior to the date of enactment of this act, have completed projects devoted chiefly to the improvement of lands for agricultural purposes."

On page 45 of the Senate engrossed amendments, beginning with line 1, strike out all through the period in line 9 and insert "Sec. 37."

On page 46, line 9, of the Senate engrossed amendments, strike out "$325,000,000" and insert "$300,000,000."

On page 47, line 12, of the Senate engrossed amendments, strike out "$8,500" and insert "$10,000."

On page 47 of the Senate engrossed amendments, beginning with line 13, strike out all through line 20, page 48.

On page 49, line 2, of the Senate engrossed amendments, strike out "shall" and insert "may."

On page 46, lines 3, 12, and 24, of the Senate engrossed amendments, strike out "37", "38", and "39" and insert "38", "39", and "40", respectively.

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the bill and agree to the same.

The committee of conference have not agreed on amendment numbered 83.

MARVIN JONES,
JOHN D. CLARKE,
CLIFFORD R. HOPE,
WALL DOXEY,
H. P. FULMER,
Managers on the part of the House.

E. D. SMITH,
CHAS. L. MCNARY,
DUNCAN U. FLETCHER,
ELMER THOMAS,
ROBERT F. WAGNER,
F. C. WALCOTT,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate (nos. 1 to 84, inclusive) to the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power submit the following written statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The following amendments make clerical changes necessary by reason of the inclusion of new titles in the bill, and the House recedes: 1, 2, 4, 12, 23, 26, 29, 31, 33, 35, 37, 39, 40, 43, 47, 48, 50, 51, 52, 53, 55, 56, 64, 65, 69, 70, 71, 72, 74, 75, 76, 77, 79, and 80.

On amendment no. 3: The House bill fixed the pre-war period, August 1909–July 1914, as the base period for all agricultural commodities. The Senate amendment provides that in the case of tobacco and milk and its products the base period shall be the post-war period, September 1919–August 1928. The conference agreement provides that the base

period in the case of milk and its products shall be the pre-war period and, in the case of tobacco, the post-war period, August 1919–July 1929.

On amendment no. 5: The House bill directs the Farm Board and all departments and agencies of the Government to sell all cotton owned by them to the Secretary of Agriculture at such price as may be agreed upon. The Senate amendment contains the same requirement except that cotton owned by the Federal intermediate credit banks is not required to be so sold and the price paid shall not be in excess of the market price.

Both the House bill and the Senate amendment require that the Government agencies to which the section applies shall take such action and make such settlements as may be necessary for them to acquire full legal title to cotton on which money has been loaned or advanced or which is held as collateral for loans or advances. The Senate amendment includes futures contracts for cotton as well as cotton on which money has been loaned or advanced. Both the House bill and the Senate amendment require the cotton to be sold to the Secretary of Agriculture.

Under the House bill the settlements of loans or advances are to be made on such terms as, in the judgment of the Secretary of Agriculture and the department or agency involved, may be deemed advisable. Under the Senate amendment the terms of the settlements are provided for therein in the case of cotton taken over by departments or agencies other than the Secretary of Agriculture. Such cotton is to be taken over at a price equal to the amount of the loan or advance outstanding against it, including loans or advances senior to the Government loan, plus such amount as is required to adjust advances by the borrower to the growers to 90 percent of the value of their cotton on the date of delivery of the cotton as collateral. The sums required to adjust advances to growers are to be computed by subtracting the total amount advanced to growers on account of pools of which the cotton was a part from 90 percent of the value, at the time of delivery as collateral, of the cotton to be taken over, plus charges and operating costs and less existing assets of the borrower derived from net income, earnings, or profits from such cotton or operations to which such cotton is related. The department or agency making the settlement is to determine the amounts specified.

The House bill did not specifically provide for the case of cotton held by the Secretary of Agriculture as collateral for loans or advances by him. Under the Senate amendment the Secretary is to make settlements on such terms as he deems advisable, and he is authorized to indemnify or furnish bonds to warehousemen for lost warehouse receipts and to pay the premiums on the bonds.

Both the House bill and the Senate amendment authorize the purchase by the Secretary of Agriculture of the cotton from the other departments or agencies. The House recedes.

On amendment no. 6: The House bill authorized and directed the Reconstruction Finance Corporation to advance money and make loans to the Secretary of Agriculture to acquire cotton under the cotton-option plan and to pay the carrying costs thereon, with warehouse receipts as collateral security. The Senate amendment provides for such advances and loans and includes in addition loans and advances for the purpose of paying classing and merchandising costs, and provides that where it is impossible or impracticable for the Secretary of Agriculture to deliver warehouse receipts as collateral security the Corporation may accept such other security as it may consider acceptable, including assignments of the equity and interest of the Secretary in warehouse receipts pledged to secure other indebtedness. The Senate amendment also increases the amount of notes, bonds, debentures, and other such obligations which the Reconstruction Finance Corporation is authorized and empowered to issue and have outstanding by an amount sufficient to carry out these provisions. The House recedes.

On amendment no. 7: This amendment is a clarifying amendment; and the House recedes.

On amendment no. 8: The House bill authorized the Secretary of Agriculture, under the cotton-option plan, to sell to the producer an amount of cotton equivalent to the amount of reduction in cotton production. The Senate amendment authorizes the sale in such cases of an amount to be agreed upon not in excess of the amount of such reduction. The House recedes.

On amendments nos. 9 and 10: These amendments authorize the Secretary of Agriculture to enter into option contracts with respect to cotton not disposed of by him, conditioned upon reduction of production in 1934, and permit the producer to exercise the option up to January 1, 1935, and change the date by which the Secretary must have disposed of cotton acquired by him from March 1, 1935, to March 1, 1936. The House recedes.

On amendment no. 11: This amendment strikes out the provision of the House bill which authorized the Secretary of Agriculture to sell unlimited amounts of cotton at any time that a price of not less than 10 cents, basis middling, can be obtained at the ports. The amendment also inserts a provision authorizing the Secretary to enter into additional option contracts for so much of the cotton as is not necessary to comply with the cotton option plan in combination with the utilization of the commodity benefit plan provided for in part 2 of the title. The House recedes with a clerical amendment.

On amendment no. 13: The House bill provided for rental or benefit payments to be made only in connection with reductions in acreage or reductions in production for market or both. The Senate amendment provides that rental or benefit payments may also be made irrespective of any reduction in acreage or reduction in production, provided the rental or benefit payments are limited to that portion of the production of the commodity that is required for domestic consumption. The House recedes.

On amendment no. 14: This amendment authorizes the Secretary of Agriculture to advance a reasonable percentage of any benefit payment on grains stored on the farm. In any such case he is authorized to make a deduction from the benefit payment of not more than one half cent per bushel for inspection and sealing, but no deduction is to be made for interest. The conference agreement applies the provisions to any nonperishable agricultural commodity and authorizes the Secretary of Agriculture to determine the amount of a reasonable deduction from benefit payments to be made to compensate for the cost of inspection and sealing.

On amendments nos. 15, 19, and 22: These amendments are clarifying amendments. The House recedes.

On amendment no. 16: Under the House bill the Secretary of Agriculture is authorized to enter into marketing agreements with respect to any agricultural commodity or products thereof. The Senate amendment limits the application of the agreements to basic agricultural commodities and products thereof. The Senate recedes.

On amendment no. 17: The Senate amendment specifically provides that any legal marketing agreement provided for in the subsection shall not be held in violation of the antitrust laws, and further provides that the agreements shall not remain in force after the termination of the act. The conference agreement provides that the making of the marketing agreements shall not be held to be in violation of any of the antitrust laws of the United States, and any such agreement shall be deemed to be lawful, and retains the provision in the Senate amendment that no such agreement shall remain in force after the termination of the act.

On amendment no. 18: Under the House bill loans by the Reconstruction Finance Corporation to parties entering into marketing agreements were to bear interest at a rate not in excess of 3 percent per annum. This amendment strikes out the language with respect to rate of interest, leaving the rate in such cases to be fixed in accordance with the Reconstruction Finance Corporation Act. The House recedes.

On amendment no. 20: Under the House bill the Secretary of Agriculture was authorized to issue licenses permitting

the handling in interstate or foreign commerce of any basic agricultural commodity or product thereof or any competing agricultural commodity or product thereof. The Senate amendment permits licenses to be issued with respect to any competing commodity or product thereof whether or not an agricultural commodity. The House recedes.

On amendment no. 21: This amendment makes any order of the Secretary of Agriculture suspending or revoking any license issued under the subsection final if the order is in accordance with law. The House recedes.

On amendment no. 24: This amendment makes it unlawful for any person to remove a basic agricultural commodity upon which a storage certificate is outstanding from a warehouse unless the commodity is moved for continued storage and a warehouse certificate is issued by a public warehouseman guaranteeing redelivery of a like grade, dockage, quality, and quantity. In addition to the criminal penalty, the provision authorizes the Secretary of Agriculture to revoke any license of the violator which has been issued to him under subsection (3) for violation of the provisions of the subsection. The provision as agreed to in conference prohibits any person engaged in the storage in a public warehouse of any basic agricultural commodity in the current of interstate or foreign commerce from delivering such commodity upon which a warehouse receipt has been issued or is outstanding without prior surrender and cancelation of the warehouse receipt, and retains the penalties provided in the Senate amendment.

On amendment no. 25: The House bill provided that the processing tax should be levied for the purpose of raising revenue for extraordinary expenditures incurred by reason of the national economic emergency. The purpose of the tax, as stated in the Senate amendment, is to obtain revenue for extraordinary expenses incurred under the agricultural adjustment provisions of the bill. The conference agreement adopts the substance of the House provision.

Under the House bill, whenever rental or benefit payments are made in connection with reductions in acreage or in production of a commodity for market during any marketing period (as determined by the Secretary), the processing tax would be levied during that period. The Senate amendment omits reference to such reductions, in order to conform with amendment no. 13, which authorizes rental or benefit payments, under certain circumstances, irrespective of reduction in acreage or in production. Under the Senate amendment, when the Secretary proclaims that rental or benefit payments are to be made with respect to a commodity, the tax takes effect with respect to the commodity at the beginning of the next marketing year (as determined by the Secretary) after the date of the proclamation, and terminates at the end of the marketing year in which the Secretary proclaims that such rental or benefit payments are to be discontinued.

Both the House bill and the Senate amendment provide that the processing tax shall be at such rate as equals the difference between the current average farm price for the commodity and the fair exchange value therefor, this maximum rate being subject to reduction under specified circumstances. In the House bill the maximum rate shall be reduced if the Secretary finds that the imposition of the processing tax at that rate has resulted or is likely to result in a substantial reduction in quantity of the commodity or products thereof domestically consumed. In making such finding the Secretary is required to give due consideration to certain specified factors among others. Under the Senate amendment the Secretary of Agriculture is required to fix the tax at a rate lower than the maximum if he finds that the tax at such maximum rate will cause such reduction in domestic consumption of the commodity as to result in the accumulation of surplus stocks of the commodity or products thereof or in the depression of the farm price of the commodity. Such lower rate shall be such as will prevent such accumulation of surplus stocks and depression of the farm price of the commodity. The factors specified in the House bill as guides to the Secretary in fixing the lower rate are omitted from the Senate amendment. The language of the Senate amendment also makes it clear that the Secretary may fix the tax at a rate lower than the maximum upon the requisite finding at any time, whether or not a tax at the maximum rate has previously been in effect. The conference agreement adopts the Senate provision.

Under the Senate amendment, the processing tax on cotton would be collected at the time that the processed goods are invoiced for sale by the processor, rather than at the time of processing. The conference agreement omits this provision.

The Senate amendment also provides that in computing any manufacturers' excise tax imposed by the Revenue Act of 1932 and based on weight, the weight of any processed cotton contained in the article shall first be deducted. The conference agreement makes it clear that this provision is to apply only in cases in which the processing tax has actually been collected and not refunded.

Under the Senate amendment it is provided that premiums paid for protein content of wheat shall not be taken into account in computing the current average farm price for the purpose of calculating the rate of the processing tax. The conference agreement retains this provision.

The Senate amendment defines the term "processing", with respect to various commodities, for the purposes of the provisions of part 2 of title I (commodity benefits). The House bill authorized the Secretary of the Treasury to define this term with respect to any commodity. The conference agreement adopts the Senate provision. See amendment no. 36.

The Senate amendment provides that when a processing tax takes effect, or is increased or decreased, the Secretary of Agriculture, in order to prevent pyramiding and profiteering, shall make public such information as he deems necessary on certain subjects relating to prices to consumers of the commodity taxed and prices paid to producers thereof. The conference agreement adopts the Senate provision.

On amendment no. 27: This amendment reduces the $10,000 maximum fixed in the House bill which could be paid to any officer, employee, or expert under the Agricultural Adjustment Administration to $8,500 per annum. The Senate recedes. The effect of the provision as agreed to in conference is that the maximum salary is $10,000, which will be subject to the applicable reduction under the existing economy law, so that, applying the reduction at present in effect under the economy law, the maximum salary is $8,500.

On amendment no. 28: This amendment strikes out the word "emergency" in the title given to the division of the Department of Agriculture vested with the administration of the functions under the title. The House recedes.

On amendment no. 30: This amendment makes inapplicable the provisions contained in the act "To maintain the credit of the United States Government" which require parts of appropriations to be impounded on account of reductions in compensation. The House recedes.

On amendment no. 32: The House bill permitted the Secretary of Agriculture to permit cooperative associations of producers to act as agents of their members and patrons in connection with the distribution of rental and benefit payments. The Senate amendment extends this authority to processors as well as associations of producers. The Senate recedes.

On amendments nos. 34 and 36: Under the House bill the Secretary of the Treasury was given the authority to establish conversion factors for any commodity or article processed therefrom, to determine the amount of the tax imposed, and was authorized to define "processing." Senate amendment no. 36 strikes out this provision. Amendment no 34 gives the Secretary of Agriculture the authority, with the approval of the President, to establish conversion factors for any commodity or article processed therefrom, to determine the amount of tax imposed and the refunds to be made, and omits the provision authorizing defining of "processing." Under Senate amendment no. 25 processing is defined. The House recedes on amendments nos. 34 and 36.

On amendment no. 38: This amendment excludes the Canal Zone from the application of the agricultural adjustment provisions, and the House recedes.

On amendment no. 41: This amendment makes applicable in the administration of this title the provisions of sections 8, 9, and 10 of the Federal Trade Commission Act. These sections provide for the furnishing of records, papers, and information by the departments and bureaus of the Government, for requiring the attendance and testimony of witnesses and the production of documentary evidence, and for the taking of depositions. Penalties are provided for disobeying subpenas and other requirements, for making false records, and (in the case of officers or employees administering the law) for unauthorized publication of information officially obtained.

The Senate amendment also authorizes the Secretary of Agriculture to designate officers and employees of the Department to hold hearings. Violations of any agreement are to be reported by the Secretary to the Attorney General and the Attorney General is required to cause appropriate proceedings to enforce the agreement to be conducted in courts. The House recedes.

On amendment no. 42: This amendment provides that the officers, agents, inspectors, and employees authorized under the act shall, so far as possible, be practical farmers and that their field of employment shall be limited to the congressional districts in which they reside. The Senate recedes.

On amendment no. 44: This amendment modifies the definition of basic agricultural commodity in the case of corn so that only field corn will be within such definition. The House recedes.

On amendment no. 45: This amendment eliminates from the definition of basic agricultural commodity cattle and sheep. The House recedes.

On amendment no. 46: This amendment includes sugar beets and sugarcane within the definition of basic agricultural commodity. The Senate recedes.

On amendment no. 49: The House bill appropriated the proceeds derived from taxes for rental and benefit payments and for administrative expenses under the cotton option plan and the commodity benefits provisions. The Senate amendment appropriates the proceeds of the taxes imposed and makes them available for the expansion of markets and removal of surplus agricultural products, for administrative expenses, and for rental and benefit payments under part 2 (the commodity benefits provision). The Senate amendment in addition appropriates $100,000,000 to defray administrative expenses in connection with the agricultural adjustment program, and for the purpose of making rental and benefit payments with respect to reduction in acreage or production. The House recedes with clerical changes.

On amendment no. 54: The House bill provided that no processing tax should be required to be paid on the processing by the producer thereof on his own premises of any commodity for consumption by his own family, employees, or household, and authorized the Secretary of Agriculture to exempt from the processing tax with respect to hogs, cattle, sheep, or milk and its products in cases where the producer's sales of the products did not exceed $100 per annum. The Senate amendment substitutes therefor a provision authorizing the Secretary of Agriculture to provide for the exemption of commodities from the tax when processed by or for the producer.

The House recedes with an amendment which exempts from the processing tax any commodity processed by or for the producer thereof for consumption by his own family, employees, or household and which authorizes the Secretary of Agriculture to exempt from the payment of the processing tax the processing of commodities by or for the producer thereof for sale by him where, in the judgment of the Secretary, the imposition of a processing tax with respect thereto is unnecessary to effectuate the declared policy of the title.

On amendments nos. 57, 58, 59, 60, 61, and 62: The House bill authorized the imposition of compensating taxes on the processing of agricultural commodities that compete with basic agricultural commodities on which there is a processing tax and defined competing agricultural commodities. The Senate amendments authorize the imposition of a tax in such cases on the processing of any commodity, whether or not agricultural in character, which competes with a basic agricultural commodity. The House recedes.

On amendment no. 63: The House bill authorized the imposition of compensating taxes equal to the amount of processing tax upon the importation of any article processed or manufactured wholly or in chief value from the commodity with respect to which the processing tax is in effect. The Senate amendment applies to an article processed or manufactured "wholly or in substantial part" from such commodity or commodities. The Senate recedes.

On amendment no. 66: This amendment provides that the compensating taxes collected upon importation, in the case of articles coming from the possessions of the United States to which the title does not apply, shall be paid into the treasury of the possession of origin and used for the benefit of agriculture. The House recedes.

On amendments nos. 67 and 68: Under both the House bill and the Senate amendments a tax is imposed on floor stocks held for sale or other disposition on the date when a processing tax first takes effect. The House bill exempted from this tax persons engaged solely in the retail trade, but only to the extent of stocks sold or otherwise disposed of for consumption within 1 month after that date. The Senate amendment exempts retail stocks of persons engaged in retail trade, whether or not they are engaged solely in that trade, but provides that such stocks do not include stocks in warehouses. Further, the Senate amendment, like the House bill, exempts only such portion of retail stocks as are sold or otherwise disposed of within 30 days.

Both the House bill and the Senate amendments provide for the refund or abatement of taxes paid on the processing of articles which are held for sale or other disposition at the time that the tax wholly terminates. Under the House bill this refund or abatement does not apply to persons engaged solely in retail trade. Under the Senate amendment the refund or abatement does not apply to the retail stocks of persons engaged in retail trade whether or not they are engaged solely in that trade. The House recedes.

On amendment no. 73: The House bill provided that in the case of contracts made prior to the date of approval of the act for delivery of a commodity after such date the tax should, subject to certain exceptions, be paid by the vendee instead of the vendor. The Senate amendment applies a similar rule with respect to contracts made prior to the date the processing tax first takes effect with respect to the commodity, for delivery of the commodity after such date. The House recedes with an amendment which applies the rule in the Senate amendment as well when delivery takes place on the day of the effective date of the tax.

On amendment no. 78: The House bill authorized the Secretary of the Treasury to permit the postponement of the payment of taxes for a period not exceeding 60 days. The Senate amendment extends this period to 90 days. The House recedes.

On amendments nos. 81 and 82: The House bill made processors subject to taxes eligible for loans from the Reconstruction Finance Corporation in cases where the immediate payment of the taxes from the processor's own funds would impose an undue financial burden. The Senate amendment extends this privilege to distributors as well as processors of commodities subject to tax. The House recedes.

On amendment no. 83: This amendment contains the so-called "cost-of-production plan." The committee of conference have come to no agreement on this amendment.

On amendment no. 84: This amendment (secs. 21 to 42, inclusive) contains the provisions relating to agricultural credits. It is similar in many respects to H.R. 4795, which passed the House on April 13.

Section 21 authorizes the Federal land banks to issue not exceeding $2,000,000,000 of farm-loan bonds, at a rate of interest of not more than 4 percent, which shall be guaran-

teed as to interest by the United States. The authority to issue such guaranteed bonds is to cease whenever in the judgment of the Farm Loan Commissioner farm-loan bonds of the Federal land banks not so guaranteed are readily salable in the open market at a yield not in excess of 4 percent and in any event at the expiration of 2 years.

These bonds may be used in three ways: First, to exchange for or purchase outstanding farm mortgages on the best terms possible; second, to make new loans on farm mortgages; third, after the expiration of 1 year, if the bonds are not required for the first two purposes in the judgment of the Farm Loan Commissioner, to refinance at lower interest any outstanding issues of Federal farm-loan bonds.

Any Federal land-bank borrower who obtains a loan hereafter may, after 5 years after the loan is made, tender interest-guaranteed bonds to the bank, which shall accept them at par in payment of the unpaid principal of the loan.

The conference agreement retains this section of the Senate amendment.

Section 22 authorizes the Federal land banks to buy or to exchange bonds for outstanding farm mortgages. The savings thus effected must be passed on to the farmer borrower. This is accomplished by issuing to him a new mortgage under the Farm Loan Act and by his subscribing for stock and otherwise complying with that act as in the case of other borrowers who secure land-bank loans. The price paid by a Federal land bank for any mortgage must not exceed the amount of unpaid principal of the mortgage, or 50 percent of the value of the land mortgaged plus 20 percent of the value of the permanent insured improvements, whichever is the smaller.

The conference agreement retains this section of the Senate amendment but provides that the purchase price of any such mortgage should not exceed 50 percent of the "normal" value of the land mortgaged.

Section 23 authorizes the Federal land banks for 5 years to grant extensions to farm borrowers who, after investigation, are shown to be deserving. In order to enable the Federal land banks to grant such extensions and to defer payment of principal as authorized under section 12 of the Federal Farm Loan Act, the Secretary of the Treasury is directed, upon request of the Federal land bank and with the approval of the Farm Loan Commissioner, to subscribe to the paid-in surplus of the Federal land bank an amount equal to the amount of the extensions and deferments. Fifty million dollars is authorized to be appropriated for the purpose. Repayment of these subscriptions may be made at any time by the bank with the approval of the Farm Loan Commissioner and must be made when he believes the bank has resources available for the purpose.

The conference agreement retains this section of the Senate amendment.

Section 24 reduces for a period of 5 years the interest rate on all outstanding and new loans made through national farm-loan associations or agents, or purchased from joint-stock land banks, by the Federal land banks, to 4½ percent per annum, and suspends the payment of principal during the same period in cases where the borrowers are not in default. The rate on loans made through branches is not to exceed 5 percent. In order to compensate the Federal land banks for the loss of interest incurred by reason of the reduction in interest the Secretary of the Treasury is directed to pay to each Federal land bank the amount of such loss less any savings effected through the refinancing of Federal farm-loan bonds. Fifteen million dollars is authorized to be appropriated for this purpose for the fiscal year 1934 and such additional amounts during subsequent fiscal years as may be necessary.

The conference agreement retains this section of the Senate amendment.

Section 25 raises the maximum limit of Federal land bank mortgage loans from $25,000 to $50,000, but in each case where a loan is in excess of $25,000 it must be approved by the Farm Loan Commissioner. The conference agreement retains this provision of the Senate amendment.

Section 26 authorizes the Federal land banks to make direct loans on first mortgages to farmers in localities where national farm-loan associations have not been organized or in localities where, although such associations have been organized, the farmers are unable to apply for loans because of the inability of the land banks to accept applications from the associations. The borrower is required to covenant to join a farm-loan association when formed in his locality. The charges made by the banks to applicants for such direct loans are not to exceed the charges made to borrowers through national farm-loan associations.

The conference agreement provides for interest on such direct loans at a rate one half of 1 percent higher than the rate on loans made through national farm-loan associations, but the rate is to be reduced when the borrowers join an association. Joining such an association is also made permissive rather than mandatory as under the Senate amendment.

Section 27 authorizes receivers appointed under section 29 of the Federal Farm Loan Act to borrow, with the approval of the Farm Loan Commissioner, from the Reconstruction Finance Corporation on the security of receivers' certificates for the purposes of paying taxes on real estate owned by the bank or securing its mortgages. The conference agreement retains this provision.

Section 28 authorizes the Federal Reserve banks to make advances on promissory notes for a period not exceeding 15 days if such advances are secured by the deposit or pledge of interest-guaranteed bonds authorized to be issued under section 21 of this amendment. The conference agreement retains this provision.

Section 29 prohibits joint-stock land banks from issuing tax-exempt bonds and from making any farm loans except such as are incidental to the refinancing of existing loans or bond issues or to the liquidation of their real-estate holdings. The conference agreement retains this provision.

Section 30 directs the Reconstruction Finance Corporation to make $100,000,000 available to the Farm Loan Commissioner to be used for 2 years in making loans to joint-stock land banks, at a rate of interest not exceeding 4 percent per annum, upon the security of first or purchase-money mortgages on farm property, or such other collateral as may be available to the banks. The maximum amount which may be loaned to any such bank is to be determined on the basis of the unpaid principal of its mortgages as compared with the total amount of the unpaid principal of the mortgages held by all such banks on the date of enactment of the act. Loans must not exceed 60 percent of the value of the real estate securing the collateral deposited with the Commissioner, as determined upon an appraisal made by appraisers appointed under the Federal Farm Loan Act. Loans are to be made to aid orderly liquidation in accordance with a plan submitted by the borrowing bank and approved by the Farm Loan Commissioner. The Commissioner, before he approves the plan, must be satisfied that it carries out the purposes of the section and that money borrowed which is to be devoted to settlements with bondholders will be used only in effecting an equitable settlement with all bondholders.

No loan to a joint-stock land bank may be made under such section 30 until it agrees—

1. To reduce the interest rate to all its first-mortgage borrowers to 5 percent per annum.

2. Not to proceed against the mortgagor for 2 years from the date of the enactment of the act on account of default in interest or principle, nor to foreclose its mortgage during the same period except for abandonment of the mortgaged property or unless, in the opinion of the Farm Loan Commissioner, such foreclosure is necessary for other reasons.

3. That the bank will pay in purchasing its outstanding farm-loan bonds out of the proceeds of the loan an amount not exceeding 100 percent of the amount which the holders may have paid for their bonds prior to April 17, 1933, plus interest on that amount at 5 percent from the date of purchase by the holders less any interest received by them, but

in no case more than the face value of the bonds plus accrued and unpaid interest, and that whenever any such bonds are purchased by the bank at a price less than the face value plus accrued and unpaid interest the difference between the face value and interest and the amount paid by the bank for the bonds shall be credited pro rata to the bank's borrowers in reduction of their loans, but that no such credit shall be made until the profits on the bonds so purchased by the bank are sufficient to replace the amount by which its capital has been impaired.

The conference agreement eliminates the provisions of clause 3 above and provides that loans shall not exceed 60 percent of the "normal" value of the real estate securing the collateral deposited with the Commissioner.

Section 31 provides that the Reconstruction Finance Corporation shall make available to the Farm Loan Commissioner $25,000,000 to enable him to make loans to joint-stock land banks. Such loans are to be in addition to the loans authorized in section 29 of the amendment and in addition to loans made to such bank under the Reconstruction Finance Corporation Act. Such loans are to be made at a rate of interest not exceeding 4 percent per annum for the purpose of securing the postponement for 2 years of the foreclosure of first mortgages held by such banks on account of default in payment of interest and principal and delinquent taxes. During the period of postponement the bank is to charge the mortgagor interest at a rate not to exceed 4 percent per annum on the aggregate amount of such delinquent taxes and defaulted interest and principal.

The amount so loaned to any bank is to be made without reappraisal, but the amount loaned with respect to any mortgage on account of unpaid principal is not to exceed 5 percent of the total unpaid principal of the mortgage, and the maximum which may be loaned with respect to any mortgage shall not exceed 25 percent of the total unpaid principal.

No such loan is to be made unless the Farm Loan Commissioner is satisfied that, after exercising ordinary diligence, the mortgagor is in default and unless the bank agrees to the satisfaction of the Commissioner that during the 2-year period the bank will not foreclose its mortgage unless the mortgaged property is abandoned or such foreclosure is necessary, in the opinion of the Commissioner, for other reasons. Each such loan is to be secured by an assignment to the Commissioner of the lien of the taxes and/or the bank's mortgage, but the amount of the lien so assigned representing the unpaid principal and interest is to be subordinated to the existing lien of the bank for the balance of the indebtedness due under the terms of the bank's mortgage. The Commissioner may also require the bank to furnish additional collateral as security for any such loan if such collateral is available.

The conference agreement provides that such loans are to be made out of the funds made available to the Commissioner under section 30 of the Senate amendment, but the maximum limit of $25,000,000 is retained.

Section 32 authorizes and directs the Reconstruction Finance Corporation to make $200,000,000 available to the Farm Loan Commissioner to be used in making direct loans to farmers upon first or second mortgage. The maximum loan to any one farmer is to be $5,000, and the amount of the mortgage given as security plus all prior mortgages on the same farm property must not exceed 75 percent of the value of such property. The interest is not to exceed 5 percent per annum. The principal is made repayable in 10 installments, beginning during the fourth year after the loan is made. The proceeds of these loans are to be used:

1. To enable the farmer to refinance on better terms any secured or unsecured indebtedness.

2. To provide the farmer with working capital.

3. To enable the farmer to redeem or repurchase farm property lost by him through foreclosure between July 1, 1931, and the date of enactment of the act or hereafter.

No loan is to be made under this section unless the holder of any prior lien "arranges to the satisfaction of the Farm Loan Commissioner to limit his right to proceed against the farmer and such farm property for default in payment of principal."

The conference agreement provides that in the case of a first or second mortgage secured wholly by real estate and made for the purpose of reducing and refinancing an existing mortgage the loan may be repaid within an agreed period no greater than that for which loans may be made under the Federal Farm Loan Act. It is also provided that the "normal" value of the property is to be used in determining the maximum amount of the mortgage given as security for a loan and that the 3-year extension for the payment of principal is to apply only where the borrower is not in default with respect to any other condition or covenant of his mortgage.

Section 33 authorizes the Farm Loan Commissioner to make such rules and regulations as may be necessary; and to appoint, employ, and fix the compensation of such officers, etc., as may be necessary to carry out the purposes of the amendment, without regard to the provisions of other laws applicable to the employment and compensation of officers and employees of the United States, but with the limitation that no salary or compensation in excess of $8,500 per annum shall be paid to any such person.

The conference agreement fixes the maximum salary limit at $10,000, since such salaries will be subject to the reductions under existing economy laws. This corresponds to the action under amendment numbered 27.

Section 34 provides for making the facilities of the Federal land banks and the national farm-loan associations available to the Farm Loan Commissioner to aid in administering the provisions of the amendment. The conference agreement adopts the Senate provisions.

Section 35 imposes a penalty of $1,000 fine or 6 months' imprisonment, or both, for fraud in securing a loan under section 32 of the amendment. The conference agreement adopts the Senate provisions.

Section 36 authorizes the Reconstruction Finance Corporation to make loans in an aggregate amount not exceeding $50,000,000 to drainage, levee, levee and drainage, irrigation, and similar districts, to private corporations organized for similar purposes, and to political subdivisions of States which, prior to the date of enactment of the act, have projects substantially advanced toward completion which are devoted chiefly to the improvement of land for agricultural purposes (including, in the case of irrigation systems, dams, reservoirs, and electric-power projects used in connection with such systems). Such loans are to be made for the purpose of enabling such districts or political subdivisions to reduce and refinance their outstanding indebtedness incurred in connection with such projects, and, in the case of irrigation districts operating under contract with the United States, to aid in the payment of their operation and maintenance charges and to provide funds for installation of necessary works. The loans are to be made under the same terms and conditions as loans made under section 5 of the Reconstruction Finance Corporation Act, except that they may be made for a period not exceeding 40 years and are to be secured by refunding bonds issued to the Corporation which are secured by real property within the project, or assessments thereon, or such other collateral as may be acceptable to the Corporation. Other provisions are included requiring the borrowers from the Corporation to reduce the indebtedness to them of landowners within their projects by an amount corresponding to the reduction of the borrowers' own indebtedness by reason of the refinancing made possible under the section.

The Reconstruction Finance Corporation is also authorized to accept from such districts the pledge of their outstanding evidences of indebtedness as security for loans bearing interest at the rate of 4 percent per annum.

Upon request of the Secretary of the Interior, the Reconstruction Finance Corporation is further authorized to make available not to exceed $5,000,000 to the Federal reclamation fund for the completion of projects under construction or approved and authorized. The funds so advanced are to be repaid within 5 years with interest at the rate of

4 percent per annum, out of receipts accruing to the reclamation fund.

The conference agreement eliminates the provisions relating to loans to private corporations and to irrigation districts operating under contracts with the United States to aid in the payment of their operating and maintenance charges and the installation of necessary works. The provisions relating to the inclusion of dams, reservoirs, and electric power projects in the case of irrigation systems are also eliminated and the projects of borrowers which are eligible for loans are limited to those projects which have been completed prior to the date of enactment of the act.

The provision authorizing the Reconstruction Finance Corporation to accept from such districts the pledge of their outstanding evidences of indebtedness as security for loans is also omitted under the conference agreement and the provision relating to loans to the Federal reclamation fund is made a new section.

Section 37 increases the borrowing power of the Reconstruction Finance Corporation by $325,000,000.

The conference agreement reduces this amount to $300,000,000, since the additional $25,000,000 is to be taken from the funds provided for in section 30 of the Senate amendment under the conference agreement.

Section 38 provides that when any Executive order heretofore transmitted to Congress under the recent reorganization law becomes effective, the functions and powers vested in the Farm Loan Commissioner by this amendment shall be exercised by him subject to the terms of that order. The conference agreement retains this provision.

Section 39 authorizes the Governor of the Farm Credit Administration, in carrying out the powers and duties vested in him or the Farm Credit Administration under Executive orders made under the recent departmental reorganization law, to establish and fix the duties of such organizations within the Administration as are necessary. The section also prohibits the payment of compensation to persons employed under the section at a rate in excess of $8,500 per annum.

The conference agreement retains this section of the Senate amendment, but fixes the maximum salary limit at $10,000 for the same reason that the change was made in section 33. See also amendment no. 27.

Section 40 authorizes the President to establish a national board of conciliation charged with the administration of the section and authorizes the appointment of State boards of conciliation in each State. The State board in turn is to appoint or designate local boards. The State and local boards are given the duty of bringing about between farm mortgagors and mortgagees and other parties interested in farm mortgage indebtedness adjustments in farm indebtedness by reduction of principal and interest, by increasing the time of the loans, by providing for amortization payments, and by agreements under which payments can be made in farm products and their proceeds at prices more nearly equal the price thereof when the mortgage was executed. The conference agreement omits this section of the Senate amendment.

Section 41: This section provides that the Federal land banks and all Government agencies making loans to owners of groves and orchards shall give a reasonable and fair value to growing fruit trees constituting a substantial part of the value of the property. The conference agreement makes this provision permissive rather than mandatory.

Section 42 contains the short title of this amendment which forms title II of the bill. The conference agreement adopts the Senate provision.

The Senate amended the title of the bill to conform to new matter inserted by the Senate amendments. The House recedes.

MARVIN JONES,
JOHN D. CLARKE,
CLIFFORD R. HOPE,
WALL DOXEY,
H. P. FULMER,
Managers on the part of the House.

Mr. GOSS. Mr. Speaker, I make the point of order against the conference report that the conferees have exceeded their authority in several instances. I call attention to page 10 of the bill, under Senate amendment 14, which reads:

Under regulations of the Secretary of the Interior requiring adequate facilities for the storage of grain on the farm, inspection—

And so forth.

That is the amendment as it passed the Senate, and the conferees recommend in their report the following language:

Under regulations of the Secretary of Agriculture requiring adequate facilities for the storage of any nonperishable agricultural commodity on the farm.

I respectfully call the attention of the Chair to the great difference between grain on the farm and any nonperishable agricultural commodity.

Likewise, on the same page, in Senate amendment 17, the Senate amendment reads:

The making of any such legal agreement shall not be held to be a violation of any of the antitrust laws of the United States—

While in the conference report it reads:

The making of any such agreement shall not be held to be in violation of any of the antitrust laws of the United States.

In other words, the conferees have brought another amendment into their report upon which neither the House nor the Senate have passed.

I would respectfully call the Chair's attention to the precedents. Speaker Cannon once held:

It is for the House and the Senate to determine upon the wisdom of it, and, as the House and the Senate never have considered that proposition, the Chair is of opinion that the conferees exceeded their power, and therefore sustains the point of order.

Similarly, as shown in Hinds' Precedents, volume V, section 6417, Speaker Cannon again followed this ruling. When Speaker Crisp was in the chair the question arose of the germaneness of an amendment brought in by conferees. The question was whether the amendment was germane either to the original bill in the House or to the Senate amendment. He held the same way, as shown by Hinds' Precedents, volume V, section 6408. Just because items are related is no test of their germaneness.

I call attention again, therefore, to the phrase "storage of grain on the farm", which was passed upon by the Senate, but as reported by the conferees the phrase reads, "any nonperishable agricultural commodity", all-embracing as compared to the simple word "grain."

Mr. CLARKE of New York. Mr. Speaker, will the gentleman yield?

Mr. GOSS. I yield.

Mr. CLARKE of New York. I do not understand the gentleman to contend that by striking out the word "legal", as suggested in the seventeenth amendment, the conferees have exceeded their authority.

Mr. GOSS. Yes. This is another matter. Yes; I may say to the gentleman, the conferees exceeded their authority there.

Mr. CLARKE of New York. How?

Mr. GOSS. Because neither House had passed upon the phraseology of this amendment.

Mr. CLARKE of New York. How have they exceeded their authority?

Mr. GOSS. Because they have changed the language of the Senate amendment. May I also call attention to the fact that there may be a vast difference between a legal agreement and simply an agreement? An agreement may be a gentleman's agreement. The conferees have taken out the word "legal."

Mr. DOWELL. Mr. Speaker, will the gentleman yield?

Mr. GOSS. I yield.

Mr. DOWELL. Might there not be an agreement that is in complete conflict with the bill?

Mr. GOSS. There might be; absolutely.

Mr. GILCHRIST. Then it is not an agreement.

Mr. GOSS. I call attention to the fact that certain language that has been agreed upon by either the House or the Senate has been so changed by the conferees as to give it an entirely different meaning.

Mr. DOWELL. As long as it does not change the meaning it would not be subject to the point of order.

Mr. GOSS. I would say the meaning had been changed very materially when you strike out the word "legal" and leave only the word "agreement" in the bill, because there are many kinds of agreements that might not be legal.

Especially do I wish to insist upon my first point of order.

Mr. JONES. Mr. Speaker, the gentleman's first point of order is that we strike out the word "grain" and make it thus applicable to any agricultural commodities in the matter of the payment of benefits.

This same thing could be done under the general terms of the House bill. I call attention to page 9, subdivision 1 of section 8:

(1) To provide for reduction in the acreage or reduction in the production for market, or both, of any basic agricultural commodity, through agreements with producers or by other voluntary methods, and to provide for rental or benefit payments in connection therewith—

And so forth. Then later it says:

In such amounts as the Secretary deems proper and reasonable.

This would cover the same feature. This is still another method of expressing the same sort of privilege that is granted.

The Senate amendment provides for rules and regulations. Rules and regulations, generally speaking, are authorized throughout the bill. This, clearly, is but another method of expressing the same thing that is provided for in other features of the House bill. Further, the Senate amendment provides that it shall apply to the different types of grain involved in the bill, and this simply makes it applicable to all commodities as provided in section 8 of the House bill.

Mr. GOSS. Mr. Speaker, will the gentleman yield?

Mr. JONES. I yield.

Mr. GOSS. Does the gentleman think the language "any nonperishable agricultural commodity" is the same as the word "grain"?

Mr. JONES. Any nonperishable commodity is included in the House bill. The theory of section 8 is also included in some of the other sections of the House bill. So the amendment is simply another way of applying the same provisions provided in the general terms of the bill. Therefore I do not think there is any question that this change of the Senate amendment covers matters already in the bill.

As to the other portion of the gentleman's point of order, he complains of the conferees striking out the word "legal." I call special attention to the fact that under the terms of the House bill any agreement could be made and it would not be subject to these laws. Under the terms of the House bill, there was not any exception at all. Agreements of any character could be made; and this, being a later act, would supersede all existing law. The Senate by inserting the word "legal" limited the agreements. By striking out the word "legal" we simply restore, practically, the provisions of the House bill. Really, striking out "legal" merely removes any contradiction in the language of the Senate amendment itself, because, as the Speaker will notice, the language is "the making of any such legal agreement shall not be held to be a violation of antitrust laws of the United States." The word "legal" is surplusage and would be contradictory as used here. Of course, if it is an agreement that is authorized, it would be a legal agreement; the term "legal" is tautological and pure surplusage.

Mr. GOSS. Will the gentleman yield?

Mr. JONES. Yes.

Mr. GOSS. Does the gentleman think there is any difference between a legal agreement and simply an agreement?

Mr. JONES. If an agreement is authorized by law, it becomes a legal agreement.

The SPEAKER. May the Chair inquire whether cotton would be included among the nonperishable commodities?

Mr. JONES. Cotton would be a nonperishable commodity.

The SPEAKER. Did the Senate amendment take in cotton?

Mr. JONES. No. But the House bill takes in cotton, and that is what I am calling to the attention of the Chair.

The SPEAKER. We are now discussing the Senate amendment.

Mr. JONES. The Senate amendment, as such, does not take in cotton. However, cotton is covered in the bill as it passed the House, and the Senate amendment simply takes in grain in another method of treatment or another way of accomplishing the same purpose.

The SPEAKER. May the Chair inquire what is the purpose of putting in the word "nonperishable" rather than confining it to grain?

Mr. JONES. The word "nonperishable" was put in so that the storage facilities on the farm might be used in carrying out the general terms of the bill on any nonperishable commodities as well as on wheat. The other features of the bill provide for methods of payment of benefits. The effect of the Senate amendment was to make specific the language that was couched in general terms in carrying out the other provisions of the bill. The naming of the one makes it advisable to name the others.

The Senate amendment adds no power at all. They had the same power under the terms of section 8, and this is simply a specific method of carrying it out. They thought they could avoid the expense and make it simpler by keeping grains on the farm, and then it was thought if they were going to do that, the same privilege might be extended to all nonperishable commodities contained in the bill; but even without this amendment the same purposes are included in the general terms of the bill.

Mr. SNELL. Will the gentleman yield for a question?

Mr. JONES. Yes.

Mr. SNELL. In section 8, where is there provision for storage?

Mr. JONES. It provides for reduction in acreage and it provides for rental or benefit payments in connection with the reduction of acreage or production for market, or both.

Mr. SNELL. But there is not a single thing there relative to storage.

Mr. JONES. And that is followed by rules and regulations for carrying out the purposes, which would necessarily include storage.

Mr. SNELL. And the reason the Senate amendment was put in the bill was because there was no arrangement made for storage and the Senate amendment takes in only the storage of grain.

Mr. JONES. The only reason for putting in the Senate amendment was that they might make advance payments in these rental benefits without the necessity of these commodities being carried over and storage being paid. It is not for the purpose of having storage as such. Storage is merely an incident. The purpose is to have a method by which they can make advance payments on these commodities without carrying them over into final warehousing, and so forth, which would be expensive. If this amendment were not included, the same powers could be used.

Mr. SNELL. I may admit that your purpose is all right, but there is nothing in your original bill that speaks about the storage of grain on the farm, and that is the reason the Senate amendment was put in, and now you have gone beyond that.

Mr. JONES. There is nothing specifically said about storing on the farms, and yet——

Mr. SNELL. The gentleman said that section 8 provided for it.

Mr. JONES. And yet provision is made for the payment of rental and other benefits, and general powers are given for carrying out these purposes.

Mr. SNELL. But that is not storage of grain on the farm.

Mr. JONES. And provision is made for general authority to make rules and regulations in carrying out these purposes. I think this is a detail that would probably be pro-

vided without the Senate amendment by reason of the fact that provision is made for paying rental benefits and other benefits. It seems to me they would have the authority without this language, but as you have specified one of them, under the general terms of the bill, you might exclude the others by not mentioning them. I believe if the amendment were not there, under the general terms of the bill providing for the making of rental and benefit payments and the making and promulgating of regulations for the purpose of carrying them out, the Secretary of Agriculture could provide for storage on the farms, but the Chair is familiar with the old, old rule that if you have a general provision and then you specify certain things, by that very specification, by implication, you exclude those which are not included in the specification. So the insertion of this amendment makes it necessary, for the orderly carrying out of the general terms of the bill, that the other nonperishable commodities be included. If the amendment had not been included at all, I believe the same purpose would be accomplished under the general terms of the bill.

Mr. SNELL. It is very evident the Senate did not have in mind the same interpretation of the bill that the gentleman has or they would not have put in this amendment.

Mr. JONES. They evidently wanted to make certain in their own minds or——

Mr. SNELL. That is exactly correct—they want to make it certain.

Mr. JONES. Or at least some Senator did and it was probably acted upon on the spur of the moment. I think the argument was made in opposition to it that it was not necessary and then they said, "If it will not hurt anything, why not put it in?" They apparently did not consider the fact that putting it in the bill probably operated to exclude the others. If it had been left out altogether, it would have been all right.

Mr. SNELL. But as long as it is in the bill, the conferees must confine their efforts to what is in the bill, and for that reason I am thoroughly convinced it is subject to a point of order.

Mr. JONES. I assert that it is in the general terms of the bill and that the same authority granted in this amendment is granted in the general terms of the bill, and that therefore the conferees did not go beyond the range of their jurisdiction.

Mr. GOSS. Will the gentleman yield?

Mr. JONES. I will.

Mr. GOSS. I notice on page 9, subsections 1 of section 8, the following language:

> To provide for reduction in the acreage or reduction in the production for market, or both, on any basic agricultural commodity through agreements with producers or by other voluntary methods—

And so forth.

The word "basic" is specifically used and the Senate amendment 14 made a basic item when it referred to grain on the farm. The conference committee comes in and says that any nonperishable article or commodity, whether it be basic or not.

Mr. JONES. It has to be a nonperishable agricultural commodity. Agricultural commodities are defined in the bill. It must be a nonperishable basic commodity.

The SPEAKER. The Chair is ready to rule. Senate amendment 17 has reference to making legal agreements. The conference committee leaves out the word "legal" and inserts that agreements shall be deemed to be lawful. The Chair does not see any difference, and the Chair overrules the second point of order.

A more serious question arises as to the point of order made against the conference agreement on Senate amendment 14. It seems to the Chair that the striking out of the word "grain" and the substitution therefor of the words "nonperishable agricultural commodities" by the conferees broadens the scope of the Senate amendment. The Chair thinks that the conferees did not confine themselves to the matter in disagreement but attempted to incorporate new matter into Senate amendment 14. Therefore the Chair sustains the point of order against the conference report.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment bills of the House of the following titles:

H.R. 48. An act to extend the time for completing the construction of a bridge across the Missouri River at or near Kansas City, Kans.;

H.R. 1596. An act to extend the times for commencing and completing the construction of a bridge across the Pee Dee River and a bridge across the Waccamaw River, both at or near Georgetown, S.C.;

H.R. 4127. An act to extend the times for commencing and completing the construction of a bridge across the Waccamaw River near Conway, S.C.; and

H.R. 4491. An act to extend the times for commencing and completing the construction of an overhead viaduct across the Mahoning River at Struthers, Mahoning County, Ohio.

The message also announced that the Senate had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4606) entitled "An act to provide for cooperation by the Federal Government with the several States and Territories and the District of Columbia in relieving the hardship and suffering caused by unemployment, and for other purposes."

INDEPENDENT OFFICES APPROPRIATION BILL

Mr. O'CONNOR. Mr. Speaker, I call up House Resolution 128, a privileged report from the Committee on Rules.

The Clerk read as follows:

> *Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 5389, a bill making appropriations for the Executive Office and sundry independent bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes, and all points of order against said bill or any provisions contained therein are hereby waived. That after general debate, which shall be confined to the bill and shall continue not to exceed 6 hours, to be equally divided and controlled by the gentleman from Virginia [Mr. WOODRUM], and the gentleman from New York [Mr. TABER], the bill shall be read for amendment under the 5-minute rule. No amendments shall be in order to sections 4 to 17, inclusive, except amendments offered by direction of the Committee on Appropriations; and said amendments shall be in order, any rule of the House to the contrary notwithstanding. At the conclusion of the consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. O'CONNOR. Mr. Speaker, I should like to ask the gentleman from Pennsylvania how much time is desired on that side on the rule?

Mr. RANSLEY. The usual time.

Mr. O'CONNOR. Mr. Speaker, I yield 30 minutes to the gentleman from Pennsylvania [Mr. RANSLEY].

Mr. Speaker, this is a rule making in order the consideration of the independent offices appropriation bill which is now before us by reason of the fact that it was vetoed by President Hoover during the last session of Congress.

The rule waives all points of order against the bill, grants 6 hours' general debate, provides for the reading of the bill under the 5-minute rule, with the usual amendments to those sections of the bill making appropriations, except that the rule provides that no amendment shall be in order to sections 4 to 17, inclusive, except amendments offered by the Committee on Appropriations.

The Appropriations Committee advised the Rules Committee that these sections 4 to 17 contained important matters of legislation covering the granting of authority to the President to cancel contracts under certain conditions, to order furloughs, to reduce "flying pay", and to carry out other economies. That committee stated it desired that no amendment be permissible to those sections except those amendments which might be offered by the committee.

The Rules Committee was informed that the measures had the endorsement of the administration and were desired by the administration. For that reason the Rules Committee

brought in this rule, which is a closed rule so far as those sections of the bill are concerned.

I want to say in behalf of the Rules Committee—and I think I express the sentiments of most of the Members—that it is not a pleasure to bring into the House rules which may appear to some Members to be too drastic. We only do it at the instance of the legislative committee. I assure you it is our desire to bring in as liberal rules as will meet the situation.

When this particular situation was presented to us, as it has been in other instances, we had only our duty to perform and follow out the wishes of the leadership of the House, and, so far as we could, the wishes of the administration.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. SNELL. I am very glad that the gentleman stated that this is more drastic than the usual rule along this line.

Mr. O'CONNOR. I did not say that exactly. I admit that the rule is drastic.

Mr. SNELL. It is more so than usual. The gentleman says that this is at the request of the committee.

Mr. O'CONNOR. Yes; the Appropriations Committee.

Mr. SNELL. Did he take into consideration the 8 or 10 other committees of the House whose prerogatives are taken away from them by the bringing in of this rule?

Mr. O'CONNOR. I do not follow the gentleman's question.

Mr. SNELL. The legislation that is made in order on this appropriation bill, if it had come through the regular committees of the House, would probably come from 6 or 8 different committees.

Mr. O'CONNOR. I imagine so, but I am not familiar enough with the details to state just how many committees would be involved.

Mr. SNELL. Did the gentleman take into consideration the rights of those committees in granting the rule to give this committee the right of legislation?

Mr. O'CONNOR. I might say to the gentleman that we did not specifically take into consideration the rights of those committees, because their rights were not brought to our attention. There was, for instance, no protest from the Committee on Military Affairs or the Committee on Naval Affairs as to any of these sections dealing with legislation that might come within the jurisdiction of those committees, so far as I recall.

Mr. SNELL. Were they informed in regard to the matter?

Mr. O'CONNOR. Oh, I imagine that they have had knowledge during all this session of what was going to happen in this particular bill.

Mr. BUCHANAN. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. BUCHANAN. When these legislative propositions came to me I wrote a letter to each committee from which it would come, setting forth the legislation in detail and advised them fully of the facts. I told them that we would be very glad to confer with them or hear from them or anything else that they wanted.

Mr. SNELL. The gentleman from New York remembers very well when we set up the present Committee on Appropriations, taking the appropriating powers away from the other standing committees of the House.

Mr. O'CONNOR. I know the history of it, but I was only a little bit of a tot at that time.

Mr. SNELL. Well, I was grown up, and was a Member of the House at that time, and I know the conditions. It was definitely understood that the Committee on Appropriations was only going to make appropriations; that it was not going to absorb all of the rights of the legislative committees. Of course, occasionally we have brought in rules making in order matters of legislation when something was necessary at the time; but never in the history of this House, so far as I know, have we deliberately made 14 sections of a bill in order, all containing legislation and having to do with the rights of some 6 or 8 independent committees of the House.

Mr. O'CONNOR. I think the gentleman overlooks the fact that while they be legislation, yet they do involve the appropriation of money and the expenditure of money by the Government.

Mr. SNELL. I would expect that to be true to a certain extent, but it violates every principle and precedent of the House in all these years.

Mr. O'CONNOR. I am not so sure of that. I believe you will find precedents.

Mr. BRITTEN. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. BRITTEN. The gentleman in his remarks a moment ago indicated that the request for this rule came from the legislative committee. Of course, he meant by that the Committee on Appropriations.

Mr. O'CONNOR. Yes.

Mr. BRITTEN. In that connection the gentleman has stated that 14 sections of the bill embody legislation desired by the administration, which means the White House. I agree with the gentlemen on that side of the aisle that if the White House desires certain legislation and desires that that legislation be not changed one iota in 14 sections of this bill, it is perfectly proper for that side to bring in a gag rule, because that is the only way they have passed legislation up to the present moment. They are but following in their usual footsteps. I think the gentleman's attitude is entirely in keeping with all previous procedure of the present Congress. This is just another gag rule. The Members of Congress are not permitted to think for themselves. The administration does the thinking for Congress, and then sends legislation up here and requests the Congress to pass it, and gentlemen on the Democratic side swallow it, hook, bait, and sinker, and pass the legislation without change in the dotting of an "i" or the crossing of a "t", simply because that is the way the administration wants it. It is perfectly natural that great metropolitan newspapers are referring to the present Congress as a "rubber-stamp" one.

Mr. BYRNS. I wonder if the gentleman ever did anything of that kind himself?

Mr. BRITTEN. Not yet. I may 2 years from now.

Mr. O'CONNOR. Mr. Speaker, as I said before, this rule was represented to us as being necessary. I hope it is the last one that we will be compelled to bring in unless most extraordinary circumstances call for it. I reserve the remainder of my time.

Mr. RANSLEY. Mr. Speaker, I am opposed to this rule because it prevents amendment to sections 4 to 17, inclusive. This is a tight and fast rule, similar to those that we have been having for the last two or more months.

I am opposed to the bill because it legalizes the breaking of contracts. In that respect I call attention to page 15 of the report, where, in a concise and argumentative manner, that part of the bill is opposed by the minority views and signed by 12 members of the Committee on Appropriations.

I am opposed to the bill because in section 10 we find it is impossible to amend or strike this section from the bill. That section provides:

> That the President is authorized to place on furlough such officers of the Army, Navy, and Marine Corps as he deems desirable.

In the furloughing of officers no one knows how many are to be furloughed. We do not know whether it is to be 1,000, 2,000, 3,000, or 4,000 officers.

In that connection permit me to state that a high officer of the United States Army appeared before the Military Affairs Committee some 10 days ago and, when questioned along these lines, stated that he had not been consulted; he knew nothing about it, but if a severe cut like one of 2,000 or more officers was made by furlough, it would be utterly impossible for the Army to function under the National Defense Act.

I am opposed to the rule because it will be impossible to change in any way section 11 of the bill, where the President is authorized, in his discretion, to suspend the extra pay allowed the officers and men of the Army and Navy while on flying duty. The same officer, when questioned with reference to the cut in the pay of the Flying Corps, stated that

it would undoubtedly affect the morale not only of the officers but of the men as well.

I am opposed to the rule and will not only vote against the rule but will vote against the bill, because I find under the heading "Veterans' Administration" there is to be a cut of over $34,000,000. This cut is made possible by closing what is known as the "regional offices." These offices were originally established so as to save not only the time but the money of the defenders of our Nation.

Mr. Speaker, for the reasons I have given I will not only vote against the rule but will vote against the bill. [Applause.]

Mr. O'CONNOR. I only have one further speaker on this side. Will the gentleman use some more of his time?

Mr. RANSLEY. I yield 8 minutes to the gentleman from Massachusetts [Mr. MARTIN].

Mr. MARTIN of Massachusetts. Mr. Speaker, the Democratic leadership of this House is steadily and progressively becoming more reactionary every time we consider legislation. The only ray of light that those of us who have been seeking liberal consideration of legislation have had was the statement made by the gentleman from New York [Mr. O'CONNOR] when he said he hoped this would be the last gag rule that would be reported to the House.

Mr. TABER. Will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield.

Mr. TABER. Does the gentleman expect that the gentleman from New York [Mr. O'CONNOR] will be allowed to have his own way along that line?

Mr. MARTIN of Massachusetts. Well, I cannot say as to that; but I would say the gentleman is a very valuable member of the committee, and his views ought to be considered. [Laughter and applause.]

We have been so accustomed to gag rules I do not know whether we would be able to legislate if they were removed. Certainly they are always in evidence when we consider legislation.

The gentleman from New York [Mr. O'CONNOR] said this rule only applies to sections 4 to 17, but I want to call attention to the fact that these sections are the controversial part of the bill. The gentleman from Pennsylvania [Mr. RANSLEY] has explained some of the controversial features of this bill, and you will observe no Member of the House will be able to register an opinion upon those sections. Only through opposition to the rule can you express your convictions.

The demand for gagging the House has carried us to unusual efforts.

Last week the able Member from Missouri [Mr. CANNON], a Democrat and a distinguished parliamentarian, pointed out when we removed the divisibility rule we changed a rule that Thomas Jefferson first brought into effect in the Continental Congress; we changed a rule that was good enough for every Congress from Muhlenberg down through John Garner; but it is not good enough or tight enough for this House. We insisted in eliminating the old Jeffersonian landmark.

Now, today we have gone even further as a reactionary House in the consideration of legislation because we have wiped out the prerogatives and are destroying the committees of this House. Twelve years ago when the House decided to establish the Appropriations Committee, in the interest of economy, it was specifically understood that the committee would not infringe upon the jurisdiction of the several committees of the House; yet here many committees are being waived aside. It is in effect being maintained that one committee is best able to determine what shall be the decision upon these items which are coming before us. This withstanding the fact that many of the members of the other committees have made a life study of the subject.

I want to read a statement from a distinguished Democrat—from a Democrat who today holds a high place in the Democratic councils. Vice President Garner took part in the debate at the time of the establishment of the Committee on Appropriations, and this is what Mr. Garner said on May 27, 1921:

> I said then, and I repeat now, that if the committee will do its duty it can be of great service to the country in the matter of economy. But if it undertakes to usurp the power of the other committees its life will be limited and its services at an end. You cannot let one committee of 35 members absorb the powers of the entire Congress. There will be a revolt sometime, led by somebody, that will bring about a different system. And I hope in the future the Appropriations Committee will keep within the rules of the House of Representatives and thereby continue its life. [Applause.]

These words were uttered by Mr. Garner and we should hesitate today and ponder over them. How prophetic they appear and what irony of fate that his own party is working to bring about the situation he feared.

At the last session of Congress we almost destroyed our national defense by putting into the hands of the Appropriations Committee power with reference to legislative matters that should have been handled by the Military Affairs Committee. Today we go further and in many directions. Unless we soon stop we will regret our new policy.

I am not making an appeal in a partisan sense. I am asking the House to consider this, not as a Republican but as a Member of this House who wants fair and full consideration of all the subjects that come before us. In this spirit I ask the House to vote down this rule. Let us consider the whole bill in an orderly way and open to amendments. If we do so, I believe we will get a good bill; one that will most fairly reflect the views of the House; and, above all, we will protect the integrity of the House.

The issue before us is a simple one. In voting you are asked to express your views in one of two ways. Either you are going to protect the rights of the Members of the House, you are going to protect the powers of the several committees, or you are going to vote to destroy the committees. If you vote for this gag rule, it will be an expression of the belief we should have an oligarchy in this House—that a few men should rule. This is the simple question before us, and I leave it for you thinking Members of Congress to decide in the interest of justice and in the interest of orderly procedure. [Applause.]

Mr. O'CONNOR. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. MEAD].

Mr. MEAD. Mr. Speaker, while I am not very friendly toward gag rules, I have been forced to endure them over a period of 12 years under Republican leadership; and by reason of being subject to such discipline, I find myself now in the position where I can at least tolerate them even though they do come from the Democratic side of the House. [Applause.]

The minority report on this bill lays particular stress on Federal contracts. If it evidenced little more interest in the welfare of our Federal employees it would merit greater sympathy and consideration from me.

I want to explain very briefly what particular contracts may be included in the legislation contained in this bill. Star route, mail messenger, air mail, and ocean mail contracts as they apply to the Post Office Department, of course, will come within the purview of this measure.

Under the able direction of the present Postmaster General, Mr. Farley, and his able corps of assistants, star-route contracts and mail messenger contracts are being reduced, and the Government will save millions of dollars due to this enlightened policy. However, a different problem confronts them with respect to air mail and ocean mail contracts. While I am not a lawyer and cannot delve deeply into the legality of these contracts, I can say to you that at least a number of these contracts are rather shady; and I could say without exaggeration that the air mail situation is a bad mess as a result of the improper administration of the Watres Act by the last Postmaster General.

Authority should be given someone to exercise drastic control over this situation. We have been spending millions on our subsidies with a lavish hand, while attempting to balance the Budget by reducing the wages of our workers.

A few years ago we passed the Watres Act, in which we specified that a certain limited sum of money could be paid

as a subsidy to passenger-carrying lines. I am ready to make the statement here and now that the Postmaster General disregarded that legislative mandate and increased the subsidies far beyond that limitation which was contained in the Watres Act.

What else did he do to make necessary legislation such as contained in this bill? Just before he left office he issued many new contracts. Perhaps they were legally right, but morally they were wrong and unjustifiable. I will cite a few of the instances for the information of the House.

List of extensions awarded in the Air Mail Service shortly before close of last administration

Route	Company	New service	Mileage	Month	Year	Date
No. 34 New York-Los Angeles	Transcontinental & Western Air	Columbus-Fort Wayne to Chicago	285	$7,082.36	$84,988.42	Feb. 1, 1933
Do	do	Los Angeles-Bakersfield-Fresno to San Francisco.	353	11,257.24	135,086.87	Do.
No. 27 Bay City-Chicago	Trans-American Air Lines	Toledo-Columbus	114	3,294.12	39,529.50	Feb. 10, 1933
Do		Detroit-London to Buffalo	213	6,277.90	75,334.90	Feb. 11, 1933
Do	Trans-American Air Lines	Albany-Springfield to Boston	162	10,672.96	128,075.58	Feb. 12, 1933
No. 9 Chicago-St. Paul	Northwest Airways	Bismarck-Glendive-Miles City-Billings	394	9,791.06	117,492.76	Mar. 2, 1933
Do	do	Milwaukee-Grand Rapids to Detroit	253	12,131.04	145,572.59	Do.

Although the Department eliminated some of the air-mail mileage which was flown at that time, still, as a result of these new services given out during the closing hours of the last administration, drastic action is now necessary. If those contracts are continued at the rates specified, the Appropriations Committee will have to provide for the deficiency.

Now, what is the practical situation with regard to the Air Mail Service? The present administration has an air mail set-up authorized by the former Postmaster General that will cost the Government $20,000,000 a year. Inasmuch as Congress has provided only $15,000,000 for the Air Mail Service for the next fiscal year, something must be done. Contracts will have to be canceled, air-mail mileage will have to be reduced, branch lines will have to be eliminated, subsidy pay will have to be cut down. Any or all of these steps may have to be taken. No new extension should have been approved until Congress had decided upon the amount to be appropriated.

Mr. O'CONNOR. Mr. Speaker, I yield the gentleman 2 additional minutes.

Mr. MEAD. Some of these extensions were given out as late as March 2 last. In view of the impending deficit and the administration then in its closing hours this action was unwarranted. I remonstrated with the Postmaster General; I urged him to leave the situation for his successor. But he could not be stopped. The present administration is certainly in a most embarrassing situation; they require our support and cooperation. I do not believe a Cabinet officer ever went out of office before with so little regard for his successor or the condition of the service.

Mr. CARTER of Wyoming. Will the gentleman yield?

Mr. MEAD. No; I am sorry, I only have a minute or two.

So I repeat the air mail situation needs correction, and it will be corrected by the present administration. It is perhaps too early for the administration to have secured the proper background and the knowledge necessary to press for intelligent, sound legislation, but I can tell you they are giving this question their earnest and sincere thought, and at an early date they will recommend legislation to reduce this subsidy and to place the air mail on a sound and permanent basis.

Now, what is the situation with regard to ocean mail contracts? The Postmaster General just before he left office tried to put two new contracts into operation. They were called "route 57" and "route 58." He failed only because he did not have time to fully complete the deal. These two contracts ought to be investigated, and I simply want to explain to the House that these are just a few of the contracts that might be covered by this bill. They need some attention. [Applause.]

The Post Office Department's contracts do not always contain a cancelation clause unless after a specified term of years. I will insert with my remarks a portion of an ocean mail contract which explains the manner by which it may be terminated:

(a) That the term of this contract shall be 10 years beginning at a date optional with the contractor, but not later than 18 months from February 21, 1933.

(b) That this contract, upon agreement of the Postmaster General and the contractor, may be terminated 5 years from February 21, 1933, or at any time after the expiration of said 5 years.

In witness whereof the parties hereto have executed this contract as of the day and year opposite their names appearing.

Signed February 25, 1933.

[SEAL] THE UNITED STATES OF AMERICA,
By WALTER F. BROWN, *Postmaster General.*

In the presence of
KENNETH MACPHERSON.

Signed February 24, 1933.

[SEAL] LYKES BROS.-RIPLEY STEAMSHIP CO., INC.,
By JAS. M. LYKES, *President.*

Witnesses:
HARDIN B. ARLEDGE.
G. H. GRAYSON.

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. SNELL].

Mr. SNELL. Mr. Speaker, considering the statement that my friend from New York [Mr. O'CONNOR] made when he presented this resolution to the House, when he practically apologized before the Rules Committee for bringing in any such rule, and said it was done by the direct order of the President himself or the administration, which means the President, I think I ought to call the attention of the House to a statement made by the distinguished President when he was a candidate, criticizing a Republican legislature in Albany for voting as a party on measures. Here is what the President said before election:

There are three ways of defeating proposed legislation. One is the method followed in the early days of our Republic, and which most truly conforms to the correct practice of a democracy.

This is consideration of each proposal in open session and serious debate, in an open-minded and nonpartisan spirit and with a sincere desire to weigh its merits. If it is found inadvisable or unwise, it is then slain, after a fair and open battle, and the reasons for such action are open for all the voters to examine and judge for themselves. This is the way in which all bills of real importance which have been shown any considerable approval and support by the voters of the State should be treated.

This is the way your own President says you should consider all important legislation, and notwithstanding this fact, and notwithstanding the fact that you have a majority of 200 in this House, you have not had the courage to bring one single important measure in here and consider it as your own President says it should be considered. Still you say you are following his orders. Was he right when he made this statement, or when he gave the orders my friend O'CONNOR refers to?

Now, just one further suggestion from your own President:

The second method is by the lash of the party whip, the demand on the legislators by their party leaders that they divide according to their political affiliations and leave to the master minds of their organizations the responsibility as to whether such action is justified or not.

He says you should not leave it to the master minds of the organization to make these decisions. As a matter of fact, the way you are going now you do not even leave it to the master minds of your own organization, but you leave it entirely up to the brain trust in the White House and you simply pass it under the lash of the party whip. [Applause.]

Further quoting the President:

In this procedure the bill, when brought up for discussion, is foredoomed to failure, and all debates thereon are of a purely perfunctory nature; nor can any argument or reasoning change the final vote. There is no possible justification for the adoption of this course on bills which are avowedly nonpartisan in character.



Notwithstanding your President's own statement, the gentleman from New York justifies his procedure here today by saying these are the direct orders from the White House. I leave the decision with you. Where is the independent part of the Democratic Party you have always bragged about so much? You are the most docile legislators I have ever seen. [Applause.]

Mr. O'CONNOR. Mr. Speaker, I yield myself 1 minute just to deny that I said we are proceeding under "orders of the White House" or "from the President." The word I used was the "administration."

The Rules Committee was advised that these 14 sections of the bill represented the legislative desires of the administration to accomplish its purpose of economy and efficiency. This was the whole intent of anything I may have said on the floor today. If, after what the country has gone through during the last 3 years, all we have done so far in this session to save the country is attributed to a "brain trust", let me say, please God, continue the brains! [Applause.]

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from New Jersey [Mr. LEHLBACH].

Mr. LEHLBACH. Mr. Speaker, the legislative rider on this bill comprises nine important substantive provisions of legislation. Heretofore, when riders in the House were carried on an appropriation bill they were incidental to provisions relating to the subject matter for which the appropriation was being made. But these nine legislative provisions have nothing to do with the appropriations for the independent offices of the Government.

Not only is the rule and the procedure of our House grossly violated by putting in nine substantive provisions in the bill but those provisions are not subjects of deliberation. Further than that, they are not permitted to be read here. We are not allowed in the committee to read these nine provisions and deliberate upon them. And yet, we heard over the radio last night that Congress determines the policies and empowers the President to carry them into effect—when, as a matter of fact, Congress is not even allowed to know what the provisions are, much less determine them.

These provisions are fraught with the greatest importance. In section 4 we have a provision that any person who has been reallocated since June 1932 must go back to the pay he was receiving before such reallocation.

What does that carry with it? It has been held time and time again that such a provision was retroactive, and men in the employ of the Government since June 1932, to this date, will have to pay back into the Treasury the increase in salaries they have lawfully been receiving during this period.

We have in section 6 the right absolutely to cancel contracts—not to negotiate for their reformation, but absolutely to cancel them. Under that provision it is possible absolutely to destroy the merchant marine. Everybody knows that the ocean-mail pay has no relation to the mail-carrying service. It is frankly a subsidy and was so understood when it was enacted into law in 1928.

Contracts have been entered into by the steamship companies with shipyards to use the mail money for new construction, and commitments of millions of dollars out of the treasuries of the various ship companies have been made. When the mail contracts are canceled the obligation to carry on shipbuilding continues. In other words, you will bankrupt everyone who has a contract canceled.

There are provisions here with respect to personnel which are not well thought out, and which in some instances are unworkable and unnecessary hardships and injustice will ensue. I have not the time to go into the details.

Section 10 provides that our national defense so far as the Army is concerned may absolutely be crippled. There is no limitation on furloughs with half pay, but complete power is vested in the President. It is exactly like retiring on half pay.

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield 4 minutes to the gentleman from Michigan [Mr. MAPES].

Mr. MAPES. Mr. Speaker, of course, there is not time to discuss adequately this rule and the merits of the legislation in the time allotted, but I do want to call attention to the unfairness of this particular rule as applied to this bill. It is more indefensible, if anything, as applied to this bill and the situation which confronts the House today than the other gag rules which have been passed during this session of Congress. This is true because it proposes to make in order such important legislation on an appropriation bill, and if the rule is adopted the House will be obliged to pass the legislation or defeat the appropriations for the independent establishments of the Government. The rule proposes to make in order sections 4 to 17, inclusive, 14 sections of legislation in this appropriation bill in violation of the regular rules of the House. After the passage of the Budget law the rules of the House were amended concentrating all appropriations in the hands of the one Committee on Appropriations. At the same time it was contemplated that the Committee on Appropriations would confine itself to reporting bills making appropriations in accordance with existing law, and the power to report legislation such as is proposed in this bill was expressly taken away from the committee. Accordingly, rule XXI, subsection 2, was adopted, which provides in substance, among other things, that no provision in an appropriation bill changing existing law shall be in order unless it shows on its face that it will reduce expenditures. It was the purpose of that rule to have the regular standing legislative committees report the legislative bills, but here is a supply bill carrying an appropriation of $530,000,000 to keep the independent establishments of the Government in operation, and by this rule the House is asked to make in order sections 4 to 17, inclusive, which are new legislative proposals entirely and have nothing to do with appropriations. Each one of the 14 sections treats of important and distinct legislative matter. Amendments to them, except committee amendments, not only are not in order under the rule but it will not be in order to strike out any one of the sections or to get a vote on the motion to strike out if this rule is adopted.

How does that affect my constituents, for example? They have been trying for a long time to obtain an air mail contract for the carrying of mail from Grand Rapids to Milwaukee across Lake Michigan, thereby saving several hours. Air mail can be carried across Lake Michigan in something like an hour, but to go by train it must go from Grand Rapids to Chicago, and then to Milwaukee, which takes several hours, I do not know just how many, but enough so that the mail cannot go from one city to the other and be delivered on the same day as it can if it goes by air mail. According to the hearings before the committee, the Second Assistant Postmaster General testified that if this legislation passed he proposed to look into this contract with a view of abolishing it. I should like to have an opportunity to consider this proposition on its individual merits, and to get the expression of the House on a motion to strike out the section carrying this authorization, but under this rule there will be no opportunity to do that.

I am opposed to other provisions in the bill, especially those relating to the retirement of civil-service employees of the Government after 30 years' service, to the reduction or suspension of flying pay in the military service, to the retirement of officers and men in the Regular Army, to mention only a few. The House ought to have a chance to vote upon these separate propositions, but there will be no opportunity to do so under this rule. We must either refuse to vote for this supply bill entirely, or vote for all of this legislation. As for me, as long as we have until the 1st of July to pass the appropriations if need be, I shall vote against the entire bill rather than vote for the legislation which it contains. I think the House should vote down the entire bill, return it to the Committee on Appropriations, and let that committee report an appropriation bill not loaded down with legislation. [Applause.]

The SPEAKER pro tempore (Mr. SIROVICH). The time of the gentleman from Michigan has expired.

Mr. RANSLEY. Mr. Speaker, I yield the remainder of my time to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, this rule makes in order 14 or 15 separate legislative propositions which would normally come from at least seven committees, and I do not know but more, and the provisions are very drastic. The object of the rule is this: None of these propositions would stand alone. They are thrown together so that the majority in the House will feel hog-tied enough to vote for the whole thing. They think that you folks on the Democratic side are prepared to swallow the sucker, whole. I am not going to discuss the details of the legislative provisions at this time, but I say to you as a member of the Committee on Appropriations I hate to see such a string of legislation tied to an appropriation bill. It is vicious. I am afraid it is destructive of the real service and the real good that an appropriations committee can do.

I hope the rule will be voted down and that we can have these items of legislation, if they have to be considered, considered under the general rules of the House, so that they may stand or fall according to the merits of each one. If they had solid merit, it would not be necessary to hog-tie them together. If they were really in the interest of the people, we would not have to go at the matter in this way.

The SPEAKER pro tempore. The time of the gentleman from New York has expired.

Mr. O'CONNOR. Mr. Speaker, I yield the remainder of my time to the gentleman from Texas [Mr. BUCHANAN].

Mr. BUCHANAN. Mr. Speaker, it is utterly impossible to discuss the merits or demerits of the legislation in this bill in 14 minutes. I shall only ask my colleagues on the Democratic side at least to take my word for it that every piece of legislation included within the scope of the rule has for its purpose efficiency in administration or economy in the saving of the taxpayers' money. Every piece of it is one link in the well-mapped-out program of the great President of the United States, to establish this Government on an economical basis. My friend from New York [Mr. TABER] says that we ought to let these things come on the floor of the House for open discussion. They claim that they did that. They had 12 long years to relieve this country, and they did nothing but plunge into financial despair; and now when we have a man who is trying to do something about it, we hear a howl from that side of the House.

I am going to pass over all of these amendments except one, and that is the one that the Republican members of the Committee on Appropriations filed minority views against. Twelve of them signed those minority views, because they say we ought not to vest in the President the right and power to modify or cancel transportation contracts, when it appears to him that the interests of the United States demand it and he could make a substantial saving by doing so. That is what the provision is. What contracts come within the purview of that provision? Principally domestic air mail and foreign air mail and merchant marine contracts. There are 46 merchant marine contracts on which we make a yearly expenditure of $29,700,000. There are 9 foreign air mail contracts on which we spend $7,000,000. There are 23 domestic air mail contracts on which we expend $20,000,000, making a total of approximately $57,000,000. How much of that is for subsidy and how much for service? Over $42,000,000 is essentially and purely a subsidy, money given, donated to encourage air navigation and steamboat lines.

The minority report says the authorities have a right to cancel or modify these contracts. I tell you there is no authority vested anywhere to cancel any of these contracts, except a foreign air mail contract. The merchant marine contracts are subject to cancelation only by mutual agreement. Foreign air mail contracts are subject to cancelation by Congress or by the Postmaster General, by giving 1 month's pay. For them, this legislation would not be needed. Domestic air mail contracts can be canceled only for willful neglect on the part of the contractor to perform his duty under that contract.

We made an appropriation of $19,460,000 for domestic air mail contracts for this year. It was apparent at the commencement of this fiscal year that, unless something was done, there would be a deficiency in that appropriation.

The law provides that if the head of any department permits a deficiency to occur in his department, he is subject to summary dismissal from office, $100 fine, or 30 days in jail. What are the facts? On December 19 the Republican Postmaster General ascertained there was a deficiency in this appropriation. He called in his contractors and he said, "We have to make reductions in the amount the Government pays you." He made the reductions, but he failed to realize the saving he expected on the conversion of routes 33 and 34 from a contract to a certificate basis. So that it left the air mail appropriation with a deficit, contrary to law. What did he do from the 19th of December to the end of his term to avoid that deficit and obey the law? Nothing to avoid the deficit. What did he do to increase it? On February 10 he established a new line, contrary to the plain provisions of two statutes enacted by Congress. One of them reads:

> After July 1, 1931, the Postmaster General shall not enter into any contract for the transportation of air mail between points which have not theretofore had such service, unless the contract air mail appropriation proposed to be obligated therewith is sufficient to care for such contract and all other obligations against such appropriation without incurring a deficiency.

Mr. TABER. Will the gentleman yield?

Mr. BUCHANAN. For a question and nothing else.

Mr. TABER. Would not that provision of law make such a contract as the gentleman is referring to invalid, and not require any such thing as this legislation?

Mr. BUCHANAN. That is very doubtful. That provision of law makes the act of the Postmaster General in entering into all new air mail contracts since January 1, 1933, unlawful and criminal, and the provision in this bill vests in the President the authority and right to cancel or modify such contract; and all other contracts that would never become self-sustaining or that are unconscionable.

Mr. MOTT. Will the gentleman yield?

Mr. BUCHANAN. After I have finished my statement I will yield if I have time.

On February 10, less than 25 days before his term expired, the Postmaster General entered into a contract to establish a new air mail route from Los Angeles to San Francisco, actually duplicating a route already in existence. What do you think of that? There was already a route in existence and in operation, and he establishes another between the same cities. Is there anything rotten there? Was he paying political debts or was somebody's pocket being lined with gold out of the Public Treasury? The time has come when the light of intelligent Democratic administration should be shed on all contracts made under circumstances like this.

Mr. MOTT. Will the gentleman yield for a question?

Mr. BUCHANAN. No. If I have time when I get through assembling these facts I will yield, but not unless I do.

Now, what else? The Postmaster General obligated the Government to pay $145,000 a year until 1936 for that contract, duplicating an existing one and increasing the deficit in that appropriation, in the face of the statute.

Is that all? On March 2, just 2 days before his term of office expired, he entered into another contract to establish another new route from Mandan, N.Dak., to Billings, Mont., for which he obligated the Government to pay $105,000 a year from the time it was entered into until 1936.

Oh, gentlemen, what was the necessity to establish these routes? There was no emergency; no great employment of labor by those contractors. The Postmaster General only had 2 days more in office. What powerful motive was working in his breast to make him violate all precedents heretofore established by those going out of office? To make him violate the express provisions of the law so plain a wayfaring man, though fool he be, can understand; yet he

enters into the contracts under those circumstances, 2 days before his term expires.

Is that all? Again, on March 2, he established another new route and enters into another contract, from Milwaukee, Wis., over Lake Michigan to Detroit, Mich., by Grand Rapids, and for that he obligated the Government in the sum of $145,000 a year from March 2, 1933, until March 2, 1936.

Mr. O'MALLEY. Mr. Speaker, will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. O'MALLEY. Does the gentleman know that the route from Milwaukee to Detroit, the extension of which was granted on March 2, had been promised by the Post Office Department for 3 years and at the last minute they finally lived up to their promise and gave us the route?

Mr. BUCHANAN. If it was justified, why was it not established before? Three years having elapsed while they were considering it, why could they not have left its merits to be passed upon by the new administration which would be charged with the administration of the contract?

Mr. MOTT. Mr. Speaker, will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. MOTT. I understand the gentleman to say that the contracts he has been talking about are, in his opinion, illegal?

Mr. BUCHANAN. Unlawfully entered into by the Postmaster General, and should be reviewed, modified, or canceled as facts justify.

Mr. MOTT. Is it the gentleman's contention that it is necessary for Congress to pass an act to empower the Government to cancel an illegal contract?

Mr. BUCHANAN. It is not necessary, but it is expeditious. It is businesslike, because the Executive can have the contracts looked into and modify or cancel them by Executive order; whereas if the matter is allowed to go through the courts it may drag along for years, until the term of the contracts expire.

Mr. TABER. Mr. Speaker, will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. TABER. Is not the reason it is expeditious because if this provision of law is enacted the contractor can collect damages from the Government whereas he could not if the contract were voided under existing law?

Mr. BUCHANAN. Oh, the gentleman is raising sand about this, yet at the very last session of Congress his side voted for congressional repudiation of one of these contracts, voted against including in the Post Office Department appropriation bill money to carry out the contract subjecting the Government to damages which he now seems to fear so much.

[Here the gavel fell.]

Mr. O'CONNOR. Mr. Speaker, I move the previous question on the resolution.

The SPEAKER pro tempore. The question is on ordering the previous question.

The question was taken; and on a division (demanded by Mr. SHANNON) there were—ayes 139, noes 70.

So the previous question was ordered.

The SPEAKER pro tempore. The question is on agreeing to the resolution.

Mr. SNELL. Mr. Speaker, I ask for the yeas and nays on the adoption of the rule.

The yeas and nays were ordered.

The question was taken; and there were—yeas 202, nays 156, not voting 73, as follows:

[Roll No. 35]

YEAS—202

Adams	Bloom	Byrns	Cochran, Mo.
Allgood	Boehne	Cady	Coffin
Arnold	Boland	Caldwell	Colden
Ayres, Kans.	Brooks	Carden	Cole
Bailey	Brown, Ky.	Cartwright	Collins, Miss.
Beam	Brown, Mich.	Cary	Cooper, Tenn.
Beiter	Buchanan	Castellow	Corning
Berlin	Buck	Celler	Cox
Biermann	Bulwinkle	Chapman	Cravens
Bland	Burch	Church	Crosby
Blanton	Burke, Nebr.	Clark, N.C.	Cross
Crowe	Griswold	McReynolds	Schulte
Crump	Haines	Major	Scrugham
Cullen	Hamilton	Mansfield	Sears
Cummings	Harlan	Martin, Colo.	Shallenberger
Darden	Hart	Martin, Oreg.	Sirovich
Dear	Harter	May	Sisson
Deen	Hastings	Mead	Smith, Va.
Delaney	Henney	Miller	Smith, W.Va.
DeRouen	Hildebrandt	Milligan	Snyder
Dickinson	Hill, Samuel B.	Mitchell	Spence
Dies	Hoidale	Montet	Steagall
Dingell	Huddleston	Moran	Strong, Tex.
Disney	Hughes	Nesbit	Stubbs
Doughton	Imhoff	O'Brien	Studley
Drewry	Jacobsen	O'Connell	Swank
Driver	Jeffers	O'Connor	Tarver
Duffey	Jenckes	Oliver, Ala.	Taylor, S.C.
Duncan, Mo.	Johnson, Okla.	Palmisano	Thom
Durgan, Ind.	Johnson, W.Va.	Parker, Ga.	Truax
Eagle	Jones	Parsons	Turner
Eicher	Kee	Patman	Umstead
Ellzey, Miss.	Keller	Peterson	Underwood
Faddis	Kemp	Peyser	Vinson, Ga.
Farley	Kenney	Pierce	Vinson, Ky.
Fiesinger	Kniffin	Pou	Wallgren
Fitzgibbons	Kocialkowski	Ramspeck	Walter
Fitzpatrick	Kopplemann	Randolph	Warren
Flannagan	Kramer	Rankin	Weaver
Ford	Lanzetta	Rayburn	Werner
Fuller	Larrabee	Reilly	West, Ohio
Fulmer	Lee, Mo.	Richardson	White
Gambrill	Lesinski	Robertson	Whittington
Gasque	Lewis, Colo.	Robinson	Wilcox
Gillette	Lindsay	Rogers, N.H.	Williford
Glover	Lloyd	Rudd	Williams
Gray	Ludlow	Ruffin	Wilson
Green	McCarthy	Sanders	Wood, Ga.
Greenwood	McClintic	Sandlin	Woodrum
Gregory	McGrath	Schaefer	
Griffin	McKeown	Schuetz	

NAYS—156

Allen	Doutrich	Kurtz	Richards
Andrew, Mass.	Dowell	Kvale	Rogers, Mass.
Andrews, N.Y.	Dunn	Lambertson	Rogers, Okla.
Ayers, Mont.	Eaton	Lambeth	Secrest
Bacharach	Eltse, Calif.	Lanham	Seger
Bacon	Englebright	Lehlbach	Shannon
Beck	Evans	Lehr	Shoemaker
Beedy	Fish	Lemke	Simpson
Blanchard	Fletcher	Lozier	Sinclair
Bolleau	Focht	Luce	Smith, Wash.
Bolton	Foss	Lundeen	Snell
Britten	Frear	McCormack	Stalker
Browning	Gibson	McFadden	Stokes
Brumm	Gilchrist	McFarlane	Sutphin
Cannon, Mo.	Goss	McGugin	Sweeney
Cannon, Wis.	Granfield	McLean	Swick
Carpenter, Kans	Guyer	McLeod	Taber
Carpenter, Nebr.	Hancock, N.Y.	McSwain	Taylor, Tenn.
Carter, Calif.	Hartley	Maloney, Conn.	Terrell
Carter, Wyo.	Healey	Mapes	Thomason, Tex.
Cavicchia	Hess	Marshall	Thompson, Ill.
Chase	Hill, Ala.	Martin, Mass.	Thurston
Christianson	Hill, Knute	Meeks	Tinkham
Clarke, N.Y.	Hoeppel	Merritt	Traeger
Cochran, Pa.	Hollister	Millard	Treadway
Collins, Calif.	Holmes	Monaghan	Turpin
Colmer	Hooper	Morehead	Watson
Condon	Hope	Mott	Wearin
Connery	Howard	Murdock	Weideman
Connolly	James	Musselwhite	Welch
Cooper, Ohio	Jenkins	O'Malley	West, Tex.
Crosser	Johnson, Minn.	Parker, N.Y.	Whitley
Crowther	Johnson, Tex.	Parks	Wigglesworth
Culkin	Kahn	Peavey	Withrow
Darrow	Kelly, Pa.	Polk	Wolcott
De Priest	Kinzer	Powers	Wolverton
Dirksen	Kleberg	Ransley	Wood, Mo.
Dobbins	Kloeb	Reece	Woodruff
Dondero	Knutson	Rich	Young

NOT VOTING—73

Abernethy	Dickstein	Kerr	Reed, N.Y.
Adair	Ditter	Lamneck	Reid, Ill.
Almon	Dockweiler	Lea, Calif.	Romjue
Arens	Douglass	Lewis, Md.	Sabath
Auf der Heide	Doxey	McDuffie	Sadowski
Bakewell	Edmonds	McMillan	Somers, N.Y.
Bankhead	Fernandez	Maloney, La.	Strong, Pa.
Black	Foulkes	Marland	Sullivan
Boylan	Gavagan	Montague	Sumners, Tex.
Brand	Gifford	Moynihan	Taylor, Colo.
Brennan	Gillespie	Muldowney	Tobey
Brunner	Goldsborough	Norton	Utterback
Buckbee	Goodwin	Oliver, N.Y.	Wadsworth
Burke, Calif.	Hancock, N.C.	Owen	Waldron
Burnham	Higgins	Perkins	Wolfenden
Busby	Hornor	Pettengill	Zioncheck
Carley	Kelly, Ill.	Prall	
Chavez	Kennedy, Md.	Ragon	
Claiborne	Kennedy, N.Y.	Ramsay	

So the resolution was agreed to.

The Clerk announced the following additional pairs:

On this vote:

Mr. Owen (for) with Mr. Wadsworth (against).
Mr. Kennedy of Maryland (for) with Mr. Goodwin (against).
Mrs. Norton (for) with Mr. Bakewell (against).
Mr. Boylan (for) with Mr. Wolfenden (against).
Mr. Auf der Heide (for) with Mr. Reed of New York (against).
Mr. Bankhead (for) with Mr. Muldowney (against).
Mr. McDuffie (for) with Mr. Higgins (against).
Mr. Fernandez (for) with Mr. Ditter (against).
Mr. Hancock of North Carolina (for) with Mr. Reid of Illinois (against).
Mr. Prall (for) with Mr. Moynihan (against).
Mr. Sabath (for) with Mr. Tobey (against).
Mr. Ragon (for) with Mr. Edmonds (against).
Mr. Oliver of New York (for) with Mr. Waldron (against).

Until further notice:

Mr. Hancock of North Carolina with Mr. Gifford.
Mr. Kennedy of New York with Mr. Buckbee.
Mr. Brunner with Mr. Strong of Pennsylvania.
Mr. Pettengill with Mr. Perkins.
Mr. Taylor of Colorado with Mr. Burnham.
Mr. Sumners of Texas with Mr. Dockweiler.
Mr. Utterback with Mr. Chavez.
Mr. Douglass with Mr. Doxey.
Mr. Abernethy with Mr. Sadowski.
Mr. Kelly of Illinois with Mr. Gillespie.
Mr. Lamneck with Mr. Burke of California.
Mr. Maloney with Mr. Kerr.
Mr. Gavagan with Mr. Almon.
Mr. Adair with Mr. Ramsay.
Mr. Romjue with Mr. Arens.
Mr. Black with Mr. Lewis of Maryland.
Mr. Busby with Mr. Carley.
Mr. Sullivan with Mr. Hornor.
Mr. Somers of New York with Mr. Maloney of Louisiana.
Mr. Brand with Mr. Marland.
Mr. Claiborne with Mr. Dickstein.
Mr. Montague with Mr. Zioncheck.

Mr. UTTERBACK. Mr. Speaker, I was out of the Chamber telephoning the headquarters of the Red Cross. If permitted to vote, I would vote "yea."

Mr. LAMNECK. Mr. Speaker, I desire to vote. I was in the corridor outside the door.

The SPEAKER. The gentleman does not qualify.

Mr. LAMNECK. If permitted, I would vote "yea."

Mr. BYRNS. Mr. Speaker, the gentleman from Maryland, Mr. KENNEDY, is unavoidably absent. If he were here, he would vote "yea."

Mr. CANNON of Missouri. Mr. Speaker, I object to this practice of stating how a Member would vote if he were present.

Mr. CULLEN. Mr. Speaker, the gentlewoman from New Jersey, Mrs. NORTON, is unavoidably absent. She has requested me to state that if she were present she would vote in the affirmative.

Mr. CANNON of Missouri. Mr. Speaker, I regret having to do so, but I make a point of order against these statements as to how Members would have voted if present.

The SPEAKER. The point of order is well taken, but the statements have already been made and it does not avail the gentleman anything under the circumstances.

The result of the vote was announced as above recorded.

A motion to reconsider the vote by which the resolution was agreed to was laid on the table.

NAVY BUILDING URGENT

Mr. SEARS. Mr. Speaker, I ask unanimous consent to have printed in the RECORD an article appearing in the Public Record, of Philadelphia, Sunday, April 30, on the Navy Building, by my colleague the gentleman from Pennsylvania [Mr. DARROW].

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. SEARS. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following:

[From the Philadelphia Public Ledger of Apr. 30, 1933]

DARROW CITES DECADENCE OF FLEET AND REAL OBJECTIVES TO BE ATTAINED BY BIG PROGRAM

By Representative George P. Darrow

The necessity of building up our Navy to treaty strength has never been more apparent than it is today. During the last 12 years we have allowed our Navy to decline to such a point that we are now a poor third, and unless a building program is begun immediately we shall find ourselves at the expiration of the London Treaty, December 31, 1936, the fifth ranking naval power.

Today we are faced with the need for stringent governmental economy. Simultaneously there is a demand that the Government take action to improve the distressing unemployment situation with which we are faced and give push to industry and commerce which will, it is hoped, start the car of prosperity rolling again. For this purpose there could be devised no method superior to a reasonable program of ship construction.

A shipbuilding program should be included in the President's proposed Federal construction program. Such a program for construction of new ships would greatly stimulate the shipbuilding industry, which has been allowed to stagnate in recent years, and a revival of this industry means an increase in employment.

We need ships, for, due to the dropping off in our naval construction, we are falling behind in the up-to-dateness of our fleet.

LABOR REAPS BENEFITS

Over 85 percent of the cost of a warship's construction goes finally to labor, only the remaining 15 percent or less is a drain against the national wealth. By employing labor on such work, instead of supporting the men on a dole or other form of paternalism, use is being made of something that otherwise would be wasted.

In this country we are, strangely enough, at present suffering from an excess of all things normally regarded as good. We have a surplus of farm products for which no consumers can be found. We have stocks of raw materials far beyond the present capacity of our manufacturing industry to utilize. We have well-equipped factories of every sort, capable of producing more than they sell. We have a transportation and distribution system more than ample to deal with our requirements.

And, finally, we have a mass of skilled and unskilled labor which cannot find employment. The situation cannot be met by raising more food or manufacturing more goods to add to our present surplus and to further decrease prices; not by building more factories or improving our present transportation and distribution system, which are already more than adequate.

What is required is a form of useful activity which will not further increase the ills from which we are suffering. If such an activity can be found, it will be reasonable that the present cost of putting these men to work shall to a moderate extent be made a charge against the future prosperity which such a policy is designed to produce.

PENNSYLVANIA WOULD BENEFIT

A building program has been suggested by Representative VINSON, chairman of the Naval Affairs Committee of the House, to cover 30 vessels, including 2 airplane carriers, 4 light cruisers, 20 destroyers, and 4 submarines to be completed in 3 years. Such a program would cost roughly $230,000,000, and it is obvious the number of men such a program would put back into the ranks of employed.

Pennsylvania is a shipbuilding State, and if such a program were begun the State would benefit materially and immediately. The plans of the ships desired are already drawn. As soon as their construction may be authorized orders for material will commence to flow and the money spent will find its way through the many channels of commerce and industry in every part of the United States.

The ore mines of Michigan, the forests of Oregon, the oil fields of Texas, the copper smelters of Utah, and the manufacturing interests of all the Eastern and Midwest States would alike feel the stimulating impetus of this program.

And when the ships are manned and launched it will be realized that a mighty good bargain was made in providing naval replacements at depression prices.

Philadelphia is the center of the Nation's shipbuilding area. In addition to its navy yard, the New York Shipbuilding Co. is located across the Delaware River in Camden; at Chester is the Sun Shipbuilding & Drydock Co.; and another smaller yard is located at Wilmington. The construction of several new ships in this area would be of inestimable value to Philadelphia and its neighboring cities.

NAVY YARD FULLY EQUIPPED

The Philadelphia Navy Yard is fully equipped for work of this character. It has many advantages which cannot be disregarded. Its distance from the sea and the ease with which the channel can be closed renders it immune from raids from the sea, at the same time but slightly reducing its accessibility. It is located in fresh water, which causes much less deterioration of vessels than salt water. It has a climate which, while permitting all-year-round work, is not debilitating. It is in the heart of the great industrial center and the greatest shipbuilding section of the United States.

Since it is readily apparent that the upbuilding and maintenance of our Navy is a matter of utmost importance and in the present emergency it is so necessary to maintain as well as increase the opportunities for employment of American labor, it should be evident that a shipbuilding program of the nature proposed by Congressman VINSON is of utmost importance.

Such a program would stimulate business in the city and State, aid the employment situation at our navy yard and shipyards, and be a great step toward building our Navy up to its allowed treaty strength.

PROTEST AGAINST THE APPOINTMENT OF FORMER SECRETARY OF STATE STIMSON AS A DELEGATE TO THE FORTHCOMING WORLD MONETARY AND ECONOMIC CONFERENCE AS AN AFFRONT TO THE REPUBLICANS OF THE COUNTRY

Mr. TINKHAM. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by having published a statement which I released to the press this morning in relation to Henry L. Stimson.

Mr. CLARKE of New York. Is it an article written by the gentleman?

Mr. TINKHAM. It is.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. TINKHAM. Mr. Speaker, during the last several weeks the press has indicated, apparently with some official sanction, that Henry L. Stimson, former Secretary of State, may be appointed by the present administration as one of the delegates to the World Monetary and Economic Conference soon to be held in London.

Mr. Stimson is an extreme internationalist and is opposed to all American traditional policies in foreign affairs. This may recommend him to the present administration. His appointment as a delegate to the World Monetary and Economic Conference, however, would be an affront to the Republicans of this country.

Mr. Stimson has never represented the views of the Republicans in relation to foreign affairs. The Republicans have always stood and stand today against the participation or interference of the United States in the political affairs of other countries, particularly of Europe, and the maintenance of strict American neutrality.

During Mr. Stimson's administration of the Department of State American interests were subordinated to European interests and American foreign policies were dominated by the British Foreign Office.

The objectives of the British Foreign Office and of European interests have been to bring about the abolition of American neutrality, the reduction of American naval strength, and the involvement of the United States in the political affairs of other countries. Mr. Stimson has served all these objectives.

In 1930 Mr. Stimson negotiated a naval treaty which made the strength of the American Navy contingent upon the strength of the British Navy in order that Great Britain might control the Mediterranean, thereby advancing British navalism and Britain's control of the seas.

During the Naval Conference of 1930 Mr. Stimson led in the surrender to British demands for a reduction in the number of American 8-inch-gun cruisers.

During this conference Mr. Stimson attempted to entangle the United States in the political affairs and in the conflicts of Europe by advocating a consultative pact, which was bitterly denounced, even by Mr. Hoover. Notwithstanding, Mr. Stimson later forced a plank in the Republican platform providing for a consultative pact, which plank provoked much hostility and alienated much support from the Republican Party.

While Secretary of State, Mr. Stimson converted a mere declaration of policy known as the "Kellogg-Briand Pact" into a doctrine dangerous to the peace of the United States, a doctrine never contemplated by those who signed the pact, one which threatens to entangle the United States in the political affairs of practically every country in the world. This doctrine was declared in connection with the Sino-Japanese situation, in which the League of Nations was taking action under its covenant. Mr. Stimson announced that the United States did not intend to recognize "any situation, treaty, or agreement" brought about by means contrary to the obligations of that pact. Such action was highly provocative and hostile to Japan, with whom the United States should remain at peace.

The League of Nations and Great Britain immediately hailed this declaration as an abandonment by the United States of its policy of neutrality and as the adoption by the United States of the policy of the League and Great Britain to maintain peace by coercion and force, by sanctions, boycotts, embargoes, and war.

In order that this declaration might be enforced against Japan, just before leaving office Mr. Stimson called upon Congress to give the President unlimited authority to impose an embargo on the exportation of arms and munitions of war to any nation or nations which the President might select. Such authority was not granted to the President during the last Congress. When this proposal was resubmitted recently to Congress by the present administration, only too ready to adopt the extreme internationalism of Mr. Stimson, the proposal was unanimously denounced by the entire Republican membership of the House Committee on Foreign Affairs and later on the floor of the House by the Republican leaders, supported by practically the entire Republican membership of the House, chiefly on the ground that its exercise would violate our neutrality and would be in international law a cause of war.

There is nothing that the present administration could do to disaffect in a greater degree the support of the Republican membership of Congress from the conclusions and recommendations arrived at by the World Monetary and Economic Conference than to appoint Mr. Stimson as one of its delegates.

THE SALES TAX

Mr. SWEENEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. SWEENEY. Mr. Speaker, under the leave to extend my remarks in the RECORD I ask unanimous consent to include a radio address delivered by me over station WJAY at Cleveland, Ohio, Sunday, May 7, 1933, on the proposed sales tax for the State of Ohio. There being no objection, the address was ordered to be printed in the RECORD, as follows:

Tonight, at 9:45 o'clock, the Chief Executive of this Nation will report to you and to the entire country the progress being made by the Federal Government to bring back prosperity to our Republic and its people. For 60 days the President and the Congress have labored at this task.

The Ohio congressional delegation in the House of Representatives, of which I am a Member, has in every instance and unanimously backed President Roosevelt in every measure designed to increase the buying power in our country, to stimulate trade and commerce in the Nation, and to set the heels of industry in motion once more.

Instead of backing President Roosevelt here in Ohio and synchronizing with the national program, the Governor of this State is proposing to the legislature the enactment of a sales tax which will slow up commerce and levy such a tremendous tribute upon it that the work that President Roosevelt and the Congress have done so far will be greatly hampered in Ohio. It is to prevent such a frustration of the national program by adoption of the proposed sales tax that I returned from Washington this week end to make this appeal to you.

A sales tax or a consumers tax, or any other tax of a similar nature, is the most vicious and drastic form of taxation that can be adopted by a governmental agency to raise revenue. It is the creation of selfish, vested, special interest minority groups devised for the purpose of shifting a just share of taxation from their shoulders to the shoulders of the unorganized mass majority.

The coupon sales tax proposed by Governor White, and now being drafted by a special taxation committee of the Ohio Legislature, is the result of the tremendous pressure applied to the Governor by the special interests lobbies now operating in Columbus.

Never in the history of this State has there been assembled such a tremendous lobby of special privilege seeking to influence the course of legislation as there is assembled in Columbus, our State capitol, today. This group of subservient manipulators has banded together to load upon each and every one of you, farmer and city dweller alike, the burden of taxation that should be upon the shoulders of their masters.

Just consider for a moment the groups that have made common cause against you and have coerced our Governor into adopting their program.

First, and most active, are the highway contractors, road-material men, and their allied industries who wax fat on public contracts to build new roads.

Then comes the lobby of the school supply and textbook companies seeking to maintain a highly extravagant school program, not for the benefit of the children but to create a market for their expensive products.

Following them are the gasoline and oil interests, who are fighting further taxes, and hope to gain a reduction in the tax now on their product, which necessarily is paid by the consumer.

And then trailing along behind these are various lobbies of groups who fear the imposition of nuisance taxes on their products.

And allied with these groups are the lobbies of still other groups who have been cajoled and coaxed into the movement by the specious promises made by the other special groups that the sales-tax program will reduce the tax burdens likely to or now resting upon them.

But behind this group, manipulating and maneuvering with Machiavellian cunning is the well-seasoned, long-experienced, diabolical public-utilities lobby, that remains in the background and hides its grasping fingers in a glove that it has fashioned out of the self-interest of the other groups. The utilities lobby knows that during this entire depression, when the price of every other commodity and service has been substantially cut, their companies have selfishly and ruthlessly maintained their rates, and have even, in some instances, had the audacity to ask for increase in those rates.

The American Telephone & Telegraph Co. has maintained its outrageous dividend rate of 9 percent. The dividend rate of other public utilities has been maintained at a high level and their stockholders have waxed fat upon the misery of the rest of the Nation. They know that social justice demands that a substantial part of their income should be diverted from their coffers to the Public Treasury. But being imbued with the greed and selfishness that marks the ultraconservative capitalist, they exercise their machinations at the State's capitol to load upon the backs of the consumers of this State practically the entire burden of the government and seek to raise by this sales tax almost one half of the revenue to be raised in this State.

The proposed bill has a snare in it. The snare is the coupon feature that has aroused so much furor.

The coupon feature has been added to the measure solely and alone for the purpose of centering the indignation and righteous wrath of the masses against that feature of the proposed sales-tax bill. Then if that storm of protest that is now rising from every corner of this State becomes so overwhelming that it cannot be withstood, these special interests intend to simulate a surrender by eliminating the coupon feature from it.

But remember this and never forget it: The elimination of the coupon still leaves what each and every special interest wants—a consumers' tax, whereby each and every person who spends a single solitary 5-cent piece pays a portion of that consumers' tax and relieves the special interests and minority groups of that much of their just share of the burden.

The supposed exemption of farm products and staple foodstuffs from the schedule is a mere sham and pretense. The sacks in which the wheat is transported from the farm to the mill and the flour from the mill to the consumer are taxed. The boxes and crates in which such products are conveyed to market are taxed. The cans that contain the food product are taxed; even the labels that embellish the cans are taxed. Every bit of clothing that is purchased; every lead pencil that every school child buys; every necessity other than the small group of foodstuffs is taxed.

The tremendous sum of $40,000,000 is sought to be levied upon commerce of this State.

Before the Governor of this State surrendered to the special-interest groups that infest the capitol like prowling creatures of prey, I addressed a letter to the Governor indicating the social justice of imposing a tax increase upon public utilities of this State which would raise a $45,000,000 fund—more than equal to the amount the Governor thinks he can raise from the sales tax.

This can be very conveniently and simply done by amending section 4 of amended senate bill No. 4, passed by the general assembly on March 21 of last year and approved by the Governor on April 5 of last year, so that the tax imposed by that measure be increased from 1 percent, as is now provided by that act, to 10 percent, and to add to the act a provision that the right of public utilities to file schedules increasing their rates with the public utilities commission be suspended during the period the act is in force.

Under the 1-percent provision of the present act the State received last year 4½ million dollars from the public utilities. An increase of this tax to 10 percent will produce 10 times that revenue or $45,000,000.

The public utilities of this State, persisting in their oppressive demands that their inflation-period rates be maintained, can well afford to pay this tax and not shift it to the backs of their employees by cutting their employees' wages. In many instances in order to increase their profits they have already unwarrantedly cut the wages of their employees or dismissed them from service entirely.

The one thing that keeps public utilities in the almost invincible position they enjoy in Ohio today is the public utility law of this State which gives three men in Columbus, Ohio, known as the "utility commission", the right to fix utility rates; and it has so burdened these three men with such an innumerable number of rate controversies that those rate controversies remain for year after year and almost decades without determination, while the public utility continues to charge its exorbitant prices.

The time is coming now when the public utilities act, insofar as fixing rates for municipalities is concerned, will be repealed by a justly outraged citizenry of the State and the powers to fix the utility rates in the cities and villages of this State will be torn out of the hands of the triumvirate in Columbus and returned to the people of the municipalities which the utility serves. Then if a dispute arises between a municipality and the utility as to a proper charge or rate, these matters will be determined by the court of common pleas of the county in which the municipality is situated. There the litigation can be speedily tried and speedily determined, and the burden of showing the unreasonableness of the rate will rest upon the utility rather than upon the municipality.

And now just a few words on the fundamentals of this form of taxation.

Neither of the major political parties have ever endorsed a sales tax. On the contrary, the Democratic Party, in its convention platform of 1924 declared against the sales tax, using the following language: "We oppose the so-called "nuisance taxes", sales taxes, and all other forms of taxation that unfairly shift to the consumer the burden of taxation."

In the Seventy-second Congress of the United States the general manufacturers' sales tax went down to defeat by a vote of 236 to 168. I was in that fight and voted against the measure. The same lobby that now holds forth at Columbus urging a sales tax there, was in evidence at Washington last year. So bitter was the sentiment against this form of taxation in the Senate of the United States that 55 United States Senators signed a round robin declaring their opposition to the sales tax. President Franklin D. Roosevelt has more than once opposed the sales tax and expressed his contempt for this vicious means of raising revenue, by taxing consumption.

In a letter to Senator ROBERT LA FOLLETTE, dated May 26, 1932, William R. Green, president of the American Federation of Labor, registered in behalf of that group of organized workers of the Nation, whom he represents, his protest against the sales tax in the following language: "Labor is opposed to the sales tax because it is wrong in principle. It tends to impose the burden of taxation on those least able to pay and enables the richest of our citizens to escape their just share of taxation." I might say in passing that the Cleveland Federation of Labor and the Ohio Federation of Labor are on record in opposition to this form of taxation.

During the debate in Congress on the sales tax this startling information was presented:

Thirteen percent of the people of the United States own 90 percent of the total wealth of the country. If this class was taxed according to ability to pay, the 13 percent of the people should pay 90 percent of the taxes. Under the operation of the proposed sales tax the reverse would be the case, for, basing the tax exclusively on consumption, as a sales tax would do, 87 percent of the people would bear the burden of this tax while owning only 10 percent of the wealth of the Nation.

Once you saddle a sales tax on the backs of the people of Ohio, you will never get rid of it. The big interests will see to that.

The great army of consumers are not organized; hence, the reason for this and other appeals that are being made by newspapers and civic groups in Ohio at the present time. The depression and destruction of our banking systems have aroused the people from their state of apathy. It took men like the Rev. Charles E. Coughlin and others to turn the spotlight upon the crooked international bankers and create a sentiment of protest that caused the Congress of the United States to enact legislation permitting this country to go off the gold standard and place the power of inflation of the currency in the hands of the President of the United States.

Let me tell you that in response to Father Coughlin's appeal to write to your Congressman, I received over 10,000 letters from my constituents, advocating a revaluation of the gold ounce. The people who take time to write a letter on a subject of this kind are taking an interest in the affairs of their Government, and that to me is a very healthy sign.

Do you think that this tax should be collected by your paying a tax on every pair of shoes you buy, every shirt you wear, every article you purchase, or should the East Ohio Gas Co., the Ohio Bell Telephone Co., the Cleveland Electric Illuminating Co., the only companies which have not been compelled to lower their prices, be required to disgorge some of the unconscionable profits that have swelled their coffers and are still causing their bank accounts to bulge over all others?

The injustice of the sales tax is so apparent and flagrant that the persistence of the Governor in contending for it and endeavoring to force it into law will do more to create communists in the State of Ohio than any other single act that can be conceived.

It is time that the unorganized majority in this State express themselves. Write to the Governor. Get a penny post card if you cannot afford more and write a single line on it, "Ohio wants no sales tax", and sign your name and address to it. If your newspapers publish a coupon on the subject sign it and send it to them. They will see that the Governor gets it. Every listener can afford 1 cent for a post card and he can get his neighbor to spend a penny for one. If everyone of you voice your protest in that form there will be such a blizzard of post cards whirl into Columbus that the sales tax will be buried so deeply that it can never be dug out by all the special interests in the State. Simply address your post card to Gov. George White, Statehouse, Columbus, Ohio. Send in your protest at once and save Ohio from the curse of a sales tax.

MINUTES AND RESOLUTIONS, CONTINENTAL CONGRESS FOR ECONOMIC RECONSTRUCTION, WASHINGTON, D.C., MAY 6–7, 1933

Mr. LUNDEEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, and include the minutes and resolutions of the Continental Congress held in Washington, D.C., May 6–7.

There was no objection.

Mr. LUNDEEN. Mr. Speaker, ladies and gentlemen of the House, under leave to extend my remarks I wish to congratulate the delegates of the continental congress, and I also wish to express my appreciation for their interest in public affairs and the welfare of the country at large.

Many of these delegates came here at great self-sacrifice. Their ambition to serve their countrymen well outweighed any personal considerations. Men and women, more than 4,000, assembled in a great congress in the Washington Auditorium on Saturday and Sunday, May 6 and 7, in response to a call signed by 250 leading representatives of labor organizations, farm groups, cooperative societies, educational, youth and peace bodies, and the Socialist Party—a continental congress on economic reconstruction—meeting for the purpose of uniting the progressive forces of our country on a comprehensive program that would bring about not only economic recovery but economic reconstruction.

These delegates in attendance, represented between 2,000,000 and 3,000,000 organized farmers and industrial workers—labor organizations identified with the American Federation of Labor, farmers representing the more militant sections of the farm population, representatives of several hundred unemployed leagues, cooperative societies and student bodies, peace groups, labor, fraternal, and socialist clubs from 46 States. The delegates of these and other organizations participated in the deliberations, served on committees on which they were selected, and after 2 days of deliberation reached an agreement on all major questions that came before them, and also set up a national committee to continue the work of unifying and mobilizing the workers and farmers of our Nation.

Once before in our national history a Continental Congress started the machinery that culminated in making us a politically independent Nation. The purpose of the continental congress of 1933 was to provide a program that will insure economic independence, without which political independence is not likely to be of much moment.

A series of reports and a declaration of independence were adopted during these sessions. Because they present a program radically different from the one which is receiving the consideration of the two major parties, I wish to call the country's attention to these reports and declarations.

Here is a report submitted by the committee on public ownership:

The suffering and agony of the last 3 years in the United States proves conclusively that our present economic order has broken down. It is imperative that a new economic order be established which will eliminate the planlessness, the waste, the exploitation, the inequalities of income, the dictatorship of finance, and the wars and imperialism of the present capitalist order, and will assure to every human being in the country a standard of living and happiness far higher than has ever yet been realized.

Industrial workers and agriculturalists alike suffer from the same fundamental evil. In order to deliver both groups from the greed of corporate owners we demand the public ownership and operation of all the means of public transportation and communication, of all public utilities, of all natural resources, and of all basic industries.

These publicly owned industries should be operated by boards of administration on which the workers, the consumers, and the technicians are adequately represented. Each industry must recognize the principles of collective bargaining and civil service.

I am greatly interested in a report of the committee on unemployment and economic insecurity—

About 17,000,000 American workers are jobless. Half of the Nation's industrial machinery is silent. Farmers are bankrupt. For more than 3 years economic paralysis has crept unceasingly from factory to factory until today stagnation, uncertainty, and insecurity are universal.

In the face of this colossal disaster, for which the workers are in no way responsible, public relief has been so meager and halting that multitudes of children go hungry while desperate parents are driven to suicide. In a land whose warehouses are bursting with food, misery and starvation stalk through the streets.

The capitalists and their political representatives have fully demonstrated that they have no remedy for this desperate state of affairs. In the past the Nation emerged from depressions because new lands were opened up in the West, new industries were developed, and new world markets conquered. The West is now settled, American industry is overdeveloped, and there is little chance to win new world markets. The only way out this time is a fundamental reorganization of our economic system so that production will be carried on, under the control of the workers, for use instead of for private profit. On the road to this new social order we propose the following concrete measure to meet the immediate needs of the workers and farmers:

First, we demand an immediate initial Federal appropriation of $3,000,000,000 for direct unemployment relief, to be distributed in cash without humiliating red tape so as to provide amply for all necessities of life to those who are in need, including sufficient allowance to prevent evictions. Heretofore relief has been grossly inadequate as evidenced by the fact that only one third of the unemployed have received assistance while those getting help generally average less than $20 a month for an entire family. The $500,000,000 Federal relief appropriation now before Congress will not substantially increase the pitifully inadequate allowance provided by the Hoover administration. The failure of the Roosevelt administration at this critical time is all the more glaring because of the increasing inability of local governments to carry the relief load. As part of a general unemployment-relief program, we demand the immediate payment of the bonus to all veterans who are unemployed or facing difficulties on the farm.

Secondly, we demand national and State legislation establishing the 5-day week and the 6-hour day, without a reduction in wages. The march of the machines has displaced millions of workers from industry who can never regain their jobs unless the work week is permanently shortened. We condemn, however, all "share-the-work" proposals of the employers which are designed to shift the burden of unemployment relief to the workers who still have jobs.

Third, we demand a $6,000,000,000 appropriation by the Federal Government for public works. Special emphasis in this program should be placed upon rehousing the 40,000,000 Americans now living in indecent, insanitary, and disease-breeding slums, the provision of electric facilities for one third of the American people dwelling principally in rural areas who do not today enjoy the benefits of electricity, and the building of modern schools and hospitals in those communities where they are needed. All public construction work shall be carried on under trade-union conditions and with the payment of trade-union wages. In this connection we condemn the present policy of employing 250,000 men in the Nation's forests at the meager wage of $1 a day, under a semimilitary system of administration and control. We demand that no relief committee shall have jurisdiction over any public-works project. A $6,000,000,000 expenditure annually on public works would bring construction back to 1928 levels and would reemploy a minimum of 8,000,000 men and women both directly and indirectly. Despite vicious propaganda to the contrary, public works in the United States have not been tried, as evidenced by the fact that public construction in 1933 will be only one half and private construction barely one seventh of what it was in 1928.

Fourth, we demand a complete system of Government insurance to provide for unemployment, sickness, accidents, maternity, and old age. Even in the best of times millions of workers go without jobs while illnesses and accidents deprive others of their livelihood and old age cuts off the earnings of hundreds of thousands of men and women. Experience over all the world has demonstrated that a system of compulsory social insurance is the only bulwark under the present system against these risks of modern economic life for the workers.

Fifth, we demand legislation which will take all children under 16 years of age out of industry and put them in school. Hundreds of thousands of children at the present time are holding jobs which should be filled by adult workers.

Sixth, we demand national emergency legislation reducing the interest and principal on working class home mortgages in proportion to the decreased ability of the people to pay and that a moratorium on foreclosures for unemployed and part-time working class home owners be declared. The President's proposal for refinancing home mortgages will provide a very meager relief for only 10 percent of the home owners in the United States. The chief beneficiaries will be the mortgage companies because under the administration's program the Government will hold the bag for the bad mortgages while the great bulk of hard-working home owners who have denied themselves and their families of life's necessities to meet their mortgage obligations will get no relief. Without these readjustments millions of workers in the United States will have their homes confiscated. Unless this legislation is promptly enacted or the necessary reductions agreed to by their creditors, we urge home owners to strike against the payment of interest and principal.

We call upon the workers and farmers assembled at this continental congress to wage a vigorous determined struggle for these measures.

We are all interested in this report of the committee on agriculture:

The working farmers of the United States, like the workers in industry and trade, are victims of the profit-making system of capitalism. Whether tenants or mortgaged owners, they are exploited for the benefit of landlords and bankers, of the transportation companies, of speculators and commission houses, and other capitalistic interests which stand between them and the consumers of their produce. In the present crisis millions of them are being brought to misery and despair.

American agriculture as now constituted faces a new menace in the giant farms, equipped with costly machinery and operated like factories, whose competition threatens more and more to drive the individual farmer to the wall. If the producers of the people's food are not to be reduced either to peonage or to wage slavery,

this technical revolution must be socially controlled so that its benefits shall go to the workers on the land and not to agricultural capitalists; and meanwhile the individual farmers must be protected from the sufferings which unbridled competition brings upon them.

The only hope for the farmers is in the intelligent use of their own organized power, on both the economic and the political field, and in harmonious cooperation with the workers in industry and trade similarly organized.

As the main features in a great program for farm relief and reconstruction, this continental congress urges the following demands:

1. We demand prompt and adequate relief for the men, women, and children still on the farms or already driven from the land, as well as for the unemployed wage workers, who through no fault of their own are today suffering for lack of food, clothing, and shelter; such relief not to carry with it the stigmas of so-called "charity", but to be given as a measure of social justice and decency, and to be economically and humanely administered through committees of farmers and industrial workers.

2. We demand that evictions, foreclosures, and forced sales on workers' homes and on farms worked by their occupants be stopped during the continuance of the depression.

3. We demand the reorganization of the system of taxation in the States, cities, and counties, so as to exempt homes and farms up to the amount of $5,000 assessed valuation, and so as to increase the revenue from graduated taxes on incomes and inheritances.

4. We demand the encouragement by suitable legislation, by educational service, and when needful by public credit of bona fide farmers for marketing produce and for buying farm supplies and other commodities and of cooperative purchasing societies among the urban consumers, eliminating the economic waste involved in the profit system of distribution and thereby benefiting both producers and consumers.

5. We demand the national ownership and operation under democratic control of services utilized by the farming population, such as electric power plants, railroads, warehouses and storage plants, packing houses, establishments for the manufacture of farm machinery, to the end that the farmers may get such services at cost, instead of providing profits for capitalists.

The interests of the two great producing and exploited elements of our population, the wage workers and the working farmers, if not identical at every point, are in any broad view interdependent. Injury to either one injures the other. The poverty of the farmers is driving vast numbers of men and women from the field to the factory to compete in an already over-crowded labor market; and at the same time it compels the farmers to limit their purchases of industrial products, thus increasing unemployment in industry. On the other hand, disemployment of wage workers and the lowering of wages of workers for those who still have jobs is cutting down the market for foodstuffs and other farm produce. The two elements must learn to work whole-heartedly together for their common interests.

The continental congress calls upon the workers on the land and the workers in trade and industry through their various organizations to concentrate all their forces at this critical moment in an irresistible drive for two immediate aims—for the stoppage of evictions and foreclosures and the liberation of the farmers from their killing burdens of interest-bearing debt, as set forth above; and

For the Nation-wide establishment of this 30-hour workweek in trade and industry, to the end that millions of the unemployed may be given jobs and that the workingman may be able, through organized effort, to increase his weekly wages and thus enable him to buy the goods which the farmers produce.

Wage earners, come to the farmers' aid; working farmers, help the wage earners in their struggle for a decent existence.

Let no one sow the seeds of discord between us. Divided, both of our classes go down to defeat. United, no power can resist our just demands.

The committee on organization and continuation submitted the following resolution as a partial report from the committee:

Whereas, in brutal disregard of the fundamental rights guaranteed by the Declaration of Independence, the Governor of Iowa has placed a portion of that State under martial law; and

Whereas, as a result of this flagrant abuse of authority, hundreds of farmers are at the present time being hounded by the military forces and are being denied the right of trial in civil courts; and, further,

Whereas the events which led up to this reign of terror can in no sense be blamed upon the farmers themselves but rather upon recent economic conditions,

Now, therefore, we, the workers and farmers of America in continental congress, assembled at Washington, May 6 and 7, 1933, do hereby

Resolve: 1. That, in view of the overwhelming emergency, this congress shall immediately set up a continuing committee of five, accountable to the national committee on correspondence and action, to cooperate with militant farmers now subjected to martial law by offering them legal and financial aid.

2. That this congress recommends support of the work of this committee to all of its constituent bodies.

3. That the continuing committee of five shall consist of David Feliz, Philadelphia; Carl Whitehead, Denver; Clarence Senior, Chicago; Joseph Schlossberg, New York; and Robert Miller, Underwood, Minn.

The following are a few of the resolutions presented by the committee on foreign relations and adopted

RECOGNITION OF THE SOVIET UNION

We demand immediate recognition by our Government of the Union of Socialist Soviet Republics. We warn the people of the United States against the continuous propaganda campaign being waged on the Soviet Government of Russia.

REPEAL DISCRIMINATORY IMMIGRATION ACTS

We demand immediate repeal of all legislation restricting immigration which is aimed to discriminate against particular races or nationalities.

The committee on civil liberties and race prejudice presented several resolutions

TOM MOONEY

Whereas Tom Mooney and Warren Billings have already served 17 years in prison on charges proven false; and

Whereas two Federal investigations have further proven their innocence: Be it

Resolved, That this continental congress demand the immediate and unconditional release of these victims of the miscarriage of justice imposed by the ruling class of California, and we demand the publication of the Wickersham Report; and be it further

Resolved, That this continental congress goes on record in affirming our faith in the innocence of Tom Mooney and Warren Billings, and that the following message be sent to Mooney and Billings:

"The continental congress on Economic Reconstruction reiterates a strong belief in your innocence and your loyalty to the workers of America, and will continue the struggle for your liberation and restoration of your civil rights."

SCOTTSBORO

Whereas eight Negro boys in Alabama face the death penalty for crimes of which all the evidence submitted has proven their unmistakable innocence; and further

Whereas the fourteenth and fifteenth amendments of the United States Constitution were flagrantly violated by the exclusion of Negroes from the jury before which these boys were tried: Be it

Resolved, That the continental congress demand that these eight boys be released, or if they are again tried that the jury include qualified members of the Negro race and be given those rights and privileges guaranteed by the United States Constitution.

NEGRO RIGHTS

Whereas the Negro worker is still especially the victim of untold injustice, social, political and economic, and after 70-odd years of so-called "freedom", Negroes are still being lynched and segregated, denied equal educational facilities, and in the South especially, they are being taxed and governed without the right to participate in government: Therefore be it

Resolved, That this congress places itself on record as demanding for the Negro complete equality of opportunity with all other citizens. We demand also the education and enfranchisement of the Negro in the South; the abolition of "Jimcrowism" and segregation in Federal departments at Washington, D.C., in schools and in all public conveyances under the supervision of the Interstate Commerce Commission; and the right of Negro citizens to sit upon juries. We demand also the enactment of a Federal anti-lynching bill.

This congress condemns any and all forms of discrimination practiced against Negro workers by units of the organized labor movement and we call upon all workers irrespective of creed or racial differences to unite on the basis of their economic interests to free themselves.

MINERS

Whereas the coal miners in Illinois, Indiana, Tennessee, Kentucky, West Virginia, and other States have in many cases been reduced to a state of slavery. Whereas, every known instrument of the ruling class has been used to destroy the rights of miners and maintain the power of the coal companies to exploit and enslave them. Therefore, the alliance of the State and the coal companies must be brought to an immediate end. We condemn the use of the State militia and the private police in the suppression of civil liberties, and we petition the people to fight for the abolition of these agencies which are used in the interests of the owning classes.

FASCISM

As the capitalist system lumbers onward to its final destruction the tendency on the part of the capitalist state is to turn its back upon democratic institutions. We note in this respect the appearance of fascism in every county where the workers are definitely reaching out for power. The dictatorship as seen in the coal and iron police, the postponement of elections in Indiana, the militarization of the reforestation camps, and martial law as declared by the Governor of Iowa tend toward a fascist dictatorship. Fascism is also evidenced in the manner of the distribution of unemployed-relief funds by various States, as—

1. The jailing of men in South Bend, Ind., who refused to work for a basket of groceries and who held out for cash payment instead.

2. The ultimatum delivered the unemployed of Greensboro, N.C., by the Governor's committee of relief that unless they ceased their agitation for an investigation of relief distribution, "no more relief would be forthcoming."

Here follows a report of the committee on taxation, money, and banking:

RESOLUTION ON TAXATION

Whereas the economic program of the Continental Congress will require large sums of money;

Whereas the rich of the United States have never been adequately taxed through progressive income and inheritance and gift taxation;

Whereas the United States by applying higher rates for such taxes would be able to raise several additional billion dollars in revenues, provided tax evasion by the rich is ended through more rigorous and honest administration coupled with legal changes abolishing tax-exempt securities and other devices such as deducting security losses from income;

Whereas all income over $25,000 a year shall be taken by the Government at a time when millions of Americans have no income at all: Therefore be it

Resolved, That the continental congress demands greatly increased income, inheritance, and gift taxation in the United States, and that in addition all income above $25,000 a year be recaptured by the Government; furthermore be it

Resolved, That the continental congress opposes all sales taxes, which places the burden upon the poor, as contrasted with our taxation program, which secures needed revenue from the wealthy; and be it further

Resolved, That we demand that under no circumstances shall any worker or working farmer be deprived of the right to the use of his necessary tools or the home which he occupies because of nonpayment of property taxes since the beginning of this depression, or as long as this depression shall last; and be it further

Resolved, That this continental congress endorse the principle of the capital levy on wealth.

RESOLUTION ON BANKING

Whereas the private banking system of the United States has failed in its fundamental functions of providing safety for the people's money and adequate credit for industry;

Whereas 9,000 banks have closed during the depression, with a loss of many billion dollars to depositors;

Whereas the big banks of the Nation have become dictators of industry, agriculture, and Government and have forced wage cuts and lay-offs as the price for credit; and

Whereas they have even dictated the amount of wages that our cities and States shall pay to their employees, the amount of relief for the unemployed, and whether or not farmers or workers shall have a place to sleep and grow food: Therefore be it

Resolved, That the continental congress demands that the Government take over all of the banks and operate them as a national banking system with separate divisions for savings accounts and commercial accounts, so that we can use the people's credit to control and socialize industry, commerce, and transportation, to finance farmers and small-home owners instead of stock-exchange gamblers and gamblers in commodities.

And whereas the safest bank in the United States has been the Postal Savings System, in which the people have implicit confidence as evidenced by the fact that Postal Savings deposits have increased more than 600 percent in the past 3 years: Therefore be it further

Resolved, That pending socialization of the banking system we favor legislation to empower the Postal Savings System to receive unlimited deposits and to provide a checking-account service and to invest its funds without limit in Government bonds.

RESOLUTION ON INFLATION

Whereas the first result of the inflation of money was to benefit middlemen, speculators, and gamblers in farm and other products and to reduce the purchasing power of wages; and

Whereas the only reason for inflating the currency should be to improve the standard of living of the producing masses;

We therefore demand that any scheme of inflation should start by inflating wages and the prices received by the farmers for farm products; and

We therefore condemn as unsound and unjust any attempts to inflate prices to the consumers first, while merely hoping that wages will go up afterward, and that the farmers will be able to get higher prices from the middlemen and the gamblers in farm commodities.

A RESOLUTION WAS PASSED FAVORING THE 30-HOUR WEEK AND A MINIMUM WAGE

The present depression is but one link in a long chain of panics, crises, and depressions which began at the beginning of this Republic. It is clear that such panics, crises, and depressions are no accidents, but are inherent in the economic system which is based on exploitation of man by man, wageworkers by the employers of labor. We therefore express our gratitude to this Congress for having declared itself in favor of the nationalization of industries. That alone will put an end to the industrial misrule which is responsible for low wages, child labor, and mass unemployment.

Among the measures vitally needed for the immediate relief of the many millions of unemployed and underemployed workers is legislation for the 30-hour working week and a minimum wage; the former in order to absorb as many as possible of the totally unemployed workers; the latter in order to set the limit for the arbitrariness of the employers in forcing down wage levels. The continental congress therefore goes on record as urging the United States Congress to promptly enact such legislation.

The continental congress hereby directs its chairman to communicate this demand for legislation to the President of the United States by telegram, letter, or in person; also to the Presiding Officers of the United States Senate and the House of Representatives.

The continental congress calls upon all affiliated bodies, as well as other labor and farmer organizations throughout the Nation, to urge the Representatives and Senators from the various districts and States, preferably by telegram, to vote for such legislation, and also to carry on vigorous propaganda until such legislation is obtained.

I wish to call especial attention to the declaration of independence adopted by the delegates:

Declaration of Independence

More than 150 years ago our forefathers proclaimed in the Declaration of Independence that the supreme function of government is to make secure for men their inalienable right to life, to liberty, and the pursuit of happiness.

Moreover, the fathers declared that "Whenever any form of government becomes destructive of these ends it is the right of the people to alter or abolish it and to institute a new government, laying its foundations on such principles and organizing its powers in such form as to them shall seem most likely to effect their safety and happiness."

Such are the two basic principles of human liberty and genuine Americanism laid down by the founders of this Republic.

It has now come to pass that there has grown up in this Nation a system of business, industry, and finance which has enthroned economic kings and financial barons over our lives vastly more powerful, more irresponsible, and more dangerous to human rights than the political kings whom the fathers overthrew in our American Revolution of 1776. These economic rulers now have such absolute control over the economic life of the people as to threaten the very foundation of this Republic.

Under this system of production for private profit these rulers have created conditions that are intolerable.

They have drawn billions in profit, rent, and interest; and they have slashed our wages and the prices of our farm products.

They have used the marvels of the machine age not to lift the burden of toil from our shoulders, but to speed us up beyond human endurance, and to throw us jobless upon the streets.

They have taken the products of our labor, and not paid us enough to buy back the goods we have produced.

They have wasted our natural, technical, and human resources, and led us into ever more tragic periods of industrial chaos.

They have mortgaged our farms, and then sold them from under us.

They have lived in mansions, and evicted us from our homes.

They have led us to trust in their banks, and then have stolen our savings.

They have invaded our civil liberties, and thrown our leaders into jail.

They have intrenched themselves in power by controlling the schools, the press, and the Government.

They have spent millions on bombs and battleships while we have gone cold and hungry.

They have forced us to bleed and die in defense of their loans and markets abroad and to kill our fellow workers in other countries.

They have done these things as part and parcel of a profit system which places the few in control of gigantic monopolies and puts profit above human life.

Since the first Declaration of Independence the American people have discovered and created the means for unheard-of wealth. Wide rivers have been tamed to provide electric power; huge mountains have been tunneled to give ore for the creation of new and marvelous machines; and the prairies have been made to yield rich crops. Man's power to produce wealth has been increased a hundredfold until now a life of security and abundance is possible for all.

But today the Nation starves in the midst of plenty. The gigantic machines stand idle; the crops lie in warehouses or rot in fields.

The system is collapsing before our very eyes. It is destroying itself with a destruction that threatens the historic gains of human rights and the achievements of human civilization. It is for us, workers and farmers of America, to build now a new economic system of justice and freedom. Only through our organized power can mankind be freed from the crushing and needless bonds of poverty and insecurity.

We, the representatives of workers' and farmers' organizations, in continental congress assembled, call upon all those who toil to organize to achieve one supreme aim, a new economic system based upon the principles of cooperation, public ownership, and democratic management, in which the planlessness, the waste, and the exploitation of our present order shall be eliminated and in which the natural resources and the basic industries of the country shall be planned and operated for the common good.

Farmers and workers of America, the wealth and knowledge of 150 years of achievement are at our command if we will organize for power. We shall not starve in the midst of plenty. We are the majority. Workers and farmers everywhere unite. Agitate, educate, organize. We have a world to win.

The Members of the Seventy-third Congress are not all in accord with these principles set forth. No congress or convention ever assembled that could satisfy us all. The progressives, laborers, and farmers of this Congress were in dead earnest. I had the pleasure to meet some 35 delegates from Minnesota who did me the honor to come to my office. They presented their views to seven Minnesota Congressmen there, in an all-morning session, and while there was some discussion and some disagreement, all went away refreshed in mind and inspired in spirit to fight a better fight for America and all her children.

The principles involved in these resolutions and the declaration of independence adopted by the continental congress of 1933 are in the main in keeping with the platform of the Farmer-Labor Party of Minnesota upon which I was elected to Congress. I cannot speak for my colleagues. They are able and distinguished gentlemen and can speak for themselves. They must chart their own course. As for myself, I will fight the good fight. I will keep the faith.

FEDERAL CONTROL OF INDUSTRY

Mr. COX. Mr. Speaker, I ask unanimous consent to address the House for 30 minutes on the proposal to federalize business, that has been before the House Committee on Labor for several days.

ORDER OF BUSINESS AND HOUR OF MEETING TOMORROW

Mr. WOODRUM. Mr. Speaker, reserving the right to object and I shall not, I wish to ask the gentleman from Tennessee a question on the order of procedure. As I understand, it is the purpose of the leadership to call up tomorrow the rule, if a rule is granted, on the farm bill conference report and on the Muscle Shoals bill. If this be true, the Appropriations Committee would hate very much to take up the independent offices appropriation bill and have other matters which will naturally consume considerable time, come right in the middle of the consideration of this bill. It is a very important piece of legislation in which the Membership of the House generally is interested. So I was hoping we might have an understanding that following these two rules tomorrow, if the rules are granted, we might proceed with the consideration of the independent offices bill.

Mr. BYRNS. I may say in addition to what the gentleman has stated that there is a conference report on the unemployment bill on the Speaker's table. I do not see the gentleman from Alabama present at the moment, but I think it is the purpose to call that up and have it disposed of.

Mr. SNELL. When is the gentleman going to call up that report?

Mr. BYRNS. If the gentleman is ready, I should like for him to have the opportunity to call it up at the conclusion of the remarks of the gentleman from Georgia [Mr. COX], and dispose of it today.

Mr. SNELL. And that will be all that will come before the House today?

Mr. BYRNS. If the request of the gentleman from Georgia is granted, and I hope it will be, I should think that would be all.

Mr. SNELL. There would be nothing else this afternoon?

Mr. BYRNS. But I hope the House will consent to meet at 11 o'clock tomorrow morning so we can get rid of some of these rules and get as far along as we can with the consideration of the appropriation bill, with a view to recessing over the week-end if something else does not intervene.

Mr. SNELL. As far as I am concerned, I would not want to raise any objection to meeting at any time the gentleman desires, provided it is absolutely necessary in the transaction of the business of the House; but if we have no business to keep us going all the time, I do not see any need of it.

Mr. BYRNS. I could not say to the gentleman it is absolutely necessary to meet at 11 o'clock.

Mr. SNELL. Whenever the gentleman thinks it is necessary, we will agree to it.

Mr. BYRNS. My only idea was that having all this business before us, there is a possibility we might conclude the business of the week in time to take an adjournment over Saturday. However, I do not want to be in the attitude of promising this now, because the railroad bill or something else may come in to prevent it.

Mr. SNELL. When we adjourn this afternoon, if the gentleman announces his program and shows what he wants to do, I do not believe there will be any special objection to meeting any time the gentleman desires.

Mr. BYRNS. Mr. Speaker, I now ask unanimous consent that when the House adjourns today, it adjourn to meet at 11 o'clock tomorrow.

The SPEAKER. The gentleman from Tennessee asks unanimous consent that when the House adjourns today, it adjourn to meet at 11 o'clock tomorrow. Is there objection?

There was no objection.

Mr. BYRNS. Mr. Speaker, I now ask unanimous consent that the Rules Committee may have until 12 o'clock tonight to file such reports as it may have ready.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. WOODRUM. Mr. Speaker, can it be understood, subject, of course, to emergencies, that following the special matters that may be ready for consideration tomorrow the Appropriations Committee may have the right of way to complete this bill?

Mr. BYRNS. I know of nothing to the contrary.

Mr. SNELL. And there will be nothing else, outside of the speech of the gentleman from Georgia, this afternoon.

Mr. BYRNS. Not unless this conference report is taken up.

Mr. SNELL. The gentleman from Alabama may want to call up the conference report today.

Mr. BYRNS. Yes.

FEDERAL CONTROL OF INDUSTRY

The SPEAKER. Is there objection to the request of the gentleman from Georgia [Mr. COX] to address the House for 30 minutes on the subject referred to?

There was no objection.

Mr. COX. Mr. Speaker, I asked for this time in order to discuss the proposed Federal wage, hour, and industry control legislation now pending before the House Committee on Labor. While there has never been a time when I approached the discussion of any question with greater confidence in the correctness of the position I take, I proceed in this instance with full knowledge of the fact that I am probably running counter to the trend of present-day thought as to what constitutes proper legislative treatment of our social and economic problems.

The pending measure, however, is so far reacting in its effect upon the lives of the people, and upon our entire system of government that I feel justified in giving warning of the dangers to both that I believe to be involved in our rushing upon the shoals which I see ahead.

The first section of the bill provides:

> That no article or commodity, except whole milk or cream, shall be shipped, transported, or delivered in interstate commerce which was produced or manufactured in any mine, quarry, mill, cannery, workshop, factory, or manufacturing establishment situated in the United States in which any worker (which term is hereby defined to exclude executive and managerial officials) was employed or permitted to work more than 30 hours in any one week or more than 6 hours in any one day, or was employed or permitted to work after he had been working there and elsewhere in such production or manufacture in the aggregate of 30 hours in any one week or more than 6 hours in any one day, except as hereafter provided.

The exception referred to is stated in the following language:

> A worker may be employed for not more than 40 hours in any one week or more than 8 hours in any one day for aggregate of more than 10 weeks in any one calendar year, if an extraordinary need in any plant or industry can only be met by utilizing a longer workday or workweek, and if the existence of such an extraordinary need has been determined and permission to utilize a longer workday or workweek has been granted by an hours-of-work board established as hereinafter provided.

Section 2 sets up machinery for carrying out the provision of the act and provides that the Secretary at his discretion

shall have authority to appoint an hours-of-work board or boards for designated enterprises or industries which such board shall have authority to determine the need and to permit the utilization of a longer workday as provided in clause (a) of the first section of the act.

Section 3 contains the most astounding proposal for the delegation of unlimited power to an individual ever heard of in the history of any free government, and is as follows:

SEC. 3. If it shall be found by the Secretary of Labor after due investigation that the operation of any plant or plants or enterprise of the character described in section 1 of this act is disturbing and preventing a fair balance of production or unfair competition in interstate commerce by reason of excessively long periods of operation, and thereby causing extraordinary hardship to other plants or enterprises in said industry with consequent substantial injury to the general welfare, then and in that event the Secretary of Labor, upon publication of such a finding, shall be authorized to specify a limitation that should be imposed upon the total hours of operation of said plant or plants or enterprises so as to bring about a more equitable adjustment of production within said industry; and if, after due notice of such specified limitation has been served upon those affected, further operations are carried on contrary to and in excess of the specified limitation, no articles or commodities produced or manufactured in said operations shall be shipped, transported, or delivered in interstate commerce.

Section 4 is likewise an astounding and revolutionary proposal and extends the power of control beyond the point fixed by the first section of the bill and embraces all goods held for shipment in interstate or foreign commerce wherever produced or manufactured, and is as follows:

SEC. 4. The Secretary of Labor shall have full power and authority to investigate and to ascertain the wages and hours of work of workers employed in any mine, quarry, mill, cannery, workshop, factory, or manufacturing establishment, or any other place in which goods are produced, manufactured, or held for shipment in interstate or foreign commerce, and if the Secretary shall ascertain and publish a finding that because of the limitation of hours of work herein or otherwise provided, or for any other reason, a substantial number of the workers in any occupation in any such enterprise are not receiving a wage fairly and reasonably commensurate with the value of the services rendered or sufficient for the maintenance of a reasonable standard of living, the Secretary shall be authorized, and it shall be his duty, to appoint a wage board to determine and to recommend minimum fair wage rates for such workers. Such a wage board shall be composed of an equal number of representatives of (1) the employers and (2) the employees respectively interested and (3) the disinterested public.

Section 5 empowers a wage board to summon witnesses to administer oaths and compel the production of evidence.

Section 6 makes provision for the making of recommendations by a wage board as to minimum fair wage rates, and empowers the Secretary of Labor to publish such recommendations as a directory order establishing minimum fair wage rates for the workers in the occupation covered by such recommendations.

Section 7 provides that the Secretary of Labor upon finding that employers are not observing the requirements of a directory order issued under section 6 of the act, and shall find that such nonobservance constitutes unfair competition with other employers who are observing such directory order, and that such employers by such nonobservance are nullifying the purpose and intention of Congress to prevent unfair competition in interstate commerce, to relieve unemployment and destitution and to protect and promote the general welfare, shall be authorized to give notice of his intention to make such directory order a mandatory order, in which order the names of noncomplying employers may be published. Immunity from liability from suit for damages is provided for.

Section 8 makes final the determination of all questions of fact as may be made by the Secretary of Labor but does make subject to judicial review all findings on questions of law.

Section 9 gives to the Secretary of Labor or to anyone authorized to act for him, broad inquisitorial powers—the power to enter and inspect any place at any time where goods are produced or held for interstate or foreign commerce, to examine any and all books, records, pay rolls, to require the posting of the hours of work, and the keeping of such time, wage, and other records as may, in his judgment, be necessary, and section 9 (c) empowers the Secretary to require all persons engaged in the production or manufacture of all articles or commodities described in section 1 of the act to certify to their compliance with the requirement of the act as a condition precedent to making such articles or commodities eligible for shipment in interstate or foreign commerce.

Section 10 provides for the imposing of penalty upon any person not complying with the act.

Mr. CARTER of California. Will the gentleman yield?

Mr. COX. I will yield to the gentleman.

Mr. CARTER of California. Is the gentleman a member of the Labor Committee?

Mr. COX. No; I am not.

Mr. CARTER of California. Are the sections to which the gentleman refers sections which have been prepared by the Labor Committee and the bill introduced?

Mr. COX. No; this is the proposal that the Labor Committee had before it upon which testimony was taken. I do not know what action the Labor Committee has taken or what action it proposes to take. I happen to know that the measure is before the Labor Committee, but I do not know what the committee will bring in in the way of legislation.

Mr. CARTER of California. Does the gentleman know whose proposal this was?

Mr. COX. I do not; except that the Secretary of Labor testified upon proposals embodied in the bill.

This measure has a threefold purpose—the control of production, the federalization of all business, and the fixing of wages, and as a means of accomplishing this purpose the commerce powers of the Constitution are invoked.

The Black bill that recently passed the Senate is virtually the same as the first section of this bill, and when Mr. Green, president of the American Federation of Labor, who is a profound student of our economic, industrial, and social problems and a gentleman of great charm and culture, was testifying before the Senate Committee on the Judiciary in January on the Black bill, he said:

The purpose of this proposed law is not to regulate interstate traffic. It is purely to limit the hours of labor.

If this view be accepted generally, and it is, then we start out with the admission that Congress is invited to do something which it has not the power to do; that is, limit the hours of labor, which is in no wise connected with traffic, and to do this under its power to regulate traffic.

The proposal brings up anew the question as to whether the Federal Government has general police powers over all matters both of a general and local nature that may be in the remotest degree related to interstate commerce. In recognition of the fact that this is not in law an open question, the distressful condition of business and the social ills of the people are set forth as constituting an emergency and therefore justification for the doing of an illegal thing in order to bring about, in part, a desirable result.

Congress is here urged to decree that constitutional government is incapable of serving the needs of the people and that our dual system is a failure. If it were within the power of Congress to adopt this measure and it should be sustained by the courts then that well-balanced division of powers between the States and the United States would be completely destroyed. All State sovereignty would have been swallowed up by the Federal power, and local self-government would be a thing of the past.

It has been through the strained construction of the commerce clause of the Constitution that the Federal Government has gone farthest in incroaching upon the reserved powers of the States, but the bar to this further advance is such as not to be passed at a cost of less than the destruction of the States.

Article 1, section 8, clause 3 of the Constitution is as follows:

The Congress shall have power—to regulate commerce with foreign nations and among the several States, and with the Indian tribes.

The tenth amendment to the Constitution reads:

> The powers not delegated to the United States by the Constitution, nor prohibited by the States, are reserved to the States respectively, or to the people.

It is well to keep in mind those two provisions of the Constitution for both have a direct bearing upon the questions raised.

Commerce within the Federal Constitution and as applies to the questions we are discussing has been judicially defined as traffic and intercourse, embracing all commercial intercourse between the States, and all component parts of such intercourse.

That production and manufacture constitute no part of commerce has been held by all the courts in a long and unbroken line of decisions and admits of no doubt.

The production of sugar beets and the manufacture of sugar, the mining of coal, and the manufacture of cloth, all intended for interstate shipment, have been held to be no part of interstate commerce and therefore not subject to the control of Congress.

In the case of *United Mine Workers* v. *Coronado Coal Co.* (259 U.S. 344) the court held: Coal mining is not interstate commerce, and the power of Congress does not extend to its regulation as such.

And again, in *Oliver Iron Mining Co.* v. *Lord* (262 U.S. 172): Mining is not interstate commerce, but, like manufacturing, is a local business, subject to local regulation and taxation * * *. Its character in that regard is intrinsic, is not affected by the intended use or disposal of the product, is not controlled by contractual engagements, and persists even though the business be conducted in close connection with interstate commerce.

Mr. WOODRUFF. Will the gentleman yield?

Mr. COX. I will yield.

Mr. WOODRUFF. It would be interesting to know whether or not the court, in passing upon the question which the gentleman has quoted, rendered a unanimous decision or were divided.

Mr. COX. In some of the cases I have quoted the opinions were unanimous. I will discuss where the court divided on the question of authority for the action which it is urged that Congress should take.

Mr. GLOVER. Will the gentleman yield?

Mr. COX. I yield.

Mr. GLOVER. I have many protests coming to me from various States. They say that if this bill is passed, a farmer having a bale of cotton, where he employed laborers more than 30 hours, that that bale of cotton could not be shipped in interstate commerce.

The measure as drawn and upon which testimony was taken would operate in just such a case as the gentleman has stated, provided there was a holding for shipment involved.

Mr. RAMSPECK. Oh, I do not think the gentleman wants to misstate the purpose of the bill. It could not affect the cotton gin, because the cotton gin does not produce anything.

Mr. COX. The cotton gin processes the cotton. Here is where the bill is broadened in section 4 to include "any other place in which goods are produced, manufactured, or held for shipment in interstate commerce." It is this language of the bill that might be under certain conditions made to apply to the case stated by the gentleman from Arkansas.

In *Anderson* v. *Ship Owners' Association* (273 U.S. 359) the Court said:

> Neither the making of goods nor the mining of coal is commerce, and the fact that the things produced are afterward shipped or used in interstate commerce does not make their production a part of it.

In the case of *Champlin Refining Co.* v. *Corporation Commission* (286 U.S. 235) the effort was made to enjoin the Oklahoma Corporation Commission from putting into effect an order to prorate the production of oil in the State on the ground that it interfered with commerce, and deciding the case, the Court said:

> Plaintiff contends that the act and proration order operate to burden interstate commerce in crude oil and its products in violation of the commerce clause. It is clear that the regulation prescribed and authorized by the act and the proration established by the commission apply only to production and not to sales or transportation of crude oil or its products. Such production is essentially a mining operation, and therefore is not a part of interstate commerce, even though the product obtained is intended to be and in fact is immediately shipped in such commerce.

A thing is not a part of interstate commerce because of its being made for shipment across State lines. It only becomes a part of commerce when introduced into transportation.

A case in point is that of *Delaware, Lackawanna & Western Railroad Co.* v. *Yurkonns* (278 U.S. 439), where a workman was injured in the shifting of a coal car which was being received for shipment out of the State. The Court held that the workman was a miner engaged in the preparation of this coal for shipment, that he was not engaged in interstate commerce, that the State laws attached, and could not be defeated by the contention that the man was engaged in interstate commerce because he was fixing the coal on that car.

What is here proposed is to extend the Federal power of control over any article or thing entering or intended to enter interstate commerce back to the beginning of its origin, and if to its origin then ultimately to its final consumption. This means that the Government steps in and takes control with the dumping of the first bucket of coal in the furnace of the miller or cotton spinner and it attaches until the product, if food, is in the stomachs of the consumers, or, if cloth, is upon the backs of the people.

To limit the application of the principle in first instance to mine, quarry, mill, cannery, workshop, factory, or manufacturing establishment is not sufficient. It, of course, means that it shall be broadened to include every form of human endeavor. The growers of wheat, cotton, corn, potatoes, or anything else will fall under this despotic power of government that comes down from Washington the minute he sticks his plow into the ground. The hog raiser, the sheep and cattle grower, hand over to Washington the management of their business with the first feeding of their stock. The farm woman with her back-porch cannery becomes subject to the control of the law the minute she permits the house boy to work more than 6 hours per day or 5 days per week.

The advocates of this measure contend that it is within the power of Congress to do these things and that it is a proper and necessary exercise of such power. They base their contention upon the minority opinion of the Court in the case of *Hammer* v. *Dagenhart* (247 U.S. 277), decided January 3, 1918. The Court was here testing the constitutional validity of the act of Congress adopted September 1, 1916, which prohibited the shipment or delivery for shipment in interstate or foreign commerce of any article or commodity the product of any mill, mine, quarry, cannery, workshop, factory, or manufacturing establishment in which, within 30 days prior to the removal of such product, children under the age of 14 years had been employed or permitted to work, or children between the ages of 14 years and 16 years had been employed or permitted to work more than 8 hours in any one day.

The effort of Congress was to extend its power under the commerce clause to the point of preventing interstate traffic in articles or things produced or manufactured by anyone employing children under certain ages, and the purpose was to prevent child labor.

Mr. Justice Holmes, delivering the minority opinion in this case, in which Mr. Justice McKenna, Mr. Justice Brandeis, and Mr. Justice Clarke concurred, starts out with the broad proposition that the power to regulate includes the power to prohibit; but I respectfully submit that upon the authority of numerous decisions of the Court, including the majority opinion of the Court in this case, and as applied to commerce as a whole, this is not good law. The right to prohibit does apply in the sense that it may be used to protect and prevent commerce from being made an instrument of evil. The power of Congress to regulate foreign

commerce is not the same as its power to regulate commerce between the States. The distinction lies in the extent of that power growing out of the difference in the relation of the United States to the two kinds of commerce, and the difference in the right of the citizen and the foreigner to engage therein. As to foreign commerce, complete sovereignty is in the General Government, whereas, as relates to interstate commerce, it exercises only that portion of sovereignty as is specially delegated. The citizen has a right, while the foreigner enjoys a privilege.

The famous *Lottery case* (*Champion* v. *Ames*, 188 U.S. 321), cited by Mr. Justice Holmes as affording an instance where the court upheld an act of Congress shutting out of commerce altogether lottery tickets, purely harmless within themselves, had certain characteristics that gave them an exception to the general rule.

The court divided in this case, yet in upholding the act the court based its finding upon the inherent quality of illegality in the lottery tickets themselves. The same thing applies in every other instance where the right to regulate has been construed to include the right to prohibit.

While this minority decision concedes that the States may regulate their internal affairs and their domestic commerce as they like, yet it asserts that when they seek to send their products across the State line, they are no longer within their rights. But is this true? While the States cannot impress their will upon interstate commerce, they have the right to the use of its instrumentalities, subject to regulatory conditions that attach after the article has entered commerce, and not before. If their rights to traffic in State products were limited to the exercise of their police powers, the management and control of only that part of production and manufacture that is consumed domestically, then but little power would be left to them, for each State, by the nature of its location, soil, climate, natural resources, and the like, is compelled to specialize along certain lines. For instance, Texas, Georgia, Alabama, Mississippi, and others with their cotton; Florida and California with citrus fruit; North Carolina, Virginia, and Kentucky with tobacco; Kansas and others with their wheat; Iowa and Illinois with their corn; the New England States with their textiles; Pennsylvania and others with their coal and steel; and so on, including all the States. All produce for sale and use in other States, which make up interstate commerce, which Congress has the power to regulate.

If production and manufacture in all these things are to be brought under Federal control, then the States had as well surrender all sovereignty to the United States for Congress and the courts will have construed the delegation of a special power to mean the right in Congress to seize all power, and the tenth amendment will have become deadwood in the Constitution and might as well be thrown out.

Does anyone believe that such was the intent and purpose of the framers of the Constitution? If the planting of a seed in the ground, the sticking of an ax in a tree, the lifting of a stone from the ground, the working of more than 6 hours in any 1 day are to be prohibited, except done in accordance with the dictates of Washington, then liberty is dead in America and the people are but food for the ravenous man of government.

See the majority opinion of the Court in this *Dagenhart case*, delivered by Mr. Justice Day, in which the Court sustains the proposition that the States are sovereign in the exercise of all powers except those delegated to the United States; that the powers the people have delegated the General Government are named in the Constitution, and all not there named, either expressly or by necessary implication, are reserved to the people and can be exercised only by them, or upon further grant from them; that the powers of the States to regulate matters of internal police within their limits applies not only to the health, morals, and safety of the public but also to whatever promotes the public peace, comfort, and convenience; that production and manufacture is no part of interstate commerce and, therefore, not subject to Federal control; that the employment of labor is purely a matter for control of the States; that Congress has no power to compel, either directly or indirectly, uniformity of legislation or legislation at all on the part of the States, and that to attempt to do so is to assume the exercise of a power which it does not have. In the majority opinion, and referring to the minority opinion of Mr. Justice Holmes and the cases cited by him, the Court said:

> But it is insisted that adjudged cases in this Court establish the doctrine that the power to regulate given to Congress, incidentally the authority to prohibit the movement of ordinary commodities, and, therefore, the subject is not open for discussion. The cases demonstrate the contrary. They rest upon the character of governmental authority, State or National, possessed over them is such that the authority to prohibit as to them is but the assertion of the power to regulate.

The SPEAKER. The time of the gentleman from Georgia has expired.

Mr. VINSON of Georgia. Mr. Speaker, I ask unanimous consent that the gentleman's time be extended 10 or 15 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. McKEOWN. Mr. Speaker, will the gentleman yield?

Mr. COX. Yes.

Mr. McKEOWN. What would the gentleman do to remedy the situation of the 12,000,000 men who are out of employment?

Mr. COX. Oh, surely there is within the genius of the people of this country some suggestion to make possible a proper dealing with those conditions rather than a destruction of the substantive law, the Constitution of the United States.

Mr. BOLAND. Mr. Speaker, will the gentleman yield?

Mr. COX. Yes.

Mr. BOLAND. Did I infer from the remarks of the gentleman from Georgia that he is against Congress fixing the minimum wage scale?

Mr. COX. Oh, of course. I submit it is not within the power of Congress to do anything of the kind.

Mr. BOLAND. Is the gentleman from Georgia aware of the fact that at the present in the State of Pennsylvania we have girls working for $1 a week in factories and mills?

Mr. COX. That is a matter over which the State of Pennsylvania has control, and it is within the competency of the Legislature of the State of Pennsylvania to deal with that situation.

Mr. BOLAND. Does not the gentleman think that Congress should have the right to fix that?

Mr. COX. Not at all.

Mr. BOLAND. I disagree with the gentleman.

Mr. MARTIN of Colorado. Mr. Speaker, will the gentleman yield?

Mr. COX. Yes.

Mr. MARTIN of Colorado. Does the gentleman recognize the need for this legislation, provided Congress has the power under the Constitution to enact it?

Mr. COX. I approve of the divide-the-work movement that is going on. I believe that employment which is now being given should be spread out as far as possible with corresponding improvement in wages, but I would never concede that to be within the power or that it ought to be within the power of the General Government to do any such thing.

Mr. MARTIN of Colorado. The reason I asked the gentleman that question is this: He has very ably raised the question of the constitutionality of this legislation. Substantially the same objection has been raised to the entire legislative program at this session of Congress. That being the case, I want to ask the gentleman if these objections do not fairly raise the question as to the flexibility of the Federal Constitution and its responsiveness to the needs of modern civilization?

Mr. COX. The courts have already dealt with situations created by legislation of a type similar to that to which I am directing my remarks, and in each and every instance the Court has held that it is not within the power of Congress to deal with it.

Mr. DOCKWEILER. Mr. Speaker, will the gentleman yield?

Mr. COX. Yes.

Mr. DOCKWEILER. I have not yet made up my mind how I shall view this 30-hour-a-week matter myself, but I have listened very carefully to the gentleman's argument and want now to ask him a question. Does the gentleman not find that those cases he cites have drawn a sufficient distinction so that the Supreme Court could sustain this 30-hour a week law?

Mr. COX. No, they have not; but just to the contrary.

Mr. DOCKWEILER. Very well. That brings up another query. The gentleman's argument has been based almost entirely upon the Federal Government trying to go into the States and saying to an enterprise that it must not do this or that, but the Federal Government is only saying to the enterprise, If you do thus and so, you cannot ship that material or the fabricated goods across the line.

Mr. COX. The Federal Government has no right to lay down any such conditions to a sovereign State, compliance with which on the part of the States must be made before the States may use the instrumentalities of commerce.

Mr. DOCKWEILER. I am very much interested in the argument. Being a lawyer myself, I like to revel in such distinctions, but I have been more or less convinced by those same cases the gentleman cites, which I have read, that this law will be a good law.

Mr. COX. What case has the gentleman in mind?

Mr. DOCKWEILER. The child labor law.

Mr. COX. I shall deal with that a little later, if I may have the time.

Mr. DOCKWEILER. And the *Lottery case.*

Mr. COX. I have that.

Mr. DOCKWEILER. All those cases the gentleman cites lead me to the belief that this would be a good law.

Mr. LANZETTA. Mr. Speaker, will the gentleman yield?

Mr. COX. Yes.

Mr. LANZETTA. Is not this a time when States have been unable to cope with situations with which they have been confronted, as is witnessed by the farm bill, farmers' mortgage bill, and home owners' loan bill, which were recently passed?

Mr. COX. That may be true; and if so, it is to be regretted; but it is no justification for the States or the people coming here and asking Congress to trespass upon the sovereign rights of the people to the extent that they seize and exercise powers which are not granted under the Constitution.

Mr. LANZETTA. There is this justification: If Congress has been asked to step in and help the farmers and home owners, the people who are out of employment have a right to come to Congress and ask Congress to help them.

Mr. COX. There is no Member of this House who is more in sympathy with the people out of employment than myself. Provision must be made to take care of their needs, and I am willing to exercise the Federal power within the limitations fixed by the Constitution.

Mr. COOPER of Ohio. Will the gentleman yield?

Mr. COX. Yes; I yield.

Mr. COOPER of Ohio. I should like to say in reply to the gentleman from New York [Mr. LANZETTA], who said that the working people were coming here and asking for this, I attended the hearings of the Committee on Labor recently, and Mr. Matthew Woll made a very serious attack on this bill. He said it would make serfs out of the American workingman; so I am not so sure that labor is asking for this.

Mr. MARTIN of Colorado. Not the 30-hour week.

Mr. COOPER of Ohio. The bill which the committee is considering right now.

Mr. MARTIN of Colorado. But his objection did not go to the 30-hour feature.

Mr. COX. It was to the minimum-wage provision.

Mr. COOPER of Ohio. It was to the minimum-wage provision and the power given the Secretary of Labor. That is all included in this bill.

Mr. MARTIN of Colorado. The 30-hour provision was the important thing.

Mr. RAMSPECK. Will the gentleman yield?

Mr. COX. I yield.

Mr. RAMSPECK. The hearings will disclose that Mr. Woll specifically stated he was in agreement with the position of President Green of the American Federation of Labor, and Mr. Green only opposed one provision of the Perkins' suggestion, which was the minimum-wage provision.

Mr. COOPER of Ohio. Well, if the gentleman will yield, I listened to Mr. Woll, and he made a bitter attack upon the bill from a half dozen angles.

Mr. RAMSPECK. If the gentleman will read the hearings he will see that I asked that question, and in answer to me he said he agreed with President Green.

Mr. BECK. Will the gentleman yield?

Mr. COX. Gladly.

Mr. BECK. The gentleman is making a most useful and illuminating address, if he will permit me to say so, and I only want, if I may, to supplement one of the gentleman's arguments. The point is made in the case of Hammer against Dagenhart that the Court was almost equally divided. The gentleman probably has in mind the case of Bailey against Drexel Furniture Co.

Mr. COX. That is right. There is the *North Carolina case.*

Mr. BECK. Where a much broader and sweeping governmental power than that covering commerce was used to regulate conditions in respect to child labor; and the Supreme Court, as I recall it, unanimously held there could be no such perversion of the taxing power.

Mr. COX. No. Mr. Justice Clark dissented, without opinion. However, two of the dissenting judges in the *Dagenhart case* did concur.

Mr. BECK. Is it not a fact that the taxing power is a far more sweeping and far more unregulated power, more fundamental to the Government, than the incidental power of regulation under the commerce clause?

Mr. COX. That is unquestionably true.

Mr. BECK. Is it not a fact that the taxing power was given with only two exceptions, and otherwise was apparently an unrestricted grant to the Federal Government, and is it not a fact that the Supreme Court, with only a justice dissenting, said that the taxing power could not be perverted to regulate conditions of industry or manufacture?

Mr. COX. The gentleman is correct in his statement, and I thank him.

The SPEAKER pro tempore (Mr. O'CONNOR). The time of the gentleman from Georgia has again expired.

Mr. COX. Mr. Speaker, I ask unanimous consent to proceed for 15 additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. TARVER. Will the gentleman yield?

Mr. COX. I yield.

Mr. TARVER. It seems to be generally assumed by those interested in the passage of this proposed legislation that its enactment would relieve unemployment. I want to ask the gentleman whether or not in his opinion it might not have exactly the contrary result in many sections of the country and in many industries, and bring about conditions under which industries that are now operating successfully and keeping their employees employed would have to stop their operations entirely?

Mr. COX. This wage board which the act proposes to set up would have the power to shut down indefinitely the operations of any plant that produced for interstate shipment, and there are possibilities where the exercise of the power would mean a reduction of employment rather than its increase.

Mr. COOPER of Ohio. Will the gentleman yield once further for a short question?

Mr. COX. Yes; with pleasure.

Mr. COOPER of Ohio. I should like to ask the gentleman if he has given any consideration to making the provisions of this bill apply to foreign corporations; and if it is a good thing to pass the 30-hour week bill for labor in private industry, why should not Congress take the first step along that line by putting all Government employees under the 30-hour week and the 6-hour day? I read in the newspaper a day or so ago where a chauffeur for the Secretary of Labor left his job because she was working him 18 hours a day at the present time.

Mr. COX. Following the reading of the excerpt from Mr. Justice Day's decision in the *Dagenhart case*, referring to the dissent of Mr. Justice Holmes, the Court then proceeds to analyze the cases referred to and to illustrate the character of the particular subjects dealt with bringing them within the scope of the power of Congress to regulate commerce between the States. This case is so completely in point and controlling on the questions raised that I feel justified in quoting further.

Referring to the fact that the employment of child labor in one State may result in unfair competition to another State not permitting such labor, the Court said:

> There is no power vested in Congress to require the States to exercise their police power so as to prevent possible unfair competition. Many causes may cooperate to give one State, by reason of local laws or conditions, an economic advantage over others. The commerce clause was not intended to give to Congress a general authority to equalize such conditions. In some of the States laws have been passed fixing minimum wages for women; in others the local law regulates the hours of women in various employments. Business done in such States may be at an economic disadvantage when compared with States that have no regulations; surely, this fact does not give Congress the power to deny transportation in interstate commerce to those who carry on business where the hours of labor and the rate of compensation for women have not been fixed by a standard in use in other States and approved by Congress.
>
> The grant of power to Congress over the subject of interstate commerce was to enable it to regulate such commerce and not give it authority to control States in their exercise of the police power over local trade and manufacture.
>
> The grant of authority over a purely Federal matter was not intended to destroy the local power always existing and carefully reserved to the States in the tenth amendment to the Constitution.
>
> Police regulations of the internal trade and affairs of the States have been uniformly recognized as within such control.

And again the Court says:

> That there should be limitations upon the right to employ children in mines and factories in the interest of their own and public welfare, all will admit. * * * It may be desirable that such laws be uniform, but our Federal Government is one of enumerated powers. "This principle", declared Chief Justice Marshall in *McCulloch* v. *Maryland* (4 Wheat. 316), is universally admitted." * * * In interpreting the Constitution it must never be forgotten that the Nation is made up of States to which are intrusted the powers of local government. And to them and to the people the powers not expressly delegated to the National Government are reserved. *Lane County* v. *Oregon* (7 Wall. 71). The power of the States to regulate their purely internal affairs by such laws as seem wise to the local authority is inherent and has never been surrendered to the General Government. * * * To sustain this statute would not, in our judgment, be the lawful exertion of congressional authority over interstate commerce but would sanction an invasion by the Federal power of the control of a matter purely local in its character, and over which no authority has been delegated to Congress in conferring the power to regulate commerce among the States.

Following the decision of the Supreme Court in Hammer against Dagenhart, holding unconstitutional the act of Congress of 1916 regulating child labor through denying the right of any product of any producer named in the act in whose plants child labor had been employed to enter interstate commerce, Congress in February 1919 adopted another measure in which the same thing was sought to be accomplished, but in a different manner.

In this act Congress sought to impose a tax on the employment of child labor and provided that any mine or quarry—any mill, cannery, workshop, or factory in which children under the age of 14 years have been employed or permitted to work—shall pay for such taxable year an excise equivalent to 10 percent of the entire net profits received or accrued for such year from the sale or disposition of the products of his mine or other establishment.

In 1921, Bailey, United States collector of internal revenue for North Carolina, under authority of this act, made demand upon the Drexel Furniture Co. for a tax alleged to have accrued for 1919 for having employed a boy in its factory under 14 years of age. The company admitted the employment of the boy, paid the tax under protest, and brought suit to recover it, alleging that the tax was illegal because collected under a statute that was unconstitutional. The case was decided by the Supreme Court May 15, 1922 (*Bailey, Collector, etc.*, v. *Drexel Furniture Co.*, 259 U.S. 20), and the decision of the Court was announced by Mr. Chief Justice Taft.

Between 1916, when the *Dagenhart case* was decided and 1922 when this case came up, Chief Justice White had passed on and Mr. Taft had taken his place. The decision in this case was put squarely upon the majority opinion in the *Dagenhart case*, and was concurred in by three of the judges dissented in the *Dagenhart case*, only Mr. Justice Clarke having dissented without opinion.

The attempt by Congress in this instance was the same as in the previous case; that is, regulate the use of child labor, a purely State function, and to do so through the use of the taxing power. In both cases Congress sought to do by indirection that which it had no power to do directly, the use of a power to accomplish one purpose that was granted for an entirely different purpose; and here, as before, the attempt was to cure an evil which only the States can treat.

In this case the Court said:

> It is the high duty of this Court in cases regularly brought to its bar to decline to recognize or enforce seeming laws of Congress dealing with subjects not intrusted to Congress, but left or committed by the supreme law of the land to the control of the States. We cannot avoid the duty, even though it require us to refuse to give effect to legislation designed to promote the highest good. The good sought in unconstitutional legislation is an insidious feature, because it leads citizens and legislators of good purpose to promote it without thought of the serious breach it will make in the ark of our covenant or the harm which will come from breaking down recognized standards. In the maintenance of local self-government, on the one hand, and the national power, on the other, our country has been able to endure and prosper for near a century and a half.

The Court further said:

> Grant the validity of this law and all that Congress would need to do hereafter, in seeking to take over to its control any one of the great number of subjects of public interest, jurisdiction of which the States have never parted with and which are reserved to them by the tenth amendment, would be to enact a detailed measure of complete regulation of the subject and enforce it by a so-called "tax" upon departure from it. To give such magic to the word "tax" would be to break down all constitutional limitation of the powers of Congress and completely wipe out the sovereignty of the States.

And again the Court said:

> The case before us cannot be distinguished from that of *Hammer* v. *Dagenhart* (247 U.S. 251). Congress there enacted a law to prohibit transportation in interstate commerce of goods made at a factory in which there was employment of children within the same ages and for the same number of hours per day and days in a week as are penalized by the act in this case. In the case at bar, Congress—in the name of a tax which on the face of the act is a penalty—seeks to do the same thing, and the effort must be equally futile. The authority of the *Dagenhart case* is clear. The congressional power over interstate commerce is, within its proper scope, just as complete and unlimited as the congressional power to tax, and the legislative motive in its exercise is just as free from judicial suspicion and inquiry. Yet when Congress threatens to stop interstate commerce in ordinary and necessary commodities, unobjectionable as subjects of transportation, and to deny the same to the people of a State in order to coerce them into compliance with Congress' regulation of State concerns, the Court said that this was not in fact a regulation of interstate commerce, but rather that of State concerns, and was invalid. So here the so-called "tax" is a penalty to coerce people of a State to act as Congress wishes them to act in respect of a matter completely the business of the State government under the Federal Constitution.

Then the Court proceeds to discuss cases sustaining taxing measures pressed as having the effect or tendency of accomplishing purpose not directly within congressional power.

The minimum-wage feature of the proposal I will be compelled to omit from this discussion, but it will be gone into at a later date.

If I do not weary you, I should like to take up and discuss very briefly a few of the cases relied upon as sustaining the minority opinion in the *Dagenhart case;* that is, that regulation may take the form of prohibition.

In the case of *In re Rahrer* (140 U.S. 545), there arose the question of the validity of the prohibition law of the State of Kansas as applied to liquor in original packages shipped in from another State and the constitutionality of the act of Congress exempting such liquors of immunity because of their interstate character upon being introduced into a State that had adopted such laws in the exercise of their police powers.

The Court held that State jurisdiction attached not by virtue of the law of Congress but because of its effect in placing the liquor where State jurisdiction could attach. In other words, Congress conferred no power upon the States not already possessed, "but allowed imported property to fall at once upon arrival within the local jurisdiction." Distinction was drawn between State police powers and Federal commercial powers, the Court saying:

Though quite distinguishable when they do not approach each other, may yet, like the intervening colors between white and black, approach so nearly as to perplex the understanding, as colors perplex the vision in marking the distinction between them.

The effect of the decision was to hold that because the article was prohibited in the State of Kansas and by virtue of the act of Congress withdrawing Federal protection, it no longer belonged to commerce after coming to rest in the State in which it was an outlaw.

The case is so full of good State-rights doctrine and fine reasoning that I commend its study to those interested in the subject.

In the *Lottery case* (188 U.S. 321), the Court simply held that lottery tickets are things of value; they represent the chance for large prizes; that they are subjects of traffic and therefore are subjects of commerce; and that the regulation of their carriage is a regulation of commerce among the several States.

The question was, Can regulation be carried to the point of prohibition? The Court again said that the character of the article and the nature of the traffic could not be overlooked; that the common forms of gambling are comparatively innocuous when placed in contrast with the wide-spread pestilence of lotteries that prey upon the hard earnings of the poor and plunders the ignorant and simple; that Congress had the power to keep the channels of commerce from becoming polluted by things determined to be injurious to the health or morals of the people, or as constituting a burden upon commerce. But let it again be said that Congress has not the power to close the channels of commerce to property of a lawful character, harmless in its nature, useful and necessary and subjects of barter and sale.

The feature of the "bad egg case", *Hipolite Co.* v. *United States* (220 U.S. 45), that gives it value as authority for the advocates of this measure was the holding of the Court as to the extent that an article can be pursued as still being in commerce after it has come to rest. This was a libel proceeding brought by the United States under the Pure Food Act against 50 cans of adulterated eggs shipped from the State of Missouri into the State of Illinois and brought while the eggs were still in original packages and in the hands of consignee. Section 10 of the act provides that if—

any article of food that is adulterated and is being transported from one State to another for sale, or, having been transported, remains unloaded, unsold, or in original unbroken packages, shall be liable to be proceeded against and seized for confiscation by a process of libel for condemnation.

The libel was resisted upon the ground that the court had no jurisdiction of the thing sought to be condemned, and cited *Warning* v. *The Mayor* (8 Wall. 110), in which the Court said:

When the importer sells the imported articles or otherwise mixes them with the general property of the States by breaking up the packages, the state of things changes, as was said by this court in the leading case, as the tax then finds the articles already incorporated with the mass of property by the act of the importer. Importers selling the imported articles in the original packages are shielded from any such State tax, but the privilege of exemption is not extended to the purchaser, as the merchandise, by the sale and delivery, loses its distinctive character as an import.

Hoke v. *United States* (227 U.S. 308) is the first case that arose under the White Slave Act, which outlawed the transportation of women and girls for immoral purposes.

The court held that—

While women are not articles of merchandise, the power of Congress to regulate their transportation in interstate commerce is the same, and it may prohibit such transportation if for immoral purposes.

That—

The right to be transported in interstate commerce is not a right to employ interstate transportation as a facility to do wrong, and Congress may prohibit such transportation to the extent of the White Slave Traffic Act of 1910.

I would like to deal more fully with this case and to analyze the other white-slave cases, the Clark Distilling Co., the Seven Cases of Eckman's Alternative case, and others, but the time necessary for this is not at my disposal. Suffice it to say that in every instance it was because of the nature of the traffic that the power of Congress to deal therewith was upheld.

Mr. MAY. Mr. Speaker, will the gentleman yield?

Mr. COX. I yield.

Mr. MAY. I may suggest that my reading of the bill which the gentleman is discussing has convinced me that the vicious element of it is the fact that it undertakes by indirection to prohibit business, that is, by limiting the number of hours, by penalizing, by refusing shipment in interstate commerce; and secondly, by putting everybody who violates an order of the Secretary of Labor on a black list.

Mr. COX. That is true.

[Here the gavel fell.]

Mr. COX. Mr. Speaker, I ask unanimous consent to proceed for 5 additional minutes.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. COX. Mr. Speaker, we must not lose sight of the fact that the Federal Union was built upon the States and that it is a government of delegated powers, that all powers not specially delegated are reserved to the States or the people, which fact is given emphasis in the tenth article of the amendment. If the powers delegated are not sufficient for Federal purposes, then the question of granting more should be submitted to the people in the form of amendments. To argue that our chief concern is in the doing of things without regard to how they are done is to rebel against the law and to seize powers that belong alone to the people.

The Federal Government is alone supreme in the exercise of the powers delegated to it. In all other respects and to the same degree the States are supreme, but back of all government is the sovereignty of the people, and into this field Congress cannot go without trespassing upon the sovereign rights of the people.

What becomes of the guaranties of the Constitution to the people to protect them in the enjoyment and use of their faculties in all lawful ways, to live and work where they will, to earn a livelihood by any lawful calling, and to enjoy in peace and security the fruits of their labor if Congress is to harness them up with all sorts of alleged legal restrictions and make them subject to the dictates of a single agent of the Government?

Mr. Speaker, what does this measure mean to the American people? If it alone operates to divide work without added costs to business and without slowing down operations, then the effect will be that those now employed will be required to provide support for the unemployed. This will lighten the load that charity is carrying, but it will not increase the purchasing power.

If it means that for 30 hours of work the laborer is to receive pay for 48 hours, and if production and manufacture is not to slow down the effect will be to increase manufacturing costs, which will be passed on to the consumer and reflected back on the producers of raw commodities. Those industries that enjoy monopolies and high-tariff subsidies



may carry on without difficulty, except that involved in higher consumer costs. But how will this work with those industries that enjoy no such advantage? How will it affect agriculture?

Take the cotton spinners, for illustration. They have no monopoly and can have none. They have no effective tariff subsidy. When their business is taken over by the Government, who sets up for them a wage scale, regulates hours of labor, stops operations to hold down production in the interest of price, operating costs are bound to rise, which must be made up in some way, and since they cannot be passed on to the buying public, due to the like of consumer demand, they can only be reflected back to the farmer in lower price for his already underpriced commodity. The same thing applies to the growers of wheat, corn, potatoes, peanuts, hogs, cattle, and all other farm commodities. This means a further disparity of price between what the farmer has to sell and that which he is compelled to buy. It means his eternal ruination.

The farmer who produces all these commodities for interstate shipment is made subject to the law under section 4 of the bill. He is not to be permitted to work his labor more than 30 hours per week, and the wage that he shall pay is to be fixed not by him but by the Government. He will be made to keep books and submit to examination, and if he fails to obey the orders that descend upon him from Washington he will be thrown in jail and made to do penal servitude.

Mr. DUNN. Mr. Speaker, will the gentleman yield?

Mr. COX. I yield.

Mr. DUNN. Would the gentleman be in favor of a 6-hour day and a 5-day week if it would give employment to at least 5,000,000 men and women?

Mr. COX. Oh, not through having it fixed by the Federal Government; of course not.

Mr. DUNN. The question is, would the gentleman favor it if he were assured it would give that much additional employment?

Mr. COX. As a citizen of my State, if conditions demanded it, as they probably do, I, of course, might take that position in a case where the State sought to treat the problem as one within its own responsibility.

Mr. MOTT. Mr. Speaker, will the gentleman yield?

Mr. COX. I yield.

Mr. MOTT. If instead of the specific bill the gentleman is discussing, discretionary power were granted to the President to fix the hours of labor and to fix minimum wages, would the gentleman favor it?

Mr. COX. If the grant carried with it the implication of the use of powers not delegated to Congress, I would resist it; but no one questions but that the President will use only in a constitutional manner such powers as have been and will be delegated to him. I am not afraid of the President, and therefore am not afraid to grant him broad powers.

Now, Mr. Speaker, if work hours and price of labor are to be fixed for one industry, then it must be fixed for all; and if price be fixed for all, then the price of the things that labor produces must be fixed, and price fixing means high prices. It is a form of guaranty of profit and is intended to defeat the law of supply and demand.

The measure takes no account of the difference in the conditions of men. One may have no obligations, no dependent, owe no debts, and be the owner of property, with money in the bank, and therefore under no compulsion to work more than 6 hours per day; while another may be penniless and homeless, with many dependents, and therefore driven by necessity to earn all that he can. As between the necessities of the two, the proposal makes no distinction.

What is to become of the lower-paid employee? What is to be the effect upon his life and that of his family when he is denied the right to work more than 6 hours per day and 5 days per week? What could be more intolerable to them, the farmer, the miller, and other small operator, indeed, for all, than for the Government to take charge of their business and their lives?

It may be insisted that this Federal control is not to be applied directly to the farmer; but how will it affect him? Let me illustrate: If it be expected that the earning power of the laborer is not to be cut down, that under the proposed law he will draw the same pay for a short day's work that he now draws for a long day's work, it will mean that the operating costs of the railroads will be increased three quarters of a billion dollars, which must be paid by the users of the services that the railroads render—and the farmer is a large user of these services. It means that rail transportation costs will go up, whereas they are already too high. A hundred or more such illustrations could be given. It means higher-priced farm implements and lower-priced cotton and all other crops.

Mr. Speaker, the measure does not come forth as a temporary remedy to take care of an emergency, but is proposed as a permanent policy of government. It proceeds upon the assumption that the depression is to continue as a permanent condition, whereas we must believe that the future holds for the people the promise of something better than penury and want.

Is this proposed law what the people want? Are they not entitled to something better than despotism? Must we destroy what it has taken more than a century and a half to build? Surely, Mr. Speaker, there is some saner and juster way of accomplishing that which must be done.

Mr. Speaker, nothing that Russia has done is worse than what is here proposed. This measure is the death warrant of all human liberty in America. It is to the people a denial of the right to live their lives in a fashion agreeable to their own will. It is madness without tuition or restraint. It is the jailhouse of reason, a snare and a delusion. In its every word and every line there is a dagger thrust at the best part of life, and if it should be enacted into law and be upheld by the courts it will prove to be the executioner of the liberties of the people. Mr. Speaker, I do not believe that such a measure will ever become law with the sanction of our great President. [Applause.]

FEDERAL EMERGENCY RELIEF

Mr. DRIVER, from the Committee on Rules, submitted the following resolution for printing under the rule, which was referred to the House Calendar and ordered printed:

House Resolution 135

Resolved, That upon the adoption of this resolution, the House shall proceed to the consideration of the conference report on the bill, H.R. 4606, and all points of order against said conference report shall be waived.

FEDERAL CONTROL OF INDUSTRY

Mr. MALONEY of Connecticut. Mr. Speaker, I ask unanimous consent to address the House for 15 minutes, on the subject of the 30-hour week.

Mr. COCHRAN of Missouri. Mr. Speaker, since there is no real business before the House this afternoon I make the point of no quorum.

Mr. GOSS. Mr. Speaker, will not the gentleman withhold his point of no quorum? My colleague from Connecticut would like to discuss the 30-hour week bill a few minutes. I hope the gentleman from Missouri will not insist upon his point of no quorum.

Mr. COCHRAN of Missouri. Mr. Speaker, I withdraw the point of no quorum.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut.

There was no objection.

Mr. MALONEY of Connecticut. Mr. Speaker, I am very sorry that in the closing hour of this day I feel compelled to intrude upon your time by asking you to hear something more on this very important subject, but my conscience compels me, after hearing the very eloquent speech of the gentleman from Georgia, to burn just a little incense for the 15,000,000 people who are out of work. I am sorry I have not his gift of eloquence, that I cannot weave words into beautiful language as he did, and that I am not fully prepared to make a speech at this time on this particular subject; but I think it is fitting and proper on behalf of

those who look to us for relief that there be in the RECORD at this particular place something in defense of this all-important measure.

I am not a lawyer and I am not qualified to discuss the constitutional features of this particular bill, but I believe we have arrived at the time in the history of this country when we must give thought to the security of the Nation. I thought, as the gentleman from Georgia [Mr. COX] spoke about the destruction of sovereign rights, that perhaps we would have no pure food law on the statute books now if the same sovereign rights of the States did apply. I am satisfied that if, in an earlier day, we needed the pure food law to protect the health and welfare of the people of this country then we need such a law a thousandfold now. While I would like to believe, as he does, that we should be permitted to work this thing out by the process of evolution rather than revolution, I think it is much less serious to tell a man how long he may work than to tell him he may not work at all. [Applause.]

I think most of the Members of this House have long since concluded that there can be no return of good times until the buying power of the Nation is restored. I think we have heard so much on the subject that the membership of this House fully appreciates that more than half of the buying power of this Nation at this moment is completely destroyed. If it is true—and I believe it is—that there are 15,000,000 people out of work, I doubt that anyone will disagree when I say that this represents half of the Nation's population. Half of the buying power of the population is completely destroyed, and the buying power of the other half, the half to which you gentlemen belong, has been very seriously impaired. People who are working, and professional men who are attending to the wants of those in misery, are not being paid. This buying power is steadily going downhill, and we know we cannot reconstruct this buying power until people return to work.

There are so many features to this all-important subject, so many things worthy of consideration, that they cannot be discussed in the brief time of 15 minutes, and I do not want to trespass upon your time too long now. If I had the time, and you had the time, I would like to discuss at great length the result of the inventive genius of the past 15 years.

Oh, I would like to see this thing work out as the distinguished gentleman from Georgia would have it work out. He said he did favor the shorter work plan. That is all this bill asks be done. The manufacturers of this country have staggered in the wilderness for the last 4 years. They have pursued a floundering philosophy. They have asked for and have agreed to share the work; but it fails to work, and as a last resort, Members of Congress who are concerned with the plight of these people have exerted their efforts and the kind of inventive genius they have, in an attempt to spread the rewards of the inventive genius that the manufacturing interests of this country have denied to the people who work.

Oh, there can be no return to good times until this inventive genius is divided. It does not belong to the manufacturers alone. It belongs to the people who work for them, to the farmers of this country, to the merchants, and others who make up the national structure, and until it is divided we cannot have good times.

Patiently, the people have waited, and I tell you, Mr. Speaker, no man in this House has been more closely face to face with the problems of unemployment than I have. I have been mayor of an industrial city since the beginning of this depression. I have heard the cries of misery and the moanings of hungry and anxious mothers and the appeals of weary and worried fathers, and I know we cannot delay too long the return of better times.

I know the staggering load being borne by the communities of this Nation because people cannot pay their taxes, and just so long as we delay a measure that would get people back to work, just so long do we threaten this entire structure that we are praying here to preserve.

Oh, I wish I had proper time for the preparation of a speech at this point on this particular subject. I hope you will not be swayed by these appeals to your constitutional thought, by these emotional appeals about destroying the Constitution. There can be naught but destruction unless we get these people back to work, and whether they did it by accident or design the founders of this Nation so wrote the Constitution that it could be flexible, and, in my humble opinion, if this law does become effective and it goes to the Supreme Court of the United States, there will be a great surprise in store for those lawyers who say at this time that it is unconstitutional.

Mr. KVALE. Does not the gentleman believe that applies also to the child labor law which was declared unconstitutional some years ago?

Mr. MALONEY of Connecticut. I certainly do. I think there would be an entirely different decision on the part of the Supreme Court if they were called upon to decide that question at this time.

Mr. COX. What has happened to make the gentleman entertain that thought?

Mr. MALONEY of Connecticut. There has been a change in the membership for one thing, and conditions are considerably different now from what they were at that time. I think the Supreme Court would have a great concern for the situation of the Nation, because of the fact there are 15,000,000 people out of work now.

Mr. COOPER of Ohio. If the gentleman will permit, I am very much impressed with the splendid statement the gentleman from Connecticut is making and I know he is honest and sincere in this movement. I would like to ask the gentleman this question. I favor the principle of the shorter work week, and always have. Does not the gentleman believe that any legislation that is brought in here for a 30-hour week should apply to foreign imports?

Mr. MALONEY of Connecticut. I certainly do.

Mr. COOPER of Ohio. And does not the gentleman believe that if it is a good thing for private industry we ought to establish it in the Government institutions?

Mr. MALONEY of Connecticut. I certainly do.

Mr. McGUGIN. I am very much in accord with what the gentleman has said pertaining to reducing the hours of labor, but why is it necessary to bog down that simple proposition with all of this control of industry which is being brought into this bill? Why would it not be better to just bring in a bill providing for shortening the hours of labor without all this socialistic and Government control and domination of industry?

Mr. MALONEY of Connecticut. I am making an appeal for the principle of the regulation of working hours and not the bill in question.

Mr. McGUGIN. The gentleman and I are in full accord then.

Mr. MALONEY of Connecticut. Mr. Speaker, I thank you. [Applause.]

FARM RELIEF

Mr. GREENWOOD. Mr. Speaker, I present a privileged report from the Committee on Rules for printing.

The report was referred to the House Calendar and ordered to be printed.

The following is the resolution:

House Resolution 136

Resolved, That notwithstanding the previous action of the House relative to the conference report on the disagreeing votes of the two Houses on the bill H.R. 3835, immediately upon the adoption of this resolution the House shall consider said conference report without the intervention of points of order against the same.

Mr. NESBIT. Mr. Speaker, I ask unanimous consent to address the House for 15 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. NESBIT. Mr. Speaker and gentlemen of the House, I am not a lawyer, and therefore I have no legal mind. I have mind enough to know, however, and I feel that I am practical minded enough to know that you cannot feed hungry mouths with court decisions.

I also desire to state that if I understand the question being discussed here now we are merely talking on the

subject. There is no bill before the House at this time and there was no necessity for quoting all the different court decisions. The Labor Committee, of which I am a member, has not yet submitted a bill. We are working on that now and expect the bill to be reported later.

It must be evident to every Member of Congress that prompt and definite action on the part of this Congress is necessary to relieve our existing and serious situation regarding unemployment.

There are more people unemployed now than when this session convened, and according to the figures of the American Federation of Labor this idle army has risen to the enormous figure of 15,000,000. What a tragedy in a land of wealth and a land of plenty!

Our whole commercial, industrial, and economic structure seems to be hung up on a hook—a big, fat, strong hook. Manufacturers and industrialists are making no attempt to lift it off and put it back in working order. No one seems to be able to do anything about it except talk and hope and whine and scold.

In face of conditions as they are—with conditions getting worse—it surely behooves this body to act, and in a way that will be effective, constructive, and definite. Some constructive legislation has already been passed but more is needed, and needed now.

The people of this Nation are in the dumps. They are up a blind alley and are looking eagerly and with interest to this Congress to lead the way out. I speak of the great masses and not those referred to as the privileged few.

If someone had suggested a few years ago legislation for the banks of this country they would have resented it and rose in horror and protested against governmental interference with their affairs, but recently they came to the Government at Washington and asked Congress to save them from themselves. What is true about them is about to take place with the railroads, and what is true of the banks and the railroads is true of industry. They are lying prostrate and unable to straighten out the situation.

The latter have had their day in court and have failed. It is they who, in the main, are responsible for the distress and suffering which now stalk the land. So far as I am concerned the exploiters of labor and of the country's resources are going to get in line and cooperate with the Government in an honest endeavor to bring about some necessary adjustments. They continue to see the universe through a gimlet hole and blind themselves to the ever-growing unrest that is prevalent everywhere.

The pangs of hunger and want is a dangerous element in society. When it affects too many and lasts too long it usually causes trouble. The pages of history of this old world contain sufficient evidence for me (and should for every thinking American who stands for right and justice and a square deal) that to temporize longer with the conditions affecting the happiness and comforts and lives of millions of men, women, and children is, to say the least, bad business.

Anyone who cannot see the handwriting on the wall must be blind. Fifteen million unemployed—millions more working only part-time with wages on the downward trend is a gloomy picture. With their dependents added this brings us to a total number of approximately 40,000,000 of our citizens thus affected and without the bare necessities of life.

Mr. Speaker, this is not a depression. It is a catastrophe—horrible to depict and terrible indeed to mention. But it is here! What are we going to do about it? Vote for this bill when it comes to this House. It will help. It will go a long way toward relieving unemployment and distress.

We will have to either feed, fight, or get jobs for these people. I will not fight them. I know their wants and desires. I am for spreading the work and creating more jobs. That is what they need, that is what they want, and that is what they are entitled to. That is what this bill proposes to do.

We need not refer to radical writing to find clear and pronounced expression that our economic system is breaking down. Outstanding business men, economists, and statesmen of vision and understanding are becoming anxious and alarmed about the affairs and safety of our country. Not Trotskys and Lenins and Stalins, but American citizens in high places are sounding the warning.

Daniel Willard, president of the Baltimore & Ohio Railroad, told the Wharton School of Finance and Commerce some years ago that a system which permitted five or six million men to be out of work in a country bursting with wealth "can be said to have failed in at least one very important detail." Now we have millions more. It was Willard again, and no member of a proscribed order, who said that if he were one of the jobless in those circumstances he would steal before he would starve.

Robert S. Brookings, wealthy retired manufacturer, president emeritus of Washington University, of St. Louis, wrote in the St. Louis Post-Dispatch, in advocating a modified form of capitalism, that—

> Our western civilization must vindicate its worth, if it is to endure.

And he added that it could vindicate its worth—

> only by demonstrating its ability to correct its own defects and its consequent capacity for constructive development.

Prof. F. W. Taussig, of Harvard, sees—

> control and power concentrated in a few hands to an ominous degree.

And Henry W. Anderson, conservative Virginia lawyer and a member of the Wickersham Commission, finds in his survey of the causes of crime that the American people, as an incident to the exploitation for private gain of one of the most fruitful areas of the world, have—

> created the widest spread between the extremes of wealth and poverty existing in the western world.

Senator JAMES COUZENS, of Michigan, who helped to create the Ford Motor Co. and made a fortune out of it, sounds the warning:

> People will not suffer indefinitely in the midst of plenty.

And Dr. L. D. Coffman, president of the University of Minnesota, declares that—

> communism in its various forms will not be held at bay by negative actions.

Dr. Nicholas Murray Butler, president of Columbia University, asserts that we are passing through no ordinary depression but through a revolutionary period brought on by long-accumulating forces.

What the country needs—

He says—

> is personalities who are not anxious, like the jockey, to keep their seat in politics, but who are willing to tell the people the truth and to guide them toward a constructive, a liberal, and a progressive solution of those vast problems.

Dean Wallace B. Donham, of the Harvard Graduate School of Business Administration, author of Business Adrift, said to a meeting of the Industrial Chamber of Commerce in Washington—

> that if there were not sufficient brains and good will in the world to solve the problems of the depression, then our mass production, our scientific progress, our control over nature, may actually destroy civilization.

Charles G. Ross, political writer for the St. Louis Post-Dispatch, says:

> Our general depression is home-made and fundamentally due to the maldistribution of wealth.

He goes on to say:

> The 504 supermillionaires at the top of the heap in 1929 had an aggregate net income, for taxation purposes, of $1,185,000,000. These 504 persons could have purchased with this income virtually the entire wheat and cotton crops of 1930—the two chief cash crops of the Nation, representing the labor of 1,300,000 wheat farmers and 1,032,000 cotton farmers.

Dr. George Knapp, of the railway men's newspaper, Labor, shows, from official statistics, that in comparison with the $538,664,187 net income of the 85 wealthiest taxpayers in

1929, the 421,000 workers in the clothing industry received in wages $475,318,677. In other words—

These 85 men could have paid the entire wage bill of the clothing industry and still have left for themselves about three quarters of a million apiece.

Federal legislation establishing the 6-hour day and the 5-day week in American industry is the new emancipation proclamation of American labor. Other adjustments to carry forward the high social purposes behind this legislation must come just as reconstruction and adjustment followed the freeing of the slaves.

Economic quackery, blind and prejudiced propaganda have aroused phantom fears in a few of our industrial leaders. In the midst of ruined lives, ruined business, and abundant wealth they would avert the avalanche of crucial events by blind devotion to the economic ritual of outworn Troy dogmas.

There are 15,000,000 willing American workers idle. Unemployment is increasing faster than the means of relief. We must face this situation constructively and fearlessly. We must do the thing that is needed. The alternative is to sit down and wait until the rising distress of the vast army of unemployed overwhelms our domestic tranquillity. We must take up the slack of unemployment.

Those who maintain that a reduced working day and a reduced working week will further decrease the individual's weekly total wage speak without knowledge of the history of the movement for increased leisure to workers.

The president of the American Federation of Labor, William Green, spoke with the authority of past accomplishments behind him when he told the House Committee on Labor that the establishment of the 5-day week and the 6-hour day would tend to increase wages rather than to diminish them. The movement for wage reduction during the current depression has proceeded regardless of the working hours in various industries. Many short-sighted manufacturers have mercilessly slashed wages, despite their pledges not to do so. The vast reservoir of the unemployed who are undernourished and desperate does more to depress wages than any other thing.

America awaits increased spending power. In the face of the abdication of private business, the Government must care for the collective wants of its people or else fail to justify its existence. "America has not lost its wealth", we are told in Al Smith's New Outlook for April. It has lost control over its wealth. How will that control be reestablished? Not by a return to sweated labor; not by destroying labor's collective bargaining power. We must take the forward path, create the leisure which consumers need for the enjoyment of twentieth-century products, and create the purchasing power with which those products can be obtained. We live in the richest single community ever built and inhabited by man. Why should we stand helpless before this peril of plenty? Shall we bow down to the machine and fear to eat the manna which it provides? Shall we remain slaves of the things we have created, or shall we act as intelligent men?

Wage standards under the 8-hour day are far above the standards under the old 12-hour and 10-hour day. Both employers and employees have profited by the shorter working time; and even if temporarily this should fail to check the downward course of wages in its disastrous plunge, it will solidify labor and give it the backlog of security to support its demand for what has already been conceded by far-sighted employers who have already established the working conditions required in this new legislation. The 5-day week has been adopted by the Goodyear Tire & Rubber Co., the Standard Oil Co., and the great cereal manufactories. They report that the workers have increased their efficiency and their total output and are earning the wages which others receive for longer working hours.

Special hardships which this might bring to farmers and certain industries dealing with perishables are eliminated in the exemption clauses of the bill. This legislation is part of the "new deal." Those who oppose it most blindly today will benefit by its far-visioned philosophy. This is progress.

[Applause.]

Mr. MOTT. Mr. Speaker, will the gentleman yield?

Mr. NESBIT. Yes.

Mr. MOTT. I am in accord with everything the gentleman has said. I am for the bill, but I have heard some very distressing things in connection with it. I have heard it is not a part of the administration program, and that the administration is not in favor of it; that when the committee reports the bill into the House, the Democratic leadership will not allow it to be considered. Can the gentleman, as a member of the committee, give us some information on any of those three things?

Mr. NESBIT. I cannot give the gentleman any definite information on that matter.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. BRUNNER, for today, on account of illness.

To Mr. AUF DER HEIDE, on account of death in family.

Mr. REED of New York, for 3 days, on account of illness.

To Mr. HANCOCK of North Carolina, for 2 days, on account of important official business.

To Mr. KENNEDY of New York, for the balance of the week, on account of illness.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; and (at 4 o'clock and 34 minutes p.m.), in accordance with the order heretofore made, the House adjourned until tomorrow, Tuesday, May 9, 1933, at 11 o'clock a.m.

COMMITTEE HEARINGS

COMMITTEE ON IMMIGRATION AND NATURALIZATION

(Tuesday, May 9, 1933, 10 a.m.)

Hearing in the old Office Building, room 483, on House bill 3842 (the deportation of alien seamen) and other business.

EXECUTIVE COMMUNICATIONS, ETC.

59. Under clause 2 of rule XXIV, a letter from the Secretary of War, transmitting draft of a proposed bill for the relief of the D. F. Tyler Corporation and the Norfolk Dredging Co., both of Norfolk, Va., was taken from the Speaker's table and referred to the Committee on Claims.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. WARREN: Committee on Accounts. House Resolution 132. Resolution authorizing the payment of the expenses of the Judiciary Committee in investigating the official conduct of James A. Lowell (Rept. No. 103). Ordered to be printed.

Mr. POU: Committee on Rules. House Resolution 131. Resolution providing for the consideration of H.R. 5081; without amendment (Rept. No. 104). Referred to the House Calendar.

Mr. SMITH of West Virginia: Committee on Mines and Mining. S. 7. An act providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska; without amendment (Rept. No. 105). Referred to the Committee of the Whole House on the state of the Union.

Mr. DRIVER: Committee on Rules. House Resolution 135. Resolution providing for the consideration of conference report on H.R. 4606. An act to provide for cooperation by the Federal Government with the several States and Territories and the District of Columbia in relieving the hardship and suffering caused by unemployment, and for other purposes; without amendment (Rept. No. 106). Referred to the House Calendar.

Mr. McFARLANE: Committee on Naval Affairs. S. 753. An act to confer the degree of bachelor of science upon graduates of the Naval Academy; without amendment (Rept. No. 107). Referred to the House Calendar.

Mr. GREENWOOD: Committee on Rules. House Resolution 136. Resolution providing for the consideration of conference report on H.R. 3835. An act to relieve the existing national economic emergency by increasing agricultural purchasing power; without amendment (Rept. No. 108). Referred to the House Calendar.

Mr. RAYBURN: Committee on Interstate and Foreign Commerce. H.R. 4870. A bill to extend the times for commencing and completing the construction of a bridge across Lake Sabine at or near Port Arthur, Tex.; with amendment (Rept. No. 109). Referred to the House Calendar.

Mr. BULWINKLE: Committee on Interstate and Foreign Commerce. H.R. 5152. A bill granting the consent of Congress to the State Highway Commission of Virginia to replace and maintain a bridge across Northwest River in Norfolk County, Va., on State Highway Route No. 27; with amendment (Rept. No. 110). Referred to the House Calendar.

Mr. BULWINKLE: Committee on Interstate and Foreign Commerce. H.R. 5173. A bill granting the consent of Congress to the State Highway Commission of Virginia to maintain a bridge already constructed to replace a weak structure in the same location, across the Staunton and Dan Rivers, in Mecklenburg County, Va., on United States Route No. 15; without amendment (Rept. No. 111). Referred to the House Calendar.

Mr. HUDDLESTON: Committee on Interstate and Foreign Commerce. H.R. 5476. A bill to extend the times for commencing and completing the construction of a bridge across the Savannah River at or near Burtons Ferry, near Sylvania, Ga.; without amendment (Rept. No. 112). Referred to the House Calendar.

Mr. LEA of California: Committee on Interstate and Foreign Commerce. S. 1278. An act to amend an act (Public, No. 431, 72d Cong.) to identify The Dalles Bridge Co.; without amendment (Rept. No. 113). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CONDON (by request): A bill (H.R. 5553) to provide for the inspection of imported lobsters and to impose a tax thereon as a means of defraying the expense of such inspection and identifying such lobsters; to the Committee on Ways and Means.

By Mr. SIROVICH: A bill (H.R. 5554) to limit the life of a patent to a term commencing with the date of the application; to the Committee on Patents.

By Mr. HOEPPEL: A bill (H.R. 5555) to restore the purchasing power and to renew the faith and confidence of the Federal employee in government, to uphold and support the President in his declaration for an increased wage scale, and for other purposes; to the Committee on Expenditures in the Executive Departments.

By Mr. HOWARD: A bill (H.R. 5556) to authorize the Secretary of the Interior to issue patents for lots to Indians within the Indian village of Taholah, on the Quinaielt Indian Reservation, Wash.; to the Committee on Indian Affairs.

By Mr. CANNON of Wisconsin: A bill (H.R. 5557) to reduce the mileage of Senators, Representatives, and Delegates to 5 cents a mile; to the Committee on Expenditures in the Executive Departments.

By Mr. SNYDER: A bill (H.R. 5558) for the improvement of the Youghiogheny River watershed, Pennsylvania; to the Committee on Rivers and Harbors.

By Mr. DRIVER: Resolution (H.Res. 135) providing for the consideration of conference report on H.R. 4606, an act to provide for cooperation by the Federal Government with the several States and Territories and the District of Columbia in relieving the hardship and suffering caused by unemployment, and for other purposes; to the Committee on Rules.

By Mr. GREENWOOD: Resolution (H.Res. 136) providing for the consideration of conference report on H.R. 3835, an act to relieve the existing national economic emergency by increasing agricultural purchasing power; to the Committee on Rules.

By Mr. JONES: Joint resolution (H.J.Res. 176) to amend subsection (3) of section 8 of the act entitled "An act to relieve the existing national economic emergency by increasing agricultural purchasing power to raise revenue for extraordinary expenses incurred by reason of such emergency, to provide emergency relief with respect to agricultural indebtedness, to provide for the orderly liquidation of joint-stock land banks, and for other purposes", by striking out the word "basic"; to the Committee on Agriculture.

By Mr. LANZETTA: Joint resolution (H.J.Res. 177) to provide repatriation of native-born women who are physically unable, through permanent disability, to travel from abroad, and for other purposes; to the Committee on Immigration and Naturalization.

By Mr. JONES: Concurrent resolution (H.Con.Res. 18) authorizing the Clerk of the House, in the enrollment of H.R. 3835, to strike out the word "basic" where it appears in subsection (3) of section 8; to the Committee on Agriculture.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Wisconsin, memorializing Congress to support President Roosevelt's program relating to Muscle Shoals and in all his other recommendations; to the Committee on Military Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BRUNNER: A bill (H.R. 5559) granting a pension to Edward F. Lynch; to the Committee on Pensions.

By Mr. CALDWELL: A bill (H.R. 5560) granting a pension to Georgia J. Jackson; to the Committee on Invalid Pensions.

By Mr. SAMUEL B. HILL: A bill (H.R. 5561) for the relief of Herman Wulff; to the Committee on Military Affairs.

By Mr. LESINSKI: A bill (H.R. 5562) granting a pension to Myrtle Sills; to the Committee on Pensions.

Also, a bill (H.R. 5563) for the relief of Wayne M. Cotner; to the Committee on Claims.

Also, a bill (H.R. 5564) for the relief of Haroutiun Krikorian or Krikor Haroutunian; to the Committee on Claims.

By Mr. LUDLOW: A bill (H.R. 5565) providing for the payment of the findings reported by the Court of Claims in favor of Timothy C. Harrington for extra time; to the Committee on Claims.

By Mr. SNELL: A bill (H.R. 5566) for the relief of Gerald Mackey; to the Committee on Claims.

Also, a bill (H.R. 5567) for the allowance of certain claims for extra labor above the legal day of 8 hours at certain navy yards certified by the Court of Claims; to the Committee on Claims.

Also, a bill (H.R. 5568) for the relief of A. W. Duckett & Co., Inc.; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

928. By Mr. CULLEN: Petition of the Civil Service Forum, at a meeting in New York City, declaring that it is unalterably opposed to the recommendation of the Budget Director, which must surely result in men who have devoted their lives to the service of the Government at modest

salaries with no chance to accumulate wealth, hurriedly and almost without any opportunity to adjust their lives or living conditions, being subjected to such drastic curtailment of income; to the Committee on Appropriations.

929. By Mr. DONDERO: Petition of the Cook Nelson Post, No. 20, American Legion, Pontiac, Mich., recognizing the need for economy, has supported the President to the extent of a $450,000,000 cut from veterans, but urge individually and as a post that no further reduction be made in the national defense by the abandoning of training of the National Guard, Officers' Reserve Corps, citizens' military training camps, reserve officers' training, and Naval Militia, and, further, that our national defenses be built up to the full limits of our 5–5–3 Treaty; to the Committee on Military Affairs.

930. Also, House Concurrent Resolution No. 63 of the Michigan State Legislature, adopted by both the house and senate, protesting against the elimination of the National Guard of Michigan's field training and armory training period to be cut to 24 drills instead of 48 per year, and maintaining that this act would mean the ultimate dispersion of the National Guard in the State of Michigan, etc.; to the Committee on Military Affairs.

931. By Mr. ELTSE of California: Assembly Joint Resolution No. 9, adopted March 16, 1933, by California Assembly, relative to memorializing Congress to adopt legislation with reference to manufacture of arms, munitions, and implements of war; to the Committee on Military Affairs.

932. Also, Assembly Joint Resolution No. 24, adopted March 24, 1933, by California Assembly, relative to memorializing the Congress of the United States to enact a moratorium on foreclosures of real property mortgages and on sales under deeds of trust on real property; to the Committee on the Judiciary.

933. By Mr. KENNEY: Petition of the Progress Club of Englewood, N.J., in a regular meeting assembled the 24th day of April 1933, protesting against the injustice being done to the Jews of Germany on the ground that it is contrary to the conduct of civilized nations of the world, in which the rights of minorities to an equal economic existence with the majorities is a bulwark of endurance; to the Committee on Foreign Affairs.

934. By Mr. LESINSKI: Concurrent resolution of the Michigan State Legislature, protesting against a change in the status of the National Guard of the State of Michigan; to the Committee on Appropriations.

935. Also, resolution passed by the Detroit City Council, urging passage of a bill permitting that cities be granted a moratorium on debts through Federal courts; to the Committee on the Judiciary.

936. By Mr. LINDSAY: Petition of Seaboard-Great Lakes Corporation, New York City, opposing House bill 3759; to the Committee on the Judiciary.

937. Also, petition of John J. Ott, chairman Kings County Home Mortgage Relief Committee, Brooklyn, N.Y., concerning the Home Owners Loan Act of 1933; to the Committee on Banking and Currency.

938. Also, petition of Civil Service Forum, New York City, opposing the 30-year retirement bill; to the Committee on Appropriations.

939. Also, petition of Atlantic Lighterage Corporation, New York City, opposing House bill 3759; to the Committee on the Judiciary.

940. Also, petition of Charles W. Schroeder, Jamaica, N.Y., urging support of House bill 5206, the Post Office substitutes bill; to the Committee on the Post Office and Post Roads.

941. Also, petition of Chamber of Commerce of the State of New York, New York City, opposing any further reduction in the armed forces of the United States; to the Committee on Military Affairs.

942. Also, petition of Chamber of Commerce of the United States, New York City, recommending Federal securities bill to establish Federal supervision of interstate traffic in investment securities be modified to relieve officers and directors of liability when they act upon expert opinion and advice and in good faith; that separate consideration be given in the bill to temporary borrowings of corporations in order that its requirements will not hamper or prevent short-term financing; to the Committee on Interstate and Foreign Commerce.

943. By Mr. LUDLOW: Petition of the Beth-El Men's Club of Indianapolis, Ind., protesting against the treatment accorded Jews in Germany; to the Committee on Foreign Affairs.

944. Also, petition of Ruth Caplan and Morris Caplan, of Indianapolis, Ind., protssting against treatment of Jews in Germany; to the Committee on Foreign Affairs.

945. Also, petition of the Retail and Wholesale Meat Dealers of Indiana, favoring the immediate consideration of legislation placing adequate duties on all imports of animal, marine, and vegetable oils and fats, as well as the oil content of all raw materials from which such oils and fats are processed, and on hides and skins; to the Committee on Ways and Means.

946. By Mr. PATMAN: Petition of Louis Kaufman and 183 other ex-service men and taxpayers of Pittsburgh, Pa., urging the immediate payment of the adjusted-service certificates; to the Committee on Ways and Means.

947. By Mrs. ROGERS of Massachusetts: Petition of the City Council of Cambridge, Mass., memorializing Congress to enact House Joint Resolution 191 and Senate Joint Resolution 105 to commemorate the one hundred and fiftieth anniversary of the naturalization as an American citizen in 1783 and appointment of Bvt. Brig. Gen. Thaddeus Kosciusko, a hero of the Revolutionary War, by issuing special series of postage stamps in honor of Gen. Thaddeus Kosciusko sesquicentennial anniversary; to the Committee on the Judiciary.

948. Also, petition of the City Council of Cambridge, Mass., condemning all acts of persecution reported to be committed against the members of the Jewish faith in Germany, and urging the President and Congress to present these sentiments to the German Government; to the Committee on Foreign Affairs.

949. By Mr. RUDD: Petition of the Chamber of Commerce of the State of New York, opposing any further reduction in the armed forces of the United States; to the Committee on Military Affairs.

950. Also, petition of the Chamber of Commerce of the State of New York, favoring modification of Federal securities bill; to the Committee on Interstate and Foreign Commerce.

951. Also, petition of the Civil Service Forum, New York City, declaring that it is unalterably opposed to the recommendation as presented by the Director of the Budget, with reference to the retirement of Federal employees after 30 years' service; to the Committee on Appropriations.

952. Also, petition of the Seaboard-Great Lakes Corporation, Coast, Canal and Great Lakes Transportation, 21 West Street, New York City, opposing the passage of House bill 3739; to the Committee on the Judiciary.

953. Also, petition of John J. Ott, chairman, the Kings County Home Mortgage Relief Committee, a group of 41 organizations of Brooklyn, N.Y., favoring certain amendments to the home owners loan bill, Senate bill 1317; to the Committee on Banking and Currency.

954. Also, petition of board of managers of the Queensboro Tuberculosis and Health Association, Jamaica, N.Y., favoring amendment to the postage rate bill, now before the Senate, so that 2-cent rate will cover entire greater city of New York, now under the jurisdiction of four postmasters; to the Committee on Ways and Means.

955. Also, petition of New York Women's Trade Union League, 247 Lexington Avenue, New York City, favoring the passage of the Black bill, S. 158, 30-hour workweek; to the Committee on Labor.

956. By Mr. WITHROW: Memorial of the Legislature of the State of Wisconsin, memorializing the Congress to pass an act permitting cities, counties, and States to deposit their bonds with the Federal Government in exchange for currency; to the Committee on Banking and Currency.

957. Also, memorial of the Legislature of the State of Wisconsin, relating to an increase in the currency of the United States through calling in all Liberty and Victory bonds; to the Committee on Ways and Means.

958. By the SPEAKER: Petition of the League of Struggle for Negro Rights, favoring a law eliminating the abuses and denials of elementary democratic rights for the Negro people; to the Committee on the Judiciary.

HOUSE OF REPRESENTATIVES

TUESDAY, MAY 9, 1933

The House met at 11 o'clock a.m.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Thou whose name is "Wonderful Counselor", crown us with emancipated minds and aspiring hearts. With firm, abiding faith in Thee, give us the temper, the virtue, and the understanding to do the right. Order all our ways; and may we hope in Thee, whatever may betide. O satisfy us early with inward peace and inward light, and may we wait for the Lord more than we wait for the morning. Forgive our sins and bridge our weakness, and may we be made more noble through discipline and through Thy redeeming grace. Heavenly Father, increase our sense of the divine until Thy excellence, purity, and love appear in everything. In the name of Jesus, our Savior, we pray. Amen.

The Journal of the proceedings of yesterday was read and approved.

JURISDICTION OF REVENUE BILLS

Mr. TREADWAY. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. TREADWAY. Mr. Speaker, on April 3 I introduced a resolution asking that a bill that had been passed by the Senate be returned to that body. The resolution which I introduced was explained at the time, and at the request of the majority leader it was referred, by unanimous consent the next day, to the Committee on the Judiciary for inquiry. During the discussion of its reference to the Committee on the Judiciary the importance of the resolution was made very apparent, and I quote from memory the majority floor leader when he said that, irrespective of the introduction of the Lewis bill, the question of the constitutional provision that I brought up should be decided by the Committee on the Judiciary before that legislation was considered.

The Lewis bill was introduced and is now known as the "Wagner-Lewis bill", and I suppose it is to be enacted today. In the meantime the resolution which I introduced has lain dormant in the Committee on the Judiciary or in the files of that committee. It is well known that a subcommittee was appointed to inquire into the merits of the case, and I understand that subcommittee agrees that the resolution should be adopted. I have inquired of different members of the Committee on the Judiciary why the delay of over a month in reporting to the House on such an important matter as that, and I can get no satisfaction. It seems to be a question of pigeonholing absolutely, because the members of the committee appear favorable to the adoption of the resolution; and, irrespective of whether there is pending today legislation with reference to the subject matter, the question of the constitutional provision such as is covered by Resolution 91 should be answered.

It certainly was the intention of the membership of the House that the Committee on the Judiciary should bring in a prompt report. Therefore I feel justified in offering a resolution of inquiry, which is privileged, and which I send to the Clerk's desk and ask for immediate consideration.

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

House Resolution 137

Whereas on April 3, 1933, House Resolution 91 was submitted to this House for the return of the bill S. 812 to the Senate on the ground that the said bill contravened the constitutional prerogative of this House to originate revenue bills; and

Whereas on April 4, 1933, the said resolution was, by unanimous consent, referred to the Committee on the Judiciary for report; and

Whereas the said Committee on the Judiciary has had the said resolution under consideration since the aforesaid date without having reported on the same; and

Whereas the said resolution raises a question involving a constitutional prerogative of the House of Representatives; and

Whereas it is of the greatest importance that the question raised by the said resolution be settled at the earliest possible moment in order to set at rest the particular question involved, which only the House itself can decide: Therefore be it

Resolved, That the Committee on the Judiciary be, and it is hereby, directed to make a report to this House upon the issue raised by House Resolution 91 within 5 legislative days from the date of the adoption of this resolution.

Mr. BYRNS. Mr. Speaker, reserving a point of order, I want to make a statement under the reservation. I think our good friend, the gentleman from Massachusetts [Mr. TREADWAY], has raised what is purely a moot question. We have entirely too much business before the House today to be spending our time considering something that has no bearing and will have no bearing even if that resolution is reported. My recollection of that resolution is that it was intended to apply to the Wagner bill.

Mr. TREADWAY. The question was involved in the Wagner bill, but not that alone.

Mr. BYRNS. But it referred to the Wagner bill and was intended to apply only to that bill, although it did raise, as the gentleman says, the constitutional question, necessarily; but the House has already passed the House bill. The conferees on several bills have presented conference reports, which are pending, and which I hope will be considered and adopted today. I submit that to pass that resolution now and to ask the Committee on the Judiciary to make a report upon a matter that is wholly a moot question is simply taking up the time of the House.

Now, I want to say to the gentleman that, of course, there is a way whereby he can get consideration of the constitutional question, so as to secure the attitude of the House with respect to these matters, but I do not think it should be brought up in this way, and that the House should be required to spend its time, or that a committee, which is engaged upon very important matters of pressing moment, should be asked to delay those matters while they consider something that has passed beyond the House and beyond the Congress.

I do not see the Chairman of the Committee on the Judiciary on the floor at the moment. The gentleman from Oklahoma [Mr. MCKEOWN], a member of that committee, is present, but I think the gentleman from Massachusetts should have notified the chairman of the Committee on the Judiciary that he was going to bring this matter up today; but in justice to that committee I wish to say that that committee was at the time busily engaged in considering matters growing out of the impeachment of a judge in California. It had other important matters before it. A subcommitee was appointed upon this resolution. The full committee never got to its consideration until the House had taken formal action upon the House bill, which, of course, was clearly in order.

We have three rules for consideration today. We have 6 hours' general debate upon an appropriation bill, and I am fearful we will not be able to pass that before Thursday, even if we proceed with the utmost dispatch. Now, to meet at 11 o'clock and have this time taken up by a moot question is asking too much of the House, and I move to lay the resolution on the table.

Mr. TREADWAY. The gentleman has done that before. Will the gentleman yield for a moment?

Mr. BYRNS. I will yield for a moment.

Mr. TREADWAY. This is a very important question; it is too serious to be disposed of by laying it on the table. The decision of the House on a constitutional provision certainly is always applicable and proper and is not a moot question. Let me ask the gentleman one question.

Mr. BYRNS. I will change my statement. It is a moot resolution.

Mr. TREADWAY. No; it is not a moot resolution. I do not admit any part of the gentleman's statement. I may say that it seemed to me the gentleman in all fairness suggested that it be referred to the Committee on the Judiciary for prompt action at the time it was so referred. What I am trying to get now is some explanation why it has not been reported upon. And, further than this——

Mr. BYRNS. Now, if the gentleman will permit——

Mr. TREADWAY. I did not interrupt the gentleman while he was making his statement. I did not yield the floor. I do not know how the gentleman took me off my feet.

Mr. BYRNS. I was speaking under my reservation of a point of order, so I am not impinging on the gentleman's time.

Mr. TREADWAY. Very good. Let us act hastily, if the gentleman wants to. Will the gentleman not say that in the course of the 5 days this resolution provides for that a decision on as important a question as this can be rendered by the Committee on the Judiciary?

Mr. BYRNS. I cannot say that because I do not know what other pressing matters are pending before the committee.

Mr. TREADWAY. Members of the Committee on the Judiciary are here. The gentleman from Michigan [Mr. HOOPER] is present. He is a member of the subcommittee to which the resolution was reported. He knows how busy the committee is. I would like for the gentleman from Michigan to tell us whether that committee can consider it.

Mr. McKEOWN. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. I yield.

Mr. McKEOWN. We have the corporate reorganization bill pending before us at the present time. This is a bill in which there is widespread interest and which is being asked for all over the country at this time. The gentleman well knows that the question is one upon which the House will never agree, nor will the lawyers on this committee ever agree upon it.

Mr. TREADWAY. On what question?

Mr. McKEOWN. The question the gentleman has proposed.

Mr. TREADWAY. Why, they will agree on it, the gentleman from Oklahoma and everybody else; but at least you should carry out the wishes of the House and report to it so action can be taken promptly.

Mr. McKEOWN. They will not agree on it.

Mr. BYRNS. I can understand how it is important in the eyes of the gentleman from Massachusetts, for he comes from a State where it is the practice of the court to render advisory opinions without any issues before it. We have another issue here.

Mr. TREADWAY. We have before us an issue of very great seriousness.

Mr. BYRNS. It seems to me a useless waste of time under all the circumstances.

Mr. TREADWAY. Will the gentleman from Tennessee yield so the gentleman from Michigan [Mr. HOOPER] may make a statement on the situation as he knows it?

Mr. BYRNS. I am not going to yield for anyone to make a long statement, because we must get along.

Mr. BLANTON. Mr. Speaker, I make the point of order that the resolution offered by the gentleman from Massachusetts [Mr. TREADWAY] is not privileged and that it is out of order.

Mr. TREADWAY. The gentleman from Texas is mistaken.

Mr. BLANTON. Mr. Speaker, I make the point of order that when by vote of the House the resolution was referred to the Committee on the Judiciary the only way to take it away from that committee is by a discharge rule.

Mr. TREADWAY. Mr. Speaker, I desire to be heard on the point of order.

Mr. BYRNS. Let me say to the gentleman from Texas that the quickest way to dispose of this matter is for him to withdraw his point of order and allow the House to vote on the motion to lay the resolution on the table.

Mr. BLANTON. Under the circumstances, Mr. Speaker, if such is the wish of the majority leader, I withdraw the point of order so that we may vote to lay the resolution on the table.

Mr. TREADWAY. Does the gentleman withdraw the point of order?

Mr. BLANTON. Yes.

Mr. BYRNS. The gentleman withdrew the point of order. Mr. Speaker, I move to lay the resolution on the table.

The question was taken; and on a division (demanded by Mr. TREADWAY) there were—ayes 173, noes 47.

So the resolution was laid on the table.

Mr. TREADWAY. Mr. Speaker, I shall not raise the point of no quorum. I can, but I will not out of courtesy to the majority party; but I do ask unanimous consent to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. TREADWAY. Under unanimous consent to extend my remarks I add the following:

Possibly the purpose of my resolution, directing the Committee on the Judiciary to report to this House upon the issue raised by House Resolution 91 within 5 legislative days from the date of the adoption of my resolution, has been accomplished even though the majority leader saw fit to again use his authority to table the proposition. His discussion of the merits of the resolution and his reference to it as a moot question were undoubtedly made hastily, because I am sure the able gentleman would not hold that a decision on as important a resolution as one having to do with the constitutional rights of the House falls within the definition of the word "moot." I also am certain that with the majority leader's thorough knowledge of parliamentary procedure and the effect of precedents on future action, either of the presiding officer or of the House itself, he would not want it to appear that any effort was being made to prevent action on the constitutional question involved.

There need be no mystery regarding the failure of the Judiciary Committee to report on Resolution 91. It is very apparent that the favorable findings of the subcommittee are not agreeable to some members of the full committee, and that in some unknown manner the report of the committee is being delayed.

When this question was referred to the Judiciary Committee at the request of the gentleman from Tennessee both sides were acting in good faith. In view of the importance of the question, it was proper that the legal opinion of the House as determined by the Judiciary Committee should be obtained.

Inasmuch as the Senate will continue to send to the House bills containing revenue items, time will be saved by prompt action on the part of the Judiciary Committee in making its report. The gentleman from Tennessee argued about the amount of business before the House today. The adoption of the resolution of instruction to the Judiciary Committee would have taken a great deal less time than was consumed in the debate. I feel very confident that in the near future the original resolution will be reported back by the Judiciary Committee. While I will gladly await the committee's action, its failure to act will not be countenanced. Therefore I expect very soon a vote on the merits of the question rather than yielding to the attempt of the majority leader to prevent the matter coming up by moving to lay resolutions on the table.

I am as anxious to expedite the business of the House as any member of the majority, but I stand upon my constitutional rights as a Member, and as this is the third occasion on which I have brought up this subject it may be understood that dilatory tactics will not be permitted indefinitely.

Let me further refer to remarks of the majority leader, quoting from page 1208 of the CONGRESSIONAL RECORD of April 4:

Mr. BYRNS. * * * It seemed to me that it would be infinitely better, as I have said, for the Judiciary Committee, since it involves a question of constitutional law, to make an investigation

and report tomorrow or as soon as may be their conclusions as to whether or not the action of the Senate violated the spirit of the Constitution.

The gentleman from Texas [Mr. BLANTON] endeavored to raise a point of order which, if it had not been withdrawn, I would have been glad to discuss.

In order that the matter may be before the House when the resolution is called up, I desire to invite attention to a ruling by former Speaker John G. Carlisle, whose ability as a parliamentarian has always been recognized. I quote from Hinds Precedents, volume 3, section 2558, page 1057. Speaker Carlisle said:

> The Chair thinks whenever it is asserted on the floor of the House that the rights or privileges of the House have been invaded or violated by any other body or by an individual a question of privilege is presented, at least to the extent that the Chair is obliged to submit it to the House for its decision. Of course the Chair itself will decide all questions of order arising during legislative proceedings of the House, but when the allegation is made that the rights or privileges of the House collectively have been involved that is a question which does not come within the province of the Chair to decide. The House is the custodian and guardian of its own rights and privileges as a body, and must always possess the power and have the opportunity to determine what those rights and privileges are and whether or not they have been improperly interfered with.

In this decision Speaker Carlisle took the position that "the House must always possess the power and have the opportunity to determine what its rights and privileges are."

This could not be so, however, if a committee of the House, one of its creatures, should, after a reasonable length of time, see fit to withhold its conclusions on a question of constitutional privilege and ignore the implied if not definite instructions of the House to report thereon.

The Committee on the Judiciary, by the mere reference to it of House Resolution 91, in the light of the discussion at that time, and especially the remarks of the majority leader which I have quoted, is in duty bound and under moral obligation to the House to report on the subject matter. Failure to report to the House justifies action by the House to enforce its rights, and it would be competent, as a question of privilege, to instruct the Committee on the Judiciary to submit a report.

The importance of the issue raised by the resolution cannot be overemphasized. The gentleman from Massachusetts [Mr. LUCE] in his remarks on the resolution on April 4 recalled that in the Constitutional Convention of 1787 the question of the "power over the purse" came near splitting the convention, and that only the compromise proposal giving the States equal representation in the Senate and proportional representation in the House, with the exclusive right in the House to initiate money bills, enabled this Nation to be created. In closing his remarks, the gentleman said:

> This issue ought now to be settled once and for all, in spite of exigency, in order that we may know whether the bargain by which this Nation was created shall still be kept.

In a sense, any further action on the resolution may be said to be unnecessary, since a House bill identical to S. 812 has now been acted upon by both branches of the Congress. However, the Senate bill still lies upon the Speaker's table, and it should either be returned to the Senate or its consideration should be indefinitely postponed. If the Committee on the Judiciary finds that the bill did not properly originate in the Senate, that body should be so informed for its future guidance.

A comprehensive report by the Judiciary Committee upon the whole question of the power to originate revenue bills would be doubly useful. In the first place, it would enable the House to determine more clearly when its rights are being encroached upon; and secondly, it would serve as a guide to the other body in initiating legislation in the nature of a revenue measure. I do not say that the Senate deliberately passes legislation which it knows should originate in the House of Representatives; but oftentimes, without any consideration of the constitutional aspects, it passes bills which clearly should have originated in this body. On the other hand, the House sometimes sleeps upon its rights and allows legislation to be enacted which does not have the proper origin. I have already pointed out an instance where the House disregarded its rights in order to secure the more speedy enactment of certain legislation.

The most dangerous invasion of the rights of the House comes when revenue matters are added by amendment to House bills which are not in the nature of revenue measures. For example, consider the inflation amendment to the farm relief bill. This matter is one of the most important ever to come before the Congress, and its consequences are so far-reaching as to affect every man, woman, and child in the United States. Yet, under the parliamentary procedure, no committee of the House held hearings on this provision, no committee of the House considered the advisability of changes in the measure, and the House had no opportunity to amend it. Only its representatives on the conference committee will have any hand in the final shaping of the amendment before it is enacted into law, and these conferees are not members of the committee having jurisdiction of the subject matter covered by the amendment. Thus we have a revenue amendment which, in effect, is written into law by the Senate of the United States with no real consideration of the matter by the House of Representatives.

If the "power over the purse" was of such importance as to be the chief item of contention in the Constitutional Convention of 1787, certainly it is worthy of being upheld by the House of Representatives at this time. This power has frequently been challenged by the Senate, but in clear cases that body has always acquiesced in the rights of the House when its attention has been directed to bills or amendments which have not properly originated there. Where it has not been clear whether the rights of the House have been invaded, the Senate has from time to time engaged in controversy with the House; but in the last analysis this body is the final arbiter. The House can always refuse to consider a Senate bill or amendment which in its opinion should not have originated in that body.

This House should jealously preserve its high privilege of initiating money bills, but to do so it must constantly be on guard against encroachments from the other body. I apprehend that no Member wishes to abdicate this power in favor of the Senate. We have all sworn to uphold the Constitution of the United States, and it is our duty, as much as it is our right, to insist that revenue bills should originate in the House of Representatives.

The difficulty, of course, comes in determining what is a revenue bill. This is a matter which has never been clearly defined. The Committee on the Judiciary, being the law committee of the House, is the proper body to lay down some rule which may serve to guide us in determining whether our rights are being transgressed upon. The House is entitled to know, with some degree of certainty, how far it can go in insisting upon its prerogative, and it is the duty of the Judiciary Committee to inform the House without further delay. With so many bills having revenue provisions originating in the Senate, it is important that the House should be prepared to ascertain intelligently whether they were properly initiated in that body.

Before concluding, I should like to bring out a point in connection with this matter which is seldom considered, but which is of great importance. I refer to the fact that the constitutional provision requiring revenue bills to originate in the House of Representatives is mandatory. Hence, any person may challenge the legality of any revenue measure which did not have its origin in this body. Numerous cases have been before the courts on this point.

In the past, it has generally been the practice of the leaders of the majority party to raise the question of origin when revenue bills came to this body from the Senate. In the absence of any move on the part of the leaders of the present majority to challenge the two measures which I have sought to return to the Senate during the present session, I have felt it my duty, as a Member of this body, to do so. My purpose has not been to delay or hinder legislation, but only to preserve the integrity of this House and to uphold the mandate of the Constitution.

PERMISSION TO ADDRESS THE HOUSE

Mr. SNELL. Mr. Speaker, I ask unanimous consent that my colleague the gentleman from New York [Mr. FISH] may have 10 minutes in which to address the House relative to the soldiers' convention that is to take place here within the next few days.

Mr. BYRNS. Mr. Speaker, reserving the right to object—and I am not disposed to object to any reasonable request that comes from the distinguished gentleman from New York, but the gentleman knows the calendar is pretty heavy today. We are anxious to get rid of these three rules which will come up for action and then to get into the general debate upon the appropriation bill. Six hours of general debate have been provided for.

Mr. SNELL. I appreciate the situation, and I may say to the gentleman that when I notified him I was going to make this request, I did not know the other matter was coming up; but 10 minutes will not mean very much delay, and we will try to make it up for him during the day.

Mr. BYRNS. I cannot object, with the understanding that the gentleman from Washington, who was cut off from addressing the House yesterday by the point of no quorum, may be allowed to address the House for 5 minutes, and with the further understanding that no additional requests for time for discussion will be submitted; for if any are submitted, I shall be compelled to object to them, and I shall also be compelled to object to any extension of time.

Mr. SNELL. That is satisfactory.

Mr. BYRNS. So, with the understanding that the gentleman from Washington may have 5 minutes in which to address the House, I shall not object to the request of the gentleman from New York.

Mr. BLANTON. Mr. Speaker, reserving the right to object, I am with the gentleman from New York [Mr. FISH] in all his fights against communism, but it would be out of place at this time for him even to intimate that the patriotic soldiers of this country would be communistic if they came to Washington. So, Mr. Speaker, I object.

Mr. SNELL. I think the gentleman can let the gentleman from New York take his own position in regard to that.

Mr. BLANTON. These soldiers, if they are real soldiers, have the right to come to their Nation's capital whenever they want to do so, and I object.

Mr. O'CONNOR. Mr. Speaker, I demand the regular order.

Mr. BLANTON. Mr. Speaker, I object.

FARM RELIEF

Mr. GREENWOOD. Mr. Speaker, I call up House Resolution 136.

The Clerk read as follows:

House Resolution 136

Resolved, That notwithstanding the previous action of the House relative to the conference report on the disagreeing votes of the two Houses on the bill H.R. 3835, immediately upon the adoption of this resolution the House shall consider said conference report without the intervention of points of order against the same.

Mr. GREENWOOD. Does the other side desire time on this resolution?

Mr. RANSLEY. There is no desire for time on this side of the House.

Mr. GREENWOOD. Mr. Speaker, this is a rule to make in order amendment 14 of the conference report on the farm relief bill, in which there is a slight variation from both the Senate and the House bills.

Section 8 of the House bill contains the general powers, and the bill reads:

To provide for reduction in the acreage or reduction in the production for market, or both, of any basic agricultural commodity, through agreements with producers or by other voluntary methods, and to provide for rental or benefit payments in connection therewith.

The Senate had a similar provision which provided that the Secretary of Agriculture could make advance payments on grain stored on the farm to carry out rental or benefit agreements, and the conferees adopted an amendment which varies the language but slightly, as follows:

Under regulations of the Secretary of Agriculture requiring adequate facilities for the storage of any nonperishable agricultural commodity on the farm—

And so forth.

There was some question raised as to the word "nonperishable" being of broader scope than the words "basic commodities", and therefore went beyond their authority under the language of either the House or the Senate bill, and this resolution from the Committee on Rules simply waives all points of order on this amendment with respect to two very similar provisions in the two bills.

Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

The SPEAKER. The Clerk will report the conference report.

Mr. JONES. Mr. Speaker, the report was read on yesterday, and I therefore ask unanimous consent that the further reading of the conference report be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. JONES. Mr. Speaker, this report covers some 84 amendments. The conference reports an agreement on 83 of the 84 amendments.

Amendment no. 83, which covers the so-called "Simpson-Norris features", sometimes referred to as "the cost-of-production amendment", is a distinct amendment on which the conferees have not been able to agree. After action on the conference report, if the report is adopted, the question of disposition of this amendment will be taken up in the House as a separate matter. I make this statement so that those who are interested in the amendment may understand that it will be taken up after the adoption of the conference report, should the report be adopted.

A number of these amendments are clerical. One of the amendments was discussed yesterday, and I shall not take time to go into it. I shall simply undertake to discuss the main features of the conference report embodying changes in the bill as it passed the House.

Amendment no. 4 has what is called "a warehouse-agreement provision"; and if you will turn to page 2 of the report, I think you will get a thorough understanding from just a reading of this amendment, which I shall not undertake to read now.

The other features of the so-called "farm bill" are largely the same, with some minor changes as to administration. There are some minor changes in the method of collecting the processing fee.

There were some changes in the trade-agreement section. The Senate put in the word "basic" in the trade-agreement section, and this term is stricken out wherever it occurred.

In the following section, which is the licensing section, the terms were changed so as to broaden its scope and make it harmonize with the trade-agreement section.

However, there was one place where the word "basic" occurred in which the word "basic" was included in both the Senate and the House bills and could not be excluded because it was not within the range of the activities of the conference. A special resolution has been prepared for presentation—House Concurrent Resolution No. 18—which we hope to take up a little later, providing for striking out the word "basic" in this section. If we had known a point of order was going to be made and that we were going to be put to the necessity of getting a rule, we might have included that change also in the conference report. However, in order to conform to the wishes of those who will have to administer the act, this word will be excluded if the concurrent resolution is passed.

In the mortgage feature of the bill, the conferees, in view of the discussion, inserted the word "normal" before the word "value", so that they may have discretion in adjust-

ing these loans or in making new loans, and so there may be no question of the fact that they are not limited strictly to present-day values. I understand this has been their custom anyway, but this provision removes any doubt about their ability to do this.

On the question of winding up the joint-stock land banks, the Senate bill provided for $125,000,000, and the conferees have reduced this to $100,000,000.

If they are able to furnish adequate security, they will be permitted to borrow not to exceed $100,000,000 from the Reconstruction Finance Corporation for the purpose of orderly liquidation. There is a provision in both sections that the agreements shall be supervised and approved by the Farm Loan Commissioner, so that they may be fair to the borrower, the bondholder, and to the stockholders.

Mr. SNELL. Will the gentleman yield?

Mr. JONES. I will yield.

Mr. SNELL. Do I understand that it is the intention of the Department or Congress that the joint-stock land banks be liquidated?

Mr. JONES. Yes. Provision is made for their liquidation. They are forbidden to make any more new loans, except to refinance, and forbidden to issue any more bonds of the type heretofore issued.

Mr. McFADDEN. In case of losses, who is to stand the loss?

Mr. JONES. The losses incurred in the course of liquidation?

Mr. McFADDEN. Yes.

Mr. JONES. There would be no choice except for the bondholders and the stockholders to stand the loss.

Mr. McFADDEN. Is there any provision or understanding that the Government shall assume the losses?

Mr. JONES. No; there is no provision and no such understanding.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. JONES. I yield.

Mr. COCHRAN of Missouri. Does the act provide for relief for the joint-stock land banks already in the hands of a receiver?

Mr. JONES. Yes.

Again, the Senate bill had a provision requiring that all borrowers should join the Farm Loan Association—making it mandatory. The conferees changed that provision so that while the direct loan calls for one-half-percent interest higher rate, the question of joining the association will be permissive. I feel that that provision of law will do away with a good deal of irritation. It will make the joining of the association voluntary, and the Government will not be in the attitude of forcing such action.

Mr. CLARKE of New York. Will the gentleman yield?

Mr. JONES. Yes.

Mr. CLARKE of New York. The only difference is that the interest will be one half percent higher.

Mr. JONES. It also provides that the joining of local associations shall not be mandatory.

Mr. JOHNSON of Texas. The borrower has the option.

Mr. JONES. That is correct.

Mr. JOHNSON of Texas. It is optional although there may be another one in that community.

Mr. JONES. That is my understanding.

Mr. TARVER. Will the gentleman yield?

Mr. JONES. I yield.

Mr. TARVER. There are some cotton growers in my State who are under the impression that a tentative contract has been entered into between the chairman of the Farm Board and the American Cooperative Cotton Association by which the cotton held by the association as security for loans shall be turned over to the Secretary of Agriculture for the amount of the loans, not to exceed 90 percent of the market price at the time of the delivery. Now, the amount loaned on it in some instances was only 50 or 60 percent of the market value for cotton at that time. Does the gentleman understand that by Senate amendment no. 5 the Secretary of Agriculture may acquire title to cotton held by A.C.C.A. without paying the 90 percent of its market value at the time of delivery by the grower as security for loan?

Mr. JONES. He will pay 90 percent of the market value at the time the borrowing was made.

Mr. TARVER. I understand the fact that the contract must be voluntary, but I wanted the gentleman's impression as to whether or not, under this provision of the bill, the Secretary of Agriculture, or the Farm Board acting for him, could make a contract for the delivery of cotton at less than 90 percent of the market price at the time of its original delivery to the American Cooperative Cotton Association as collateral.

Mr. JONES. I think if the gentleman will turn to subdivision 1, on page 4, lines 20, 21, and 22, he will find that he is required, if he makes adjustments, to make such adjustments as will give them the amount they were advanced plus enough to make it up to 90 percent of the then market price.

Mr. TARVER. Then the Cooperative Association could not make a contract for less than 90 percent of the then market price?

Mr. JONES. That is my impression.

Mr. TARVER. One other question. I am informed that at the time of the original delivery to the American Cooperative Cotton Association a contract was entered into by which the cotton was to be held for a period of 3 years. Is the gentleman familiar with that contract?

Mr. JONES. I understand there is some sort of an agreement. I do not know exactly the terms of the agreement, but I understand there was some such an agreement that they would agree to hold it for as long as 3 years, and that period will expire July 31. I am not quite sure as to the exact date. I think there was some such agreement. However, the holders of that cotton and the organization will have the advantage of having these loans canceled, if this agreement is entered into. I take it that there was some such agreement as the gentleman refers to. I would rather not undertake to state specifically what it was, but the gentleman can secure a copy of that and interpret the terms.

Mr. TARVER. It is not the gentleman's impression that the American Cooperative Cotton Association could sell the cotton of those farmers to the Secretary of Agriculture, even at the price stated in the bill, without their consent?

Mr. JONES. I should not want to pass on that legal question. That is a legal question that would require the interpretation of documents. It would require the interpretation of three or four different types of documents. I do not think that is my province. I think if the gentleman will call up the Farm Credit Administration he can secure that information. They have good attorneys and they will be glad to give the gentleman their interpretation.

Mr. TARVER. But that will be after the adoption of this report. I am trying to get information which will aid me as a Member of this House in voting on this report.

Mr. JONES. I am sorry, but I do not want to pass on that. I have not before me the agreements nor the constitution and bylaws of the State and National organizations nor the agreements between the individuals and the State cotton cooperatives, nor the agreement between the State cotton cooperatives and the A.C.C.A. Not being familiar with the terms of those contracts and agreements, it would not be proper for me to state what their legal rights are. The gentleman is a lawyer, and he knows it would depend upon the wording of those contracts.

Mr. TARVER. But I think we should have the information before we vote on this conference report.

Mr. JONES. Insofar as the bill is concerned, they are given the option to make this sort of a settlement with the Secretary of Agriculture, and he, in turn, is authorized to make settlements. Of course, if they have contracts dating behind that, which would forbid certain types of settlements, they could not make them. If they did not have, they could make them.

Mr. TARVER. Let me state to the gentleman there is now pending in my State an injunction suit, instituted by the cooperatives, seeking to restrain the American Coopera-

tive Cotton Association from the execution of a contract which they claim has already been entered into for delivery of this cotton without the consent of the owners of the cotton, and at less than 90 percent of the market price at the time of its original delivery.

Mr. JONES. I do not understand such a contract could be entered into prior to the enactment of the law.

Mr. TARVER. I am trying to secure information as to what is being attempted. I think the House should know that, and the gentleman should know it, before acting on this bill.

Mr. JONES. I thank the gentleman for his contribution.

Mr. McCLINTIC. Will the gentleman yield?

Mr. JONES. I yield.

Mr. McCLINTIC. If I understood the distinguished chairman of the Committee on Agriculture correctly, he mentioned the American Cooperative Cotton Association, an organization set up by the Farm Board. Most of the Members of this House are acquainted with the high salaries paid by this particular set-up, including some that reached enormous figures.

Mr. JONES. Yes. Some of them were entirely too high.

Mr. McCLINTIC. I should like the gentleman to tell us whether or not that organization is still functioning to the extent that they are paying those salaries that run as high as $50,000 or more?

Mr. JONES. I do not have full information. I understand they have very materially reduced their salaries, although I have no definite information. I am sure the gentleman could get that by making inquiry. I do not know to what extent they are functioning. These organizations are still in existence if my information is correct.

Mr. GOSS. Will the gentleman yield?

Mr. JONES. I yield.

Mr. GOSS. Yesterday the gentleman introduced House Concurrent Resolution 18, which makes an important amendment to this bill. Has the gentleman taken up with the leadership on his side as to whether or not we will have consideration of that changed wording, so that that may be put into the enrolled bill? Is the House to understand the gentleman will use all pressure possible to have that amendment put in?

Mr. JONES. We are going to try to secure the passage of the amendment.

Mr. SAMUEL B. HILL. Will the gentleman yield?

Mr. JONES. Yes; I yield.

Mr. SAMUEL B. HILL. I should like to ask the chairman of the committee what were the impelling reasons which induced the conferees to eliminate from the bill the provisions of section 36, on page 55, providing facilities for refinancing through the Reconstruction Finance Corporation of the debts of levee districts, drainage districts, and irrigation districts? Why that discrimination against the agriculture of the western section?

Mr. BYRNS. How about the amendment excluding the sweepings of tobacco? I fail to find it in the bill.

Mr. JONES. That is amendment no. 36.

Mr. Speaker, I yield 10 minutes to the gentleman from Mississippi [Mr. DOXEY]. He has studied this matter. It is his intention to make an explanation of it and to answer such questions as the Members wish to ask.

Mr. DOXEY. Mr. Speaker, I realize full well that most of the Members are deeply interested and concerned in this piece of legislation. I feel also that some of them are very much more familiar and more interested with some of the amendments and proposed provisions than with others; but permit me to say that this piece of legislation is a combined program of farm relief known as the omnibus farm bill and consists of about four great sections as you know. As one of the conferees I feel some facts and circumstances should be explained to this House in order to give the Members the background of the conditions with which we were faced when we met in conference with the Senate, and also to let the Members of the House know we did the best we could under the circumstances.

The first great provision of this bill is the emergency farm-relief program, which includes the Smith plan and the so-called "domestic-allotment plan."

The second great provision of the bill is the farm-refinancing program, or the farm-mortgage provision. This includes, may I say to the gentlemen from Colorado, Washington, and Oregon, who just asked the Chairman a question with reference to the deleting of Senate amendment on page 55 with reference to irrigation and drainage districts, the agricultural-refinancing program of the levee, drainage, irrigation and similar districts throughout the United States.

Then we have in this bill the inflation program which your conferees were not concerned with, because this House has heretofore voted and expressed its approval of that measure.

Mr. MARTIN of Colorado. Mr. Speaker, may I ask the gentleman if he will permit some questions with reference to certain features of the bill?

Mr. DOXEY. I may say to the distinguished gentleman from Colorado that I feel it is my duty, as well as my privilege, to yield to any Member just as many times as I can within the limited time allowed me.

Mr. MARTIN of Colorado. Will it interrupt the gentleman if I ask him a question?

Mr. DOXEY. It will not interrupt me, because I am here to answer any question I am able to. I may say to my distinguished friend that I mean to do what I say. We will discuss this bill. We will not discuss at this time amendment no. 83, the price-fixing amendment. Under the rule this amendment will be considered after we take a vote on the combined amendments en bloc, the 82 amendments as to which the House conferees and the Senate conferees have reached an agreement. After we vote upon them we will take up the price-fixing amendment, have an hour's discussion, as I understand, and then vote upon it. So let us start with the inflation feature.

Mr. MARTIN of Colorado. May I say to the gentleman at this point that to my interruption with reference to the changes made by the conference committee in section 36 to the Senate amendments is in entire good faith, and it is almost imperative on me to make the interruption, for the reason that we western Members of the House, few in number from the different States, feel somewhat restive owing to the fact that we have to look to our Senators for anything concerning our States, for our representation in the Senate is much more powerful?

Then, when our Senators succeed in getting anything done for our States, as was done in section 36 by the amendment authorizing loans to private irrigation corporations, and so forth, we find the House conferees insist on cutting those things out; and we have to swallow the conference report as a whole and vote against practically everything we have got in this bill through the intervention of our Senators. As I understand, the conferees have taken out of the Senate amendment all the private irrigation projects.

I may say to the gentleman that part 4 of the Jones bill, H.R. 4795, relating to refinancing of agricultural improvement district indebtedness, was of the utmost interest to the Western irrigation States. The Jones bill, as it passed the House, did not contain the provision for loans to private irrigation and drainage companies. At numerous meetings held by Members from those States it was agreed that it was highly desirable to amend the bill as it was amended in the Senate and which could not be done in the House under the procedure, and the amendment was inserted at the instance of a western Senator, Mr. COSTIGAN, of Colorado.

I may add that I have in mind private irrigation companies, which are engaged in irrigation only and which were organized and completed many years ago by farmers and public-spirited business men, and which under the adverse conditions in their localities are sorely in need of the aid afforded under section 36 of the bill. They look to us for this relief and will no doubt feel that, our Senators having succeeded in putting it in the bill, we in the House should have been able to keep it in. That is what we are up against.

Mr. DOXEY. I can appreciate the gentleman's position and I am going to change my plan of procedure and the method I had hoped to employ in the discussion of these amendments and the conferees' agreements in view of what he has said. I am going to tell the House a little something about section 36 and what was in the minds of the conferees.

I say without fear of successful contradiction that what the gentleman says with reference to his distinguished Senators is, in some measure, true; but it is in no sense a reflection on the Members of the House from the Western States.

This amendment was placed in section 36 in the last hours of the debate in the Senate. I will not state what is and was in the minds of the Senate conferees as they expressed themselves in conference, but I want to reason with you, if I may, why this amendment should be deleted and not included in this bill.

I may say to my good friend that title IV, section 36, to which he refers, was not in the original farm refinancing program. It was put in there on a Sunday and it was cut out by the Senate Banking and Currency Committee.

Title IV, section 36, relating to drainage, irrigation, and levee districts and similar districts, was in this bill and was kept in it by the House Committee on Agriculture. [Applause.] The bill came up on the floor with this provision in it. It passed the House and we kept the original House provision in it, and when it went to conference there was not—I say it with all due deference—a friend of the Senate's added provision among the House conferees for the proposition that loans to private enterprises and projects, including reservoirs, dams, and electric-power projects, and other private enterprises of this kind, should have been included and be permitted to participate in obtaining aid from the Reconstruction Finance Corporation in the $50,000,000, which amount we could not raise in conference.

Why? I believe the gentleman will agree with me and appreciate the fact that there are friends of these projects in this House on this conference committee, but we only had $50,000,000. How far would $50,000,000 go throughout the United States if you are going to include every private corporation or every little district where any kind of ditch or irrigation project is concerned, especially when you consider the great projects which are public in their nature and are entirely different from the projects that the gentleman has in mind, both as to levee, drainage, irrigation, and other similar districts, which would not be benefited to any great extent because the base of the amount in this provision available for loans by the Reconstruction Finance Corporation is limited to $50,000,000.

I want to ask the gentleman to consider a minute the language of part 4 of section 36, on page 56, and go with me to line 17, the language of the amendment the gentleman is complaining about, which says:

> Including private corporations organized for levee and drainage and irrigation purposes—

And so forth. I shall not take the time to read all of it, but it takes in all kinds of irrigation districts, dams, reservoirs, and electric projects developed by and incident to all the irrigation projects that one could imagine.

The gentleman has in his own State, as well as do other gentlemen from the western section, projects of this kind; and I may say to the gentleman that the House has tried to help them in every way possible, and will continue to do it, but if this language goes in here I say that in my humble judgment there will be very little benefit to any kind of district, because the spread will not permit it and $50,000,000 will be but a drop in the bucket.

I think this will answer any argument made back home by your constituents. Why? Because your constituents and your districts have an additional $5,000,000 in this bill, in section 36, carried under the Newlands Act, where, if the fund is a reclamation fund, they are permitted to borrow from the Reconstruction Finance Corporation an additional $5,000,000, outside of participating in the $50,000,000, just as any other public, legal entity can, where it is in financial distress, where it is shown that it is economically sound and is organized under the laws of some State; but, my friends from the West, do not say by your vote that they can participate just because they are private individuals organizing companies of their own, selling stock to the public, and therefore should be able to come in under the provisions of this amendment. [Applause.]

[Here the gavel fell.]

Mr. SAMUEL B. HILL. Will the gentleman from Texas yield the gentleman from Mississippi 1 more minute so that I may ask a question?

Mr. JONES. I yield the gentleman 1 more minute.

Mr. DOXEY. I want to say to my distinguished chairman that he is very kind, but I do not want to impose on him. I know he has more demands for time than he has time at his disposal, but I shall be glad to yield to the gentleman from Washington.

Mr. SAMUEL B. HILL. I just want to understand a little more clearly what the gentleman from Mississippi has said with respect to the rights of these corporations, districts, and so forth, to avail themselves of the credit of the Reconstruction Finance Corporation without this particular provision.

Mr. DOXEY. They cannot avail themselves of it if they are purely and simply a private corporation organized for private gain. The gentleman knows that in Colorado and in his own State they have organized corporations out there that sell the water to the landowner, and when the landowner buys the land he does not get the water; and do you expect to help those people pay dividends on their bonds and stock to the exclusion of others? No one denies there is a vast difference between public and quasipublic districts and private districts and that the public districts should be taken care of first.

Mr. SAMUEL B. HILL. I am just trying to find out what the gentleman from Mississippi said.

Mr. DOXEY. I shall be glad to talk to the gentleman in private, but I do not think I have much time to talk to him right now on the floor of this House, for I certainly do not want to take up any other Member's time.

Mr. SAMUEL B. HILL. How about the reclamation districts; can they borrow money?

Mr. DOXEY. If they come within the Newlands Act as to their reclamation funds, they have $5,000,000 extra or in addition to the $50,000,000.

[Here the gavel fell.]

Mr. JONES. Mr. Speaker, I yield 5 minutes to the gentleman from Nevada [Mr. SCRUGHAM].

Mr. SCRUGHAM. Mr. Speaker, I rise in opposition to the adoption of this conference report.

In the State of Nevada there is the Newlands irrigation project operating under the laws of the State of Nevada and under contract with the Federal Government. It is an irrigation district that has been in existence for 25 years.

The Senate provided in its amendment for the right for them to borrow money from the Reconstruction Finance Corporation for operation and maintenance expenses. The conference committee, without any consideration, apparently, of the facts involved, has stricken this needed provision from the bill.

The conference agreement eliminates the provisions of the bill relating to authorization of Reconstruction Finance Corporation loans to private corporations and to irrigation districts operating under contracts with the United States to aid in payment of their operating and maintenance charges and the installation of necessary works.

The conference agreement also eliminates the provision authorizing the Reconstruction Finance Corporation to accept from such districts the pledge of their outstanding evidences of indebtedness as security for loans.

In the practice of agriculture in the arid lands, there is the additional burden to be carried of a charge for operation and maintenance of irrigation works, which is not imposed upon the man who wrests his livelihood from the soil in regions favored with ample rainfall. In the intermountain regions of the far West there are thousands in the

same dire distress as are the farmers of the Middle West, the South, and the East.

The principle of extending relief to those operating in irrigation districts was sanctioned by the White House, after a favorable report from the Reconstruction Finance Corporation.

This conference report unfairly and unjustly eliminates the only provisions in the bill which are of material benefit to the majority of those struggling to maintain their existence on the irrigation projects in the intermountain area.

Authorization for their relief was placed in the amended bill by vote of the United States Senate after a careful investigation into the obvious merits of the proposal.

To the best of my knowledge and belief the House conference committee eliminated the authorization without hearing from a single representative from the area affected. Their action constitutes a gross discrimination against the farmers of every arid-land State. Under the rules adopted by the House to govern the consideration of this bill, we are not permitted to vote on the merits of the individual amendments or eliminations. We, therefore, have no other recourse except to ask all interested in fair play for the arid-land States of the West to vote against adoption of the conference report.

Mr. JONES. Mr. Speaker, I yield 3 minutes to the gentleman from Idaho [Mr. WHITE].

Mr. WHITE. Mr. Speaker, under the provisions of the conference report on this bill the agreement eliminates the provisions relating to loans to private corporations and to irrigation districts operating under contracts with the United States to aid in the payment of their operating and maintenance charges and the installation of necessary works. The provisions relating to the inclusion of dams, reservoirs, and electric-power projects in the case of irrigation systems are also eliminated and the projects of borrowers which are eligible for loans are limited to those projects which have been completed prior to the date of enactment of the act.

Mr. Speaker, I should like to point out the injustice of this discrimination in excluding from the provisions of this bill the opportunity of borrowing from the Reconstruction Finance Corporation this class of citizens who have pioneered in the West and by their own initiative have reclaimed vast tracts of arid lands. These citizens who have pioneered in these irrigation districts, developed them with their own capital, and by their own initiative, have organized private corporations, have issued bonds to finance the development of these projects. They now need refinancing and they are prohibited under the operation of this report from securing money from the Reconstruction Finance Corporation.

Mr. Speaker, let me say that no finer and more substantial farming communities can be found anywhere than those in the districts which come under the classification excluded from the provisions of this bill. What must these people who are about to lose their farms think, when they see the Reconstruction Finance Corporation money used to pull weeds along the road and bury rocks along the western highways, as I have seen, using hand work?

Mr. Speaker, why in Spokane, in the State of Washington, they are using the Reconstruction Finance Corporation money to construct golf links. We are here denying these people, who are pioneers, who cooperated to develop some of the best farming districts in the State of Idaho, from an opportunity to borrow money to protect their farms in these the darkest hours of distress.

Mr. Speaker, we should reembrace the provision that was put in the bill in the Senate making the funds of the Reconstruction Finance Corporation available to these people who have established their homes there.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. WHITE. I yield.

Mr. WHITTINGTON. Are not the funds to the extent of $50,000,000 available to all irrigation districts organized under the laws of the State?

Mr. WHITE. To Government-owned districts.

Mr. WHITTINGTON. Under the conference report your State has the same right to borrow money for irrigation districts organized under the law of the State as every other State has for drainage, and so forth.

Mr. WHITE. A good many districts are organized under the Cary Act and would not come under the provisions of this bill.

[Here the gavel fell.]

Mr. JONES. Mr. Speaker, I yield 5 minutes to the gentleman from Kansas [Mr. HOPE].

Mr. HOPE. Mr. Speaker, in view of the statements made by the preceding speaker and others as to the changes made in section 36, I think it might be well to point out that this is not primarily a bill to enlarge the lending powers of the Reconstruction Finance Corporation. This is a bill for the relief of farm-mortgage indebtedness. The only reason for including any provision for refinancing the indebtedness of drainage and irrigation districts is to enable landowners in those districts to take advantage of the provisions relating to the refinancing of farm mortgages.

These landowners in many cases are not in a position to refinance their farm-mortgage indebtedness because of the fact that the drainage-district indebtedness and assessments made thereunder are prior liens on the land. Consequently, unless some relief is to be afforded by refinancing the drainage- and irrigation-district indebtedness, there is no opportunity for farmers owning land to get the benefit of the mortgage provisions of the act.

Now, that is the only reason, as I understand it, and the only justification for putting these provisions in the measure, which was designed primarily to relieve farm-mortgage indebtedness.

The amount is limited to $50,000,000. I am told by those acquainted with the facts that this will not be sufficient to entirely take care of the situation which it is sought to remedy. In view of this fact, it would seem to me improper and unfair to extend the provisions of the section to include private irrigation corporations and to provide for the financing of irrigation enterprises not yet completed.

If these are meritorious cases, let us in some other proper legislation enlarge the loaning power of the Reconstruction Finance Corporation to take care of them. But I do not believe they properly come within the provisions of an act of this kind.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. HOPE. Yes.

Mr. WHITTINGTON. Is it not true the conference report retains the provision in the House bill for refunding the distressed districts, and is it not true that the Senate amendment would extend it and bring in other loans?

Mr. HOPE. That is true.

Mr. WHITTINGTON. And would defeat the purpose of the original provision?

Mr. HOPE. I think it would at least very materially affect the matter and probably defeat the original purpose of the act. I yield back the remainder of my time.

Mr. JONES. Mr. Speaker, I yield 1 minute to the gentleman from Connecticut [Mr. KOPPLEMANN].

Mr. KOPPLEMANN. Mr. Speaker, I requested the chairman of the committee to yield for a moment to a statement and a question. I come from a district which raises cigar leaf tobacco. We have been gradually but surely losing our entire industry, primarily due to the fact that in this country we do not protect the cigar leaf tobacco grower from the invasion of some 6,000,000 pounds per year of tobacco from Java and Sumatra that are raised by conscript labor at from 12 cents to 15 cents a day. Under this measure before us we have no relief from that kind of competition. Besides, the tobacco raised in Sumatra and Java will wrap three times as many cigars as that raised in my district and in other districts throughout the country. I should like to know from the chairman what this bill offers to my people and to others who grow this kind of tobacco.

Mr. JONES. Mr. Speaker, I appreciate the circumstances which the gentleman details, but as a matter of fact to do what he suggests would require our invading the province of another committee, the Committee on Ways and Means. The effort in this bill is simply to levy sufficient tax on the

competing product to leave the basic products on the same comparative and competitive level that they are today. In other words, we endeavor to avoid placing the foreign product in a favored position. To do more than this is a question within the jurisdiction of the Ways and Means Committee. The conferees felt that would open up a wide tariff field.

Mr. Speaker, I yield 2 minutes to the gentleman from Iowa [Mr. GILCHRIST].

Mr. GILCHRIST. Mr. Speaker, as we all know, title II of the present conference bill covers the same ground as the House bill 4795, which was passed by the House substantially as introduced by the Chairman of the Agriculture Committee on April 10.

I think it is fair to say that the Agriculture Committee considered this legislation with some degree of honesty and intelligence. Among other things, when it passed the House, the bill provided, and it now provides, that loans shall be made by the Reconstruction Finance Corporation to drainage and irrigation and similar districts for the purpose of enabling them to refinance outstanding indebtedness. Capitalists had invested in these districts and many people thought that such districts should be enabled to refinance their outstanding bonds and debts so as to take care of the investors. So the Reconstruction Finance Corporation is to make loans to these drainage and irrigation districts and refunding bonds are to be issued by them. Now, the payment of these refunding bonds is by this bill made a lien on all of the property within the circumference of the whole district. It was pointed out in the committee that this provision might work great injustice in certain cases. For example, a farmer may have paid his assessment in full, but his neighbor may not have paid it. I did not think it was equitable to impose the obligation of paying these refunding bonds as a lien upon the land of the farmer who had actually paid his assessment. That might make the investment safer to the bondholder, but it would do wrong to the farmer. Again, Farmer A might have a piece of land which had a small assessment against it, while the land of Farmer B might have a large assessment against it because B's land was benefited by the improvement in a much greater degree. It seems unfair to impose a lien upon A's land for the payment of the refunding obligation in the same degree and to the same extent as B's land.

I pointed out that the land of Farmer A should be protected by proper language, so that a lien would not be imposed against it in the same degree and to the same extent as Farmer B's land had. Therefore, when the bill left the House it contained provisions that this act should not be construed so as to make any land subject to a lien for the payment of a greater proportion of the indebtedness of the district than such land is subject to under existing law. These provisions were enacted by the House. Assessments and liens upon any particular lands for refinancing the bonds of these districts should always be in the same proportion as they are under the present law.

This matter was put into the bill in the House committee by specific and certain amendments, and the idea should have been preserved in conference. Under the changes now sent over here by the Senate and agreed to by the conference committee, the additional money that is to be borrowed in order to pay the old bondholders is made a lien on the whole district, notwithstanding that an individual farmer may have paid his assessment in full. It seems to me that anyone who believes in the virtue of the commandment "Thou shalt not steal" ought not to consent, except under compulsion, to a condition which will make such a farmer pay new and increased and additional sums of money, and sums wholly out of proportion to his benefits. If he has already paid his assessment, he ought to go free. Or, in the case of one whose assessments are small in proportion to the assessments of other landholders, it is again true that the owner of the land having the small assessments should not be burdened with a lien for the payment of the big assessments imposed on other land in the district. This change should not have been made by the Senate, and it should never have been consented to by the conferees.

Mr. DOXEY. The gentleman must realize that on the doctrine of the "last faithful acre", in the case now before the Supreme Court, this language means nothing, and that we could not possibly pass a law that would affect contracts heretofore entered into.

Mr. GILCHRIST. There is not a thing in the House bill that would do away with the doctrine of the "last faithful acre," provided the Supreme Court upholds it, which it may never do. If it upholds it, then it is the present law, and the amendment put in by the House committee simply said that these assessments should be in proportion to those existing under the present law. We did not try, as the gentlemen well know, to affect existing contracts in the least particular. Our amendment carefully preserved every obligation contained in any existing contract.

Mr. JONES. Mr. Speaker, on that subject the Senate took the position that this would be accomplished anyway, and that the amendment was surplusage, as is shown by their discussion, and that no act could require a greater burden than that provided by the State law.

Mr. GILCHRIST. As a matter of fact, the language of the House bill is necessary. The present conference bill provides that the payment of the new refunding bonds shall constitute a lien and a charge upon the lands in the whole district without regard to the equities existing in favor of particular lands and those existing as between and among particular lands. If the agents of any drainage or irrigation district have any power whatsoever to act under our law, then they will be bound by the provisions of our law. If the statute of the State enables them to proceed, or clothes them with authority to proceed, under this new Federal law, in order to gain the benefits conferred by it, then they will be bound by the provisions and terms of that same new Federal law however unjust they may be.

If the Senate's position is that the language is not necessary, then what harm can be done by incorporating this language in the bill just as the House Agricultural Committee did? What harm can be done by making it clear? Every statute should be clear and perspicuous. What reason can anyone offer against making this language certain and definite? Has anybody any reason against clearing up an ambiguity, granting that it is ambiguity only, except the reason that the authors or framers might have flowing out of the pride which they may have in their own language and in their own sense of infallibility?

Mr. JONES. I do not know that any great harm could be done except that it would require this to go back to conference, and it would take several days. If this is important, a correction can be made later. I am sure that from what various people have told me that the gentleman need have no fear on the subject. I do not think it is of sufficient importance to go back to conference and throw this whole bill into a further conference.

Mr. GILCHRIST. I certainly do have fear on the subject, especially as applied to the Iowa situation, with which I am somewhat familiar. I still am of the opinion that those who believe in the doctrine of "Thou shalt not steal" ought not to force that kind of liens and assessments on lands in Iowa, even though they do own bonds that they desire to collect.

Here again we are not allowed to amend or divide the question. It is another instance of voting either "yes" or "no" upon this whole report. I want to see the bill enacted. I am for the bill, but I am against all gag rules and against regulations which prevent us from offering amendments and thereby preventing injustice.

Mr. JONES. If any injustice is done in the gentleman's State, as far as it is within the possibilities for me to do so, I shall assist him in an effort to have it corrected.

I yield 2 minutes to the gentleman from Texas [Mr. THOMASON].

Mr. THOMASON of Texas. Mr. Speaker, I have just been able in the last few minutes to see a copy of the conference report, but if I understand it correctly, private corporations

organized for drainage, levee, and irrigation purposes are going to find that they are discriminated against, or perhaps given no relief at all.

Mr. MARTIN of Colorado. We are cut out altogether. We are not discriminated against.

Mr. THOMASON of Texas. You are cut down to $5,000,000. I have a large Government project in my district that will not suffer, but there are many private districts that are just as eligible for getting loans from the Reconstruction Finance Corporation as Government projects. If they are eligible, they ought not be put over into the $5,000,000 class, because $5,000,000, spread out to every levee, irrigation, and drainage district now in need would amount to nothing.

Mr. DOXEY. What is the gentleman's idea about a private district? There are districts here that are classed as private. Anything of a public nature, organized under the law, is public. Anything organized by a stock company is a private corporation.

Mr. THOMASON of Texas. All I know is that this section of the bill refers only to private corporations and is not broad enough. If a private irrigation project can furnish adequate security, I take the position it is as much entitled to its prorata share of that $50,000,000 as of the $5,000,000 if it is meant to relieve conditions in certain districts of the country. I think, as the gentleman from Colorado [Mr. MARTIN] said, that is not only a discrimination but it is practically ruination to private projects. We ought to concur in the Senate amendment and take care of deserving private irrigation districts.

Mr. JONES. Mr. Speaker, I want to say with reference to this irrigation section, there was some question in the committees of both the House and Senate, as to whether any such project should come in at all, and the only theory on which it is included at all is that it enables some of the actual farmers who reside in those districts to take advantage of the other features of the bill.

If you went further and permitted, as the Senate amendment does, the work of using the funds to complete the projects, to install machinery, and so forth, you would have the peculiar condition of a bill with one feature of it trying to solve the surplus problem and another feature of it aggravating that surplus problem. The only theory on which the $55,000,000 was included was so that the actual farmers who live within the confines of those districts might be able, by refinancing that feature of it, to secure direct loans or direct refinancing of their loans.

Mr. SAMUEL B. HILL. Is the $50,000,000 still in the bill?

Mr. JONES. Oh, yes.

Mr. SAMUEL B. HILL. And the $5,000,000 additional?

Mr. JONES. Yes. I think the gentleman from Washington and his colleagues have done a great deal and accomplished much in being able to secure the inclusion of such an item in a mortgage bill. That money is not for the purpose of directly refinancing mortgages, and I congratulate them on their accomplishments.

Mr. EDMONDS. Will the gentleman yield?

Mr. JONES. I yield.

Mr. EDMONDS. Is the $5,000,000 to be loaned to the reclamation fund intact as it left our committee?

Mr. JONES. Yes.

Mr. LOZIER. Will the gentleman yield?

Mr. JONES. I yield.

Mr. LOZIER. Is it not true that if the number of beneficiaries under this provision is increased, as proposed in the Senate amendment, the fund would be spread out to such an extent as to render ineffective the aid intended for hundreds of drainage districts where investments have already been made and where many millions of dollars have been expended? The House measure and the conference report protects the districts heretofore established.

Mr. JONES. I understand that is a correct statement, and I thank the gentleman for his contribution.

Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

The SPEAKER. The Clerk will read the first amendment in disagreement.

The Clerk read as follows:

Amendment 83: Page 33 of the bill, insert:

"PART 3—COST OF PRODUCTION

"SEC. 20. (a) The Secretary of Agriculture, in addition to the powers granted by parts 1 and 2 of this title is hereby authorized, with respect to any basic agricultural commodity, to estimate as nearly as practicable and proclaim from time to time—

"(1) The percentage of the domestic production of the commodity, including carry-over stocks, for market during the next marketing period for the commodity, that will be needed for domestic consumption; and

"(2) The average domestic cost of production, including therein a reasonable profit, for the commodity.

"(b) After such date as shall be specified in the proclamation, it shall be unlawful for any person engaged in the business of buying and selling a commodity or commodities as a dealer therein to purchase any amount of the commodity from the producer or any association of producers at a price, for the domestic consumption percentage thereof, that is less than the proclaimed cost of production for the commodity. The remainder may be purchased at such price as is agreed to by the parties; and shall be segregated for export, or for processing for export, in accordance with regulations of the Secretary of Agriculture: *Provided*, That the Secretary of Agriculture in his proclamation may make such limitations and exceptions as to sales of the basic product as he may deem advisable in order to properly carry out the provisions of this section.

"(c) Any person violating the provisions of subsection (b) shall be subject to a penalty of not more than $1,000 for each violation, which may be collected by appropriate action in a court of competent jurisdiction brought in the name of the Secretary of Agriculture.

"(d) The provisions of section 15 (d) and (e) shall apply with respect to commodities or products thereof competing with, and imported articles processed or manufactured wholly or in chief value from, any basic agricultural commodity for which the cost of production has been proclaimed under this section, to the same extent as such provisions apply with respect to commodities or products thereof competing with, or imported articles processed or manufactured wholly or in chief value from, any commodity for which a processing tax is in effect.

"(e) In order to carry out the provisions of this section the Secretary of Agriculture is authorized to license persons engaged in the business of purchasing from producers or associations of producers any basic agricultural commodity with respect to which the Secretary has proclaimed the cost of production. Such licenses shall be subject to such terms and conditions as may be necessary effectively to execute the provisions of this section. Any person so engaged without a license as required by the Secretary under this section shall be subject to a fine of not more than $1,000 for each day the violation continues. The Secretary may suspend or revoke any such license, after due notice and opportunity for hearing, for any violation of this section or of the terms or conditions of the license."

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes in order to make an announcement.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

Mr. CLARKE of New York. Reserving the right to object, let us proceed and get this cleaned up.

Mr. RICH. Mr. Speaker, I object.

Mr. JONES. Mr. Speaker, I move that the House further insist on its disagreement to amendment no. 83.

Mr. McKEOWN. Mr. Speaker, I offer a motion to concur, with an amendment.

The SPEAKER. The Clerk will report the motion offered by the gentleman from Oklahoma.

The Clerk read as follows:

Mr. MCKEOWN moves to concur in Senate amendment no. 83 with the following amendment: "Strike out clause 2 of paragraph (a) and insert the following: 'the price to be paid for the commodity fixed at the fair exchange value of the commodity.'

"In paragraph (b), line 19, strike out the words 'cost of production' and insert 'price to be paid.'

"In paragraph (d), line 13, strike out 'cost of production' and insert 'price to be paid.'"

Mr. BOILEAU. Mr. Speaker, I desire to offer a preferential motion.

The SPEAKER. The gentleman will state it.

Mr. BOILEAU. I move to recede and concur in the Senate amendment.

Mr. JONES. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. JONES. Which is the preferential motion that may be made, of the two that have been offered?





The SPEAKER. The motion to recede and concur takes precedence over the other.

Mr. JONES. And unless I yield for the other motion, it cannot be made?

The SPEAKER. It cannot.

Mr. JONES. I think there should only be one motion, and I wish the gentlemen would agree on which motion they will present.

Mr. DOWELL. Mr. Speaker, the preferential motion should have the floor in any event without preference.

Mr. JONES. No; it would not have the floor. A preferential motion can be made and be pending, but, as I understand, the maker of the original motion has the floor.

The SPEAKER. The gentleman from Texas is correct.

Mr. DOWELL. But a preferential motion has been made, and it has preference.

Mr. McKEOWN. Mr. Speaker, I ask unanimous consent to withdraw the motion which I made.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma [Mr. McKEOWN]?

There was no objection.

Mr. JONES. Mr. Speaker, I yield 30 minutes to the gentleman from New York [Mr. CLARKE], with the privilege to him of reyielding to other Members on that side.

Mr. CLARKE of New York. That is agreeable, Mr. Speaker.

Mr. JONES. Mr. Speaker, the administration is opposed to this amendment. They regard it as impractical and unworkable. I wish to read a statement by the Department of Agriculture, the Department which will have charge of the administration of this act. The statement reads as follows:

> The Department of Agriculture is vigorously opposed to the amendment. It believes that the amendment is economically unsound and would, if placed in effect, depress rather than increase farm prices. In the absence of any legislative standard for determining costs of production it would be impossible to arrive at such cost on any definite basis.
>
> The cost of production figures of the Department are now less than the parity prices or fair exchange value provided in the bill.
>
> If any attempt were made to fix prices by enforcing a cost-of-production price that did not have due regard for the purchasing power of the consumer and other economic considerations, the commodity would back up on the farm, extensive bootlegging would result, and innumerable fines be imposed if any real attempt at enforcement were made.
>
> It is believed that the operation of the amendment would seriously impair the farm-relief program. The presence of the amendment in the bill would raise expectation for higher farm prices than can possibly be obtained in view of the unworkable and unsound character of the amendment, and will endanger the securing of cooperation in certain farm regions for other features of the bill which hold promise of effective and sound relief.

The measure, which will be administered by the Department of Agriculture, is important and far-reaching. It will involve difficulties. The ones who will administer it will have a very great task to work it out properly. We all hope that they may work it out with good effect. I do not think they should be hampered in any way, and they regard this amendment as having that effect.

Inasmuch as they are so vigorously opposed to it, I believe it would be better if we permitted them to have the legislation for the present at least in the form in which they desire it.

Mr. CLARKE of New York. Mr. Speaker, I yield 5 minutes to the gentleman from Wisconsin [Mr. BOILEAU].

Mr. BOILEAU. Mr. Speaker——

Mr. BLANCHARD. Mr. Speaker, will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. BLANCHARD. Can the gentleman state whether it is purely optional with the Department to put this into effect?

Mr. BOILEAU. It is.

Mr. Speaker, I want to urge favorable consideration of this so-called "cost-of-production amendment", because, in my opinion, it is the most satisfactory method that could possibly be conceived for the purpose of raising farm-commodity prices to a decent level.

The so-called "domestic-allotment plan" imposes a tax upon the processing of the commodity, and then, with a great many administrative technicalities, this processing tax is paid back to the farmer. So in this way he gets a fair price for his commodity.

The so-called "Simpson-Norris plan" of cost and production is very simple in its operation. It merely provides that the Secretary of Agriculture shall determine what is the average cost of production of the various commodities, including reasonable profit; that after this declaration has been made it shall be unlawful for anybody to pay the producer of farm commodities a price lower than the established average cost of production. It does away with all the technical administrative provisions. It gets right down to the bottom of the problem and says that the farmer shall be paid by the buyer of the commodity a price that is equivalent to the average cost of production plus a reasonable profit. I do not believe there is a man or woman in this House who believes the farmer is not entitled to the cost of production and a reasonable profit for his produce.

Part 2 of title I of this bill, which is the commodity-benefits provision, provides for the domestic-allotment plan including the processing tax, and has as its purpose the raising of prices of farm commodities. The distinguished chairman of the Agricultural Committee read a letter from the Department of Agriculture, in which the Department of Agriculture stated that it did not know the cost of production, yet they assert in the same letter that the cost of production is lower than the parity price that is provided for in the bill. I submit that it is just as easy to establish the average cost of production as it is to determine the parity price of farm commodities today with what they were in the pre-war period. [Applause.]

Let us get down to brass tacks. Let us not try to fool the farmers of this country. If we are willing to give them cost of production plus a reasonable profit, then let us vote to recede in our position and concur in the Senate amendment which will give them cost of production and a fair profit. The farmers are entitled to that much and no less.

Mr. ARNOLD. Mr. Speaker, will the gentleman yield?

Mr. BOILEAU. I yield to the gentleman from Illinois.

Mr. ARNOLD. Is not the cost of production a variable quantity which varies according to the section of the country, the quality of the soil and the efficiency of cultivation methods used by farmers?

Mr. BOILEAU. Yes, it will vary; and I may say to you that the parity price is going to vary, because in figuring the parity price you will have to figure the present value of commodities and the value of commodities in 1909 to 1914, and we must also consider the value of the farmer's dollar at that time and the value of his dollar now which will also vary; and just as soon as we start expanding the currency, that price is going to vary and the cost of production is going to vary.

It is just as easy to determine what is the cost of production as it is to determine the parity price. The farmers want this provision, so let us for once give them something they want and something they can benefit from.

Mr. ARNOLD. Will not the cost of production vary in the same neighborhood and on adjoining farms?

Mr. BOILEAU. Just the same as the parity price. The average cost of production is going to be determined on a commodity over a certain wide locality which can be established very easily, and I submit that it is the fair way of determining at what figure we should fix the prices of farm commodities.

Mr. KVALE. Will the gentleman yield?

Mr. BOILEAU. I yield to the gentleman from Minnesota.

Mr. KVALE. Will the gentleman state whether the cost-of-production amendment is optional or mandatory?

Mr. BOILEAU. It is optional, the same as the other provisions of the bill. The Secretary of Agriculture does not have to use it unless he wants to; but I want to predict now that if we vote to retain this provision, it will not be more than 60 or 90 days before the Secretary of Agriculture will be mighty glad that he has a chance to use the cost-of-production plan, and that he will use it.

Mr. McFARLANE. Will the gentleman yield?

Mr. BOILEAU. I yield to the gentleman from Texas.

Mr. McFARLANE. Did we not use this same plan in this same bill in working out our inflation provision, which provided for 3 or 4 different alternatives?

Mr. BOILEAU. Yes.

Mr. McFARLANE. Then why not use the same plan for the benefit of the farmers?

Mr. BOILEAU. The gentleman's statement is exactly correct, and I thank him for his contribution.

Mr. DOWELL. Will the gentleman yield?

Mr. BOILEAU. I yield to the gentleman from Iowa.

Mr. DOWELL. Is there any question but what this amendment, if put in operation, will raise the price of farm commodities?

Mr. BOILEAU. It certainly will; and the Secretary of Agriculture will have to ascertain what is the average cost of production, including a reasonable profit, and from that time on it will be unlawful for any purchaser to pay less than the established cost of production on that part of the produce that is used in the domestic market. [Applause.]

The SPEAKER pro tempore (Mr. DICKSTEIN). The time of the gentleman from Wisconsin has expired.

Mr. JONES. Mr. Speaker, I yield 4 minutes to the gentleman from Mississippi [Mr. DOXEY].

Mr. DOXEY. Mr. Speaker, in answer to my good friend Mr. BOILEAU, of Wisconsin, who has just preceded me and who advocates this price-fixing proposal, I want to say to you that in this brief time let us consider in a cool, calm, deliberate way the provisions of this price-fixing feature. When I was selected as one of the five conferees to represent this branch of the greatest law making body in the world in the consideration with the six Senate conferees of a combined piece of legislation as far-reaching and important as any ever considered by any Congress in the history of our great country, I was deeply grateful for the honor and felt most keenly the grave responsibility resting upon me.

We were appointed Wednesday afternoon and went to work in conference Thursday morning, and today there is before this House the results of our labors evidenced by this conference report accompanying H.R. 3835, upon which you are to vote within the hour.

You full well realize that it will be impossible to even mention, and certainly not discuss, within the limited time the 82 amendments upon which we have agreed.

It goes without saying that all of you are interested, and many are more concerned with our conclusions respecting some of these amendments than with others. Some are of more general and vital importance than others, but to say the least of it your conferees did the best they could, and in the many instances where we receded and agreed it was with amendments adopted by the conference that substantially strengthened the bill in our judgment. You know in order to complete this stupendous task it was a proposition of give and take. Permit me to say that all the gentlemen composing the conference freely and fully gave of their time and talents to the questions involved and certainly had their hearts as well as heads in the work. The results accomplished are before you for your approval or disapproval.

As one of the managers on the part of the House at this conference on the disagreeing votes of the two Houses on the amendments of the Senate—nos. 1 to 84—to the bill H.R. 3835, to relieve the existing national economic emergency by increasing agricultural purchasing power, I, in each and every instance, tried to represent you and the will of this House as best I could under the existing circumstances. You are now to pass judgment for our acts as evidenced by this submitted conference report.

This report shows the committee of conference agreed upon 82 amendments but were unable to agree on the amendment designated as no. 83, known in the bill as part 3, cost of production, generally referred to as the Norris proposal.

Your conferees were and are against this amendment. The Senate conferees are for it. We were unable to reach any compromise, so the conference report shows the committee of conference have not agreed on this amendment no. 83, which is the "price-fixing amendment."

In the limited time that we have for discussion of this report, it is my purpose not to discuss any other amendment here, as I discussed on the floor of this House a short time ago some of the agreements and conclusions reached in conference, but to briefly consider with you this particular amendment, no. 83, and give you at least some of my reasons for being against it in its present form.

In the first place this House has never had an opportunity to express itself concerning it. I know personally some of you are for it and some are against it. I assure you here and now that regardless of my personal views, as one of your conferees, if it is the will of this House expressed by a majority vote that this amendment be agreed to, as your representative I will vote to permit it to be retained in the bill. This cost-of-production section, 20, was not a part of the measure as it passed this body. It was added to the bill in the Senate, so when the measure as passed by the Senate was referred to conference, your conferees, as far as any vote of this House is concerned, had no instructions.

In taking the position I have on this "price-fixing" proposal as passed by the Senate, I have expressed my personal views and not until this body votes will I know the wishes of the majority of this House on this proposition.

Permit me to give you some of the provisions of this amendment and discuss with you some of its consequences, as I view it, if it is enacted into law as a part of this measure as it is now written.

This amendment simply means that the Secretary of Agriculture is authorized with respect to the basic agricultural commodities to estimate and proclaim from time to time (1) the percentage of the production of the commodity that will be needed for domestic consumption; (2) the average domestic cost of production, including therein a reasonable profit, for the commodity.

After the cost-of-production feature it is further provided in the price-fixing proposal that it shall be unlawful for any person engaged in the business of buying and selling any commodity or commodities as a dealer to purchase or sell any amount of the commodity or commodities so purchased from the producer at a price for the domestic-consumption percentage thereof that is less than the cost-of-production price for the commodity estimated and proclaimed by the Secretary of Agriculture.

That portion of the commodity not used for domestic consumption is not regulated by this price-fixing amendment.

The remaining sections of the amendment referred to provide penalties first for the people violating the provisions of this amendment who are engaged in the business of buying and selling the commodities as dealers who purchase the commodities from the producers. There is also a penalty for anyone purchasing commodities, regardless from whom they are purchased, at a price less than the cost-of-production price plus a reasonable profit on the investment as determined and proclaimed by the Secretary of Agriculture.

The other provisions of the amendment are of no great consequence with the exception that they do apply with respect to commodities or products thereof competing with any of the basic agricultural commodities for which a cost-of-production has been proclaimed under this section, with limitations as therein set out.

This cost-of-production proposal, known as amendment no. 83, just simply means that the Secretary of Agriculture, on all domestic-consumption basic agricultural products, has the right to fix the cost-of-production price for same and add a reasonable profit, all of which will necessarily have to be an estimate, because, on account of the very nature of things, we all know that you cannot get a result that is mathematically correct in perhaps any individual case; the cost of production in one case is different from the cost of production in another and very greatly depends on many

intervening circumstances and conditions. Yet the consuming public will have to pay the price so arbitrarily fixed or violate the law and subject themselves to be punished under the terms thereof.

The Members of this House, every one of you, have given to some extent more or less thought and consideration to this subject. Many of you are personally and vitally interested and have firm and fixed convictions after due deliberation and careful consideration of the questions involved in this amendment.

Those of you who from actual knowledge and practical experience can and are able to visualize the workings of this amendment, should it be put into operation, I feel will agree with me that it would bring about complications and complexities that would be so far-reaching that none of us would dare prophesy at this time the extent thereof. It would create administrative difficulties that would be almost impossible to meet; it would necessarily require the fixing of prices for different grades, types, and character of the same commodity. We all agree that this is so with reference to cotton, tobacco, wheat, and, in fact, every commodity that is listed as a basic agricultural commodity.

What we are endeavoring to do by this omnibus farm bill is to help the producer and endeavor to raise farm values and commodity prices in an effort to put agriculture on a basis that will enable the farmer to buy the manufacturer's goods and pay off his financial obligations, as you know this omnibus farm bill includes what is known as "the Smith plan" and the so-called "domestic-allotment plan", both of which are designed to help distressed agriculture in this emergency.

We know that the Secretary of Agriculture has expressed himself as being ready, able, anxious, and willing to set the administrative machinery in motion with respect to these plans just as soon as this measure is enacted into law. The success or failure of this meaure is going to largely depend upon how this law is administered.

In addition to the farm-mortgage refinancing plan and the inflation amendment as carried in this bill, if the House recedes and concurs in this price-fixing Senate amendment, you will place in the hands of the Secretary of Agriculture not only powers, the ultimate results of which stagger you to contemplate, but the administration of which will require machinery entirely different and apart from that necessary to operate the other emergency features of this bill.

I know the Secretary of Agriculture, who has a firm and comprehensive grasp of the questions involved and the theories advanced, as well as a thorough working knowledge of the practical effects that will result not only to the producer but also to the consumer, is opposed to this price-fixing amendment. He realizes that the amendment is economically unsound and would, if placed in effect, depress rather than increase farm prices. In the absence of any legislative standard for determining cost-of-production, it would be impossible to arrive at such costs on any definite basis. The cost-of-production figures of the Department are now less than the parity price or fair-exchange value provided in the bill. If any attempt were made to fix prices by enforcing a cost-of-production price that did not have due regard for purchasing power of the consumer and other economic considerations, the commodity would back up on the farm. Extensive bootlegging would result and innumerable fines be imposed if any real attempt at enforcement were made. I believe that he feels the operation of the amendment would seriously impair the farm-relief program. The presence of the amendment in the bill will raise expectations for higher farm prices than can possibly be obtained in view of the unworkable and unsound character of the amendment, and will endanger the securing of cooperation in certain farm regions for other features of the bill which hold promise of effective and sound relief.

Of course, I realize that there is in the minds of some of you the question that this cost-of-production plan is optional and that the Secretary of Agriculture does not have to put it into operation unless he wants to. To my mind, the fact that it is put into the bill merely as an alternative for the Secretary of Agriculture to use at his discretion is sufficient argument against it here. Many things could and would be charged if he did not use it and if he did endeavor to put it into operation, here are just some of the practical situations that would result, as I see it. Let me give you a practical case by way of illustration. Take for instance that I am a producer of cotton and the Secretary of Agriculture, through the medium provided as to the amount of cotton domestically consumed, proclaims that it cost me to produce it, plus a fair profit on my investment, 10 cents per pound. That is the only cash crop I produce and I find myself with 20 bales of cotton but no money. It is necessary that I have cash either as an emergency to pay hospital bills or to pay taxes or what not. The cotton market is stagnant. No cotton is moving at the 10-cent figure, and hence I cannot sell it but one of your men come to me and you say, I will give you 9 cents a pound for your cotton. I want to sell at that price. You want to buy at that price, but under the law we cannot trade without violating the law and subjecting you to a penalty of a thousand dollars for each violation.

If you are a cotton dealer or buyer operating without a license you are subject to a fine of not more than $1,000 for each day the violation continues.

Pursue the illustration further: Suppose you as a buyer paid me, the producer, the price for my cotton fixed by this law, and that then you got into serious financial difficulties and through necessity have to sell some of the cotton at a sacrifice price so as to raise some ready cash to meet a pressing emergency, and you find another cotton buyer or mill that will buy your cotton but at 1 cent per pound less than the fixed price, and you cannot find another purchaser for a better price and decide under the circumstances to sell even a part of the cotton you have on hand which will bring a sum even at the reduced price that will tide you over the emergency; you cannot sell and he cannot buy the cotton at the agreed reduced price without you both being subject to be penalized.

Will not this create a situation that will work untold hardships and encourage law violations? Will this not operate against the producer of the commodity as well as others, and disastrously affect the normal values of the commodity and restrain trade between parties? Will not the farmer's crop that he raises remain unsold and back up in the hands of the producer? What incentive or inducement is proposed by this amendment for the purchase of the farmer's crops he produces? Will not this operate as a hindrance rather than a help where the one wants to sell, the other wants to buy, but they cannot trade except at the fixed price unless they suffer the penalty imposed by this law?

To ask these questions are but to answer them. In my judgment, the difficulties and disasters incident to the passage of this law in its present form are manifold and far outweigh its advantages, especially as we have other emergency-relief measures already agreed upon in this bill by both the House and the Senate conferees and approved by this administration designed to bring immediate relief to distressed agriculture.

So, my friends, do not delay the passage of this bill any longer and kill its good effects and provisions by insisting on this one amendment which is laden and fraught with so many, many disastrous possibilities and destructive features.

During this limited debate here I have not referred to my views relating to the constitutionality of this price-fixing amendment, for I knew it would be impossible to discuss it here on the floor of this House, within the limited time allotted me, fully and logically. Suffice it to say that in the event this amendment was enacted into a law and a test case was made of it, I have grave doubts as to its constitutionality as it is here written.

So the question here presented to this House is, Will you or will you not include this price-fixing provision in this omnibus farm bill?

I believe and hope the majority will vote against it and approve the position taken by your conferees as you have heretofore done in regard to their acts concerning the balance of the conference report already submitted and approved.

The SPEAKER. The time of the gentleman from Mississippi has expired.

Mr. CLARKE of New York. Mr. Speaker, I yield 5 minutes to the gentleman from Kansas [Mr. LAMBERTSON.]

Mr. LAMBERTSON. Mr. Speaker, I am for concurring in the amendment and keeping this cost-of-production provision in the bill. This is not opposition to Secretary Wallace. I am strong for him, and I think he is doing everything in his power to bring about better conditions.

I have a great deal of confidence in Mr. Peek. Seven years ago, on my first trip to Washington, I came as a member of the Committee of Twenty-two, sponsoring the McNary-Haugen bill, and he was chairman of the committee. The gentleman from Ohio [Mr. TRUAX] was also another member. I have confidence in Mr. Wilson, the probable administrator for wheat.

I am a member of the National Farmers' Union board, and if there is anything our organization ever stood for through these years it has been the cost of production. It was John Simpson who sold the idea to the Senate, where it was adopted.

When a group of us met with Secretary Wallace on the 10th of March, I advocated this plan and represented the farmers' union, but it was not agreed to.

It was later put in by the Senate. It was sold to the Senate on its merits. Nobody ordered the members of the Senate committee to vote for this thing. It was sold to them, and every farm-minded Member of that body voted for this cost-of-production amendment when presented on the floor of the Senate.

If it had not been put in in the Senate bill, it might receive different consideration.

It is only optional. What is the harm of leaving it in? The people have been sold on this thing. They were sold on the Frazier bill, but the Frazier bill is out. This is the only thing left. Let us leave it in. Let us leave something additional in that could be used if needed. We have granted wide powers to the President in many lines. If the other things do not work, they will need it, and if they do work, then they will have no use for it. I am appealing to you on both sides, you farm-minded Members, to leave this in the bill.

Mr. CARPENTER of Kansas. Will the gentleman yield?

Mr. LAMBERTSON. Yes.

Mr. CARPENTER of Kansas. Was not this what the farmers had in mind when they voted at the last election?

Mr. LAMBERTSON. It was guaranteed in the Democratic platform.

Mr. MARTIN of Colorado. Will the gentleman yield?

Mr. LAMBERTSON. Yes.

Mr. MARTIN of Colorado. Would not all of the difficulties suggested by the Secretary of Agriculture about arriving at the cost of production have equally as much force in ascertaining the processor's tax? What would the difference be?

Mr. LAMBERTSON. I do not know.

Mr. MARTIN of Colorado. To my mind it would be the same thing. He could use all the arguments against the cost of processing that he used against the cost of production.

Mr. CLARKE of New York. Will the gentleman yield?

Mr. LAMBERTSON. I yield.

Mr. CLARKE of New York. The gentleman says that this bill was practically declared for in the Democratic platform.

Mr. LAMBERTSON. Yes.

Mr. CLARKE of New York. If the Democrats repudiate this amendment, then they repudiate their platform.

Mr. LAMBERTSON. Absolutely. Now, you have a chance to stand by your platform. Do not desert it. I appeal to my new friends, Members on the Democratic side, to let this stay in the bill and stand by your platform. [Applause.]

[Here the gavel fell.]

Mr. CLARKE of New York. Mr. Speaker, I yield 5 minutes to the gentleman from North Dakota [Mr. LEMKE].

Mr. LEMKE. Mr. Speaker, we are told that the Secretary of Agriculture is opposed to this amendment—the Norris-Simpson amendment—giving to the farmer the cost of production and a reasonable profit for that part of his products that is used for domestic consumption. Let me ask, Who is making the laws of the United States of America? The Congress or the Secretary of Agriculture? Who is responsible to the farmers of this Nation for the enactment of real and not make-believe legislation? The farmers have been asking for justice, for equality, at the hands of Congress for years, but so far their demands have been ignored. So far Congress has done nothing real for the betterment of agriculture. We have raised high hopes and expectations, but have failed utterly to take steps to meet these hopes or expectations.

I am aware that the great majority of newly elected Members of both political parties are sincere and honestly wish to fulfill their campaign and platform pledges, but they are dominated by the conservative leadership of both political parties. These leaders can be depended upon to fight shoulder to shoulder on all occasions where real issues are at stake. I am conscious of the sham battles that have been put up on this floor on nonessentials for public consumption; but on every test that has been made on real issues the conservative Members of both parties have worked shoulder to shoulder.

There is not a Member in this House but knows that the vast majority of the people of this Nation favor the Norris-Simpson amendment—that the farmers almost unanimously demand it, and yet, in the face of that demand, this Congress is asked to take its orders from the new Secretary of Agriculture, who has been in office but 2 months and who is not a farmer but a newspaperman.

I gladly concede that the conservative Members of both parties are equally sincere and honest, but they forget that we are living in the twentieth century and that we have made great progress since the eleventh century, and that our whole system of government will be made responsive to the will of the people—and they forget that we are on our way.

This bill contains all of the agricultural relief before this Congress so far. It is all that some Members of Congress think is necessary to do. The farmers, however, think very little of this bill, and, in fact, are not satisfied with its provisions, save and except the Norris-Simpson amendment—the amendment that proposes to give them the cost of production for that part of their products consumed within the United States.

No intelligent or honest man or woman should expect to eat or use the farmer's commodities for less than it costs to produce them. No intelligent or honest man or woman does object—save and except the Secretary of Agriculture. He does not object to paying the cost of production but says he will be unable to figure out what the cost of production is.

I am very much afraid that the Secretary of Agriculture has not had time to become acquainted with all the subdivisions in the Department of Agriculture. If he had, he surely would have known that there is a division or bureau within the Department of Agriculture that has for years figured out and given out to the public the cost of production of the principal farm commodities.

As late as last January the Commissioner of Agriculture and Labor of the State of North Dakota, at Bismarck, asked and received from the then Secretary of Agriculture the average cost of production per bushel of wheat within the United States for the year 1932. That cost was $1.01 per bushel for spring wheat and $1.14 per bushel for winter wheat. That is what it cost to produce the average bushel of wheat for the year 1932, according to the then Secretary. The Secretary appointed by Mr. Hoover apparently knew that there was a bureau within the Department of Agriculture that knew how to figure out the cost of production. Surely our present Secretary, from whom so much is ex-

pected, will discover that there is a bureau within his Department that can figure out the average cost of production of the principal farm commodities. That has been done for years.

It has been stated here that the Democratic platform contained a plank guaranteeing to the farmers the cost of production. It makes very little difference to me whether some of your Democrats go back on your platform, or whether some of the Republicans do—that is all the same to me. We are not here legislating as Republicans, Democrats, or any other partisans; but we are here legislating for the good of the people of the United States, and I am talking to you as a nonpartisan—I am not concerned with either Democrats, Republicans, or any other partisans.

I am sure we all want to do something for the good of the people of this Nation—especially for the good of agriculture. The farmers of this Nation want this amendment. Why not give it to them? It is their amendment, put in by the Senate through the persuasive powers of John A. Simpson, the greatest farm leader of them all—a leader to whom over 85 percent of the farmers of this Nation are looking for guidance in this, their hour of distress. A leader with vision, courage, and determination, who is unafraid and never yet lost a battle. You may beat him in this skirmish because of the party lash, but I am afraid you will regret the day, because he is right and you are wrong—you know that the farmer is entitled to the cost of production for the things that you and I and others eat and wear.

When we pass laws for the railroads we listen to the railroadmen. When we pass laws concerning industry we listen to the industrialists. When we pass laws for banks we listen to bankers, but when we pass laws for agriculture we are asked to listen to a newspaperman and to follow his advice. Why not listen to the farmers? This legislation is intended to benefit them. They were promised farm relief, and they were promised that they would have something to say about it. Surely common decency, after all these years of waiting, would impel us to give to them this simple amendment, which makes it possible for them to get the cost of production for that part of their commodities consumed within the United States. Why should the Secretary of Agriculture object to this—anyway, whether he objects or not, the Congress is charged with the responsibility of making laws, not he.

The law of self-preservation—the law of last resort—is in operation. The Farmers Holiday Association has ordered a strike for the 13th of May. They have invited the unemployed to join them. If we will give to the farmers this amendment, we may avoid that strike. Let us not underestimate that strike. People who are losing their homes, whose families are in want, who feel that they have for years been shortchanged and fooled at the hands of the politicians in Congress, may do desperate things—they are in no mood to be trifled with. They expected much, and still expect much, from this new administration. Let us not disappoint them now, because if we do, we may find that this strike, called for the 13th of May, may shock this Nation from end to end.

Let us heed the danger signals. Let us avoid this strike if possible. The temper of the farmers has been shown, not only in the State of Iowa but in such other States as Minnesota, Montana, North Dakota, Wisconsin, and Nebraska. The truth is, that in some of these States serious trouble was avoided only because the Governors of those States had the courage and foresight to declare a moratorium on mortgage foreclosures. If the Governor of Iowa had used the same intelligence, courage, and determination, the judge in his State would not have been mobbed and taken out for a holiday ride. Only patience and wisdom on our part can stop the repetition of similar instances. Let us, at least in a small way, fulfill our campaign pledges to these people in desperation and want.

I campaigned for the national Democratic ticket in several States. I did it without consulting the Democratic Party leaders. I know that most of the Democratic speakers gave the promise to the farmers of this Nation that their party would give to them at least the cost of production. That is how the Democratic platform was interpreted in my State. That is why I supported the national Democratic ticket—I supported it because I had great faith and confidence in the great human soul that was then Governor of the State of New York, and I still have that confidence now that he is President. I am confident that he will do something real for agriculture, which means something real for all the people.

Congress is charged with the responsibilities of making the laws of this Nation, and not the Secretary of Agriculture. If we permit him to write the laws in regard to agriculture, then the Secretary of the Navy will want to write them in regard to the Navy—the Secretary of War in regard to war—the Secretary of Commerce in regard to commerce. If we are willing that these secretaries should make these laws, then let us go home, because we are useless here. I am fully aware of the fact that the Chief Executive of this Nation should have something to say, and should direct the legislation that is passed, but I object to calling in all the little secretaries and have them tell Congress what laws it should pass for this Nation. [Applause.]

Mr. KVALE. Will the gentleman yield?

Mr. LEMKE. I yield.

Mr. KVALE. Does the gentleman feel that if we adopt this amendment and the cost of production is included in this bill, it will go far toward averting the farmers' strike?

Mr. LEMKE. I agree with the gentleman. That is correct.

The SPEAKER pro tempore. The time of the gentleman from North Dakota [Mr. LEMKE] has expired.

Mr. JONES. Mr. Speaker, I yield 2 minutes to the gentleman from Oklahoma [Mr. MCKEOWN].

Mr. MCKEOWN. Mr. Speaker, the argument against putting this provision in the bill has not a leg to stand on. In the first place, it is optional. In the second place, it is the most sensible way to deal with this question. It will cost less than any other provision. All the Secretary of Agriculture need do is find the cost of production and fix the price, and the amount or percentage of the product to be used domestically that will be sold for that price. In other words, if he finds that the cost of production and a reasonable profit on wheat is $1.10 a bushel and he finds that five sixths of the wheat of the United States is used in domestic consumption, then what will happen? The farmer will haul 1,200 bushels of wheat to the elevator and the elevator-owner must, under this provision, pay the farmer $1.10 for 1,000 bushels, and he can pay the farmer whatever they agree on for the 200 bushels. The farmer gets his money at the elevator and goes on home happy.

The other provision provides that we must levy taxes. Not only that, it must be paid back to the farmer, and it goes all the way around. This is a simple and straightforward measure. If you put this provision into effect it will open the doors of the banks for $6,000,000,000 of credit in this country. All you have to do is to give us a chance with this bill. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from Oklahoma [Mr. MCKEOWN] has expired.

Mr. JONES. Mr. Speaker, I yield 2 minutes to the gentleman from Oklahoma [Mr. SWANK].

Mr. SWANK. Mr. Speaker, this amendment does not provide that the farmers shall receive only the cost of production, but it provides that they shall receive a price not less than the cost of production. If the market price is more, then they will receive that price for their products.

Some time ago we heard much about the Democratic platform, in which I believe. The national Democratic platform provides that "we favor the enactment of every constitutional measure that will aid the farmers to receive for their basic farm commodities prices in excess of cost." This provision of the platform does not say cost of production but "prices in excess of cost." Speaking of platforms, why not comply with that provision now?

I have seen nothing to indicate that the President of the United States is opposed to this amendment. I know the Secretary of Agriculture is opposed to it. They say that he is a Republican. [Laughter.] I am opposed to a Republican telling a Democratic House how it shall legislate. [Laughter and applause.]

The three great national farm organizations in January 1932 endorsed the provisions of this amendment. The National Grange, the National Farmers Union, and the American Farm Bureau Federation all endorsed it. They said, with other recommendations, "nothing less is a remedy for the agricultural-marketing problem." These representatives should know the farm problem as well as any Secretary of Agriculture.

Every time a farm bill is before this House somebody raises the question that either it is unconstitutional or unworkable; but nobody who has argued against this amendment has stated why it would not work. It will require no more money. The Department of Agriculture every year makes an estimate of the cost of production of the leading farm crops and also the amount of the surplus. They already have that information. Regardless of whether the Secretary of Agriculture says they do it by statute or not, they do it. He says the cost of production is now less than shown in the bill, but it was not less in 1931. If this provision had been the law during that year, the farmer, instead of getting 20 cents a bushel for his wheat, would have gotten $1.09; he would have gotten 16 cents a pound for his cotton, 89 cents a bushel for his corn, and 54 cents a bushel for his oats. I hope the amendment will be agreed to. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from Oklahoma [Mr. SWANK] has expired.

Mr. CLARKE of New York. I yield 5 minutes to the gentleman from Kansas [Mr. HOPE].

Mr. HOPE. Mr. Speaker, I am in entire sympathy with what has been said by the proponents of this amendment as to their desire to increase prices and give the farmer his cost of production. There cannot be any difference of opinion among any of us on that. The farmer is entitled to a price above his cost of production, but I do not see anything in this amendment which will insure any farmer in this country that he will get his cost of production.

In the first place, the amendment is entirely optional. The Secretary of Agriculture is vigorously opposed to it. He believes that it is economically unsound, and that if placed in effect it will depress rather than increase prices. Therefore we know that the Secretary will not use it if this power is granted to him. Now, no matter how strongly the proponents of this amendment may feel that it will give the farmer his cost of production if placed in effect, even they must agree nothing can be accomplished if the power is not used. In the second place, I do not believe there is any lawyer on the floor of this House or elsewhere who would contend for a moment that this provision is constitutional. I do not have time to discuss the constitutional phases of the matter, but as far as I have been able to learn, it has never been contended by any of the proponents of this amendment that there is any power in the Constitution, either express or implied, which would give Congress authority to pass legislation of this kind. Why waste our time passing legislation which admittedly would be declared invalid the first time it is questioned in the courts. Are we helping the farmer any in doing so?

In the third place, if we were to assume that the amendment is constitutional and that it would be put into effect by the Secretary of Agriculture, there is nothing in it to give the individual farmer his cost of production. This amendment says that the price shall be fixed upon the average cost of production.

Now, assuming there are as many farmers whose cost is above the average as there are farmers whose cost is below the average, you could not possibly give more than half the farmers cost of production, and to this extent you are, of course, merely trying to fool the farmer when you say to him you have passed legislation which will give him his cost of production. We all know the great variance in production costs even in the same locality and in the same crop season. We know the wide difference in the cost of producing wheat in Kansas and, say, in Michigan, and the difference in production costs on cotton between various States and even in different sections of the same State. This all makes it very obvious that there is no way under this amendment or anything similar that all farmers can be assured their cost of production.

In the fourth place, let us not forget that the figures of the Department, and these are the figures that would have to be used if this amendment were adopted and put into effect, show that the present cost of production of the principal agricultural commodities is less than the parity price.

For instance, the figures of the Department of Agriculture show the average cost of production for cotton to be 8 cents a pound, yet today cotton is selling at 8 cents a pound. The Department's figures show that the average cost of production for wheat is 60 cents a bushel, and today out in Kansas at country elevators wheat is being bought at 60 cents per bushel.

So if this amendment were adopted and the Secretary should use it, these two crops will derive no benefit. While I do not have definite figures, I understand the same is true as to at least some other crops, and in practically every case the parity price which the Secretary wishes to put into effect is considerably higher than the Department's figures as to cost of production.

Let me call attention to another thing, and this is of especial interest to those interested in cotton. We have on hand in the country today 13,000,000 bales of cotton, more than a year's supply. Is the spinner, the warehouseman, or the broker who owns this cotton going to buy the farmer's new crop of cotton at some price to be fixed by the Secretary of Agriculture when they have all this cotton on hand in the warehouses? Why, certainly not. So this year, at least, the cotton farmer will not have any market if you put into effect a proposition of this kind.

The same situation is true with respect to wheat, because there are now in the mills and elevators, in storage, and out of the farmers' hands in this country 190,000,000 bushels of wheat. There is estimated to be 178,000,000 bushels of wheat still in the farmers' hands. The domestic consumption of wheat for food purposes in this country is about 500,000,000 bushels annually. Therefore this means that this year we will have a market for only a little over 300,000,000 bushels of wheat if this amendment is adopted and put into effect. The farmer already has 178,000,000 bushels on hand, so of his new crop he could sell less than 150,000,000 bushels at the fixed price. What he will do with the rest I leave for the proponents of this legislation to figure out.

I have not yet seen a person who could tell me how this amendment would apply to the hog-producer. How are you going to fix a price for hogs based on cost of production when there are a dozen different classes of hogs, so far as marketing is concerned? What is the difference in the production cost of a packer sow as compared with fancy butcher stock?

[Here the gavel fell.]

Mr. CLARKE of New York. Mr. Speaker, I yield 1 additional minute to the gentleman from Kansas.

Mr. HOPE. Mr. Speaker, to conclude, I think all of us are in agreement that we want this farm bill to work; we want the Secretary of Agriculture to succeed under its provisions in bringing about higher prices for agricultural products; and we know he has a hard job ahead of him. If he succeeds, he is going to need the cooperation and support of all the farmers in the country. If we include too many different plans in the measure, there is more likely to be a difference of opinion among the farmers as to which method should be used. It is true that under the original bill the Secretary has the option of using different methods, but they are all part of one general plan and theory. All can be worked together harmoniously. This plan is entirely foreign to the other proposals contained in the bill. If it is included in the measure, its proponents will naturally insist on its being tried. This difference of opinion will cer-

tainly not be conducive to a fair trial of the proposals which the Secretary has in mind. Let us not do anything at this time to handicap the administration of this act in any way. [Applause.]

[Here the gavel fell.]

Mr. CLARKE of New York. Mr. Speaker, I yield 3 minutes to the gentleman from Iowa [Mr. DOWELL].

Mr. DOWELL. Mr. Speaker, I shall support this amendment.

In this bill we are making provision for refinancing the farmer. Why? Because he has been unable to sell his products at the cost of production. Why are we devoting time to preparing and passing this legislation? It is because we are trying to give the farmer an opportunity to sell his products on the market for what is reasonable and fair, and this includes a reasonable profit. There is no business in the world that will succeed unless it is able to sell its products for the cost of production with a reasonable profit, and this applies to the farmer just the same as it applies to any other business or industry.

This is the first time, I believe, there has been before this House an opportunity for a straight vote on the question of furnishing the farmer what he is entitled to receive—the actual cost of the things he produces on the farm. [Applause.]

If you are trying to help the farmer, here is the one vote you can cast that will give him an opportunity to get what he is entitled to receive—the cost of production with a reasonable profit—and everyone who has spoken acknowledges he is entitled to this. [Applause.]

Mr. JONES. Mr. Speaker, I yield 1 minute to the gentleman from Oklahoma [Mr. ROGERS].

Mr. ROGERS of Oklahoma. Mr. Speaker, I judge by now you know that Oklahoma is for this amendment to guarantee the farmer the cost of production. I have not time to discuss this proposition in 1 minute, but I just want to say that if we are looking at the constitutionality of questions, we have waited a long time to begin.

The second objection is that it will not work. There is only one reason why this measure will not work and it is that you will not try it. Of course, it will not work if you do not give it the opportunity. If I read history correctly, practically every great invention and also every new proposal has always met the same criticism—it will not work—but when it was tried, it did work.

There are three things that you must consider with respect to any law. First, what is in the law; second, how will it be administered; and third, what cooperation will it receive? As we examine this law I see nothing in it that is not workable. It can be administered, if not by the present Secretary of Agriculture, then we can get a new Secretary that will make it work. And it will receive the right kind of cooperation because the farmers are for it. [Applause.]

Mr. JONES. Mr. Speaker, I yield 1 minute to the gentleman from Texas [Mr. TERRELL].

Mr. TERRELL. Mr. Speaker, I opposed the farm relief bill on its passage in the House. I was opposed to the McNary-Haugen bill, the Farm Marketing Act, and the Farm Board, because I am opposed to the Government's controlling farming operations or business operations except to prevent fraud and monopolies.

The Government has never ventured into the field of private industry without losing money and making matters worse. The Farm Board, with its stabilization corporations and gambling on the futures market, lost millions of the people's money. The exorbitant salaries, as high as $75,000, paid by the Farm Board and cotton cooperatives, are an example of the abuses of unlimited power and should warn us never to grant such power again. It seems that they thought that the higher the salaries they paid, the higher prices they would receive for the products. We ought to learn some sense with such flagrant failures before us.

This bill contains two distinct provisions for the purpose of fixing prices of farm products. They are the processing fee to be collected from dealers and processors to constitute a fund to cover the cost of operation and to pay the difference between the present prices of farm products and the average prices between the years of 1909 and 1914, to be fixed by the Secretary of Agriculture. No one can deny that this is price fixing, and no one can say how much money it will take to administer the law and to pay farmers the difference between the present prices and the average price between 1909 and 1914.

The processing fees may be so high as to bankrupt all dealers and processors of agricultural products, and yet this law does not place any limit on the amount of the fees to be charged but turns all the farmers, dealers, and processors over to the tender mercies of one man whose word is law, with penalties imposing heavy fines and imprisonment. The Senate amendments have greatly improved this law.

The other provision for price fixing provides that the Secretary of Agriculture shall estimate the average cost of producing the products named in the bill and fix the price for that portion of the production used in domestic consumption that will cover the cost of production and will allow a reasonable profit to the producers. The Secretary of Agriculture can estimate this cost from the figures in his office and from crop reports filed from time to time, and the Government has estimated the average cost of producing farm products many times, and such average cost is fairly accurate. While commissioner of agriculture of my State, I estimated the cost of producing cotton for several years by cost reports from thousands of farmers. This cost varied greatly with individuals, some running very high and some running very low, but I found the average cost to be applicable to 75 percent of the farmers, and this is close enough for all practical purposes.

Why should not the farmer have the cost of production and a profit? It is the universal principle upon which all businesses are conducted or should be conducted. The steel producers, the copper producers, the automobile producers, and every other organized group of producers do business upon the cost-profit plan, and they are frequently assisted by the strong arm of the Government in levying a prohibitive tariff against imports by which they can raise their prices to the extent of the tariff rate and make the American consumers pay increased prices for the sole benefit of certain industries.

While I am opposed to the Government fixing prices or attempting to fix prices, it is already doing these things for certain industries and is attempting to aid the farmers to get better prices through the operation of this law. I shall support the one provision in this bill that seems to offer any relief to the farmer, and that is the Simpson amendment, supported by the real farmers of the country, which proposes to give them cost of production and a reasonable profit.

This is the principle upon which all successful industries are operated, and we certainly should make an honest effort to place agriculture on a sound business basis, while we are appropriating hundreds of millions of dollars to bolster up industry, which will be lost and the industries will fail, unless agriculture, upon which industry finally rests, is made profitable. We must not forget that agriculture is languishing and that the farmers are desperate, as shown by recent events in Iowa; and we must relieve this situation at all hazards or face a revolution.

I realize that the Secretary of Agriculture will experience difficulties in applying either of these alternatives to raise prices, but I submit that the cost of production and a reasonable profit on farm products is the soundest in principle and the most practicable in application.

Farmers do not ask any favors at the hands of the Government; they only ask a square deal, and they have not had this. If the Government will establish a sound and equitable money system, with the dollar stabilized at a fair exchange value between the price of farm products and the dollar, stop the exchange gamblers from robbing the farmers by manipulation of prices of farm products through which the natural laws of supply and demand are nullified, and take the burdensome taxes off the farmers and take the taxeaters off their backs, the farmers will

take care of themselves without any Government interference. I could quote figures and statistics in unlimited numbers to support my contention and to show the tremendous losses of the farmers, but they are dry and uninteresting, so I am merely stating facts known to everyone who exercises ordinary common sense.

There has been no effort made to stop the outrageous manipulations in prices of farm products through operation on the exchanges. Everybody knows that the vast dealings on the produce exchanges interfere with the natural law of supply and demand, and that the farmers have been robbed and plundered through these gambling agencies and through an unjust and unfair tariff, so that all their earnings have been taken from them and they are no longer able to pay taxes and purchase the products of industry.

Industry cannot employ labor or sell its products, and the whole economic structure has broken down and many people refuse to acknowledge the cause. The whole cause in a nutshell is an inadequate, unfair, and unwise financial system and an overcapitalized, maladjusted, industrial system, combined with an overorganized, inefficient, extravagant government—municipal, State, and National.

Whether you believe it or not, there can be no economic recovery without agricultural recovery. No nation has ever remained prosperous when agriculture languished. It is the pillow of prosperity in this country, and unless that pillow is sustained other industries must fall. If I were going to experiment in price fixing, I would take only two products, cotton and wheat. Agriculture is so fundamental and so vital to the welfare of the country that this Government would be justified in setting a fair price on cotton and wheat—the two great export products—and taking them over at that price, if such price could not be obtained in the open market, and making a direct appropriation to pay the difference between the market price and the price fixed by the Government. I know this statement will be combated; but I say it can safely be done and the Government can control production by voluntary agreement when profitable prices are guaranteed, but not otherwise; and with controlled production the guaranteed prices would be sustained in the markets and the Government would not lose a penny.

It would be no greater violation of sound principles, or of the rights of the people, to tax all the people to make agriculture prosperous than it is to tax all the people through tariff taxes to make industry prosperous, which practice has been in operation many years. It is safer and better for all the people to help sustain agriculture than it is to lend the banks the credit of the Government and permit them to control the credit of all the people. These practices have caused the collapse of business and loss of confidence of the people.

I am supporting this bill because it was amended by the Senate to give authority to expand the currency and to recognize the right of the farmers to receive cost of production and a reasonable profit. Let us give the Secretary of Agriculture the authority to use either of these means to raise the price of products. If one plan succeeds, he does not have to use the other; but if one fails, he can then use the other. The price of farm products has advanced recently because of the prospect of expanding the currency; and when expansion becomes a fact instead of a theory the price of products will rise to a point where it will not be necessary to experiment with questionable methods.

Just as soon as the Government resumes its constitutional authority to coin money and regulate its value and takes the control of the money system away from the "financial highjackers" who have brought honorable banking into disrepute and wrecked the entire industrial system, commodity prices will rise, purchasing power will be restored to the farmers and they will need products of the forest and factories to supply their needs. Orders will pour into the various industries for goods, and the industries will have to employ labor to fill the orders, and the wheels of progress will begin to turn, and the depression will be ended. [Applause.]

Mr. CLARKE of New York. Mr. Speaker, I yield 3 minutes to the gentleman from Minnesota [Mr. SHOEMAKER].

Mr. SHOEMAKER. Mr. Speaker, every time anyone tries to make an argument or show cause why the farmer should be given cost of production, somebody yells something about the constitutionality of it. I wonder if these same fellows did all their yelling about constitutionality when the Esch-Cummings bill was passed, guaranteeing certain profits to railroads, or the laws which allowed the light, heat, and power companies to collect from the people on a basis of cost of production plus a reasonable amount of income, and so forth. We never heard this cry then, but when you talk for the farmer, then it is an unconstitutional provision.

For about 15 or 16 years we have been "kidding" the farmers along in this country, politically, by promising them cost of production in every campaign, and then when we come to the very heart of the entire farm bill—and I want to say here and now that the rest of the farm bill is the most assinine, unworkable monstrosity that ever went through the minds of men and is not going to work—there is only one thing in that entire bill, and that is not a mandatory proposition but a chance to give the Department of Agriculture and the Secretary an opportunity to use cost of production if he wants to, and we are going to take the very heart out of the farm bill or the only part of the bill that really amounts to anything.

If you give the farmer cost of production you can do away with all the rest of the bill. We do not need any of it. If you will give the farmer cost of production, plus a reasonable profit, he can pay his bills. You will not have to refinance him and lend him money to pay his debts. This is the cause of his being in the condition he is in today. This is due to the fact he has not received cost of production and I want you to know that so far as the farmer is concerned he has never in the history of the United States received cost of production. The only money that has ever been made by the farmers of this country has been made through an increased price of farm land which they have been able to sell as they retired from the farm, and now this last little semblance of a chance to make a few dollars has disappeared and farm values have fallen to nothing or less. This is the situation the farmer is in today. [Applause.]

Mr. JONES. Mr. Speaker, I yield 1 minute to the gentleman from Texas [Mr. MCFARLANE].

Mr. MCFARLANE. Mr. Speaker, if I had sufficient time I should like to go into the details and tell you why I favor the cost-of-production amendment now before us. I believe that it is the heart of this bill, that it offers the Department of Agriculture an opportunity to be a real help to the farmers of this country who are suffering from long neglect.

I trust that we can get a record vote on this amendment. [Applause.] I believe the people of the country are interested to know who are the friends of the farmer, and a record vote will tell the story.

The Department of Agriculture says that it does not want this amendment because it is too hard to administer. I should like to know how they can explain their position when they take the position they do on the matter of processors. [Applause.]

[Here the gavel fell.]

Mr. MCFARLANE. Leave being granted to extend my remarks, the following is inserted:

Briefly stated the cost-of-production amendment will be easy of application and will, if used by the Department, employ as small a number of men as under any other plan in the bill. For instance, take wheat, for example. The elevator man would take the cost of production fixed by the Secretary of Agriculture in his proclamation for that part of the product brought to him that would be for home consumption. The balance would be sold just as it is now, controlled and handled in the same way it is now.

Assume the Secretary, in his estimate, found the total production of wheat for the year to be 800,000,000 bushels and that domestic consumption and that kept for seed to be 600,000,000. That would mean 200,000,000 would have to be exported. Thus, if a man brought 1,000 bushels of wheat to

the elevator, they would be required to pay him cost of production for 750 bushels, and the balance they would settle among themselves. The price would probably be fixed by the world market price, just as it is now. The whole plan is optional with the Secretary. The mechanics are in the amendment permitting him ample authority. The Senate adopted this amendment by a vote of 46 to 41. Let us give the farmer a chance. Leave this optional provision in the bill, so that if the other plans fail the Secretary may try this plan.

Mr. CLARKE of New York. Mr. Speaker, I yield 2 minutes to the gentleman from Minnesota [Mr. JOHNSON].

Mr. JOHNSON of Minnesota. Mr. Speaker, I do not think that I can say very much in the few minutes allotted me, but what I have to say will bear home because it reflects the true situation of the farmer today. I believe that there is no one in this body that knows the condition of the farmer as well as I do; and when I make the statement that what they need today above everything is assistance, and that they have focused their eyes upon Congress to give them that necessary aid, I have only briefed what the farmer wants.

We need help; we have begged assistance from Congress; we have submitted plan after plan for relief and aid; but what has been the result? I need not tell you the picture of repeated failure of true proponents of agriculture on this floor. Today this body has before it an amendment to provide the cost of production for the farmer; and simply what does it mean? My friends, cost of production spells salvation and rescue for the farmer, it spells prosperity for agriculture and the Nation, and I serve warning that the failure of Congress to pass this amendment will bring loud voice of disapproval from the great majority of people of this country.

Failure of this cost-of-production proposal will be just another stumbling block in the Nation-wide efforts of the people to recover from this web of panic and depression that has engulfed the Nation during these past few years. I tell you it is a far cry from the right wing of reaction, that has done nothing but give us promises, and the determined and stubborn farmers of the Middle West who are watching keenly every move that Congress makes; and I tell you that reaction and standpatters will take notice that men of the caliber of John Simpson, that great leader of one of the largest organizations of farmers, will call the roll of those that oppose this worthy measure of relief for the American farmer. I tell you we need more men of the type of Simpson. His patriotic loyalty to the farmer and his indefatigable efforts to aid agriculture and again restore a measure of prosperity to the farmer has been one of the rays of sunshine for the farmer.

This cost-of-production amendment is not an idle and worthless theory of farm practice. It is workable, feasible, and practical. It embodies a price fixing by the Department of Agriculture; and, if I may digress for a moment, may I say that I supported the Democratic Party nationally during the last 5 years and aided Mr. Smith and the present President, Mr. Roosevelt, and I have confidence that our Chief Executive intends the right thing. I had hoped that his appointment of Mr. Wallace as Secretary of Agriculture would spell a part of that "new deal" that was promised American agriculture, but I am sorry to say that my confidence in him and the secretaries under him has faded and dimmed during the past few weeks. His opposition to this proposed measure now before us has disappointed me keenly, and I can only say that I am indeed sorry that Mr. Wallace and those who work with him lack the fullness of the situation of the present plight of our farmer, of which I am a part.

I want to say to you Democrats that it would have been better for you by far if you did not come in here with this great majority. It has worked a great handicap upon the people of this Nation. By the use of the floor whip you have been rough shod in your tactics. You have applied the pressure of the conquerer, and why, when in a time of an emergency surely there is no one on this floor that would oppose any measure that will aid the Nation in restoration of its industries and its farmers. But yet, regardless of this fact, you have in a determined machinelike process applied the "gag rule" and in so doing you have invited the same criticism upon your shoulders for which you burned on the stump the party that was in power before you. I am a Farmer-Laborite. What your party does here can only serve to strengthen the only progressive party in Minnesota, and that party is the one of which I am a member.

I opposed the economy measure because of its many unfair and drastic clauses, and by the same token I am supporting this cost-of-production amendment today because of the fairness and justice that it will provide for the hundreds of thousands of farmers who are pleading with you for support. They come to you not in humble fashion but with the great pride and reserve that is so true of the American, and they say to you, "Do not fail us." I hope that the majority of the Members of Congress vote "aye" for the cost of production for the greatest and most important member of society, the American farmer.

Mr. JONES. Mr. Speaker, I yield 1 minute to the gentleman from Ohio [Mr. TRUAX].

Mr. TRUAX. Mr. Speaker and Members of the House, I am for the Simpson amendment 100 percent. [Applause.] The amendment contains the feature of the only farmer's bill that ever really worked in this country.

We fixed the price of wheat during the war, and we robbed the farmers of $1,000,000,000. Correct that mistake now by voting for this Simpson amendment. [Applause.]

Mr. TRUAX. If this plan will not work, none of the plans proposed in the bill will work. If the bill as written does not guarantee cost of production to the farmer, then it is not worth the paper it is written on. The Simpson amendment is the first bill ever written and sponsored by farmers themselves. We do not expect the theorists and farm quacks to be able to determine cost of production. Farmers themselves know what it costs to produce the various crops. I know what it costs and can tell how much the fiddling and straddling and betrayal by those parasites who farm the farmers has cost during the past 12 years. I am not so much interested in saving the Secretary of Agriculture as I am interested in saving the farmers and the country. It is unsound or unconstitutional to fix the price of money, taxes, farm machinery, gas, oil, electricity, and all the other commodities and services the farmer buys. You say that legislation of this kind enacted for the plutocrats, money kings, superindustrialists, and Wall Street bankers is sound and constitutional. When it comes to giving the farmer a square deal you hide behind that sacred old white ox—the so-called "law of supply and demand." By your vote on this amendment you designate whether you are a real friend of the farmer or only a lukewarm one.

No Democrat need fear evil effects from any measure sponsored and supported by John Simpson, president of the Farmers' National Union. This sterling Jacksonian Democrat was a delegate to the Chicago Democratic National Convention and helped to draft the farm plank in the platform which pledged "excess of cost of production to farmers." Our Republican friends on the minority need not fear him since the major portion of members in his organization live in normally strong Republican States. Farmers everywhere acclaim him as the most aggressive and fighting leader of all.

The farm plant has been going down in value and at the same moment the mortgage indebtedness in that plant has been increasing. The farm asset has been growing less valuable and the debt on it larger, increasing from four and a half billion dollars in 1915 to $12,000,000,000 in 1933.

In analyzing this problem, first let me point out a few respects in which agriculture is at a profound and fundamental disadvantage as compared to other industries, respects as to which the farmer can do nothing practically himself. The manufacturer can determine in advance upon his production program and carry it out to the ton or the piece, or the Ford car, or the suit of clothes, pair of shoes, or what not. The farmer cannot do that. He may plant

100,000,000 acres of corn and get a 2¼-billion-bushel crop, or he may plant 101,000,000 acres of corn and get a 3,000,000,000-bushel crop, and he cannot do anything about it except suffer after he has done it. The manufacturer can determine his costs in advance within a few cents per unit of production. The farmer cannot determine his in advance because the season determines his yield and the yield determines his cost. The manufacturer can determine his selling price in advance, and if he sells a good service and a good line of goods, he can maintain that selling price.

The farmer can decide on all the selling prices he pleases, and someone else will finally make the price at which he sells. The manufacturer can speed up his production program any time he pleases to meet additional market demand or increases in price or any other condition in the market. The farmer can do nothing of the kind. Once his seed is in the ground, he waits another year before he can plant another crop, and it takes a dairy cow several years to be profitable, from 2 to 3 years to produce a fat steer, and an apple tree from 7 to 10 years to come into good production, depending on the variety.

The manufacturer can slow down his production just as well as he can speed it up. Any time the price does not suit him, he can close his factory, lay off his hands, and be presented with a bill for overhead. The farmer cannot slow down his production. It will be what it will be, despite his efforts, once the seed is in the ground. People in thinking of agriculture give too little weight to these inherent difficulties; so when anyone makes the statement that the agricultural problem can be solved by regulated production, better business methods, loaning the farmer more money, diversification, or an extension of cooperative selling, one of two things is true—either he does not know what he is talking about or, for reasons best known to himself, he is deliberately trying to deceive the public.

It would be possible by universal agreement to so regulate output as to advance prices to the point where they are profitable, but everybody knows that is not feasible. And again, the American farmers do not want to take the responsibility of great curtailment of production, because a crop failure might ensue, which would be followed by extremely high prices and disaster to the cities, and possibly even bread riots such as were witnessed in the European countries during the war.

It is possible theoretically to bring about higher prices by curtailment of production, but industry does not wish to pursue such a method. Industry uses the tariff to charge higher prices, for the domestic consumption, and dumps the surplus abroad without a profit or a loss. This is precisely the plan which the American farmers want the Government to sanction, and we can give assurances that the American farmers are not going to be greedy in getting their share. They will be less greedy than capital or finance or industry.

After all, all that the American farmers ask is a fair exchange of products—justice for all.

The American farmers do not wish to tear down the protection for other favored classes and groups. They simply ask to be taken into the circle; that, as Abraham Lincoln, said—

Will be continued when this poor tongue of my own shall be silent.

We have summed it up in our slogan—"Cost of production for all or cost of production for none."

First. Part 3 of H.R. 3835, to be put into operation, would require the following steps:

(a) The Secretary of Agriculture would ascertain and promulgate the cost of production on any crop upon which he intended to operate under the cost-of-production plan. It is wholly optional with the Secretary whether or not to use this plan on any one or more crops during any marketing period.

(b) The Secretary of Agriculture would ascertain and promulgate the percentage of the crop upon which this plan is to operate, which will be needed for domestic consumption during the next marketing period.

(c) In ascertaining and maintaining the cost of production and the percentage of domestic consumption mentioned in (a) and (b) above the Secretary is left free, according to the terms of part 3, H.R. 3835, in regard to rules and regulations governing these matters. He might use the cost of production of the year before, or of the 5-year period prior, or of any other designated period which occurred to him as being the proper one to use. He could ascertain and promulgate a national cost of production—this would be the most likely procedure—or he could ascertain and promulgate costs of production regionally. He could, in ascertaining and promulgating the percentage of domestic consumption, use data from any year or group of years prior to the period upon which he desired to operate under the cost-of-production plan.

Second. After ascertaining and promulgating the cost of production of any crop for any marketing period, the Secretary further has the power, in part 3 of H.R. 3835, to license all dealers, whether cooperative or otherwise, which handled the particular commodity. In this the rules and regulations are not specified in the bill but are left free to be used by the Secretary. It is reasonable to expect that the Secretary, among the others, would have two iron-clad rules which all licensees must obey: First, to observe the cost of production on the particular commodity as a minimum price and play above it rather than below it; second, to pay all farmers who deliver the commodity at least the cost-of-production price on the portion to be consumed domestically, letting the balance take whatever price the world market would justify.

Third. Precedents for this enlargement of the Federal licensing power is had in the war and early post-war period, where the Government pursued almost identically this plan of licensing all dealers and requiring them to observe a price which then was guaranteed by the Government, but which did not cost the Government any money so to guarantee, because the dealers had to pay a price which was equal to or above the guaranteed price or else their license would have been forfeited and no amount of the commodity whatsoever could then have been handled by them. So it would seem to be in this case if a dealer, cooperative or otherwise, should not obey the requirement of his license to pay the cost-of-production price or to exceed it and to pay such price only on the portion to be consumed domestically, then the penalty for such disobedience would be forfeiture of his license privileges.

Fourth. In operation, in the case of wheat, the cost-of-production plan would work something like this: Farmer A drives up to a dealer with 100 bushels. The Secretary, hypothetically, has promulgated that 80 percent of the crop will be consumed domestically, so Farmer A will get the cost-of-production price or any amount in excess of it which is being paid on 80 bushels. The remaining 20 bushels will be sold to the same dealer at the same time at whatever price is agreed upon by the two interested parties, which price will be approximately that which is prevailing in world markets. This plan does not prevent the farmer selling all of his crop at any time he selects, nor does it contain a direct mandate on him from the Government that he shall or shall not raise more than a certain amount or plant in excess of a certain acreage. It seeks to employ the indirect but effective method of controlling production by visibly demonstrating to the farmer that if he raises the 20 bushels extra beyond what the Nation can consume he will get a much lower price for it than for the major portion of his crop. It is reasonable to expect that, with this visible demonstration, the farmer, in his own self-interest and quite automatically and without any Government interference, will control his own production.

Fifth. In H.R. 13310, Seventy-second Congress, second session, the three national farm organizations—the Grange, Farmers Union, and the Farm Bureau—supported a so-called "three-way bill", which included, first, the equalization fee; second, the debenture; and third, the allotment plan. This allotment plan as named in title III of the

Norton bill, H.R. 13319, was misnamed as it really should have been named "the cost of production plan", there having been no feature of allotment in it. A reading of title III of this measure alongside of part 3 of H.R. 3835, now pending before the House, shows that the measure then supported by the three national farm groups contained a cost of production plan almost identic to that in the pending bill before the House of Representatives. In the Norton bill the enforcement was sought to be lodged in the Federal Farm Board rather than, as in the pending measure, with the Secretary of Agriculture. That is practically the only difference in the two measures.

Sixth. Hearings before the House Committee on Agriculture on May 4, 1932, serial E, part II, disclose that the three farm organizations had chosen one spokesman to appear and explain the measure in behalf of the three national farm organizations. This spokesman said, among other things:

I am speaking for the National Grange, the National Farmers Union, and the American Farm Bureau Federation in relation to a bill which the three organizations have agreed upon to amend the Agricultural Marketing Act.

The same measure, S. 5027, introduced by Senator McNARY, had been explained by the same spokesman to the Senate Committee on Agriculture and Forestry in behalf of the same three national farm organizations. In explaining the misnamed "allotment plan" of the Norton and McNary bills of the Seventy-second Congress before the House committee it was stated:

I might make it a little more lucid to the members of the committee. The allotment plan, as I understand it, is based on the licensing power of the Federal Government in relation to farm commodities. We have the Warehousing Act; we have the Farm Board Act, under which the farm cooperatives work; and we have the Cooperative Marketing Act. Those acts give to Federal authorities certain powers and duties and warehouse activities.

Under the allotment plan the power of the Federal Government in warehousing would be extended so that all dealers in wheat, for instance, who are handling that commodity would be licensed by the Federal Government.

Then the next step in the allotment plan is that the Federal Government, under the terms of this bill, the amendment which we have determined upon in our program, would get the cost of production of that portion of the crop which is sold in the domestic market. The Federal Government would license the dealers to handle the crop, and they could not handle it at less than the cost of production.

The third step in the allotment plan is that the American farmer who produces that crop can produce what he cares to, just as much as he could in the equalization and in the debenture plans; and he can sell in the domestic market a certain portion of it, that portion bearing the same relation to his total crop as the total domestic consumption bears to the total crop promulgated by the Federal Farm Board. The other portion of his crop he sells through warehouse means or through the cooperatives or those who are licensed to deal in it, handling the part for which he is to get the cost of production. This second portion is to move at what the world price gives. Both portions are to be sold by the licensees under the power of the Federal Government at different prices; and if they violate that regulation, then their licenses will be revoked, and they are no longer privileged to deal in that commodity.

Under this plan the man may produce just as much as he can under the equalization or the debenture plans, and that part which is shipped to the foreign markets will move freely into world trade regardless of the cost of production.

Mr. JONES. Mr. Speaker, I yield 1 minute to the gentleman from Washington [Mr. SMITH].

Mr. SMITH of Washington. Mr. Speaker, I favor the Simpson-Norris amendment because it is in accordance with the letter and spirit of the Democratic platform. Let me read the exact language of the Democratic platform:

We favor the enactment of every constitutional measure that will aid the farmers to receive for their basic farm commodities prices in excess of cost.

This cost-of-production plan is, therefore, no new or novel idea. It has been favored and demanded by the great farming and agricultural interests and their organizations for years, and has been the subject of thorough study and consideration by committees in both the House and the Senate. It was discussed extensively in the campaign last year; and our party, by the declaration in our platform and its frequent reiteration from one end of the country to the other, is committed to the experiment.

In conclusion, Mr. Speaker, may I stress the fact that the amendment merely grants an authorization of power to the Secretary of Agriculture. It is not a mandatory provision, but, on the contrary, is permissive and optional only; and he may exercise the power if conditions and circumstances require it. In that respect it is very similar in its nature to much of the legislation which we have enacted during this extraordinary session of Congress granting alternative measures of relief. The amendment was adopted by an overwhelming vote in the Senate after long deliberation and debate and should be adopted by the House.

The SPEAKER pro tempore. The time of the gentleman from Washington has expired.

Mr. JONES. Mr. Speaker, I yield 3 minutes to the gentleman from South Carolina [Mr. FULMER].

Mr. FULMER. Mr. Speaker, I do not believe that there is a man on the floor of the House who has given more serious thought and special study to the agricultural situation for the past 12 years than I have. We have heard much about voting for this Simpson amendment, and about cost of production, but no one has heard a single word about what is contained in the Simpson amendment. Mr. Speaker, if we are unable to get anything beyond the cost of production out of this farm-relief bill which was introduced by me, then we will not have done much for the farmer. Under the allotment plan and the rental plan as carried in the bill we propose to give to the farmers the pre-war price for basic commodities. Under the cost-of-production plan you would give him a price considerably below the pre-war price. How do you propose to get the cost of production under the Simpson amendment? There is not a word in the amendment setting up a yardstick, so to speak, that would govern the Secretary in finding and determining the cost of production.

In Texas you may be able to produce cotton at 8 cents per pound, while in South Carolina, Georgia, and other Southern States it may cost 10 cents per pound. If you take the average cost, as provided in the amendment, it would be 9 cents in this instance. That would mean the farmers in Texas would receive a 1-cent profit per pound, while the farmers in the South would be losing 1 cent per pound. The same thing applies to every other farm product.

I want to call your attention to what is actually contained in this amendment, and I wish I had the time to go over the allotment plan and the rental-basis plan to show you the difference between these and the Simpson amendment. Under section 20 of the Simpson amendment the Secretary of Agriculture is authorized to find and proclaim the percentage of the domestic production of commodities—cotton, for instance—for market during the next marketing period for the commodity that will be needed for domestic consumption. This will be easy, for the reason that he has all the statistics covering production in the past available in the Department of Agriculture. In the next place, the Secretary is authorized to ascertain the average domestic costs of production for the commodity. The Secretary also has these figures in the Department of Agriculture; however, as stated, you will find that these figures would produce a price for all major farm products below the pre-war price.

Listen to this—subsection (b) of the amendment:

(b) After such date as shall be specified in the proclamation, it shall be unlawful for any person engaged in the business of buying and selling a commodity or commodities as a dealer therein to purchase any amount of the commodity from the producer or any association of producers at a price, for the domestic consumption percentage thereof, that is less than the proclaimed cost of production for the commodity.

This is the most ridiculous thing in the bill. This means that every man that buys a bushel of wheat or a bale of cotton would have to take into consideration in doing business the buying for domestic consumption and for export. This would be impossible. Yet you will notice in subsection (c) the following:

(c) Any person violating the provisions of subsection (b) shall be subject to a penalty of not more than $1,000 for each violation, which may be collected by appropriate action in a court of competent jurisdiction brought in the name of the Secretary of Agriculture.

Those of you who are voting for this amendment which has not been explained to you, I want you to listen to me as I read subsection (e), which is found on page 34 of the bill:

(e) In order to carry out the provisions of this section, the Secretary of Agriculture is authorized to license persons engaged in the business of purchasing from producers or associations of producers any basic agricultural commodity with respect to which the Secretary has proclaimed the cost of production. Such licenses shall be subject to such terms and conditions as may be necessary effectively to execute the provisions of this section.

This means, my friends, as stated, every merchant, commission merchant, or anyone else buying and selling farm products at every crossroad, every town, and city would have to be licensed.

Listen to this:

Any person so engaged without a license, as required by the Secretary under this section, shall be subject to a fine of not more than $1,000 for each day the violation continues.

I am wondering if those of you who are supporting this amendment and you who expect to vote for same realize just what it will cost to carry out this scheme of licensing and the army of policemen and detectives that it would take to enforce the same. Suppose the Secretary finds in the case of cotton that we consume in the United States 50 percent of the production and export the other 50 percent. How in the world will the buyers of cotton be able to keep track of just how many bales of cotton any one farmer may sell so as to be able to differentiate between that portion which is to be consumed in the United States and exported?

In other words, when a farmer comes to town with 10 bales of cotton, under the operation of the amendment the local cotton buyers, who in many instances are local merchants or cotton ginners, would have to under the regulations of the Secretary pay the cost of production, whatever that might be, for 5 bales of the cotton, and he would be permitted to buy the other 5 bales of cotton at any price that might be agreed upon between him and the farmer. There is nothing in the amendment that would bring about the planning of production or the restriction of production so as to be able to bring about a production in line with the demand for farm products, which would mean a better world basis price.

Under the allotment plan it is proposed to bring about a planned production; in the meantime we do not interfere in the least with the regular and well-established rules of doing business; that is, in buying and selling farm products. In other words, the farmer will continue to sell to whom he pleases, where he pleases on the world basis market without any restrictions of bookkeeping or licensing on the part of the buyer. However, when the farm product, cotton for instance, passes into the hands of the manufacturer, who buys cotton under the operation of the allotment plan just as he is doing today, the operation of the farm relief bill begins. In all of these transactions, under the allotment plan, there are no licenses or restrictions, except the manufacturer is required to add to the cost of his cotton the adjustment charge; that is, the difference between the world basis price as paid by him and the pre-war price, and he is permitted to pass same on to the consumer. The manufacturer then will be called upon by the Treasurer of the United States for this adjustment charge, which will be paid to the farmer so as to make up the difference between the world basis price and the pre-war price. In other words, if this bill was in operation today farmers would be receiving 13 cents per pound for that portion of cotton that is consumed in the United States, whereas he is only receiving about 8 or 9 cents. Two or three weeks ago he was receiving only 6 cents per pound.

Even Mr. Simpson in his statements before the Senate committee was unable to outline any workable scheme in connection with his proposition. It is my belief that it is the intention of the Secretary of Agriculture, with the advice and under the direction of the President of the United States, to put into operation the domestic-allotment plan referred to by the President in his campaign speeches, as well as the rental plan, with the determination of giving to the farmers of this country a fair price in line with industrial prices.

I want to call your attention to the fact that the administration opposes this amendment. I quote from a statement issued by the Secretary of Agriculture:

Amendment no. 83: This is the cost-of-production amendment. The Department of Agriculture is vigorously opposed to the amendment. It believes that the amendment is economically unsound and would, if placed in effect, depress rather than increase farm prices. In the absence of any legislative standard for determining cost of production it would be impossible to arrive at such costs on any definite basis. The cost-of-production figures of the Department are now less than the parity price or fair-exchange value provided in the bill. If any attempt were made to fix prices by enforcing a cost-of-production price that did not have due regard for purchasing power of the consumer and other economic considerations, the commodity would back up on the farm. Extensive bootlegging would result and innumerable fines be imposed if any real attempt at enforcement were made. It is believed that the operation of the amendment would seriously impair the farm-relief program. The presence of the amendment in the bill will raise expectations for higher farm prices than can possibly be obtained in view of the unworkable and unsound character of the amendment, and will endanger the securing of cooperation in certain farm regions for other features of the bill which hold promise of effective and sound relief.

Today, my friends, we have an opportunity to give to the President and to the Secretary of Agriculture a workable bill, one that will mean a "square deal" and a "new deal" to agriculture, and I am hoping that this amendment will be voted out by the largest majority possible on the part of the House. If this is done, I can assure you that you conferees on the part of the House will not have any trouble in making the Senate see the light and join with us in promptly sending to the President, to my mind, the greatest piece of legislation that has ever passed the Congress of the United States.

Mr. JONES. Mr. Speaker, I yield the remainder of my time to the gentleman from Tennessee [Mr. BYRNS].

Mr. BYRNS. Mr. Speaker, it is impossible to discuss the merits of this amendment in the short space of 3 minutes. I do not yield to any man in my desire to see the farmer secure the best price possible for his products, because I believe we are never going to have a return to prosperity, which we all so much desire, unless something is done to increase the price of commodities in the hands of the producer. I speak to you gentlemen on this side of the aisle, and I speak with some authority when I say to you that the administration is opposed to this Simpson amendment. The Secretary of Agriculture is on record as opposed to it, and the gentleman who it is generally understood is going to be charged with the responsibility of administering the law is very much opposed to it. The reason why they are opposed to it is the fact that they know it is impracticable and absolutely unworkable and will possibly destroy the very purpose of the bill, which was framed to give to the farmer a reasonable price for his product, and which it is hoped and believed will do it if this bill is passed and placed on the statute books.

Mr. McFARLANE. Will the gentleman yield?

Mr. BYRNS. I have not the time, I am sorry. There is no reason for grafting this sort of an amendment on the bill. People talk about fooling the farmer. As the gentleman from South Carolina [Mr. FULMER] said, no man who has favored this amendment has yet talked about what is in the amendment. Gentlemen say, "Do not fool the farmer"; and I say to you gentlemen, "Do not try to fool the farmer by passing something which those who are to administer the law say is unworkable and cannot operate for the benefit of the farmer." Everyone knows that the price of farm products is a variable one. It costs more to produce wheat in some States than it does, for instance, in the State of Kansas.

Mr. BOILEAU. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. I have not the time. It costs more to produce other products in some sections than in other sections. In your own counties you know there are sections in which the cost of production varies very materially from the cost in other sections, for one reason or another. The gentleman from South Carolina [Mr. FULMER] has pointed out to you

in addition to other objections that under the terms of this amendment you will have to issue a license to every man who seeks to buy a bushel of wheat, a bushel of corn, or a pound of cotton or tobacco.

Gentlemen, it will take more employees than you ever dreamed of to enforce this amendment. I say to you gentlemen on the Democratic side of the Chamber who have made a record, and also to you gentlemen on the Republican side, to whom we give full credit, you who have made a record of standing by the administration in its efforts to promote prosperity and to carry out the promises made to relieve the farmers and to relieve all classes of people, let us not abandon that record by undertaking to vote for a motion to concur in an amendment which was inserted in another body without very full consideration. If you want this amendment adopted, then propose it in an independent bill where it can be well considered, and some of the objections which the gentleman from South Carolina and the gentleman from Mississippi [Mr. DOXEY] have pointed out may be eliminated.

I hope the House will vote down the motion to recede and concur, and send this back to conference, because I believe, and the administration hopes and believes, that we will finally work out a bill which will bring to the farmer the cost of production plus a reasonable profit, to which he is entitled and which we all favor. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from Tennessee [Mr. BYRNS] has expired.

All time has expired.

Mr. JONES. Mr. Speaker, I move the previous question on the motion to recede and concur.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the motion of the gentleman from Wisconsin [Mr. BOILEAU] to recede and concur in Senate amendment No. 83.

Mr. BOILEAU. On that I ask for the yeas and nays, Mr. Speaker.

The yeas and nays were ordered.

The question was taken; and there were—yeas 109, nays 283, not voting 40, as follows:

[Roll No. 36]

YEAS—109

Allen	Fuller	Lesinski	Scrugham
Arens	Gilchrist	Lewis, Colo.	Shallenberger
Ayers, Mont.	Gillespie	Lundeen	Shoemaker
Blanchard	Gillette	McClintic	Sinclair
Boileau	Glover	McFadden	Smith, Wash.
Cannon, Mo.	Gray	McFarlane	Strong, Tex.
Cannon, Wis.	Griswold	McKeown	Stubbs
Carpenter, Kans.	Guyer	Mariand	Studley
Carpenter, Nebr.	Hart	Marshall	Swank
Cartwright	Hastings	Martin, Colo.	Sweeney
Chase	Henney	Miller	Taylor, Colo.
Christianson	Hildebrandt	Mitchell	Taylor, Tenn.
Coffin	Hill, Knute	Monaghan	Terrell
Collins, Miss.	Hill, Samuel B.	Montet	Thomason, Tex.
Cravens	Hoeppel	Mott	Thurston
Crowther	Holdale	Murdock	Truax
Cummings	Howard	Musselwhite	Turner
Deen	James	O'Malley	Wallgren
Dickinson	Johnson, Minn.	Parker, Ga.	Wearin
Dies	Johnson, Okla.	Parks	Weideman
Disney	Johnson, Tex.	Patman	Werner
Dowell	Keller	Peavey	White
Driver	Knutson	Pierce	Withrow
Dunn	Kvale	Ramsay	Wood, Mo.
Durgan, Ind.	Lambertson	Rankin	Young
Eicher	Lee, Mo.	Richards	
Fletcher	Lehr	Rogers, Okla.	
Frear	Lemke	Sanders	

NAYS—283

Abernethy	Bland	Bulwinkle	Chavez
Adams	Blanton	Burch	Claiborne
Allgood	Bloom	Burke, Calif.	Clark, N.C.
Almon	Boehne	Burke, Nebr.	Clarke, N.Y.
Andrew, Mass.	Boland	Burnham	Cochran, Mo.
Andrews, N.Y.	Bolton	Busby	Cochran, Pa.
Arnold	Boylan	Byrns	Colden
Ayres, Kans.	Brennan	Cady	Cole
Bacharach	Britten	Caldwell	Collins, Calif.
Bacon	Brooks	Carden	Colmer
Bailey	Brown, Ky.	Carley	Condon
Bakewell	Brown, Mich.	Carter, Calif.	Connery
Beam	Browning	Carter, Wyo.	Connolly
Beedy	Brumm	Cary	Cooper, Ohio
Berlin	Brunner	Castellow	Cooper, Tenn.
Biermann	Buchanan	Cavicchia	Corning
Black	Buck	Chapman	Cox
Crosby	Hamilton	McMillan	Sears
Cross	Hancock, N.Y.	McReynolds	Secrest
Crosser	Harlan	McSwain	Seger
Crump	Harter	Major	Shannon
Culkin	Hartley	Maloney, Conn.	Simpson
Cullen	Healey	Maloney, La.	Sirovich
Darden	Hess	Mansfield	Sisson
Darrow	Hill, Ala.	Mapes	Smith, Va.
Dear	Hollister	Martin, Mass.	Smith, W.Va.
Delaney	Holmes	Martin, Oreg.	Snell
De Priest	Hooper	May	Snyder
DeRouen	Hope	Mead	Spence
Dickstein	Hughes	Meeks	Steagall
Dingell	Imhoff	Merritt	Stokes
Dirksen	Jacobsen	Millard	Strong, Pa.
Dobbins	Jeffers	Milligan	Sumners, Tex.
Dockweiler	Jenckes	Moran	Sutphin
Dondero	Jenkins	Morehead	Swick
Doughton	Johnson, W.Va.	Muldowney	Taber
Douglass	Jones	Nesbit	Tarver
Doutrich	Kahn	O'Brien	Taylor, S.C.
Doxey	Kee	O'Connell	Thom
Drewry	Kelly, Ill.	O'Connor	Thompson, Ill.
Duffey	Kelly, Pa.	Oliver, Ala.	Tinkham
Duncan, Mo.	Kemp	Oliver, N.Y.	Tobey
Eagle	Kennedy, Md.	Owen	Treadway
Eaton	Kenney	Parker, N.Y.	Turpin
Edmonds	Kerr	Parsons	Umstead
Elizey, Miss.	Kinzer	Perkins	Underwood
Eltse, Calif.	Kleberg	Peterson	Utterback
Englebright	Kloeb	Pettengill	Vinson, Ga.
Evans	Kniffin	Peyser	Vinson, Ky.
Faddis	Kocialkowski	Polk	Walter
Farley	Kopplemann	Pou	Warren
Fiesinger	Kramer	Powers	Watson
Fish	Kurtz	Prall	Weaver
Fitzgibbons	Lambeth	Ramspeck	Welch
Fitzpatrick	Lamneck	Randolph	West, Ohio
Focht	Lanham	Ransley	West, Tex.
Ford	Lanzetta	Rayburn	Whitley
Foss	Larrabee	Reece	Whittington
Fulmer	Lehlbach	Reilly	Wigglesworth
Gambrill	Lewis, Md.	Rich	Wilcox
Gasque	Lindsay	Richardson	Willford
Gavagan	Lloyd	Robertson	Williams
Gibson	Lozier	Robinson	Wilson
Goldsborough	Luce	Rogers, Mass.	Wolcott
Goss	Ludlow	Rogers, N.H.	Wolfenden
Granfield	McCarthy	Rudd	Wolverton
Green	McCormack	Ruffin	Wood, Ga.
Greenwood	McGrath	Sandlin	Woodruff
Gregory	McGugin	Schaefer	Woodrum
Griffin	McLean	Schuetz	The Speaker
Haines	McLeod	Schulte	

NOT VOTING—40

Adair	Ditter	Kennedy, N.Y.	Romjue
Auf der Heide	Fernandez	Lea, Calif.	Sabath
Bankhead	Flannagan	McDuffie	Sadowski
Beck	Foulkes	Montague	Somers, N.Y.
Beiter	Gifford	Moynihan	Stalker
Brand	Goodwin	Norton	Sullivan
Buckbee	Hancock, N.C.	Palmisano	Traeger
Celler	Higgins	Ragon	Wadsworth
Church	Hornor	Reed, N.Y.	Waldron
Crowe	Huddleston	Reid, Ill.	Zioncheck

The SPEAKER. The Clerk will call my name.

The Clerk called the name of Mr. RAINEY, and he answered "no."

So the motion to recede and concur in Senate amendment no. 83 was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Crowe (for) with Mr. Wadsworth (against).
Mr. Zioncheck (for) with Mr. Auf der Heide (against).

General pairs:

Mr. Ragon with Mr. Buckbee.
Mr. Huddleston with Mr. Gifford.
Mr. Church with Mr. Stalker.
Mr. Lea of California with Mr. Romjue.
Mr. Brand of Georgia with Mr. Foulkes.

Mr. BOYLAN. Mr. Speaker, the lady from New Jersey, Mrs. NORTON, is necessarily detained by official business. If she were present, she would vote "no."

Mr. CULLEN. Mr. Speaker, I am requested by the following Members, who are unavoidably absent, to state that if they were present they would vote "no": Mr. SABATH, Mr. BEITER, Mr. BANKHEAD, Mr. KENNEDY of New York, Mr. FERNANDEZ, Mr. SADOWSKI, Mr. ADAIR, Mr. FLANNAGAN, Mr. CELLER, Mr. MCDUFFIE, Mr. MONTAGUE, Mr. SULLIVAN, Mr. SOMERS of New York, Mr. HORNOR, Mr. PALMISANO, and Mr. HANCOCK of North Carolina.

Mr. DARROW. Mr. Speaker, I am requested to announce that my colleagues, Mr. BECK, Mr. WALDRON, and Mr. DITTER are unavoidably absent; and if present, they would vote

"no." Also the following Members are unavoidably absent; and if present, would vote "no": Messrs. GODWIN, TRAEGER, REID of Illinois, HIGGINS, REED of New York, and MOYNIHAN.

The result of the vote was announced as above recorded.

On motion by Mr. JONES, a motion to reconsider the vote by which the motion to recede and concur was rejected was laid on the table.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Horne, its enrolling clerk, announced that the Senate had passed, with an amendment in which the concurrence of the House is requested, the bill (H.R. 5480) entitled "An act to provide full and fair disclosure of the character of securities sold in interstate and foreign commerce and through the mails, and to prevent frauds in the sale thereof, and for other purposes."

The message also announced that the Senate insists upon its amendment to said bill, requests a conference with the House thereon, and appoints Mr. FLETCHER, Mr. GLASS, Mr. WAGNER, Mr. NORBECK, and Mr. GOLDSBOROUGH to be the conferees on the part of the Senate.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 555. An act to authorize the acquisition by the United States of the land upon which the Seneca Indian School, Wyandotte, Okla., is located;

S. 727. An act for the relief of Francis N. Dominick;

S. 1256. An act granting the consent of Congress to compacts or agreements between the States of Kansas and Missouri for the acquisition, maintenance, and operation of a toll bridge across the Missouri River near Kansas City, Kans., for the construction and maintenance of connections with established highways, for the incorporation of such bridge in the highway systems of said States, and for other purposes; and

S. 1425. An act to amend the act entitled "An act to provide relief in the existing national emergency in banking, and for other purposes", approved March 9, 1933.

EXTENSION OF REMARKS—CONFERENCE REPORT, H.R. 3835

Mr. JONES. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to extend their remarks on this conference report.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. CLARK of North Carolina. Mr. Speaker, since the people of the district I have the honor to represent are so vitally interested in the provisions of the Farm Relief Act of 1933, which has just been signed by the President, and finding it impossible to respond in detail by correspondence to the numerous requests I am receiving for information in regard thereto, I am taking advantage of this opportunity to extend my remarks in the RECORD.

It cannot be foretold what construction will be placed upon the act by those whose duty it becomes to administer it, and it is attempted here to give only a general analysis according to my own interpretation of what has been characterized as the most important legislation in 6,000 years. Let me add that this, and much of the other legislation of the extra session of Congress, is not just as I would have it, but I know that we are facing a new era and are dealing with conditions which threaten to overwhelm us. Realizing that under such circumstances legislators and executives cannot always come to complete agreement as to remedies, I have waived objections that might have been insisted upon and have supported and voted for every proposal submitted to Congress by our great President, with the exception only of the beer bill and the so-called "economy act", my reasons for voting against each of which have already been stated.

In submitting his farm-relief legislation to Congress the President stated frankly that the proposals were new and untried, but that the situation is such as to demand action of some kind; and that if these proposals should not produce results he would be the first to admit that fact and try something else. The legislation consists of what is known as the Smith cotton plan, the domestic allotment plan, the rental benefit plan, the farm mortgage relief plan, and inflation of the currency, which subjects will be mentioned here in the order stated. Let it be said at once that all the plans here mentioned are purely voluntary. No farmer can be forced to enter any of them. He can try them or he can leave them alone as he sees fit. It may as well be stated here also that both the Smith cotton plan and the domestic allotment plan were passed by the last Congress, but Mr. Hoover refused to sign either of them. They were both passed again by the House early in the extra session, but final passage of the bill has been greatly delayed because it became desirable to add the farm mortgage relief plan and inflation of the currency, the consideration of which two most important subjects consumed much time.

But all limitations in the act as to the times within which things must be done have been pushed forward, and the law, while not fully applicable to the crop of 1933, will be to the crop of 1934. The further general statement should be made here that the Smith cotton plan, the domestic allotment plan, and the rental benefit plan are all based upon the principle that the prices of farm commodities can and will be raised if a substantial reduction in production can be accomplished, and this principle should be kept clearly in mind in considering the value of the legislation.

SMITH COTTON PLAN

Under this plan the Secretary of Agriculture purchases at the market price all of the cotton owned by the Federal Farm Board or any other Government agency heretofore acquired in an effort to stabilize prices, as collateral to crop-production loans, or otherwise. This amounts to about 1,500,000 bales, as of May 6, 1933. This cotton is in sight, and has the same or worse effect in depressing the market than if it were owned in small quantities by various parties. If production continues upon the present basis, or increases, the price will likely remain low, or go lower, with loss both to the Government and the farmer. If production can be greatly decreased, prices will rise to the benefit of both the Government and the farmer. Why, then, produce more cotton when the Government owns so much already? The Smith cotton plan seeks to use this Government-owned cotton as a means by which to reduce production, and in this way:

The act provides that any farmer who will (1) reduce his production by not less than 30 percent below the previous year and (2) will not use the land taken out of cotton for the production, for sale, of any nationally produced commodity may have an option on the same number of bales of cotton in the possession of the Secretary of Agriculture as that by which the farmer has reduced his production below the previous year. For instance, if the farmer produced 60 bales the previous year, he would have to reduce that by 30 percent, which would be by 18 bales. He could then produce 42 bales on his farm and have an option on 18 bales of that held by the Secretary. As soon as the act is law the Secretary has to buy all the cotton from all Government agencies at the market price. The option to the farmer would be based on the same price, and the farmer can close it out at any time up to the first day of the succeeding January. If cotton goes up, the farmer gets the profit; if it goes down, the Government simply sustains the loss it would have had anyway. The act expressly exempts the farmer from any loss on account of the option. All he has to do is reduce production by not less than 30 percent below the previous year and refrain from using the land taken out of cotton for the production, for sale, of any nationally produced commodity. The farmer simply produces 70 percent of the previous year's crop and takes, free of cost and without liability, a perfectly good option on cotton already produced, graded, insured, and stored to the amount of 30 percent of his crop of the previous year.

THE DOMESTIC ALLOTMENT PLAN

The purpose of the domestic allotment plan is simply to restore the prices of agricultural commodities to their proper relative position with respect to the prices of other commod-

ities—to put the buying power of farm commodities more in line with the buying power of other commodities. As matters stand now the price of what the farmer has to sell is entirely too low when measured against the price of the things he has to buy. For instance, since the period just prior to the World War the buying power of cotton has declined 53 percent, tobacco 19 percent, hogs 53 percent, and so forth. But the buying power of practically all the commodities the farmer has to have has declined but little. When a farmer sells cotton for cash and uses the money to buy a mowing machine, the transaction amounts to nothing more than exchanging the cotton for the machine. Under present conditions he has to give too much cotton in order to get the machine, because the buying power of the two commodities is entirely out of line. The same is true as to practically every farm commodity when compared to other commodities. In the pre-war period from 1909 to 1914 the average price of all commodities was comparatively low, but the buying power of farm commodities was nearer in line during that period with the buying power of other commodities. The purpose of this plan is to restore, as far as it can, the parity that then existed, not by boosting the price of farm commodities to the injury of other commodities, but by lifting the price of farm commodities to a fair position with respect to the prices of other commodities.

As suggested, the average price of farm commodities from August 1909 to August 1914, while low, was more in line with the prices of other commodities. As to cotton, wheat, rice, corn, and hogs the act adopts this 5-year period as a basis. During this period the average price of cotton was about 12 cents. The price of tobacco during this period was abnormally low, and on this account the act adopts as the basis for tobacco the period from September 1919 to August 1928. During this period the average price of flue-cured tobacco was 16 to 18 cents.

In order to try to bring the prices of these commodities back to or near the prices therefor during the respective periods just mentioned, the Secretary of Agriculture is authorized to fix a processing fee thereon equal to the difference between the present average price and the average price of the same commodity during the periods mentioned above. The Secretary of Agriculture is authorized to fix the marketing year of any commodity, and from statistics in his department determine the average price of such commodity during the basis periods mentioned, and fix the amount of processing fee necessary to bring the buying power of such commodity back in line with what it was in the basis period. This processing fee is to be paid by the first processor or manufacturer of such commodity, whether produced in or imported into this country, but in the case of cotton the mills do not have to pay such fee until the manufactured goods are invoiced for sale. The Secretary of Agriculture can raise or lower, for any marketing year, the processing fee in such manner as seems best to promote prices of the commodities involved, and if and when prices rise to such a level as to restore the buying power of any or all of these commodities to the level of the basis period, the processing fee will disappear altogether. The funds arising from these fees will be used by the Secretary of Agriculture in making benefit payments to the farmers who have complied with the regulations of the Secretary, which undoubtedly will include a reduction in production. That is really the heart of the plan, and it is contended that a sufficient reduction in production can be obtained to drive prices back up without any processing tax.

The Secretary of Agriculture is also given authority to make payment of certain rental benefits to those who will withdraw land from the production of those commodities now so greatly overproduced.

The Secretary of Agriculture is also authorized by the act to enter into marketing agreements with producers, and associations of producers, for the purpose of assisting in the orderly and best marketing of farm commodities. But more important than this is the fact that he is given authority under the bill to require any person dealing in farm commodities to secure a license from the Secretary of Agriculture; he can make regulations in regard to the manner of handling and dealing in farm commodities; can examine into the books of persons so engaged; is authorized, upon proper notice and hearing, to revoke the license of any person who is handling and dealing in agricultural commodities in a manner detrimental to the producers thereof. The purpose of this part of the act is to enable the Secretary of Agriculture to deal in a drastic and effective manner with those who have been standing between the producer and consumer of farm commodities and exacting a highly unreasonable and unjustifiable profit. Much power and discretion is vested by the law in the Secretary of Agriculture, but he is required to proceed upon the basis of statistics compiled in his office, from actual transactions throughout many years, and all such power conferred upon him expires by limitation of the law itself at the end of 2 years and cannot thereafter be exercised by him unless Congress should renew its grant of power to him.

FARM MORTGAGE RELIEF PLAN

This legislation seeks to accomplish relief for farm mortgages generally. It provides that Federal land banks may issue bonds to the amount of $2,000,000,000, payment of which shall be guaranteed by the Government as to interest only. These bonds may be exchanged for, or the proceeds thereof used in purchasing, first mortgages on farm lands, but in either case the amount paid by the bank for such first mortgage shall not exceed the amount of the unpaid principal of the mortgage or 50 percent of the value of the land mortgaged plus 20 percent of the value of permanent insured improvements, whichever is the smaller. If the balance due upon the principal is smaller than 50 percent plus 20 percent of the values just stated, then the bank cannot purchase the mortgage at more than such unpaid principal. But if 50 percent plus 20 percent of value is smaller than the unpaid principal of the mortgage, then the bank cannot pay more than 50 percent plus 20 percent of the values, regardless of the balance due upon the principal of the debt. It is thought that the Federal land banks will be able in this way to acquire first mortgages on farming land at great reductions. Such reductions are to be passed on to the borrower. The amount of his debt is reduced accordingly and he becomes entitled to have his debt, after deducting anything the bank has been able to save for him, refinanced through the Federal land bank upon the regular terms.

THOSE WHO OWE FEDERAL LAND BANKS

There are two provisions of the act which benefit these borrowers. A former act provided for an extension of time during 5 years when in the judgment of the directors conditions justified it, and $25,000,000 was appropriated to make the act effective. The present act continues this provision and provides $50,000,000 with which to make it effective; but it provides that such extension will not be made where, upon investigation, it is found to be within the capacity of the borrower to meet the payments.

But the most important provision affecting those who have borrowed from Federal land banks is that any person who has borrowed from a Federal land bank through a national farm-loan association will have his rate of interest reduced to 4½ percent for a period of 5 years, commencing 60 days after the law takes effect, which means after the President signs it; and during such period of 5 years no mortgage to a Federal land bank can be foreclosed because of the nonpayment of the principal coming due during such time, if the borrower shall not be in default with respect to any other condition or covenant of his mortgage, such as interest, insurance, taxes, waste, and so forth. In return for the concession thus required of the banks, and in order to keep faith with those who have invested their funds in the bonds of these banks, the Government guarantees the payment of the interest upon the banks' bonds during the 5-year period mentioned above. The principal relief in this act for borrowers in our district from Federal land banks is the reduction of interest to 4½ percent during the period of 5 years, and the moratorium against foreclosure during that time for nonpayment of principal.

JOINT-STOCK LAND BANKS

As to these banks, an appropriation of $100,000,000 is made available to the Farm Loan Commissioner to be loaned to joint-stock land banks in the same proportion as the unpaid principal of the mortgages held by any such bank bears to the total amount of unpaid principal of all the mortgages held by all such banks; which simply means that if there should not be enough of the $100,000,000 to fully accommodate all these banks they shall each be entitled to a fair proportion thereof. Any bank that borrows any part of this fund cannot be granted more than 60 percent of the appraised value of the real estate offered as security, must pay the expenses thereof, must agree to reduce to 5 percent the rate of interest upon all mortgages owed to it, and must agree that for a period of 2 years it will not proceed against the mortgagor on account of default in the payment of interest or principal, and will not foreclose its mortgage unless the property covered thereby is abandoned, or unless the Loan Commissioner deems the foreclosure necessary. The effect of this is that the borrower from a joint-stock land bank gets his interest rate reduced to 5 percent and has a moratorium against foreclosure for a period of 2 years as to both principal and interest.

It is a well-known fact that for sometime joint-stock land banks have been buying their own bonds at a discount and thus recouping the losses sustained by them upon the foreclosure of farms which have not brought the full amount of the indebtedness against them. It is also a fact that large amounts of these joint-stock land bank bonds have gotten into the hands of people who have paid very little for them, and which might now be purchased at a very low figure by the banks themselves. The act provides that anyone of these banks that borrows any of the fund referred to above will hereafter, in purchasing any of its own bonds, pay not more than the price paid for such bonds by the present holder prior to April 17, 1933; and that whenever a bank has bought its bonds at less than their face value, the difference between the face value of the bonds and the price paid therefor by the bank shall be prorated among the borrowers from such bank and the amount of their debt to the bank reduced accordingly, after any impairment in the capital of the bank has been made good.

It will be noted that the provisions providing for rate of interest of 5 percent and the moratorium for 2 years include mortgages upon which there has been no default in payment of either principal or interest. Another section of the bill makes available to the Farm Loan Commissioner $25,000,000 to be loaned to the joint-stock land banks in cases where there has been default in payment of interest and principal and unpaid taxes, to obtain any of which the bank has to agree to postpone foreclosure for 2 years, and to charge the borrower not in excess of 4 percent upon the unpaid principal and interest and delinquent taxes. But no loan will be made under this provision of the bill except in cases where the Farm Loan Commissioner is satisfied that the borrower, after exercising ordinary diligence, is not able to meet such payments.

Another section of the act, available only to those bona fide engaged in farming operations, including the personal representative of a deceased farmer, appropriates $200,000,000 to be loaned by the Farm Loan Commissioner directly to such farmers in amounts not to exceed 75 percent of the value of the property given as security, and in no case to exceed $5,000, and to be used only for the purpose of refinancing an existing indebtedness, providing working capital for farming operations, and enabling farmers to redeem or repurchase farm property lost by them under foreclosure since July 1, 1931.

NATIONAL BOARD OF CONCILIATION

Such a board is established by the act, consisting of the Secretary of the Treasury, the Secretary of Agriculture, a member of the Federal Reserve Board, and such other officer of the Government as may be charged with the administration of any law or laws relating to rural credit or farm mortgage indebtedness. A State board of conciliation is also authorized for each State, and directed to designate a suitable number of local boards within the State. The purpose of this is to lend the good offices of the Government and its influence, both National and State, in the equitable and fair adjustment of the many controversies that already exist and will continue to arise between the mortgagors and mortgagees. These boards do not have the power to say what one shall take or another shall pay, but they should undoubtedly be of great help in bringing about those kinds of adjustments which are so necessary and helpful under present conditions.

INFLATION OF THE CURRENCY

The last title of the farm-relief act deals with this momentous subject. Briefly stated, it authorizes an increase in the circulating medium of $6,000,000,000 and authorizes the President to reduce the weight of the gold dollar by 50 percent or less and fix such definite ratio of the silver dollar to the gold dollar as he may find necessary to stabilize domestic prices or to protect foreign commerce against the adverse effect of depreciated foreign currencies, and to provide for the unlimited coinage of such gold and silver at the ratio so fixed, or to fix such ratio and weight of the gold dollar in accordance with any agreement that may be entered into with foreign governments with reference thereto. This section is highly technical, and I can do no better than to say it is so drawn as to place this entire matter in the sound discretion of the President and to quote in this connection from his magnificent address delivered on the night of May 7, 1933, as follows:

> The administration has the definite objective of raising commodity prices to such an extent that those who have borrowed money will, on the average, be able to repay that money in the same kind of dollar which they borrowed.
>
> We do not seek to let them get such a cheap dollar that they will be able to pay back a great deal less than they borrowed.
>
> In other words, we seek to correct a wrong and not to create another wrong in the opposite direction. That is why powers are being given to the administration to provide, if necessary, for an enlargement of credit, in order to correct the existing wrong. These powers will be used when, as, and if it may be necessary.
>
> Hand in hand with the domestic situation, which, of course, is our first concern, is the world situation, and I want to emphasize to you that the domestic situation is inevitably and deeply tied in with the conditions in all of the other nations of the world. In other words, we can get, in all probability, a fair measure of prosperity return in the United States, but it will not be permanent unless we get a return to prosperity all over the world.

IN CONCLUSION

During the last 6 months I have heard so much discussion of farm relief and the proposal of so many and such varied forms of relief as to remind me forcibly of the days on the farm when a mule would have the colic. Invariably everybody would quit work and gather at the place where poor old Balaam was struggling with his internal disturbances. Frequently, too, many of the neighbors would drop in to swap chewing tobacco and pass an opinion on the situation. Everybody had a different idea about what ought to be done and the method of doing it. As the struggle grew desperate all remedies were applied. The result was that if the mule got well no one knew what cured him. Sometimes he died and no one knew what killed him. The Farm Relief Act of 1933 contains almost every remedy known to mankind, but certainly the situation is desperate enough to justify the application of remedies that will either cure or kill. The principle of the legislation is to stay foreclosures upon farm property just as far as it is possible within constitutional limitations to do so, until by use of the Smith cotton plan, the domestic allotment plan, the rental benefit plan, and the inflation of the currency, one or all, the price of farm commodities can be brought back to such a point as will insure the farmers a reasonable profit. If that can be accomplished America will be well on the way to a return of prosperity. Until it is accomplished there will be, in my judgment, no return of prosperity.

As already suggested, this legislation does not go as far as I had hoped it would, particularly that part of it dealing with farm-mortgage indebtedness. But I recognize the fact that in legislation of this kind the condition of the Treasury and constitutional limitations must be taken into consideration. Undoubtedly our great President has in mind a broad



and well-rounded economic program in which a rise in price of farm commodities holds a prominent place. If this succeeds, all will be well. If it does not, then, as he has suggested, something else will be tried. In the meantime this legislation will at least afford a breathing spell.

Mr. LUNDEEN. Mr. Speaker, while we are considering the agricultural bill, we should have before us the conclusions of the farm leaders of this country. We should hesitate to reject the recommendations of John Simpson, president of the Farmers' Union and legislative representative of both the Farmers' Union and the Farmers' Holiday Association, the two leading farmers' organizations in America.

STATEMENT OF JOHN A. SIMPSON

I have a letter from John A. Simpson stating that both of these organizations have, in national convention, repeatedly and unanimously endorsed the Frazier bill, known as the "Lemke bill" in this session of Congress in the House. Mr. Simpson has come to the conclusion that the farm-mortgage refinancing provisions of H.R. 3835 do not even approach a remedy for the situation that faces the farmers with mortgages on their farms. He says the farmers know this, and the Members of Congress will know it soon if they do not know it now. He informs us that many farmers already are financed on as favorable terms as H.R. 3835 provides, and they cannot pay the interest.

The farmers' union knows that this Government has loaned millions of dollars to steamship companies with interest rates of less than 1 percent and on as much as 20 years' time, and that this Government has settled with foreign countries, involving many billions of dollars, on a basis of canceling the principal, and with interest rates as low as 1⅛ percent to some of the countries, to be paid in 62 years. Then the debt is completely wiped out. The farmers' union knows that the Government has loaned other institutions millions of dollars on as long as 10 years' time, on as low a rate of interest as one eighth of 1 percent per annum.

These facts John A. Simpson has called to the attention of the Members of Congress and to the farmers of this country.

FRAZIER BILL WANTED BY FARMERS

The Frazier bill, providing for refinancing of farm mortgages on a basis of 1½ percent interest and 1½ percent payment on the principal each year until the debt is paid, is the bill which the Farmers' Union and the Farmers' Holiday Association want. There is no doubt about it. They have made their demands known in the past, and Mr. SIMPSON has recently called this fact to the attention of Congress again. Mr. SIMPSON tells us that there are more farmers who know about this bill than any other bill that is now pending in Congress. The legislatures of 20 States have memorialized Congress to pass it. They are: Arizona, California, Colorado, Idaho, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Montana, Nebraska, Nevada, North Dakota, Oklahoma, Oregon, South Carolina, South Dakota, Tennessee, Wisconsin. They want it passed, and Mr. SIMPSON is pleading with the Members of this House to sign the petition now on file with the Clerk of the House. He is pleading to get this bill to a vote and passed at the earliest possible moment.

JOHN BOSCH ASKS FOR SIMPSON AMENDMENT

I have this day received a telegram from John H. Bosch, president of the Minnesota Farmers' Holiday Association, and Walter Groth, secretary of that organization, stating that 3,000 Minnesota farmers assembled in annual convention of the Holiday Association voted to declare a national farmers' holiday. They demand that the Frazier bill be taken out of the committee and voted upon. They demand that the Simpson-Norris amendment in H.R. 3835 be kept in that bill. They demand that money issued under the refinancing provisions of that bill not be based on interest-bearing tax-exempt bonds but that the funds with which to liquidate and refinance existing farm mortgages be provided by the issuing of farm-loan bonds by the Federal farm-loan system through the Federal Farm Loan Board and Federal land banks—bonds secured by mortgages on farms and chattel mortgages on livestock.

These are the demands of the farmers of this country. They are demands the Farmer-Labor Party of Minnesota stands ready to meet. These farmers' organizations know what the farmers need. They are not asking for profit; they are asking only for cost of production for their products. They are asking for the refinancing of their mortgages on an interest rate allowed by this Government to foreign countries. They have declared that they must have the Simpson amendment, and they have declared that the Frazier bill must be taken out of the committee. I ask the Members of this House to heed those demands. Let us all march up to the Speaker's desk and sign the farmers' Frazier-Lemke bill.

Mr. HART. Mr. Speaker, I am voting to retain the cost-of-production plan, better known as "the Simpson plan", not because I believe it will be a success if the Department of Agriculture attempts to put it into effect but because it is requested by more farmers than have requested any other proposition contained in the bill. The fact is that most of the actual farmers are opposed to the allotment or rental plan contained in this bill. I am voting to retain the cost-of-production plan because if it is not included in this bill and given some sort of trial, agricultural stability will again be endangered at the next session of Congress by some more legislation probably along this line. I think inasmuch as this is an omnibus farm bill, including everything in it except the Ten Commandments, we might as well include the cost-of-production plan.

Inasmuch as there are several plans included in the bill, if I were writing this legislation as an experiment, I would include every nostrum that has ever been offered the farmer, so that when we meet at the next regular session some farm leader could not be here holding out a "pot of gold at the end of the rainbow." I would include the export debenture and the equalization fee along with the cost of production, and then hope that these agencies that have advised the farmer for the past 10 or 15 years would run out of ideas and let those of us who desire to farm alone.

RECORD TYPE

Mr. BLANTON. Mr. Speaker, I desire to propound a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BLANTON. Mr. Speaker, for the first time within my knowledge in the history of the Congress an important address of the President of the United States was printed yesterday in the RECORD in small, 6-point type. I do not think that ought to go by without correction. It has always been the custom of the House and of the Senate that whenever an address of the President of the United States is printed in the RECORD, to print it in regular 8-point type. I do not know how it got by, or how it came to be in there in 6-point type.

Mr. RANKIN. Mr. Speaker, I asked unanimous consent on yesterday to insert it in the RECORD. I sent it down to the Printing Office, and the Printing Office printed it in that size type to which the gentleman refers.

Mr. BLANTON. And it ought to have been put in there in regular 8-point type under the custom and usages of this House.

The SPEAKER. The Joint Committee on Printing has entire control of the arrangement and style of the CONGRESSIONAL RECORD. That is the law.

Mr. BLANTON. But that is the first time in the history of this Congress that an address of the President of the United States has been accorded so little consideration.

The SPEAKER. That is a matter to take up with the Joint Committee on Printing.

Mr. BLANTON. I expect to take the matter up with that committee.

FARM RELIEF

Mr. JONES. Mr. Speaker, I ask unanimous consent for the present consideration of the resolution (H.Con.Res. 18) for the purpose of correcting a word in the bill.

The Clerk read the concurrent resolution, as follows:

House Concurrent Resolution 18

Resolved by the House of Representatives (the Senate concurring), That in the enrollment of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power, to raise revenue for extraordinary expenses incurred by reason of such emergency, to provide emergency relief with respect to agricultural indebtedness, to provide for the orderly liquidation of joint-stock land banks, and for other purposes, the Clerk of the House is authorized and directed to strike out the word "basic" where it appears in subsection (3) of section 8.

Mr. SNELL. Reserving the right to object, I should like to have the gentleman from Texas make a short explanation of why it is necessary to do this.

Mr. JONES. The reason for presenting this resolution is this: In the section preceding, which provides for trade agreements, the word "basic" has been stricken out. Trade agreements may therefore be made in reference to any agricultural commodity, regardless of whether it is classed as basic.

In carrying out these trade agreements it may be necessary to use the licensing features. In the provision for licensing which is contained in the following section this word "basic" is found. Its effect is to limit the paragraph to the commodities named in the bill. It seems that as "basic" has been taken out of one section, it should be taken out of the other.

In the immediately following section we struck out the word "agriculture." The word "basic" being in both bills, we were not privileged to take it out in conference. It would simply make it harmonize with the trading-agreement section, thus enabling them to carry out their trading agreements without being handicapped by a limitation on the commodities which might be covered.

Mr. SNELL. Then it is necessary to do this in order to make it correspond with other sections of the bill?

Mr. JONES. That is correct.

The SPEAKER. Is there objection to the present consideration of the resolution?

The resolution was agreed to.

IMPEACHMENT PROCEEDINGS AGAINST UNITED STATES DISTRICT JUDGE LOUDERBACK

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent that the managers on the part of the House in the Louderback impeachment matter may be excused from attendance upon the sessions of the House until the conclusion of the trial before the Senate in that matter.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

MUSCLE SHOALS

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 5081) to provide for the common defense; to aid interstate commerce by navigation; to provide flood control; to promote the general welfare by creating the Tennessee Valley Authority; to operate the Muscle Shoals properties; and to encourage agricultural, industrial, and economic development, disagree to the Senate amendments, and ask for a conference.

Mr. Speaker, pending that I desire to make a statement.

The Clerk read the title of the bill.

Mr. McSWAIN. Mr. Speaker, I desire to make a short statement. The President invited Senator NORRIS and myself to the White House this morning for a conference. The President indicated in very unmistakable terms his desire that this bill should go to conference promptly and that the conferees should agree as speedily as possible and report their conclusions in order that there may be prompt legislation on the Muscle Shoals problem.

Mr. RANKIN. Mr. Speaker, as the House knows, I was prepared to offer a motion to instruct the conferees to agree to the Senate bill—the Norris bill. Many Members had asked for and been promised time to speak in favor of my motion, and I believe we had enough votes to pass it. The Speaker had kindly agreed to recognize me for that purpose. But I have just had a talk with Senator NORRIS and I am prepared to say to the Members of the House who agree with me on this measure, that this agreement reached between the gentleman from South Carolina, Senator NORRIS, and the President carries with it an understanding that the conferees are to accept the principal provisions of the Norris bill. [Applause].

There are some other minor amendments that will be ironed out in conference.

Therefore I have agreed to consent to the bill going to conference and to withholding my motion to instruct the conferees. We have secured the desired result under this agreement.

Mr. SNELL. Mr. Speaker, will the gentleman yield for a question?

Mr. RANKIN. I yield.

Mr. SNELL. The gentleman was facing the other way and I did not understand all he said. Did the gentleman say that the President is in favor of the provisions of the Norris bill?

Mr. RANKIN. He is in favor of the principal provisions of the Norris bill, yes.

Mr. SNELL. May I ask the gentleman who was at the conference at the White House this morning which one of these two bills the President favors. The President favors the principal provisions of which one of the bills?

Mr. McSWAIN. Mr. Speaker, the gentleman knows that as I am going to conference and as I ought not to disclose the details of the conversation with the President, I should not answer his question categorically.

Mr. SNELL. I thought the gentleman started to disclose them.

Mr. McSWAIN. The President indicated his will with regard to the main provisions in this bill. In my humble view, there never were many very substantial differences. There was a little difference in regard to fertilizer.

Mr. SNELL. I thought there was quite a substantial difference.

Mr. McSWAIN. There was also some difference in regard to transmission lines. I am quite sure that if the House will give us the opportunity, it will be a matter of only a few days before we will report back a bill that will be accepted overwhelmingly.

Mr. SNELL. Is the gentleman from Mississippi right in his statement or not?

Mr. McSWAIN. The gentleman from Mississippi had a talk with Senator NORRIS over the telephone, as I understand.

Mr. RANKIN. From the White House.

Mr. McSWAIN. I am trying not to get into any trouble between Senator NORRIS, the President, and the gentleman from Mississippi. I am asking the House to entrust their conferees with the responsibility of bringing in proper legislation.

Mr. SNELL. Both gentleman have quoted the President in regard to this bill. Which is correct?

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. McSWAIN. I yield.

Mr. BLANTON. I wish the gentleman from South Carolina would inform our friend the distinguished gentleman from New York that in due time he will find out just exactly how the President feels on this matter.

Mr. SNELL. I thank the gentleman.

Mr. RANKIN. Mr. Speaker, let me say to the gentleman from New York, if it is any consolation to him, he is pretty familiar with my views and with Senator NORRIS' views. Both of us are entirely satisfied with this agreement.

Mr. SNELL. I wish someone could speak with authority as to what the President's position is, as long as he has been brought into this argument.

Mr. McSWAIN. Mr. Speaker, the gentleman from South Carolina tries to observe the proprieties which should prevail in such circumstances. I have not tried to quote the President except to say to the House that the President wishes us to go to conference immediately.

Mr. McFADDEN. Mr. Speaker, reserving the right to object, I wish to ask the gentleman a question. Inasmuch as he reports an agreement, are those provisions still in

the bill, and will they remain in the bill, which permits the turning over of this power to private interests?

Mr. McSWAIN. The bill has not yet been written in full in conference. The gentleman will have the fullest opportunity to disagree to the conference report.

Mr. McFADDEN. I asked the gentleman a question.

Mr. McSWAIN. The gentleman has read both bills with regard to the right of the authority to sell power; and, as I told the gentleman when the matter was under discussion before, the authority can sell power to anybody under the sun.

Mr. McFADDEN. Then these so-called "power interests" who have been trying to get control of Muscle Shoals all these years will have that opportunity when this bill passes?

Mr. McSWAIN. No; if they get power, they will pay for it, but they will not get Muscle Shoals.

Mr. McFADDEN. I understand they will pay for it.

Mr. SNELL. Will the gentleman yield for one more question?

Mr. McSWAIN. I yield.

Mr. SNELL. A few days ago the House expressed itself as to whether it was in favor of the House bill or the Norris bill. Will this have any influence on the conferees when they are considering this matter?

Mr. McSWAIN. The gentleman knows that the Senate has amended what was then proposed as a substitute for the House bill by way of a motion to recommit in 32 different respects, and, of course, the question as related to the motion as the bill then existed is not pertinent at this time. I am sorry, therefore, I cannot commit the conferees, in advance, as to what they will do.

Mr. RANKIN. Let me say to the gentleman from Pennsylvania [Mr. McFADDEN] that my understanding is they are to accept the provisions of the Norris bill with reference to the distribution of power.

Mr. McSWAIN. The gentleman is doing his own talking.

Mr. McFADDEN. Let me ask the gentleman if these private power interests would have the right to get the excess power. I may say to the gentleman that at one time I know that one of these interests was willing to pay $80,000,000 to get this right, and deposited the money. I am wondering whether under this particular bill that is coming out they are going to get this right for nothing.

Mr. RANKIN. The gentleman need not be uneasy. The people's interests will be protected under this agreement.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina [Mr. McSWAIN]? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. McSWAIN, HILL of Alabama, and JAMES.

SALE OF SECURITIES

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 5480) to provide full and fair disclosure of the character of securities sold in interstate and foreign commerce and through the mails and to prevent frauds in the sale thereof, and for other purposes, with Senate amendments, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Texas? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. RAYBURN, HUDDLESTON, LEA of California, PARKER of New York, and MAPES.

CONTESTED-ELECTION CASE—GORMLEY *v.* GOSS

The SPEAKER laid before the House the following communication from the Clerk of the House of Representatives, which was read and referred to the Committee on Elections No. 2 and ordered printed:

WASHINGTON, D.C., *May 9, 1933.*

The SPEAKER,
House of Representatives, Washington, D.C.

SIR: I have the honor to lay before the House of Representatives the contest for a seat in the House of Representatives for the Seventy-third Congress of the United States for the fifth district of the State of Connecticut, Martin E. Gormley against Edward W. Goss, notice of which has been filed in the office of the Clerk of the House, and also transmit herewith original testimony, papers, and documents relating thereto.

In compliance with the act approved March 2, 1887, entitled "An act relating to contested-election cases", such portions of the testimony as the parties in interest agreed upon or as seemed proper to the Clerk, after giving the requisite notices, have been printed and indexed together with the notices of contest, and the answers thereto and original papers and exhibits have been sealed up and are ready to be laid before the Committee on Elections.

Two copies of the printed testimony in the aforesaid case have been mailed to the contestant and the same number to the contestee which, together with an abstract thereof and copies of the briefs of the parties, will be laid before the Committee on Elections to which the case shall be referred.

Yours respectfully,

SOUTH TRIMBLE,
Clerk of the House of Representatives.

UNEMPLOYMENT RELIEF

Mr. DRIVER. Mr. Speaker, I call up a privileged resolution from the Committee on Rules.

The Clerk read as follows:

House Resolution 135

Resolved, That upon the adoption of this resolution the House shall proceed to the consideration of the conference report on the bill H.R. 4606, and all points of order against said conference report shall be waived.

Mr. DRIVER. Mr. Speaker——

Mr. RANSLEY. Mr. Speaker, will the gentleman yield?

Mr. DRIVER. I yield.

Mr. RANSLEY. We would like to have the usual 30 minutes on this side of the House.

Mr. DRIVER. The gentleman will be yielded 30 minutes of the hour.

Mr. Speaker, when the bill H.R. 4606, introduced by the gentleman from Maryland [Mr. LEWIS], was before the House some days ago, the bill being known as the unemployment relief bill, it contained the following language:

The administrator may appoint and fix the compensation of such experts and, subject to the provisions of the Civil Service laws, appoint and, in accordance with the Classification Act of 1923, as amended, fix the compensation of—

And then followed the employees necessary to administer the relief in accordance with the provisions of the bill.

On motion in the House this clause was eliminated from the bill and the bill was sent to the Senate, so amended. In the Senate the language stricken by the House was inserted and the bill was sent to conference with this difference between the two Houses.

The conferees have agreed upon the following amendment in the adjustment of the differences between the two Houses:

The administrator may appoint and fix the compensation of such experts and their appointment may be made and compensation fixed without regard to the Civil Service laws or the Classification Act of 1923, as amended.

In other words, practically reinserting in the bill the language of the House as transmitted to the Senate.

There is no question but what this amendment is subject to a point of order without a rule, and therefore it is necessary to submit this rule to the House in order to test whether or not you were in earnest when by your vote, during the pendency of the bill, you eliminated this language from it. There is no doubt of the fact that the purpose of the amendment was to remove from the personnel charged with the administration of this law the provisions of the Civil Service laws.

Your vote on this rule will endorse the elimination of the provisions of such law and remove the personnel selected by those whose duties and responsibilities will be to administer the act therefrom.

The House has already expressed itself, and therefore it is entitled under the rule to determine whether it is its purpose and desire to adhere to its former action.

The only opposition will come from those who believe in the adherence to the Civil Service law in all legislation and that it should be applied to the personnel to be selected for the administration of this law. There is no question the House action is the usual method employed in all relief measures we have passed in recent years.

Personally I do not believe that it should so apply. When we passed the Reconstruction Finance Corporation Act there was no suggestion by those in charge that this should be continued in the law. We have passed several measures in the House creating certain agencies where there was no such provision with reference to the Civil Service law. So I say that the precedents are entirely with the House in regard to the application of the Civil Service rules.

There is another feature with regard to this particular bill. We have created in many States of the Union voluntary organizations for the administration of relief laws. These organizations are functioning today, and they are prepared through their experience as well as character to perform administrative duties. It is said that they would relieve much expense in connection with the administration of the law. Personally I think we should employ these voluntary organizations, and in doing so effect necessary economies of administration. But that is for the House. If you care to adhere to the former act, this gives you an opportunity to do so.

Mr. MAY. Will the gentleman yield?

Mr. DRIVER. I yield.

Mr. MAY. In other words, the adoption of this rule makes it possible to administer the law and employ people to carry into effect the provisions regardless of whether they have a Civil Service status or not?

Mr. DRIVER. The gentleman is correct. I want to say further that the amendment you adopted did not fully effectuate your purpose. This conference agreement does. I realize, as a matter of fact, that when you vote to eliminate the language I have read your purpose was to relieve the personnel from the exactions of the Civil Service law and remove the salary provisions as fixed by the act of 1923.

Mr. BACON. Will the gentleman yield?

Mr. DRIVER. I yield.

Mr. BACON. As the bill was introduced it was approved by the President and it contained a provision for employment under the Civil Service.

Mr. DRIVER. The gentleman is correct.

Mr. BACON. Can the gentleman say whether the President has disapproved taking it out?

Mr. DRIVER. I have had no expression from the President one way or the other. I have nothing to indicate that he has ever expressed himself in regard to this particular matter. I will say that the provision was incorporated in the bill by the drafting service that frequently employs the usual language in the preparation of bills.

However, that is only my opinion. The gentleman who had charge of the bill, the chairman of the committee, may make an explanation that will be more complete than that that I offer. My own is based on my own opinion.

I reserve the remainder of my time and yield 30 minutes to the gentleman from Pennsylvania [Mr. RANSLEY].

Mr. MAPES. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore (Mr. OLIVER of New York). The gentleman will state it.

Mr. MAPES. I should like to know whether the bill as it passed the Senate is in printed form so that Members can obtain a copy of it. The only copy that I have been able to get is the copy of the bill as it was reported by the Senate committee. It does not have the amendments numbered as the conference report numbers them.

The SPEAKER pro tempore. The information the Chair receives is that there are no available copies now of the bill as it passed the Senate. The gentleman may examine the official copy on the Clerk's desk, if he cares to do so.

Mr. MAPES. In order to act intelligently the Membership generally ought to have a chance to look it over as it passed the Senate.

Mr. BRITTEN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. BRITTEN. I think the House ought to know definitely just how the bill as passed by the Senate differs, if at all, from this copy which is now being distributed to the various Members of the House. The mere reading of the resolution from the Committee on Rules gives us no information.

The SPEAKER pro tempore. The gentleman is asking for general information, not propounding a parliamentary inquiry. The Chair suggests that, due to the fact that we have no copy of the bill as passed by the Senate, the debate will probably give the gentleman the exact information desired.

Mr. RANSLEY. Mr. Speaker, I yield 3 minutes to the gentleman from Massachusetts [Mr. MARTIN].

Mr. MARTIN of Massachusetts. Mr. Speaker, I hope the Democratic Party does not intend to stultify itself this afternoon by taking this extreme method of getting a few patronage jobs. Never could there be a more inopportune time to break down the Civil Service regulations than at the present moment. Thousands of men and women, Republicans and Democrats alike, from every State in the Union, are being furloughed, and this afternoon we are asked by means of a special rule to place positions in unemployment relief under political patronage. Instead of efficiency we are to place favoritism as the guide for appointment, and at the same time faithful employees of years' service under the Civil Service are turned out. I do not believe that the American public will support this policy any more than they are supporting the drastic regulations which have unexpectedly emanated from the Veterans' Bureau. Many worthy veterans injured in battle or suffering from disease incurred in the service of their country are being harshly and unjustly treated. I believe the American people believe in the Civil Service, and personally I do not believe that the President of the United States is in favor of what we are asked to do today. When this measure came before the House it contained the Civil Service provisions. The provision was eliminated in the House, and if I am any judge of the past record of the President, I believe he would be the last man to ask you to do what is being forced through by a special rule. I believe you gentlemen on the Democratic side are making a lot of trouble for yourselves by adopting this resolution . If you are not careful, you will be obliged to issue a second edition of that best seller of 1933, the book which contains the patronage jobs. I ask you to think seriously of what you are doing in striking down the Civil Service laws, which Democrats as well as Republicans have supported for many years.

Mr. ALLGOOD. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Massachusetts. Yes.

Mr. ALLGOOD. Would the gentleman even admit that the Democrats could pass a Civil Service examination?

Mr. MARTIN of Massachusetts. Of course, in the past I believe a good many of the outstanding Democrats of the country have stood stalwartly for the Civil Service, and the Democrats should follow their example, and if they do it will be the act of wisdom.

Mr. ALLGOOD. Under the Republican administration Democrats could not even pass a Civil Service examination.

The SPEAKER pro tempore. The time of the gentleman from Massachusetts has expired.

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. MAPES].

Mr. MAPES. Mr. Speaker, a copy of the bill as it passed the Senate is not before the House of Representatives, so that it is a little difficult for Members who have not had their attention called to the matter before to know exactly what is before the House. This is the situation; the question really before the House is this: Is the House for the Civil Service or is it for the spoils system? Those who favor the spoils system will vote for this resolution and those who believe in the Civil Service will vote against it.

Why is it necessary to bring in this rule? What does it do? Speaking generally, this is the situation.

As the bill was reported to the House by the House committee, it contained an express provision that the personnel necessary to administer this law should come under the classified Civil Service, but on the floor of the House that provision was stricken out. The Senate reinserted it. But—

and this is the point—it is not necessary to put that express provision into the act in order to bring the personnel under the Civil Service. They would come under it under the existing law and regulations unless taken out by express provision. The conferees therefore found themselves in the position of being unable to take the employees out of the Civil Service by simply eliminating the Senate amendment. They were obliged to go outside the scope of their authority in order to carry out their purpose.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. MAPES. I cannot yield at present. I will yield to my colleague later, if I have time.

The conferees, in order to put into effect the "spoils" system, had to incorporate in the conference report a provision of their own, going entirely outside the scope of the conference. This they did. That is the reason this rule is necessary, so that this provision in the conference report that otherwise would not be in order, may be made in order.

I yield now to the gentleman from Maryland [Mr. GOLDSBOROUGH].

Mr. GOLDSBOROUGH. Is it possible that the gentleman's views are somewhat influenced by the result of the election last November? [Laughter and applause.]

Mr. MAPES. Not at all. I am glad my friend has asked that question, because otherwise I might not have made this statement as definitely as I shall do now and as I intended to do when I took the floor. In fact, the main purpose I had in taking the floor was not to discuss at length the merits of this legislation, but to express very briefly my own position. I have been an advocate of the Civil Service ever since I entered public life, and I do not like to see it torn down. It was for the purpose of expressing my own position, largely, that I took the floor at all.

Mr. WEIDEMAN. Will the gentleman yield now?

Mr. MAPES. I yield.

Mr. WEIDEMAN. I am a new Member, and I do not know very much about the working of this; but I wonder if the thousand employees of the former Republican Senator Smoot and 600 of the former Republican Senator Moses got in under Civil Service, or how did they work that?

Mr. MAPES. I will say that as a new Member the gentleman is learning very fast.

The SPEAKER pro tempore. The time of the gentleman from Michigan [Mr. MAPES] has expired.

Mr. RANSLEY. I yield 2 additional minutes to the gentlemen from Michigan.

Mr. MAPES. I do not want to take in too much territory. I am not here either to criticize or to commend the attitude of other men on this question, but I took the floor largely to inform the membership of the House just what was involved and to express my own belief in the Civil Service.

I yield back the balance of my time, Mr. Speaker.

Mr. DRIVER. Mr. Speaker, I yield 5 minutes to the gentleman from Arkansas [Mr. FULLER].

Mr. FULLER. Mr. Speaker, when this bill was in the House I offered an amendment which struck out the language referring to the Civil Service and Classification Act. When the bill got into the Senate they said my amendment did not perfect the bill at all—it left the Civil Service just as it was at that time. I must plead guilty to the fact that I was not informed as to all the law on Civil Service matters, and I find that if we pass the law creating the positions and we do not exempt the Civil Service and Classification Act from it, they will automatically take charge of it under the act of 1923. Therefore the Senate replaced the language stricken out by the House. Before it went to conference I conferred with the Comptroller, and he said that in order to carry out the intention of the House there should be a provision inserted declaring that the administrator could appoint those to administer the affairs of this bureau, notwithstanding the Civil Service or the Classification Act.

Of course, that was new legislation, more or less, but the conference committee agreed upon it. The Senate conferees unanimously agreed and the Senate adopted the report. We are only asking for approval and confirmation by the House to exempt the Civil Service employees from administering this law.

Mr. MAPES. Will the gentleman yield?

Mr. FULLER. I yield.

Mr. MAPES. I did not quite understand the gentleman. The Senate put in a provision indicating its belief in the civil service?

Mr. FULLER. No; they did not. They put back the very language that we took out by my amendment, and in doing so the gentleman who made the motion and the argument, Senator LA FOLLETTE, of Wisconsin, said that the bill was no better with the language taken out by the House amendment, so they might as well put it back; but there never was any argument as to whether or not they thought it should or should not be administered by the Civil Service. As a matter of fact, Senator WAGNER agreed to my amendment before I introduced it in the House.

Mr. MAPES. But the point I was trying to make is this, that by the action of the Senate we have a right to conclude that the Senate favored the Civil Service law and regulation.

Mr. FULLER. Yes; that is true in one sense.

Mr. DRIVER. That would be subject to this qualification, however, that the Senate has now adopted the conference report with the language before the House.

Mr. FULLER. Yes; and absolutely exempted the administration of this law from the Civil Service and the Classification Act.

Mr. GLOVER. Will the gentleman yield?

Mr. FULLER. Yes.

Mr. GLOVER. Much has been said about the Civil Service. When this is adopted people under the Civil Service and those outside may be employed alike?

Mr. FULLER. Yes.

Mr. GLOVER. It does not discriminate against those in the Civil Service?

Mr. FULLER. It does not bar them, but it puts them on an equality with the unemployed all over this country, and gives all an equal opportunity.

Mr. GLOVER. If this is not in the bill, then the Civil Service would take all the work and those on the outside would not get any?

Mr. FULLER. That is correct.

Mr. COX. Will the gentleman yield?

Mr. FULLER. I yield.

Mr. COX. Has the gentleman in his experience found that the Civil Service law has been administered entirely free of politics?

Mr. FULLER. We know it has not.

Mr. COX. In other words, is it not the gentleman's experience that the Civil Service is responsible for more inefficiency, more deadheads, and more disloyalty to the Government than anything Congress has ever done?

Mr. FULLER. I will not say that the Civil Service system is accountable for it, but I will say that that condition exists to a certain extent.

Mr. COX. Politics always control in the findings made by the Commission?

Mr. FULLER. That is correct.

Mr. GOLDSBOROUGH. Will the gentleman yield?

Mr. FULLER. Yes; I yield.

Mr. GOLDSBOROUGH. As a matter of fact, is not this legislation of an emergency and temporary character, anyway?

Mr. FULLER. I am going to discuss that. I thank the gentleman for calling it to my attention. The gentleman from Illinois wished to ask me a question, I think.

Mr. BRITTEN. What I wanted to determine was how the language which has been agreed upon by the conferees differs from the language in the bill that was passed by the House.

Mr. FULLER. Here is an exact history of it. Read this [indicating] and it will show you exactly what it is.

Mr. HASTINGS. Mr. Speaker, will the gentleman yield?

Mr. FULLER. I yield.

Mr. HASTINGS. I thought the language in the conference report was the same as the gentleman's amendment.

Mr. FULLER. The language of the conference report is to the effect that the appointments may be made and the compensation fixed without regard to the Civil Service laws or the Classification Act of 1923.

There is no disposition whatever on the Democratic side of the House to try to reflect upon the Civil Service; not a bit in the world. As a matter of fact, the Democratic administration during the terms it has been in power since the Civil Service was created has been more friendly toward it and has done more for it than the Republican administration. We have not played politics with it like they have. Why, you say, this is a partisan matter. Before the late Chief Executive, ex-President Hoover, went out of office he put 30,000 Republicans in office by Executive order, transferring them to Civil Service in order that we could not reach them by appointment when we came in. [Applause.]

I am friendly to the Civil Service. I think it is a wonderful thing. For 4 years I have served on the Civil Service Committee, and the employees of the Civil Service Commission know I am a friend of Civil Service and would do anything in the world to help them or anybody else seeking to make working conditions better.

The men who drew this bill were under Civil Service and they wanted to put these jobs under Civil Service. This bill provides half a billion dollars to care for and feed the hungry, clothe the naked, and take care of the poor and distressed in this country; and they wanted all the jobs under this bill placed under Civil Service notwithstanding the fact that throughout the entire duration of this panic the one class of citizens in the United States who suffered least by reason of the panic is the Civil Service employees in the city of Washington, the richest city in the world.

This bill is designed to grant relief to the unemployed and those in distress. Why should they not have some of the jobs that will be created under it? The jobs will not necessarily go to Democrats alone. In those States where there is a Republican governor and a Republican administration they will take charge of the administration of the funds that will be turned over to them, as they have taken charge of the matter in the past.

In the cities and townships of my State we have charity organizations and people who volunteer to give their services for nothing, yet if you allow this provision to remain in the bill requiring it to be administered by the Civil Service, no one will hold a job except he is paid a salary of $1,440 a year as a minimum. The salaries will run from that up to $9,000.

Mr. LUDLOW. In Indiana we have a relief organization under our efficient Governor. Is it not true that in every State of the Union there is at the present time a relief set-up that can be utilized to carry out the provisions of this bill?

Mr. FULLER. Absolutely. So, Mr. Speaker, there is nothing to the idea that my good friend from Massachusetts injected into this argument that this is a question of the spoils system; not at all. There is nothing political about it. Those who try to make it so I refer to the actions of the last Republican administration. The Republicans established the Reconstruction Finance Corporation and provided that they could appoint whom they pleased, and appointments have been made by the hundreds, by the thousands, a great portion of them drawing $8,000, $9,000, and $10,000 a year. They are not under Civil Service.

Mr. LOZIER. Mr. Speaker, will the gentleman yield?

Mr. FULLER. I yield.

Mr. LOZIER. When the Republicans enacted the Reconstruction Finance Corporation law they did not put the employees under the Civil Service; and is it not true that when the last decennial census was taken the bill providing for it, passed by a Republican Congress, exempted the men in the field service from the provisions of the Civil Service law, and thousands of men and women were appointed in taking the census, 99 out of every 100 of whom were Republicans?

Mr. FULLER. I wish the gentleman had mentioned this when my good friend from Michigan was speaking. I remember when the act came into existence. Down in my country there are lots of townships where you cannot find a Republican. If they could not find a Republican in the township, they would import a Republican, or they would consolidate two townships; but they would not appoint a Democrat. That is what they did with even those little 2-by-4 census positions. Small-town cheap politics. They took the jobs under that bill out of Civil Service, and that is the way they carried it out.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. FULLER. I yield.

Mr. MARTIN of Massachusetts. The gentleman should remove to some other part of the country where they believe more in the two-party system.

Mr. FULLER. Then I would have to go to Massachusetts, to Michigan, or some place like that.

[Here the gavel fell.]

Mr. BACON. Mr. Speaker, this is an important matter. I make the point of order there is not a quorum present.

The SPEAKER pro tempore (Mr. OLIVER of New York). The Chair will count. [After counting.] Two hundred and nineteen Members present; a quorum.

Mr. RANSLEY. Mr. Speaker, I yield the balance of the time on this side to the gentleman from Massachusetts [Mr. LUCE].

Mr. LUCE. Mr. Speaker, gentlemen who have spoken have, in part, explained this peculiar situation, but have on both sides missed what seems to me the important point.

The other day the House sought to take out from under the Civil Service the personnel to be employed in carrying out the so-called "Wagner-Lewis bill." Its failure so to do has some humorous aspects. I do not wish to embarrass my good friend from Arkansas by going into that in detail. It rarely happens in the House, however, that the House is persuaded to do precisely the opposite of what it meant to do. The gentleman who made the motion the other day continues in his misunderstanding of the real point at issue. He has failed, as has some of the other speakers, to examine the law in question. It is contained in part of a sentence which I will read for the general information, the first sentence of the Civil Service law:

> The President is authorized to prescribe such regulations for the admission of persons into the Civil Service of the United States as may best promote the efficiency thereof, and ascertain the fitness of each candidate in respect to age, health, character, knowledge, and ability for the branch of service into which he seeks to enter.

This is the function of the President of the United States. We have been so dazed in these last few weeks by the transfer of authority from the legislative branch to the executive branch that we have forgotten this practice was begun at least 50 years ago.

So the question the other day was not whether we should of our own initiative and on our own responsibility as a new matter determine the administration of the Civil Service law, but the issue was whether we should take away from the President power now in his hands.

As the bill was written it said in effect that we were to take away from the President certain power. We proposed that he should not, in this particular instance, be able to exclude anybody from the Civil Service requirements. We abridged his power, we lessened his power, we diminished his power by the bill as it was reported from the Committee on Banking and Currency to the House.

When the matter came up for debate the House was not informed of the facts. The gentleman from Arkansas, I believe quite unintentionally, refrained from disclosing that the issue here was not, primarily, Civil Service, but the power of the President. So he proposed to remove from the bill a superfluous provision in the bill, superfluous in part at any rate, and the House saw fit to approve the removal of this provision, and thereby the House is to be assumed to have intended, though it failed, to secure that the President would be refused the right to apply the Civil Service regulations to this particular class of personnel.

The bill went over to the Senate, and there the Senate also took away power from the President, but the precise opposite of the power the House thought it had taken away, because the Senate said in effect: "We will take away from the President the power to keep them out of the Civil Service." So if the position of the House had been put into proper and adequate language, and if what the gentleman from Arkansas tried to do had been accomplished, you would have had the House forbidding the President to let them in, you would have had the Senate forbidding the President to keep them out, two diametrically opposite proposals. When the matter came into the committee on conference it was manifest that the House had acted illegitimately. Of course, I mean to convey no invidious idea in that word.

The committee of conference discarded the Senate proposal and then went beyond the scope of what on the face of it was in disagreement between the two branches. The conferees transgressed the rules by reporting to the House what the gentleman from Arkansas and a majority of the House sought to accomplish.

So the issue at the moment is this: Do you want to forbid the President to keep the agents and employees of the new bureau out, do you want to forbid the President to keep them in, or do you want to let the law stand and leave its application to the judgment of the President?

This brings the matter to a somewhat more than ordinary crisis. It is an exceptional situation, a phenomenal situation, a situation that history will record, because for the first time in the memorable 2 months since the 4th of March the House will consciously have said that we are going to shear the President of power. We are probably going to forbid him to use his judgment as to whether or not these officers and employees should or should not be chosen under the merit system. So I am bringing the issue home to you straight. Are you going, as the Civil Service law says, to leave this to the judgment of the President, or are you going to insist that you know more about it than he does; that your judgment is likely to be wiser; that you can reach a more sane conclusion?

Gentlemen have not asked themselves this question in 2 months. Today, for the first time, they are going to ask themselves that question. Are they going to leave this to the President or are they going to follow their own fancy, whim, prejudice, or what not?

So the primary question is whether gentlemen on my right are or are not at last going to desert their leader, whether they are or are not at last going to exercise their own duty as Representatives, whether they are or are not at last going to carry their brains under their own hats. That is the question they will decide today, and I am uttering these sentences that the country may know whether the Democrats of the House have at last decided to do their own thinking. [Laughter.]

Now, then, let us come to the further question, that involving the Civil Service. One hundred years ago, Andrew Jackson, the patron saint of the Democratic Party, was President of the United States. He had come into power in 1829; and if you desire to read a page of misery, a page of suffering, a page of injustice, read the story of office seekers that crowded this city and successfully thronged the offices of the President and the Members of Congress belonging to his party.

One hundred years ago last December William L. Marcy, of New York, then a Senator of the United States, coined a phrase which since then has been the slogan and watchword, the chief thing in the very bible of politicians—and I am using the term "politicians" in its ignominious sense. He declared in the Senate, "To the victors belong the spoils of the enemy."

That doctrine implanted in the public life of America by Andrew Jackson and William L. Marcy grew like a poisonous mushroom. All political parties accepted it. All nourished it. Steadily the public service grew worse.

Fifty years after Marcy spoke, in 1882, 50 years ago, the country awoke to the truth, to the danger. Then George H. Pendleton, Senator from Ohio, delivered in the Senate a speech you will find in at least one of the volumes that comprise the great speeches of our political history.

That speech awakened the conscience of his own party, the conscience of the other party, the conscience of the people, and destroyed, for the time being at any rate, the poison that was threatening the very life of the Republic.

You say that I am extravagant? I will presently show you that such were Pendleton's words almost precisely.

When the bill he had introduced was before the Senate, he disclosed that one bureau of the Treasury, the Bureau of Engraving and Printing, had 958 employees, of whom more than 500—if I remember aright, 531—were absolutely superfluous and had been discharged. In one office they found 20 messengers doing the work 1 could do. They cut down the appropriation for the Department from $800,000 to $200,000. That was typical of what the spoils system had done first for one party and then for another, as they succeeded each other in control.

It was the speech of Senator Pendleton that did most to secure the passage of the law of which I have read the first sentence as it now stands. In its course he reminded the Senate that Jefferson on taking office in 1801 had established fidelity, capacity, and honesty as the tests. I know how unfashionable it is now to quote Thomas Jefferson. The gentlemen on my right have forsaken his doctrines, trodden on them, turned their backs on them, and now of Thomas Jefferson it may be said that on my right "there is none so poor to do him reverence." Ah, they worship now at the altar of Andrew Jackson, and it is idle for me to repeat these words of Jefferson to men who have forgotten even his existence.

Mr. Pendleton further said that—and here I venture to read in order that I may be correct—describing the condition to which the conduct of Government had been brought by the belief of Jackson and the utterance of Marcy "To the victors belong the spoils."

> I do not say that the Civil Service of the Government is wholly bad. * * * But I do say that the Civil Service is inefficient; that it is expensive; that it is extravagant; that it is in many cases and in some senses corrupt. * * *
>
> This whole system demoralizes everybody who is engaged in it. It demoralizes the clerks who are appointed. That is inevitable. It demoralizes those who make the appointment. That also is inevitable. And it demoralizes Senators and Representatives who, by the exercise of their powers as Senators and Representatives, exert pressure upon the appointing power.

Mark you, these words of a great Democrat, a man incorruptible and fearless, a champion of the welfare of the country:

> I believe that the existing system which, for want of a better name, I call the "spoils system", must be killed or it will kill the Republic. I believe that it is impossible to maintain free institutions in the country upon any basis of that sort.
>
> I believe the spoils system to be a great crime. I believe it to be fraught with danger. I believe that the highest duty of patriotism is to prevent the crime and avoid the danger.

And so, if you do not care to decide this question today upon the issue of whether you will trust your President, turn to these words, dwell upon them in your minds, let them appeal to your judgments, and to your conscience, and do not now, when first the opportunity squarely presents itself, say that it is your wish to return to that system which menaced the very life of the Republic itself.

It is not prudent for you to do that.

Furthermore, it is not for your individual interest to do that. At luncheon this noon I sat next to a fellow Member who told me he had 167 postmasters in his district, and he was bewailing his sad lot and the trouble they had caused him through the years of his service. Ask any one of the older Members here who has had a share in these appointments and secure from him his own judgment as to the personal benefit of this system. If you are to be selfish in this matter, then you ought to turn your backs against every proposal to burden you with more office seekers. We, who have been here long, know that what has been said is true, that every time we secure an appointment we make 1 ingrate and 20 enemies. That is an old saying, but it

continues to be true in the experience of every man in public life. So, for selfish motives as well as public interest, I pray you forswear a return to this system, which seemed to one of the great Democrats in our time the greatest menace to the very existence of the Republic.

Mr. SISSON. Mr. Speaker, will the gentleman yield?

Mr. LUCE. I yield.

Mr. SISSON. The gentleman was speaking a moment ago of a great Democrat, Thomas Jefferson; and with all the admiration and respect that I possess for the gentleman from Massachusetts [Mr. LUCE], I admire him still more because of his devotion to the apostle of the Democratic Party, and may I ask the gentleman if he ever heard these words of Thomas Jefferson, speaking of officeholders, in respect to their qualifications: "First, is he capable; second, is he honest; third, is he a Democrat?"

Mr. LUCE. The gentleman has altered what I attributed to the first Democratic President. If the gentleman desires to know what Senator Pendleton averred that Mr. Jefferson actually said, I will repeat the words as used by Mr. Pendleton in his speech: "Fidelity, capacity, honesty." They were the tests used by Jefferson. My friend for the word "fidelity" substituted "Democrat." Of course, I will grant that they are synonymous.

Mr. SISSON. I refer the gentleman to Jefferson's whole works for the fact.

May I ask the gentleman—and I say this with all respect to him, and I have admired the very eloquent speech of the gentleman—if a reading of the CONGRESSIONAL RECORD will disclose an equally eloquent speech upon the same subject, carrying admonition to the gentleman's own party when that party was in power?

Mr. LUCE. As far as I can recall, this is the first time since I have been a Member of the House that the question has come before the House squarely, or even in such a way as to warrant taking the floor in the matter.

Mr. O'CONNOR. Will the gentleman yield?

Mr. LUCE. I yield.

Mr. O'CONNOR. The gentleman was here, I am quite sure, when we had a vote as to putting the employees of the Census under Civil Service. As I recall, looking at that side of the House, I did not see the gentleman stand up against that "spoils" system under the Fifteenth Census.

Mr. LUCE. If I failed to stand up at that time, it was one of the numerous sins that I have committed. [Laughter and applause.]

Mr. KVALE. Will the gentleman yield?

Mr. LUCE. I yield.

Mr. KVALE. Will not the gentleman state for the RECORD what he has already implied; that is, that this entire system of patronage, the so-called "spoils" system, is just a polite but very effective form of bribery?

Mr. LUCE. I do not quite understand the gentleman. Our minds fail to meet. [Laughter.] But if my notion of his thought is correct, I agree with him.

Now, Mr. Speaker, I wish to thank the House for listening so patiently. I have spoken with some earnestness, because for 50 years I have believed that the wise thing to do was to fill the Civil Service by competitive examinations, where efficiency should be the chief requirement. I am paying a debt today that I contracted more than 50 years ago when I first became converted to what was then a new idea. I thought we had so firmly implanted it in the American soil that it could not be uprooted, and it is my regret that any attempt is made to undo the great work that those who went before us accomplished in its creation. [Applause.]

Mr. DRIVER. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the passage of the resolution.

Mr. SNELL. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 237, nays 133, not voting 61, as follows:

[Roll No. 37]

YEAS—237

Abernethy	Dickinson	Kenney	Richards
Adams	Dickstein	Kerr	Richardson
Allgood	Dies	Kleberg	Robertson
Almon	Dingell	Kloeb	Robinson
Arnold	Disney	Kniffin	Rogers, N.H.
Ayres, Kans.	Dobbins	Kocialkowski	Rogers, Okla.
Bailey	Dockweiler	Koppleмann	Rudd
Beam	Doughton	Kramer	Ruffin
Berlin	Douglass	Lambeth	Sanders
Biermann	Doxey	Lamneck	Sandlin
Black	Drewry	Lanham	Schaefer
Bland	Driver	Lanzetta	Schuetz
Blanton	Duffey	Larrabee	Schulte
Bloom	Dunn	Lee, Mo.	Scrugham
Boland	Durgan, Ind.	Lehr	Secrest
Boylan	Eagle	Lesinski	Shallenberger
Brennan	Eicher	Lindsay	Shannon
Brooks	Elizey, Miss.	Lloyd	Sirovich
Brown, Ky.	Faddis	Lozier	Sisson
Browning	Farley	Ludlow	Smith, Va.
Buchanan	Fiesinger	McClintic	Smith, W.Va.
Buck	Fitzgibbons	McCormack	Snyder
Bulwinkle	Fitzpatrick	McGrath	Somers, N.Y.
Burch	Fletcher	McKeown	Spence
Burke, Calif.	Ford	McMillan	Steagall
Busby	Fuller	McReynolds	Strong, Tex.
Byrns	Gambrill	McSwain	Stubbs
Cady	Gasque	Major	Sutphin
Caldwell	Gavagan	Maloney, La.	Swank
Cannon, Mo.	Gillette	Mansfield	Sweeney
Carden	Glover	Martin, Colo.	Tarver
Carley	Granfield	May	Taylor, Colo.
Carpenter, Kans.	Gray	Meeks	Taylor, S.C.
Carpenter, Nebr.	Green	Miller	Terrell
Cartwright	Greenwood	Milligan	Truax
Cary	Gregory	Mitchell	Turner
Chapman	Griffin	Montet	Umstead
Chavez	Griswold	Moran	Underwood
Church	Hamilton	Morehead	Utterback
Claiborne	Harlan	Murdock	Vinson, Ga.
Clark, N.C.	Harter	Musselwhite	Vinson, Ky.
Cochran, Mo.	Hastings	Nesbit	Wallgren
Coffin	Hildebrandt	O'Connell	Walter
Colden	Hill, Ala.	O'Malley	Warren
Collins, Miss.	Hill, Samuel B.	Oliver, Ala.	Weaver
Colmer	Hoidale	Oliver, N.Y.	Weideman
Connery	Hughes	Owen	Werner
Cooper, Tenn.	Imhoff	Parker, Ga.	West, Ohio
Corning	Jacobsen	Parks	West, Tex.
Cox	Jeffers	Patman	White
Cravens	Jenckes	Peterson	Whittington
Crosby	Johnson, Okla.	Peyser	Wilcox
Cross	Johnson, Tex.	Polk	Williams
Crump	Johnson, W.Va.	Pou	Wilson
Cullen	Jones	Prall	Wood, Ga.
Cummings	Kee	Ramsay	Wood, Mo.
Darden	Keller	Randolph	Woodrum
Dear	Kelly, Ill.	Rankin	
Deen	Kemp	Rayburn	
Delaney	Kennedy, Md.	Reilly	

NAYS—133

Allen	Doutrich	Knutson	Rich
Andrew, Mass.	Dowell	Kurtz	Rogers, Mass.
Andrews, N.Y.	Eaton	Kvale	Sears
Arens	Edmonds	Lambertson	Seger
Bacharach	Eltse, Calif.	Lehlbach	Simpson
Bacon	Englebright	Lemke	Sinclair
Bakewell	Evans	Luce	Smith, Wash.
Beedy	Fish	Lundeen	Snell
Blanchard	Focht	McCarthy	Stokes
Boileau	Foss	McFarlane	Strong, Pa.
Bolton	Frear	McGugin	Studley
Britten	Gibson	McLean	Swick
Brown, Mich.	Gilchrist	McLeod	Taber
Brumm	Gillespie	Maloney, Conn.	Taylor, Tenn.
Burke, Nebr.	Goss	Mapes	Thom
Burnham	Guyer	Marshall	Thomason, Tex.
Carter, Calif.	Hancock, N.Y.	Martin, Mass.	Tinkham
Carter, Wyo.	Hartley	Mead	Tobey
Castellow	Healey	Merritt	Treadway
Chase	Henney	Millard	Turpin
Christianson	Hess	Monaghan	Watson
Clarke, N.Y.	Hill, Knute	Mott	Wearin
Cochran, Pa.	Hoeppel	Muldowney	Welch
Collins, Calif.	Hollister	O'Brien	Whitley
Condon	Holmes	O'Connor	Wigglesworth
Connolly	Hooper	Parker, N.Y.	Withrow
Cooper, Ohio	Hope	Parsons	Wolcott
Crosser	Howard	Peavey	Wolfenden
Crowther	James	Perkins	Wolverton
Culkin	Jenkins	Pettengill	Woodruff
Darrow	Johnson, Minn.	Powers	Young
De Priest	Kahn	Ramspeck	
Dirksen	Kelly, Pa.	Ransley	
Dondero	Kinzer	Reece	

NOT VOTING—61

Adair	Beiter	Cannon, Wis.	DeRouen
Auf der Heide	Boehne	Cavicchia	Ditter
Ayers, Mont.	Brand	Celler	Duncan, Mo.
Bankhead	Brunner	Cole	Fernandez
Beck	Buckbee	Crowe	Flannagan

Foulkes	Kennedy, N.Y.	Palmisano	Sumners, Tex.
Fulmer	Lea, Calif.	Pierce	Thompson, Ill.
Gifford	Lewis, Colo.	Ragon	Thurston
Goldsborough	Lewis, Md.	Reed, N.Y.	Traeger
Goodwin	McDuffie	Reid, Ill.	Wadsworth
Haines	McFadden	Romjue	Waldron
Hancock, N.C.	Mariand	Sabath	Willford
Hart	Martin, Oreg.	Sadowski	Zioncheck
Higgins	Montague	Shoemaker	
Hornor	Moynihan	Stalker	
Huddleston	Norton	Sullivan	

So the resolution was agreed to.

The Clerk announced the following pairs:

On the vote:

Mr. Lewis of Maryland (for) with Mr. Beck (against).
Mr. Ragon (for) with Mr. Goodwin (against).
Mr. Kennedy of New York (for) with Mr. Ditter (against).
Mr. Auf der Heide (for) with Mr. Higgins (against).
Mr. Sullivan (for) with Mr. Wadsworth (against).
Mr. Fernandez (for) with Mr. Moynihan (against).
Mr. Sabath (for) with Mr. Reid of Illinois (against).
Mr. Bankhead (for) with Mr. Traeger (against).
Mr. Flannagan (for) with Mr. Reed of New York (against).
Mr. McDuffie (for) with Mr. Cavicchia (against).
Mr. Celler (for) with Mr. Waldron (against).
Mr. Adair (for) with Mr. Stalker (against).
Mr. Brunner (for) with Mr. Thurston (against).
Mr. Cole (for) with Mr. Buckbee (against).
Mr. Beiter (for) with Mr. McFadden (against).

Additional general pairs:

Mr. Boehne with Mr. Gifford.
Mr. Brand with Mr. Shoemaker.
Mr. Sumners of Texas with Mr. Ayers of Montana.
Mr. Montague with Mr. Crowe.
Mr. DeRouen with Mr. Lewis of Colorado.
Mr. Martin of Oregon with Mr. Mariand.
Mr. Palmisano with Mr. Cannon of Wisconsin.
Mr. Goldsborough with Mr. Pierce.
Mr. Huddleston with Mr. Duncan.
Mr. Hancock of North Carolina with Mr. Willford.
Mr. Fulmer with Mr. Sadowski.
Mr. Romjue with Mr. Zioncheck.
Mr. Hart with Mr. Foulkes.
Mr. Haines with Mr. Hornor.
Mr. Lea of California with Mr. Thompson of Illinois.

Mr. BOYLAN. Mr. Speaker, the lady from New Jersey, Mrs. NORTON, is necessarily absent on account of official business. If she were present, she would vote "aye."

The result of the vote was announced as above recorded.

The SPEAKER. The Clerk will read the conference report.

The Clerk read the conference report.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4606) to provide for cooperation by the Federal Government with the several States and Territories and the District of Columbia in relieving the hardship and suffering caused by unemployment, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1 and 3, and agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "their appointment may be made and compensation fixed without regard to the Civil Service laws, or the Classification Act of 1923, as amended, and the Administrator may, in the same manner, appoint and fix the compensation of"; and the Senate agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "The Administrator may, under rules and regulations prescribed by the President, assume control of the administration in any State or States where, in his judgment, more effective and efficient cooperation between the State and Federal authorities may thereby be secured in carrying out the purposes of this act"; and the Senate agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment as follows: Omit the matter proposed to be inserted by the Senate amendment, and on page 8, line 3, of the House bill, after "Hawaii", insert "the Virgin Islands"; and the Senate agree to the same.

HENRY B. STEAGALL,
T. ALAN GOLDSBOROUGH,
Managers on the part of the House.

DUNCAN U. FLETCHER,
ROBERT F. WAGNER,
PETER NORBECK,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4606) to provide for cooperation by the Federal Government with the several States and Territories and the District of Columbia in relieving the hardship and suffering caused by unemployment, and for other purposes, submit the following written statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

On amendment no. 1: The House bill provided that the Administrator should receive a salary not to exceed $8,500. The Senate amendment provides that the salary shall be fixed by the President at not to exceed $10,000. The House recedes. The effect of the provision, as agreed to in conference, is that the maximum salary is $10,000, which will be subject to the applicable reduction under the economy law.

On amendment no. 2: This amendment provides that the officers and employees (other than experts) of the administration shall be appointed subject to the provisions of the Civil Service laws, and their compensation fixed in accordance with the Classification Act of 1923, as amended. There was no such provision in the House bill. The House recedes with an amendment providing that experts and other officers and employees may be appointed without regard to the Civil Service laws and their compensation fixed without regard to the Classification Act of 1923.

On amendment no. 3: This amendment provides that the maximum compensation to be paid to any expert or other officer or employee appointed by the Administrator shall not exceed $8,000. The House recedes. The effect of the provision is that the maximum salary is $8,000, which will be subject to the applicable reduction under the economy law.

On amendment no. 4: This amendment provides that the Administrator may, under rules and regulations prescribed by the President, assume control of the administration in any State or States where, in his judgment, more effective and efficient cooperation between the State and Federal authorities may be secured. The House recedes with clarifying amendments.

On amendment no. 5: This amendment extends the benefits of the act to the Virgin Islands. The House recedes with a clarifying amendment.

HENRY B. STEAGALL,
T. ALAN GOLDSBOROUGH,
Managers on the part of the House.

Mr. STEAGALL. Mr. Speaker, there are only four changes in the legislation as it passed the House. The House fixed the salary of the administrator at $8,500. That has been changed to read "not exceeding $10,000", but subject to the application of reduction under the economy law, which is really not a substantial change.

Mr. BEEDY. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. BEEDY. I proposed the original amendment that put a limitation, as the gentleman will recall, on the salary

of this official. It seemed to me at the time almost the unanimous will of the House that this limitation should be placed in the bill. I was wondering what pressure was brought upon the conferees to bend the position of the House on this particular item.

Mr. STEAGALL. The change is not substantial. The Senate language placed a limit of $10,000 upon the salary, but makes it subject to the reduction provided in the economy bill, which, under the present adjustment, would make the salary $8,500, as provided specifically in the House bill.

Mr. BEEDY. That is just what I wanted to ascertain.

Mr. STEAGALL. Another limitation was placed on the salaries of employees and experts employed by the administration, placing the maximum at $8,000 annually. There was incorporated a provision which authorizes the administrator of the relief fund to set up authorities in the different States to administer the fund, where it is found desirable to do so, in order to secure more effective and more efficient administration of the fund. I do not think there is anything in that provision that need create any serious concern.

There might possibly be an instance where complaints would arise on the score of local politics or otherwise that might make it desirable for the administrator to exercise control of the funds, in some instances, without leaving them in the hands of persons selected by the State authorities. But I think it is safe to say that such thing is not likely to arise in any instance; and if it should, it certainly would be an exception to the rule. The general provision is that the funds are to be administered by State authorities and distributed upon the application of the Governors of the States.

Mr. SNELL. Will the gentleman yield for a question?

Mr. STEAGALL. Yes.

Mr. SNELL. Has there been any estimate anywhere along the line or in any hearings of the number of employees who will be put to work in the administration of this measure?

Mr. STEAGALL. I may say to the gentleman that the purpose of this legislation is not primarily that of dealing with unemployment.

Mr. SNELL. A good deal of unemployment will be relieved through the jobs created under this bill, will there not?

Mr. STEAGALL. What we desire through this legislation is to relieve hunger and distress. Other things are incidental to the main object.

Do I understand the gentleman directs his inquiry to the personnel set up to administer the $500,000,000 fund?

Mr. SNELL. Yes.

Mr. STEAGALL. I may say to the gentleman it was not thought there would be any large number employed or necessary in the administration of this fund for the reason that it is to be left to the State authorities to distribute and to administer after allocation by the administration in Washington.

Mr. SNELL. I hope those who administer the law will remember the gentleman's statement.

Mr. STEAGALL. That, of course, is what is contemplated by the Congress and, so far as we were advised, by those who appeared before the committee advocating the enactment of the legislation.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. McFARLANE. I notice as the bill passed the House the salary of the administrator was fixed at $8,500. The conference report limits it to $10,000. Does this mean the administrator of this law will receive $10,000?

Mr. STEAGALL. I have already explained that the change made was for a specific provision that the maximum salary should be $8,500 to a provision that it shall not exceed $10,000, the purpose being to fix the basic salary at $10,000, leaving it subject to reduction under the economy law, which, according to the adjustment now in effect, will make it $8,500.

Mr. McFARLANE. So the net result is that the salary is left at $8,500, the figure it was before.

Mr. STEAGALL. It should be less under this than it was under the provisions of the House bill.

Mr. McFARLANE. Why should it not be?

Mr. STEAGALL. It can not be more. The House bill fixed a definite sum. The amendment of the Senate provides that it shall not exceed that sum.

Mr. Speaker, these are the changes in the bill, except the one which has been fully and adequately discussed in connection with the rule which has just been adopted by the House. I refer to the provision which removes the employees of the administration from the provisions of the Civil Service law.

The discussion of the rule has left nothing necessary to be said. In this connection I think it proper to state that the force to be employed in connection with this legislation really affords a very trivial basis for controversy in connection with the application of Civil Service rules.

We all desire to preserve our Civil Service System insofar as it should be done, properly safeguarded to continue the personnel of the Government who are peculiarly trained and experienced, whose continued service is desirable for the public welfare.

This is an emergency measure. We were urged to have the legislation passed by the 1st of May. Funds are being depleted and it is desirable that the administration be left free to employ local help wherever available in cases where it is necessary to employ personnel in the different States.

Mr. LUDLOW. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. LUDLOW. Is it not true that in every State there is now a trained personnel and an adequate set-up?

Mr. STEAGALL. Yes. I think that is generally true.

Mr. LUDLOW. This trained personnel may be utilized and a large sum may be saved in administrative expense if the employees to be taken on under this bill are not required to be taken from Civil Service lists, whereas they could not be utilized if the employees are put under the operation of the Civil Service law. In Indiana there is a relief organization under the directing genius of our able Governor, Paul V. McNutt, that is prepared to take over this relief work and administer it most efficiently and at a minimum of cost. The utilization of that organization not only will mean that relief will be applied where it is needed in Indiana but it will result in a large saving to the taxpayers. I am a firm believer in Civil Service, but I think that on account of the temporary nature of this work and the facilities already at hand there should be an exception in this instance.

Mr. STEAGALL. It would vastly increase the expense of administration of this act and handicap the administrator in his duties if we put the Civil Service requirement into the bill.

Mr. LUDLOW. And add greatly to the difficulties of the administration.

Mr. STEAGALL. It would add greatly to the difficulties of the administration of the law, as the gentleman says.

After all, our Civil Service system is far from satisfactory. There are not many things about it so sacred as to forbid change or suggestion for improvement. The system is lop-sided and unfair. I have not the figures in mind, but four States and the District of Columbia have taken over an unjust share of the jobs under the prevailing Civil Service system and left without opportunity for employment by the Government multiplied thousands of citizens throughout other States and other sections of the Union who have no opportunity to find employment with the Government.

This subject is now under consideration by one of the committees of this House and will be dealt with, I hope, constructively in legislation that will be considered in just a day or two. I hope the unfairness that has been developed under the present Civil Service system of the country will be corrected by this legislation and that we shall have a just and equitable distribution of the favors to be dispensed by the Federal Government.

Mr. GREEN. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. GREEN. And if these inequalities and abuses are not corrected, then all Civil Service laws ought to be repealed.

Mr. STEAGALL. I think the proper course is to improve and perfect the Civil Service law and its administration, so that fairness and justice may result and that its true purpose may be carried out.

Mr. McFARLANE. Does not the gentleman think a policy should be declared which will offset the effect of these blanket orders of the last three administrations placing so many under Civil Service, so that lots of good Democrats, who are now out of employment, may be given employment?

Mr. STEAGALL. I may say to the gentleman from Texas that, of course, I share the feeling he entertains. My political sympathies are the same as his. But we should deal with the subject from the standpoint of justice and public welfare and adopt a permanent system to accomplish these ends.

The Civil Service law ought to be put on a fair basis, to stand throughout the years, no matter what party may be in power. This is what ought to be done.

Mr. Speaker, I move the previous question on the adoption of the conference report.

The previous question was ordered.

The conference report was agreed to.

On motion of Mr. STEAGALL, a motion to reconsider the vote by which the conference report was agreed to was laid on the table.

DISTRICT OF COLUMBIA APPROPRIATION BILL—FISCAL YEAR 1934

Mr. BUCHANAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 4589) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District, for the fiscal year ending June 30, 1934, and for other purposes, with Senate amendments, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Texas? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. CANNON of Missouri, BLANTON, BUCHANAN, TABER, and BACON.

CALENDAR WEDNESDAY

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that business in order tomorrow, Calendar Wednesday, be dispensed with.

Mr. KVALE. Mr. Speaker, I reserve the right to object. I was on my feet attempting to secure recognition in order to reserve the right to object to the previous unanimous-consent request.

The SPEAKER. The gentleman is recognized for that purpose.

Mr. KVALE. I simply feel that under the previous agreement entered into I should have been recognized because I meant to ask the chairman of the committee to make a clarifying statement.

The SPEAKER. The gentleman is recognized for that purpose.

Mr. KVALE. I simply want a statement from the chairman of the Committee on Appropriations with reference to the intent and purpose of the conferees with respect to the amendments of the Senate on the District of Columbia appropriation bill. We understand that some of the restrictions and some of the changes have to do with a more liberal policy toward the schools, playgrounds, swimming pools, and other activities of the District, and I am wondering what the attitude of the House conferees is going to be.

Mr. BUCHANAN. I do not know, and I cannot speak for the House conferees because I have not consulted them. Ordinarily, when conferees are appointed, it becomes their duty to carry out, so far as it is in their power to do so, the will of the House as expressed in the bill. I assume the conferees are going to try to carry out this duty. However, they are not going into the conference with any predetermined or unyielding convictions that would not permit of a real conference.

Mr. KVALE. And this action today will not be interpreted as a mandate to stand by the provisions of the House bill?

Mr. BUCHANAN. Certainly not. This is simply the appointment of House conferees.

Mr. KVALE. I simply wanted that statement in the RECORD, and I thank the gentleman. I withdraw the reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

Mr. SNELL. Mr. Speaker, I reserve the right to object to ask the gentleman from Tennessee a question: Would the gentleman mind telling the House what is to be the program for the balance of the week?

Mr. BYRNS. I may say to the gentleman that if the House is willing we can meet at 11 o'clock in the morning and conclude general debate on the independent offices appriation bill, which has been fixed at 6 hours, and then take up the independent offices bill Thursday under the 5-minute rule, I assume, at the regular hour of meeting. Whether the consideration of the bill can be concluded Thursday or will go over until Friday, I do not know. Further than this, I know of nothing that can come before the House unless it be some conference reports.

Mr. SNELL. Then it is the idea of the gentleman that if we should finish the consideration of the bill Thursday night to adjourn over until the following Monday?

Mr. BYRNS. Unless something develops in the meantime which indicates it is important for the House to stay in session.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee that Calendar Wednesday business in order tomorrow be dispensed with?

There was no objection.

HOUR OF MEETING TOMORROW

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow morning.

Mr. MAPES. Mr. Speaker, reserving the right to object, there are some committees that have important hearings scheduled for tomorrow. I wonder if the gentleman from Tennessee has consulted with the chairman of the Committee on Interstate and Foreign Commerce.

Mr. BYRNS. I have not; but I can give them assurance that there will be nothing come up between the hours of 11 and 12 except general debate on the appropriation bill.

Mr. WOODRUM. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. WOODRUM. I should like to make this statement: A good many Members of the House have expressed interest in the independent offices bill and especially in that portion of it dealing with the appropriations for veterans. It is the purpose of the committee, when the House convenes at 11 o'clock tomorrow, that the first speech shall be a speech explaining the provisions of the bill, and I hope that such Members of the House as are interested will be present, and that it will not be necessary to take the time to have a roll call to get them here.

Mr. BUSBY. Mr. Speaker, reserving the right to object, I want to ask some questions before we consent. I understand 6 hours of general debate is provided for. Who is going to allot this time in general debate?

Mr. BYRNS. Under the rule which has already been adopted it will be allotted by the gentleman from Virginia [Mr. WOODRUM] and the gentleman from New York [Mr. TABER], and will be confined to the bill.

Mr. BUSBY. The entire time of 6 hours is to be confined to the bill?

Mr. BYRNS. That is the rule, as I understand it.

Mr. BUSBY. That has not been the practice heretofore.

Mr. BYRNS. No; we have had general debate, so as to permit Members——

Mr. SNELL. We have had a lot of new practices this session, as the gentleman knows.

Mr. BYRNS. I think this is a very wise practice, particularly with reference to this bill, because there are many important matters of legislation in it.

Mr. BUSBY. One other question. Is it expected that the Members who address the Committee will talk to empty benches, as they do usually in general debate, or is it expected that we shall have a quorum?

Mr. BYRNS. I am sure they will talk to a crowded House, because the gentlemen who are going to address the House are going to make some splendid speeches. [Laughter.]

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

Mr. BUSBY. Reserving the right to object, I am not satisfied with that last wise crack. [Laughter.]

Mr. BYRNS. Is the gentleman on the list of speakers?

Mr. BUSBY. No; and I did not ask to be, but I want to inform the gentleman that he will have to have a quorum here all day tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

RIVER AND HARBOR APPROPRIATION BILL

Mr. MANSFIELD, from the Committee on Rivers and Harbors, by direction of that committee, reported the bill (H.R. 5569) for the construction, repair, and preservation of public works on rivers and harbors, and for other purposes, which was read a first and second time and referred to the calendar.

Mr. SNELL reserved all points of order on the bill.

WHERE ARE WE HEADED TODAY?

Mr. HESS. Mr. Speaker, I ask unanimous consent to publish in the RECORD the remarks made by my colleague, Mr. HOLLISTER, of Ohio.

There was no objection.

Mr. HESS. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address by my colleague, Hon. JOHN B. HOLLISTER, of Ohio, at the annual dinner of the Cincinnati Bar Association, April 29, 1933.

My colleagues of the Cincinnati Bar: When I was asked a short time ago to address you tonight, I realized how little time there was to prepare adequately a scholarly address suitable to the occasion, and to the dignity of the assemblage now before me. I selected the subject, "Where Are We Headed Today?", with a purpose. We are moving so fast, and the kaleidescope changes so greatly each day that no matter how carefully I might prepare myself on the subject I knew full well that the elapse of 24 hours might and probably would render all my observations obsolete. It left me a fine "out" for any lack of preparation which might appear.

Let me say at the outset that I have no answer for the question "Where are we headed today?" I only wish I had, but the man who has the temerity to give an answer to that question with any reasonable degree of accuracy is yet to be found. Our position today makes me think a little of the actions of Lord Nosh, in Stephen Leacock's humorous story, Gertrude the Governess, who whenever he was perturbed left the house, jumped on his horse's back, and rode away rapidly in all directions. It looks as if we were today riding rapidly in all directions.

Let me lay a little groundwork before discussing the present situation in more detail. Since I am speaking to men and women learned in the law it will not be necessary to expatiate on some of the elementary ideas of government which seem to be going rapidly into the discard. We know our Federal authority was conceived as a grant of powers by independent and sovereign States to a central government, and it was the view of our farseeing forefathers that there must be unceasing watchfulness against encroachment by the central Government on the prerogatives of the States. You all know of the historic controversies between Hamilton the Federalist, and Jefferson the Democrat, although they did not call them Democrats in those days. You all know how John Marshall, as Chief Justice, expounded the Constitution, and how under his guidance, little by little, the Federal idea took form and crystallized. But Hamilton and Marshall would have been aghast at some of the governmental manifestations which we today accept as normal, and I am afraid that poor Thomas Jefferson has grown callouses from turning rapidly in his grave at the mere thought of how far we have departed from his principles.

The Constitution was conceived on the theory of rugged individualism. The ideas of the framers of the Constitution was that there should be just as little interference as possible by the central government with the right of the individual to live his life as he saw fit, to work when and how he pleased, and to amass what property he could. Even a cursory reading of the Constitution makes it clear that scrupulous care was taken to protect the individual from encroachment on those rights; and it is, of course, well known that the first 10 amendments, popularly known as the bill of rights, were submitted immediately after the adoption of the Constitution as part of an agreement without which the Colonies would not have approved the basic document itself. The famous wording of the fifth amendment that no person shall be "deprived of life, liberty, or property without due process of law" is familiar to every schoolboy. It has been the due-process clause which has constituted the chief protection of the individual in the preservation of the rights which the founders of our country considered as innate.

But what has come over the picture of ideal simplicity which was presented by our early Government? We started off with a President, a Vice President, a Congress, a Supreme Court, and three departments—the State, Treasury, and War. When Jefferson became Secretary of State in 1790 he had two clerks and a budget of $6,300. There are now 4,700 Civil Service employees in the State Department alone. In 1790 the War Department had a staff of 13. There are now 50,000 civilian employees. Whereas the whole Government operated in 1790 with three departments and a total of a few hundred employees, we now have 150 different departments, bureaus, commissions, and boards; and the civilian employees of the Government, full-time and part-time, number almost 850,000.

I am not here to criticize any particular department or bureau, or the people who work in them. They are in the main capable individuals, doing their jobs honestly and well. It is all a part of the great bureaucratic system which has grown faster and faster, increasing in volume like a snowball, to which very little attention has been called until the last few years.

If a service was demanded by a small group of citizens, the Government gladly gave the service. Times were good, and the national income was more than enough for the purpose. The ambitions of individuals in the various departments themselves to expand their work and therefore to acquire perhaps a higher salary and more importance has been responsible for even more of this increase. It was easy to expand, but contracting means the losing of jobs or a reduction of wages, and this has up to recently been found almost impossible.

My purpose tonight is not to give a detailed dissertation on Government bureaucracy. That subject, treated properly, would take several times the amount of time I expect to use. What most of us do not realize is that there is serious doubt whether a great part of all this development is really constitutional at all, based on the views of the framers of this great document. It is true that the Treasury with its enormous subsidiary, the Bureau of Internal Revenue, is based on the constitutional powers "to lay and collect taxes * * * to borrow money on the credit of the United States * * * to coin money, regulate the value thereof and of foreign coin * * *", supplemented, of course, by the income-tax amendment. It is true that the Interstate Commerce Commission and the Federal Trade Commission are based on the commerce clause. It is true that the War, Navy, State, and Justice Departments have their constitutional sources, but under what authority do we justify most of the activities of Commerce, Interior, Agriculture, and Labor Departments? How many of us realize that the only constitutional justification for these enormous bureaus and their staggering expense are the two words "general welfare" in section 8 of article I of the Constitution, where, hidden away among other things, there appears the power granted Congress "to provide for the common defence and general welfare of the United States."

A study of the debates in the Convention prior to the adoption of the Constitution indicates that the term "general welfare" was adopted because of the fear that the Central Government might favor one district over another, might discriminate in the exercise of its functions, and it was therefore decided to include language to indicate that all parts of the country should be treated on an equality. Who dreamed that the power of the Central Government to raise revenues and to expend them would bring about a situation where, on the theory of providing for the general welfare of the country, we should build hundreds of millions of dollars' worth of roads with Federal money, set up employment offices, inspect cows for tuberculosis, attempt to abolish the boll weevil, fight the grasshopper, and do the thousand and one things which the Federal Government does today and which might perfectly well be done by the States themselves?

No one doubts but that most of this work does some good; and if it were only a question of expense we might be able to bear up, particularly in good times, but all this unnecessary and unlimited expansion has a more sinister side. There is not only a taking over by the Federal Government of purely State functions but there has been developed the Frankenstein of "government in business", the competition by the Government itself with industry, government with all its wasteful and inefficient operation, yet backed by the huge resources of the National Treasury, so that the question of cost which fixes the price of private production is disregarded. How can private industry, which must show a return on its capital in order to survive, compete with the Government in the same line when the latter does not have to show this return?

I have here a report of a special committee appointed by the House of Representatives in the past Congress to investigate this very subject. It covers some 250 pages and runs the whole alphabetical gamut from architects to warehouses. To detail the mass of information contained here would bore you most exceedingly. It is sufficient to say that the data collected by the committee showed that governmental competition affected detrimentally 225 different items of trade, industry, and personal and professional services.

I shall give you some typical examples. A post exchange at an Army post starts up with a few items carried for the soldiers

which cannot be locally acquired. Its ambitious head begins to find there is a demand for other things. He puts on new line after new line, and before he is through he is selling radios and automobiles to the whole community. Next a laundry is installed; and before you know it everyone in the neighborhood, whether connected with the military or not, is having his laundry done at the post establishment.

The convicts at a penitentiary are at work making chairs by hand. An up-and-coming warden asks for an appropriation for extending this work, and before you know it high-speed machinery is installed and 50 convicts who, of course, are paid nothing, are doing more work than 500 did before, and taking business which the furniture industry of the country can ill afford to lose.

One of the recent manifestations of the way in which the Government operates is the setting up of a separate corporation by the Government in which it makes the capital investment and then turns this corporation loose to go into business like any other corporation. If it is a failure, as it usually is, the Government loses the investment, shrugs its shoulders and goes on, but meanwhile another nail is driven in the coffin of the private industry with which it competes.

The first of these was the Panama Railroad, set up in 1904, for a worthy purpose, but before long the Panama Railroad was running its own ships to American ports in competition with private shipping companies which in turn the Government had to subsidize with mail contracts to make operations profitable.

The Great War was the happy hunting ground for this method of placing the Government in business. Most of us remember the Merchant Fleet Corporation of the United States Shipping Board, the United States Grain Corporation, the War Finance Corporation which was the ancestor of the Reconstruction Finance Corporation, the Sugar Equalization Corporation, the Spruce Production Corporation, etc. The exigencies of the Great War may have justified this development but quaere—whether the same result could not have been achieved by industry itself under proper governmental supervision?

This was continued even after the war, for shortly thereafter the Department of Labor set up the United States Housing Corporation and actually built and later sold at a considerable loss thousands of homes. The Government still holds 26 millions in the stock of this company. The Inland Waterways Corporation is thriving today, taking business from the railroads and claiming to make a profit because of a system of accounting which fails to take into consideration invested capital and proper depreciation, a practice which the Interstate Commerce Commission would under no circumstances permit to a railroad.

The crowning atrocity in this list of governmental ventures is the Federal Farm Board, which is still dragging out a miserable existence, and which has cost the Government to date hundreds of millions of dollars. It was conceived as a help to the farmer, but today the farmer is in a worse plight than ever, and to a great extent because of the operation of the Farm Board, which took over his surplus crops and thus encouraged him to keep on producing when he should have been curtailing his acreage. Even the United States Government, great though its resources may be, cannot long oppose successfully the inexorable operation of the law of supply and demand.

We carried this same plan into the field of finance for the first time in 1923, when we organized the Federal Intermediate Credit Banks to assist in the financing of agriculture, banks of which the Government now owns the capital stock to the tune of 32 millions.

I have here a statement of the securities owned by the United States. It shows that in addition to the foreign debts of eleven billions plus there are owned securities of various subsidiary corporations in the amount of 2½ billions of dollars.

You may think that I am going too far into the past; that a good deal of what I have said is "old stuff" and has little bearing on my subject, but it is all part of the picture. It shows that there has been increasing emphasis on the importance of the Federal Government over that of the States, and increasing exercise by the Federal Government of functions which it should never have assumed, and an increasing interference with your business and my business and your daily life and my daily life.

Incidentally, you will note that I have given no attention to the ill-fated prohibition experiment which happily now begins to be a matter of the past. That was, of course, another manifestation of complete forgetfulness of the basic principles of individual liberty which gave our country its early virility and which we are in serious danger of losing.

And now we come up to the time of the depression. There is not the slightest doubt but that the reckless expenditures of our Government, encouraging similar expenditures by States, municipalities, corporations, and individuals, was an important contributing factor to our troubles. Certainly the failure of this country to balance its Budget for more than 3 years and the certainty that it will be unbalanced for the current fiscal year ending June 30 next was largely instrumental in bringing about the general lack of confidence which resulted ultimately in the closing of all the banks in the country. The emergency of the depression was met at the beginning by an attempt by the Government to take under its wing the vast credit structure of the Nation.

I am trying to speak dispassionately and without any consideration of party or politics. The Republican Party and its representatives have made ghastly mistakes, and I am only praying that the Democratic Party and its representatives will not follow the same course, for parties and politics are secondary when the welfare of the country is concerned.

Shortly after Congress convened in December 1931, the Reconstruction Finance Corporation was organized, a corporation with a capital stock of half a million and with authority to issue bonds and notes for several times that amount, which authority has since increased a number of times. Railroad bonds were then showing the result of many months of operation by the carriers in the red. Banks found in their portfolios many of these railroad bonds and industrial bonds whose values had shrunk alarmingly, together with many loans which could not be collected and were undersecured. They dreaded the day of reckoning when a substantial number of their depositors might demand their money. Insurance companies were in the same predicament as far as their investments were concerned and their needs for cash to satisfy their policyholders.

It was the theory of the sponsors of the Reconstruction Finance Corporation that inasmuch as the backbone of this mighty industrial country was its financial structure the greatest good would be done for all if the Federal Government would get behind and bolster up these great institutions. Thus the original Reconstruction Finance Corporation Act provided for loans to railroads, banks, and insurance companies alone. While this method had the support of almost all of us at the time, one wonders today whether it would not have been better to take our medicine then rather than to attempt to postpone the collapse.

In July of last year the relief bill was passed and Reconstruction Finance Corporation loans were extended to States and even to counties and municipalities for relief purposes. They were also extended for certain agricultural purposes and to private corporations operating self-liquidating projects. In the first days of the recent session of Congress we authorized the Reconstruction Finance Corporation to acquire preferred stocks in banks, and we have now for consideration before the Banking and Currency Committee of the House a bill to do the same for insurance companies. Note this significant development: First, loans for the sole purpose of giving current assistance to the credit structure of the country; next, loans for relief purposes, a great departure from the original plan; next, the purchase of preferred stock in banks, a definite departure from the loan idea, for it placed the Government in the position of having a capital investment instead of merely a loan. But what was the crowning act? A few days ago, in the Wagner-La Follette-Costigan relief bill the Reconstruction Finance Corporation was instructed to give—give, mind you, not lend—half a billion dollars to States for relief purposes. It is the first step along the road of the dole, which has brought other proud countries to their knees. Could there be a clearer picture of how popular pressure, ignorant of constitutional principles, is responsible for the distortion of an idea far beyond its proper and original concept. Is this the legitimate offspring of the general-welfare clause of the Constitution?

What, in my opinion, made this last act particularly vicious was the fact that the Reconstruction Finance Corporation was used at all. Why use a loan agency to make a gift? Why not face the music and say that inasmuch as the Treasury must pay it ultimately, it should pay it directly? Is it fair to deceive ourselves and the public and talk about balancing the Budget with the assistance of the Economy Act, when a few weeks later we authorize the expenditure in free gifts to the States of a sum greater than the estimated savings in the Economy Act?

Let us see what else we have done in the way of attempting to finance the whole country. In January 1932 we placed 125 millions of additional capital in the Federal land banks on the plea that it would protect the farmers against foreclosure, but resulting, of course, in strengthening the position of the Federal land-bank bonds. We have eight millions in stock in Federal home-loan banks authorized last July, and we are committed to invest in them many times that amount. We have agreed to guarantee the interest on 2 billions of bonds to be used in exchange for farm mortgages and 2 billions of bonds to be exchanged for home mortgages, and we are to pay further millions for stock in the corporations set up by the Government which are to hold these mortgages when exchanged. If these two last bills, which have passed the House, receive final approval, and they will, this Government will be the owner of $4,000,000,000 worth of farm and home mortgages.

What else are we doing today? We have passed a so-called "reforestation bill", which sends young men from the bread lines to work in the woods at a dollar a day. We must in addition feed them, clothe them, house them, and supervise them. The estimated cost of a unit of 250,000 for a year is about $200,000,000. The President is now considering discharging from the Army 12,000 men who are already clothed, living in existing Army camps and drawing only $21 a month, and who when discharged must either get jobs or join the bread lines, and he is also considering retiring 4,000 trained officers who must be given retired pay. In the same breath we decide to send a similar number of men to the reforestation camps at $30 a week and call out 4,500 reserve officers to supervise them, who must, of course, leave their jobs and who have to be paid for their work. Perhaps you might expect that of a Government which passes a farm relief bill providing for a subsidy to the agricultural producer who cuts his acreage and then maintains a fund for the making of crop loans and also maintains financing agencies for the specific purpose of assisting the farmer to grow more crops.

And what did we do in the House a few days ago? We passed the Muscle Shoals bill, by an enormous majority, providing for the

development at great cost of additional power in a district which now has more than a million kilowatts of excess, unsalable power and providing also for the manufacture of fertilizer, at a time when fertilizer is dirt-cheap and most private fertilizer companies are trying desperately but vainly to make a profit.

But the end is not yet. Not long ago we were presented with the spectacle of 96 men, called Senators, selected by their States, theoretically at least, from among the best—we saw these men not only debating seriously the 6-hour day, 30-hour week work bill but actually passing it. Please do not misunderstand me. With 15,000,000 men out of work and only a certain amount of work available, I have the deepest sympathy with any reasonable attempt to spread work around, but can anyone contend seriously, even if the operation of such a bill were practical in all our industries—which, of course, is not the case—that we can so torture the commerce clause of the Constitution to uphold a law debarring from interstate commerce certain articles because of the number of hours which may be worked by any individual, not, mind you, on the particular article involved but anywhere in the plant which produces the article? You will say that the unconstitutionality of such a law was settled in the *Child Labor case*, but there are many who claim to be lawyers who will tell you that a 5-to-4 decision of the Supreme Court is not a precedent, and there also seems to be a large school of thought which makes so bold as to say that if Congress declares a law to be an emergency and puts it into operation for a limited period, in some miraculous way the Constitution ceases to operate with respect to it.

And now for the question of inflation. You all know that the Senate is considering various currency proposals as amendments to the farm relief bill, and that a few days ago it approved a provision authorizing the President to fix from time to time a ratio between gold and silver and allow free coinage of silver on that basis. Can you not see the face of the Great Commoner staring out at us from the mists and can you not hear his ringing words about the "cross of gold"? Are we to turn back the hands of time 35 years?

But this is not enough. We are being asked to give the President authority to issue currency at will up to $3,000,000,000, and this when there is more currency outstanding than at the peak of the 1929 boom. We are also to be asked to authorize him to change at will the gold content of the dollar.

Does it mean nothing that the United States has solemnly covenanted to pay its bondholders in gold of the present standard of weight and fineness? If this is lived up to and the gold content of the dollar is changed, more dollars will be required to pay off these bonds, and the same thing will apply to private obligations containing the gold clause. Will this make things easier for the debtor class or arrest deflation? The only other alternative would be the repudiation by the Government of its obligations and the impairing of the sanctity of contract by governmental action. But if contracts are not to be observed, what becomes of our great industrial system, which is based on contract, and how will the Government be able to sell its bonds in the future if the prospective investor realizes he may be robbed of a portion of his property at the will of his debtor?

The crowning folly is a bill now before the Appropriations Committee, in support of which administration spokesmen have appeared and which actually proposes that the President shall have the right to cancel any Government contract leaving the other party to his redress in damages. Those of you who have tried to recover from the Government know the endless sorrows such a bill would bring.

We seem to be living in a strange new world. The instrumentalities, the very terms, are strange. Within the last few weeks we have passed or are considering bills setting up the following:

An emergency agricultural adjustment administration.
A home-owners loan corporation.
Federal savings and loans associations.
A Federal emergency relief administration.
A Tennessee authority.
A Federal liquidating corporation.
A civilian conservation corps.
A general agricultural bureau.
A dollar-stabilization board.

Is it any wonder that the brain becomes a bit foggy and that we wonder what has become of the good old Government we used to know.

My friends, I have brought you on a long and perhaps a tedious path, but I hope that the various steps have led logically toward the goal. It is apparent that the Federal Government is the influence which looms most menacingly in our lives. It has today enormous interests in the railroads, insurance companies, and banks of the country. It will soon own billions of dollars' worth of mortgages. It wishes to say when and how long we shall work. It regulates us in everything we do, and the worst of it is we voluntarily turn to it for more and still more paternalism. We have embarked on Government regulation and on State capitalism with a vengeance, and State capitalism is a long step toward true socialism.

I have almost finished. I do not believe that it is necessary, even with times as they are, to tread the path we are treading. I believe that there are other solutions which will relieve the situation and which will preserve adequately the basic principles of the Constitution and of our Government, but that is not the province of my talk tonight.

I began this speech by stating that I could not answer the question that I propounded as the subject of my speech. I repeat, who can say where we are headed? The answer is shrouded in the mists of the future. I think I have given you sufficient evidence that we have come far afield from the original ideals of our Government and that this process has been greatly accelerated within the last few years. This acceleration seems to have reached the proportions of an irresistible whirlwind today, and where it will carry us Heaven alone can tell. We can only pray that it will not wreck completely our basic ideals and that the country will emerge from it a finer and greater land than ever.

ACTIVITIES OF THE INTERIOR DEPARTMENT

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing an address delivered by the Secretary of the Interior over the radio last evening. It was a splendid address on the activities of the Interior Department.

The SPEAKER. Is there objection?

There was no objection.

Mr. TAYLOR of Colorado. Mr. Speaker, under the permission granted me to extend my remarks in the RECORD, I am inserting the address delivered over the radio last evening by Hon. Harold L. Ickes, Secretary of the Interior. This is the first time, so far as I know, that a Secretary of the Interior has ever delivered over the radio a detailed description of the numerous bureaus and activities of that Department, which extend from the Arctic Circle to the Equator. It is a splendid and exceedingly informative and instructive address.

Having been actively interested in the affairs of the Interior Department for a great many years, I feel that this address should be preserved in the RECORD for the benefit of the public generally. I have always felt that the Interior Department has more human interest, comes nearer to the human side of life, and has a wider variety of interesting activities than any other Department, and for these reasons I am pleased to have the opportunity of inserting it in the CONGRESSIONAL RECORD.

The address is as follows:

Established by the act of March 3, 1849, the Department of the Interior, comprising within its jurisdiction as it does so many varied and widely divergent activities, is, to my mind, the most interesting division of the Federal Government. From building up a reindeer herd in Alaska to cultivating tomatoes in the Virgin Islands; from supervising the social and business affairs of the approximately 228,000 Indian wards of the United States to keeping touch with the activities of hospitals and schools for the Negroes; from administering the 14,702,205 acres of the national parks and monuments and seeing that they are available at all seasonable times for the enjoyment of the millions of American citizens who visit them each year to passing upon such technical matters as are involved in the administration of the General Land Office, the Geological Survey, and the Reclamation Service, offer a sufficient variety to engage the enthusiastic interest of any man.

So diverse are the activities of the Interior Department and so pressing are the many important questions that are presented daily for decision that one wonders how the Federal Government managed to get along without this Department prior to 1849. Historically, the Department grew out of the General Land Office, which was organized originally as a bureau of the Treasury Department under the act of April 25, 1812. The work of this office had become so burdensome to the Treasury Department that it was turned over to the Interior Department for administration in 1849. This really marks the beginning of the Interior Department, which was intended to be, and still is, the land, home, and educational department of the Government.

The first annual appropriation for the Department of the Interior was $3,584,029.77. The highest appropriation ever made was in 1929 and amounted to $353,332,000, of which $275,950,000 was for pensions and Civil Service retirement, since transferred to the Veterans' Administration. For the fiscal year of 1933 the appropriation was $81,325,484, and for the fiscal year 1934, which begins July 1 next, the appropriation is $55,860,936. However, in conformity with President Roosevelt's economy program, the actual expenditures for the Department for 1934 will be considerably less than the appropriation.

The Department employs, roughly, 15,000 persons, of whom about 2,200 are temporary employees. For reasons that are obvious, let me hasten to add that practically all of these employees are under Civil Service.

But if my listeners have as much difficulty carrying figures in their minds as I have, they will not be interested in having too many dry statistics detailed to them. I take it that, as taxpayers and voters having the fortunately revived interest in our Government that is so wide-spread at this time, they woud rather have from me a brief outline of what this Department is responsible for as its share of the administration of the Federal Government.

The functions of the Department, broadly stated, are sociological and scientific. Our primary concern is the protection and enlargement of life and the conservation of natural resources. For the effective administration of the responsibilities entrusted to

this Department several bureaus have been established, each specializing in a particular field. A brief review of the activities of these will give an idea of the scope of the work of the Department and demonstrate that it comes closer to the life, happiness, and well-being of the average citizen of the United States than perhaps any of the other great administrative divisions of the Government.

THE GENERAL LAND OFFICE

There are more than 300,000,000 acres of unappropriated public lands in the United States proper, of which 49,333,717 acres still remain to be surveyed. This takes no account of the hundreds of millions of acres of public lands which, through the General Land Office, have already passed into the hands of private citizens under the homestead law.

Land is the basis of our civilization. What citizen has not felt the urge of land hunger? It is as common to the lawyer who works in his skyscraper office as to the farmer whose possessive feet sink deep into the loosened soil of the furrow he is plowing. Uninspiring as the term "General Land Office" is, no bureau of the Government has meant more to the citizens of the United States or has made a larger payment in the coin of peace, contentment, and prosperity to thousands upon thousands of our people.

Nor is the General Land Office concerned exclusively with the holding and the development of agricultural, grazing, and forest lands. It is the trustee, representing the whole people of the United States, of the mineral wealth that lies in the bosom of the soil, of the undeveloped and undiscovered oil pools within the public domain, of the water-power sites of enormous financial potentiality.

It may be thought by some that the General Land Office is a matter of local concern to those living on or near what is or has been the public domain. As a matter of fact, the administration of this office profoundly affects the citizens of every State of the Union, even of those States where for years, if ever, there has been no such thing as a public domain. The discovered or potential wealth in or underlying the national domain belongs to all of the people of the United States, and the general economic well-being of the entire country would be adversely affected in a drastic manner if suddenly, through some cataclysm of nature, this vast national wealth should disappear overnight.

THE GEOLOGICAL SURVEY

This was established under the act of March 3, 1879. It is concerned with the discovery, appraisal, and development of natural resources, including water power. Its work represents a combination of highly practical and scientific services. Its principal activities are the making of topographic and geological surveys, the gaging of streams, the classification of lands by field examination, the supervision of mineral leasing on public lands, and the investigation of mineral resources in Alaska. It goes without saying that undiscovered or undeveloped mineral wealth is of no benefit to the people. In bringing to light sources of vast mineral wealth so as to permit of its development, the Geological Survey has been of inestimable value to the people. Coldly scientific in its interests and in its approach to its problems, its opinion on any matter within its jurisdiction is recognized everywhere as being the last word.

BUREAU OF RECLAMATION

This Bureau was established under the act of June 17, 1902. It is charged with the duty of developing the agricultural possibilities of the arid and semiarid regions of the United States. The present total area irrigated from Government works comprises 2,846,607 acres, with a crop value in 1931 of $73,960,377. The total crop value of irrigated-land crops from 1906 to 1931, inclusive, reaches the impressive figure of $1,835,889,877. For the work of this Bureau appropriations are made from the reclamation fund, which is a revolving fund consisting of revenues from public lands and repayments by water users in the reclamation districts. The projects are supposed to be self-liquidating, and nearly all of them are managed by local water-user organizations. The major construction job now being handled by this Bureau is the Colorado River project, which includes Boulder Dam and the All-American Canal. Beginning with the fiscal year of 1931, and up to and including the fiscal year 1934, a total sum of $56,660,000 has been appropriated for this project, which, in the end, exclusive of the all-American canal, will cost a total of approximately $125,000,000, to be repaid by income earned under contracts made with various municipalities that are to enjoy the fruits of the enterprise. The construction contract calls for the completion of the dam within 7 years, and the work is now about 15 months ahead of schedule.

OFFICE OF EDUCATION

This Bureau was originally established as a department under the act of March 2, 1867, and became a part of the Interior Department in 1869. Its functions are research and the dissemination of data on education. Its personnel consists mainly of specialists in the various branches of educational work. It has no administrative functions. It is a scientific bureau intended to collect and furnish accurate information relative to schools, based on careful studies, for the purpose of stimulating those engaged in education throughout the United States to an ever higher standard.

INSTITUTIONS

Howard University, established by the act of March 2, 1867, is an institution of higher education for the colored youth of the Nation in the liberal arts and sciences, in medicine, law, and religion. It is the largest Negro university in the world. The Government, through the Interior Department, contributes to the salaries and general expenses of the university, which, however, is administered independently of this Department.

Freedmen's Hospital, originally under the control of the War Department, was transferred to the Interior Department by the act of June 23, 1874. It provides medical and surgical treatment for negroes.

St. Elizabeths Hospital was established under the act of March 3, 1855, and is a class A institution for the treatment of mental diseases of men in the Army and Navy and of residents of the District of Columbia.

Columbia Institution for the Deaf cares for the deafmutes of the States and Territories and of the District of Columbia. It was established by the act of February 16, 1857.

TERRITORIES

Alaska, Hawaii, and the Virgin Islands are among the administrative responsibilities of the Department of the Interior.

The gross area of Alaska, both land and water, is approximately 586,400 square miles, and its population, according to the 1930 census, is 59,278. In area it is roughly equivalent to the combined areas of the States of North Dakota, South Dakota, Minnesota, Wisconsin, Iowa, Nebraska, Illinois, Missouri, and Kansas. Purchased originally from Russia in 1867 for $7,200,000 in gold, its minerals alone have been a source of vast wealth to the United States, without taking into account other unexplored and undeveloped mineral riches of probably tremendous proportions. Gold, copper, silver, and minor mineral products have already been produced to the total value of about $650,000,000. In addition the fisheries of Alaska have yielded about $950,000,000. Here we have a total of $1,600,000,000 in round figures—not a bad return on an original investment of a little over $7,000,000.

The United States Government has built and now owns and operates a railroad in Alaska 479 miles in extent. We also own two steamships. One, the *North Star*, operates between the water terminus of this railroad and Seattle, thus providing for freight and passenger traffic between ports in Alaska and the United States proper and as far north as Point Barrow in the Arctic Circle. The other, the *Boxer*, will ply between ports in Alaska, carrying medical supplies, fuel, etc.

Besides fostering important commercial salmon and seal fisheries already referred to, a comparatively new Government enterprise in Alaska has been the development of a reindeer herd for the benefit of the natives. This herd is now estimated at 800,000 head.

Hawaii, while technically within the jurisdiction of this Department, is practically self-supporting, and except for the appointment of a governor by the President, is in effect independent, administratively, of the Federal Government.

The Virgin Islands, originally purchased from Denmark, were transferred to the Interior Department from the Navy Department in 1931. The Department has purchased land in the islands for homesteading and is engaged in readjusting families on the land in the Island of St. Croix. Our chief concerns are to make these islands economically self-sufficient, to raise the standard of living, and to improve the system of education. Serious problems are presented here but we are hopefully trying to solve them.

Varied and interesting are the component parts of the Department of the Interior already enumerated. We come now to two bureaus which are more appealing to the imaginations of a greater number of people than any of the other activities within our jurisdiction. I refer, of course, to the Bureau of Indian Affairs and the National Park Service.

What boy has not felt repeated thrills as he has listened to tales of the original Americans or read the pages of such a book as The Last of the Mohicans? Generally speaking, we have been taught to regard the Indian either as a highly romantic, noble figure or as a cunning and revengeful savage. We have not, at any rate until recently, looked upon him as a fellow human being. Because his habits and customs and religion have been different from ours, because he has spoken a different language, because he has preferred to live his own life and develop his own culture we have put him outside the pale. As the dominant race, we have pressed him ever backward, ruthlessly and greedily taking from him his fertile soil and his rich resources.

Now the Indians are herded in reservations located in widely separated parts of the country. They are wards of the Government and until a new and more humane concept of our duties and responsibilities began to dawn on us not many years ago, we resolutely kept them outside our consciousness except when we saw them dancing and performing, always in roles inferior to the white man, in our wild-west shows. It was no concern of ours if they lived in squalor and ignorance, restricted to inhospitable areas whittled out of a vast domain that until the coming of the white man was theirs by immemorial right of possession. If they were cold and hungry and diseased it was their own fault. We did not know about the under-feeding, to the very point of starvation, of their children. We did not want to know. Why should our smug self-satisfaction be disturbed?

But gradually a different and more humane attitude has been adopted by the Government toward the Indians. Slowly, perhaps even grudgingly, we have come to admit that we have a moral responsibility that we can no longer evade. We have discovered to our surprise that the Indian is not only a human being but, if given a chance, a likable and interesting human being. We have found out that there is something of value in the culture of the American Indians. We know now that in the Southwest, notably in New Mexico and Arizona, are well-developed civiliza-

tions that go back to a time centuries before the white man ever set foot on American soil. We can even see a value—a dollars-and-cents value—in fostering the arts of the Indians which we have come to appreciate. Men boast of Indian blood in their veins. Women of culture and artistic perceptions in our eastern cities are proud of the fine rugs and other Indian artifacts in their homes. They wear artistic jewelry fashioned out of Mexican pesos and raw turquoise by the skillful hand of the Navajo silversmith working with only the crude implements of hammer and anvil. American artists of the first rank flock to the Southwest to paint colorful pictures of native Indian life and native Indian pueblos which we buy at large prices proudly to display on our walls.

We can even see something worth while in the age-old ceremonials of the Indians. By the thousands tourists flock into the desert spaces of New Mexico and Arizona to see the buffalo dance, the corn dance, the shaliko, and that most sensational of all native ceremonies, the snake dance.

The policy of the Bureau of Indian Affairs is to help the Indian to help himself. We want to protect him in his property rights. We want to prevent further ruthless exploitation. We want to encourage him to live his own life in his own way. We want the white neighbors of these original Americans to learn to respect their religions and their ceremonies. We want the Indians themselves to rebuild and develop their own cultural life. Our policy is to encourage both races to live together in mutual tolerance and understanding.

The national parks and monuments are among the most cherished possessions of the people, and the National Park Service which operates them is outstanding as an efficient and understanding agency of the Government.

Until recent years practically all of the national parks were in the West, where natural phenomena and areas of rare beauty and charm insistently called for preservation for all time to come. But so great a want were these western parks found to fill that the Government decided to develop a park system in the East, so that we now have or are about to have the Shenandoah National Park in Virginia, Isle Royale in Michigan, the Great Smoky Mountains National Park in Tennessee and North Carolina, the Morristown National Park in New Jersey, which will be dedicated to the United States Government on July 4, and the Acadia National Park in Maine. In addition to these great playgrounds the historic Mammoth Cave in Kentucky will soon be the property of the United States.

In acquiring and developing these parks and monuments the Federal Government has been generously assisted by some of the States and by citizens either acting individually or in association with each other. The State of Virginia by appropriating $1,000,000 and raising an additional $1,000,000 by popular subscription, including $50,000 given by Mr. Edsel Ford and $200,000 by Mr. John D. Rockefeller, Jr., has acquired the land for the Shenandoah National Park, which will be turned over to the United States Government as soon as a few remaining technical questions of title have been solved. The States of Tennessee and North Carolina have opened their purses to acquire that wonderful and mysterious section of wooded heights now known as the "Great Smoky Mountains National Park." In buying this area these two States have also leaned heavily upon the generosity of Mr. Rockefeller, who has put into the enterprise $5,000,000, matching an equal amount paid by the two States mentioned.

An organization of patriotic women under the leadership of Mrs. Josephine Rust, and encouraged by a gift of $113,000 from Mr. Rockefeller, is responsible for the rebuilding and development of Wakefield, the birthplace of George Washington, and its dedication as a national monument to the Federal Government. Citizens of New Jersey, inspired by an offer of $300,000 by Mr. Lloyd Smith, of New York, have contributed to the purchase of the Morristown National Park.

Stephen T. Mather, of Chicago, in whose honor a memorial tablet will be dedicated at Bear Mountain in the Palisades Park on May 27, was the man who dreamed a dream of what the national parks ought to mean to the people. It was he, who, as director of the National Park Service, had the foresight to lay, deep and wide, the foundations upon which we have been building ever since. Out of his comparatively modest fortune he contributed, while in the Government service, several hundred thousand dollars to the development of the parks and the upbuilding of the Park Service. William Kent, at one time also a citizen of Chicago, and later a resident of, and Congressman from, the State of California, bought and dedicated Muir Woods to the National Government, thereby saving a fine grove of the great redwood trees, which, but for his intervention, would long ago have succumbed to the woodsman's ax.

But the one man who has done most to help us realize the ideals that Stephen T. Mather and Horace Albright, his successor in the service, have had with respect to our national parks is Mr. John D. Rockefeller, Jr. Unostentatiously, but with rare imagination and unmatched liberality, he has already actually given some $10,000,000 for our national parks and monuments, and before he shall have reached the end of his rainbow his generosity will be expressed in the startling figures of approximately $25,000,000, poured out in order that our children may have preserved for their enjoyment and inspiration those glorious areas of trees and wild flowers, of beautiful lakes and limpid streams, of towering mountains and expansive meadows, where vast herds of native animals graze, secure from the huntsman.

I have already enumerated some of the items that go to make up this total. Another of Mr. Rockefeller's gifts was that of $1,500,000 to enlarge the Teton National Park in Wyoming. When the great sugar-pine forest which is now part of the Yosemite was threatened with destruction he found $1,650,000 to save it. He is spending $4,000,000 for a system of highways in Acadia National Park in Maine and land in the park itself he has already given of the probable present value of $500,000. Special mention should also be made of the additional $7,000,000 already expended toward his brilliantly conceived restoration of Williamsburg, Va.

Generosity this, which stirs our sentiments and appeals to our imagination, poured out on national projects which likewise stir our sentiments and appeal to our imagination. Where else in the world can such an investment in a dream be matched? Individuals and States have joined with the United States to preserve such wonders of nature as are so lavishly displayed in Yellowstone Park. Magnificent specimens of the oldest living things in the world, the giant Sequoias, happily preserved from being turned into shingles and posts, will continue to stand sentinel over the coming and going of countless generations of men. Snow-covered peaks will forever tower in their majesty in Glacier and Rocky Mountain and Mount Rainier Parks for the inspiration of mankind.

A generous and noble heritage this to pass on to our children. A heritage made possible by the vision and generosity of men.

Mr. FISH. Mr. Speaker, I ask unanimous consent to speak out of order for 10 minutes.

Mr. BYRNS. Mr. Speaker, reserving the right to object, I wish the gentleman would couple that with the request that the gentleman from Washington may address the House for 5 minutes immediately following the gentleman from New York.

The SPEAKER. Is there objection?

Mr. BLANTON. Reserving the right to object, I objected this morning because I was afraid the gentleman from New York was going to make some adverse criticism of the soldiers from our districts who are coming to Washington. The gentleman since then has assured me that he had no such intention. He was only to warn them, he said, against certain communistic leaders in Washington. Therefore I withdraw any objection.

Mr. GREEN. Reserving the right to object, I should like to know if the gentleman from New York is going to rehash the deplorable Scottsboro case in Alabama? If not, I have no objection.

Mr. ROGERS of Oklahoma. Mr. Speaker, reserving the right to object, in regard to keeping a quorum here tomorrow, if every Member who speaks will remain we will have a quorum. The trouble is that as soon as a speaker makes his speech he leaves the House.

The SPEAKER. The gentleman from New York asks unanimous consent to address the House for 10 minutes and the gentleman from Washington 5 minutes. Is there objection?

There was no objection.

Mr. FISH. Mr. Speaker, I assure the gentleman from Texas [Mr. BLANTON] that I do not intend to make any reflections on those veterans who have been invited here from congressional districts, the 20 veterans from each congressional district, to participate in this so-called "convention" next week. I am one of those who believe that 98 percent of the veterans of the United States are loyal and patriotic and can be depended upon at all times. [Applause.]

The veterans in the United States, however, were shocked a few days ago when they read in the newspapers an announcement, issued from the White House, by the Veterans' National Liaison Committee, with the approval of Colonel Howe, the Secretary of the President, that a convention was to be called here in Washington by this group between May 12 and May 18, and that, with the consent and cooperation of the President and of the administration, these veterans would be housed and fed at Government expense, if necessary. The great veterans' organizations in America, the American Legion, the Veterans of Foreign Wars, the Disabled American Veterans, feel that they have been betrayed because they know that the Veterans' National Liaison Committee is inspired and led by Communists and has been repudiated by all veteran organizations incorporated under the laws of Congress.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield?

Mr. FISH. I cannot yield; I am sorry. I should like to, but I cannot.

Mr. McFARLANE. I wonder if the gentleman is speaking as the official representative of these organizations.



Mr. FISH. I have spoken with the national legislative representatives of all of those organizations, and after having read their own statements to the press, I understand that all of them were requested by the White House to use their influence with their members to prevent a bonus march on Washington, and that they all did cooperate to the fullest extent. Naturally they are disgusted at the action of the White House in recognizing a red organization sponsored by Communists and securing time over the Columbia Broadcasting System to summon veterans to Washington. Those organizations are opposed to holding this convention in Washington, because they know that those who have inspired it, who have organized it, who have led it and are still leading it, are mostly Communists or affiliated with Communist activities. Mr. Newlin, the national adjutant of the Bonus Expeditionary Forces, from Pittsburgh, went to the White House a few days ago and explained to Colonel Howe that one of the leaders, Emanuel Levin, was a Communist. The secretary said, "How do you know that he is a Communist, and how do we know anything about you?" I take this opportunity to place before you the record of Emanuel Levin, one of the active members of this committee and also the head of the Workers Ex-Service Men's League, an out-and-out Communist organization, and a former editor of the Daily Worker, the official organ of the Communist Party.

Mr. PATMAN. Will the gentleman yield?

Mr. FISH. I have not the time. I cannot yield.

Mr. PATMAN. Then I shall make the point of order that there is no quorum present.

Mr. FISH. Very well; I yield for a brief question.

Mr. PATMAN. Mr. Levin is not a veteran of the World War, and he would not be in a position to have anything to say if they have a convention here.

Mr. FISH. Mr. Levin is an active and leading member of the National Veterans' Liaison Committee. He has been up to the White House several times himself, and was there this morning, and Mr. Newlin informed the press that when he told them Levin was a Communist he was told that they did not know he was a Communist.

Mr. PATMAN. He cannot participate in the convention.

Mr. FISH. The record shows that this man, Emanuel Levin, who still is a leader of the Veterans' National Liaison Committee, and recognized as such at the White House, is not a veteran. He was asked by Mr. MILLIGAN at a hearing before the Joint Congressional Committee on Veterans' Affairs, held on February 2, 1933:

Are you a veteran of the World War?

He replied:

I am not a World War veteran. I served in the United States Marine Corps.

Mr. MILLIGAN. During peace times?
Mr. LEVIN. During peace times.

Later on Mr. Chiperfield asked him:

I should like to ask you this question: Are you connected with the Communist group? I am not asking whether you are a member of the Communist Party.

Mr. LEVIN. It is a matter of record. I am a member of the Communist Party.

He is one of the main leaders, if not the actual leader, of the Veterans' National Liaison Committee, on which are also James W. Ford, a Negro, who was the Communist Vice-Presidential candidate in the last election. On that committee also is a man named Harold Hickerson, whom I do not know, but who is an influential Communist, according to Robert Dessoff, the national legislative representative of the B.E.F., who was a member of the liaison committee, but resigned because of its Communist propaganda, activities, and affiliations. Then there is Alfred Sellers, one of the few men who was actually connected with the B.E.F., and who, I am informed, signs his letters "Yours for the revolution." These are some of the leaders of the committee that organized the V.E.F. convention that has been called here in Washington, practically with the consent and approval of the administration.

I rose for the specific purpose of calling attention to the record of these men, so that your people back home, your veterans, who want the bonus, and who have a right to ask for it, will not come here without knowing the facts that the proposed V.E.F. convention has been organized, inspired, and led by Communists.

Mr. KVALE rose.

Mr. FISH. Of course I will say to my friend from Minnesota that there are one or two members on that committee whom the gentleman knows who probably are not Communists. So far as I know, I have no record that they are Communists, but the majority of this liaison committee, which has organized the convention in Washington, are out-and-out Communists. I am not rising here to inject politics into this discussion or to impeach the White House. The White House evidently does not know the facts. They said so themselves, that they did not know that Levin is a Communist, but I presume when they find out the facts—as Al Smith says, "Let us look at the record"—when they find out the record of these members of the committee, and that a majority of them are Communists or affiliated with Communist activities, I hope the White House will repudiate this convention, and I hope it will do so tomorrow morning, because the record is undeniable, so far as a majority of the members of the Veterans' National Liaison Committee are concerned.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. FISH. Yes.

Mr. BLANTON. If these soldiers were able to take care of themselves on the battlefronts of France, do you not think that when they come here they will be able to properly manage a bunch of Communists? They are not going to let these Communists control them.

Mr. FISH. The gentleman asks me that question, and I am glad to answer it.

I think that is exactly what will happen. I believe the members of the old B.E.F., 95 percent of whom were loyal American citizens and will not tolerate communism, when they come here of their own accord and find that this V.E.F. convention is led and controlled by Communists, of course there will be trouble in the city of Washington. The B.E.F. veterans have a right to be incensed as no quarters or food have been provided for them whereas the Communists are to be taken care of.

Mr. BLANTON. They will put them in the Anacostia River. The 20 soldiers who will come here from my district will be the kind who will put the fear of God in the hearts of all Communists.

Mr. FISH. They will try to, but that is another matter. I am only rising to present the facts to the Congress about this particular convention and what will happen if the administration's plans are carried out. What the B.E.F., the Legion, the Veterans of Foreign Wars, or the Disabled American Veterans are going to do I do not know, but I do know that the members of the Legion, the Veterans of Foreign Wars, and the D.A.V. believe that they have been betrayed. They believe that they have been thrown over and cast aside in favor of a group that everyone knows except the White House is led by Communists. If you are going to invite any conventions of veterans to Washington, why not extend invitations through the American Legion, Veterans of Foreign Wars, the D.A.V., and the B.E.F., all of whom stand for American institutions and our Republican form of government. That is why they have a right to believe that they have been repudiated and betrayed, and I hope the administration, as soon as it finds out the facts and finds from the record that most of the leaders of the Veterans' National Liaison Committee are Communists, will reconsider their consent and their cooperation to feed and provide quarters for an organization that is not here to get the bonus, but an organization that will try to gather in all of the elements of the veterans which they can, for their own revolutionary purposes, in order to build up the Communistic Party. That is the object of the meeting, and we in Congress do not want to have any part in it, and the administration, whether Democratic or Republican, should

not have any part in it either. If it does it will be a serious blunder and will help to promote the spread of communism among the veterans. It would be a travesty and a disgrace if American veterans are compelled to seek quarters and food from Communists who are preaching the overthrow of the Government.

Mr. KVALE. Will the gentleman yield?

Mr. FISH. I yield.

Mr. KVALE. Is the gentleman willing to except from that indictment the two members of the committee that I spoke to him about, namely, Mr. Brady and Mr. Williams, both of whom have been performing unselfish and thoroughly devoted tasks in behalf of their comrades?

Mr. FISH. I am, because I know nothing against them except that they are radically inclined; and, of course, they know they are associating with Communists, and that the Communists are in control of the liaison committee. That is the only thing I know against them. [Applause.]

The SPEAKER. The time of the gentleman from New York [Mr. FISH] has expired.

Mr. LLOYD. Mr. Speaker, it is with some degree of trepidation and some reluctance that I trespass upon the time of the House at this hour of the day. However, I have laid upon the Clerk's desk today a resolution about which I desire to make some small explanation.

This resolution, in substance and effect, which I offer upon my own responsibility and ask the consideration of this House, is a resolution that provides for an amendment to the Constitution of the United States, in substance and effect, authorizing the Congress to limit the wealth of individual citizens; provided, however, that at no time shall the amount be fixed below the minimum fixed in the amendment, namely, $1,000,000 per person.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. LLOYD. Yes; I yield, but I only have 5 minutes.

Mr. CHRISTIANSON. The gentleman meant maximum, did he not?

Mr. LLOYD. Minimum. For almost 60 days we have been in session; and while we have tried to do much, and I believe so far as the good of the country is concerned, we have done much——

Mr. BOYLAN. Mr. Speaker, will the gentleman yield for a parliamentary inquiry?

Mr. LLOYD. I yield.

Mr. BOYLAN. I wanted to ascertain whether or not the millionaires were walking out while the gentleman is making his address.

The SPEAKER. That is not a parliamentary inquiry. The gentleman will proceed.

Mr. LLOYD. For almost 60 days we have sat in extraordinary session, and my judgment is that all too little legislation of a permanently constructive character has been enacted or even planned, or is now contemplated.

Paliatives, to be sure, have been applied. We have subsidized the farmer and charged the cost to labor, and we are attempting to subsidize labor and propose to let the farmer pay the bill. We have inflated the currency without profit if the major portion of that inflated medium shall find its way into the hands of those who already possess an overabundance.

This resolution proposes that once and for all we shall lay the ax of legislative enactment at the tap root of the evil; that we shall cease to equivocate and bravely face a condition, not of our choosing, that has been the natural and inevitable result of a progressive civilization, and in the interest of the future of all of our people, place a definite limitation on the acquisition and ownership of wealth.

I could point out in logical sequence the causes that have brought about our present conditions, but even the effort is foreshadowed by futility since the fact remains that the vastly major proportion of our national wealth is enjoyed by a startlingly small number of our people. There is no thinking man in our Nation but who knows that the only reason there is a widespread poverty is that wealth and the ownership of wealth has become centralized—the only reason many men are too poor is because a few men are too rich.

In a country like ours, blessed with an abundance of all that the needs of men require, poverty among those who are willing to work should be an accident rather than a universal habit, and a system of government that makes widespread poverty possible is neither just nor economically sound.

I do not seek to destroy wealth or industry, but I do purpose to place the burden of public expense and national development upon the shoulders of those best able to bear that burden and those who have profited most. I would have the strong help the weak rather than have the weak forever carrying the strong. I would have fewer billionaires and more millionaires, and more opportunity for every man to acquire a little fortune. I purpose in the main to bring up the poor and bring down the rich into the class of the average man, where all may find real happiness and where we may know a widespread national prosperity.

I recognize in this proposed amendment the right of every man to strive for gain, within reasonable limits, not inconsistent with the rights of every other man, and recognize, too, the oft-proven fact that no tyranny is more cruel than the tyranny of a temporary majority. So I have deemed it wise to place a limit beyond which Congress may not go in equalizing fortunes that will insure to every man the exercise of the maximum amount of initiative.

I am not insensible to the fact that this portends a radical departure from preconceived concepts of the rights of property, but I recognize that a condition has grown upon us that the founders of this Government could not have foreseen. I am committed to the doctrine that it is the natural and inalienable right of every man to own and control the property that he may earn or create, but I recognize the fact that not only the happiness of our people but the entire future of the capitalistic system is dependent upon its submission to reasonable regulations and restraints.

Unusual times may demand unusual measures, but the test by which every policy of legislation must be judged is the test of whether it be in itself constructive or destructive. Even though it be new and untried, if it promises a constructive program that will rebuild our industry and reestablish our people, it is worthy of consideration by those whose duty it may become to find a way out of the fog of discontent and uncertainty and fear that now surrounds us. New conditions always have required and will always require new thoughts and new inventions, and new ills will require new remedies.

The world is moving on flying wheels and speeding wings into an unexplored future, and men of faith and vision must be found to guide the way. May we have the faith and vision of those brave men whose brains conceived a free and happy people in the Nation that was to be, and may we meet our problems with the same directness of purpose that guided them. [Applause.]

The House joint resolution is as follows:

House Joint Resolution 178

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two thirds of each House concurring therein), That the following article is hereby proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by conventions in three fourths of the several States:

"ARTICLE —

"SECTION 1. Congress shall have power to limit the wealth of the individual citizens of the several States, Territories, and the District of Columbia and of all persons owning property within the jurisdiction of the laws of the United States.

"SEC. 2. No law shall be enacted fixing the maximum amount of wealth allowed to any one individual at a sum less in value than 1,000,000 gold dollars, 25⅘ grains, nine tenths fine.

"SEC. 3. The power of levying and collecting taxes for revenue under the existing articles of the Constitution and the amendments thereto shall be in no wise abridged.

"SEC. 4. All sections of the Constitution of the United States inconsistent herewith are suspended for the purpose of carrying this article into effect.

"SEC. 5. This article shall be inoperative unless it shall have been ratified as an amendment of the Constitution by conventions in the several States, as provided in the Constitution, within 7 years from the date of the submission hereof to the States by Congress."

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to proceed for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

SO-CALLED "BONUS MARCHERS"

Mr. PATMAN. Mr. Speaker, I do not favor a march on Washington by veterans of the World War. I am not in sympathy with it. Those who are encouraging it no doubt believe it will be helpful, but I believe it is calculated to be harmful to their cause. It is my understanding that a convention and not a march is proposed. Probably the present administration is facing a condition rather than a theory. The last administration had in the Capital City a large number of veterans of the World War; and if the administration had handled the situation more diplomatically, I believe those veterans would have left here in 10 days and there never would have been the least trouble in the world.

CONDITION AND NOT A THEORY

The present administration is facing a situation about which some of the Members of this House do not know. The administration is handling it in a way that will be satisfactory to the Congress and to the country. Less harmful results will develop than would otherwise develop.

I think the administration is to be commended for its efforts rather than condemned. I assure the Members of this House that what I know about the situation is that no one connected with the administration—and I am not speaking for the administration, I have no right to, but I am just giving you the benefit of my limited knowledge on the subject—is in sympathy with a march on Washington by the veterans of the World War or by any other group. On the other hand, I believe the administration recognizes that they should not be discouraged from peacefully assembling and presenting their views.

THIS IS A FREE COUNTRY

It is true the veterans believe they have the right to come here, and they do have a right to come here. The so-called "Economy Act" has caused many of them to have a grievance. They believe the payment of the adjusted-service certificates will help the country. They have a right to be in Washington. They have a right to be in New York City. They have a right to be any place in the United States. This is a free country, and no one should attempt to deny them this right. But I do believe they are exercising poor judgment in attempting to enforce their views and their judgment by a march on Washington. There is a difference in having a convention in Washington, or veterans coming to Washington, and a march on Washington.

NO REFLECTION ON VETERANS' ORGANIZATIONS

I do not believe it is a reflection on the disabled American veterans or the Veterans of Foreign Wars or the American Legion for the reason that they will have a right to participate in the convention the same as veterans who do not belong to any organization. If I understand the plan correctly, it is to prevent, to prohibit, the very thing the gentleman from New York complained about. He said he was apprehensive that these veterans were going to be led by Communists. If they do come here unorganized, without any program, without any means of support, without any food, or without any shelter, do you not think a worse condition is created and more harm done to the cause of the veterans, most of them coming from just a few cities, than if a plan is worked out whereby a few will come from each congressional district in the United States? In other words, instead of having 10,000 come here from a few large cities, Communists—I mean a large number of them Communists; I do not mean to say that all of them are Communists. I think very few of them are, very few. Practically all of them are good, loyal, patriotic American citizens. Many of them have spilled their blood upon foreign soil for this country. They are entitled to be heard.

Mr. BULWINKLE. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield for a question.

TWO GROUPS ASSEMBLING

Mr. BULWINKLE. I wish to make a statement, not ask a question. There are two different groups coming here. One is purely a Communistic organization, as the gentleman from New York City said. I have the literature in my office if the gentleman wants to see it.

Mr. PATMAN. I do not doubt but what there are a large number of Communists coming here. I regret this exceedingly. But I want to say, Mr. Speaker, that the veterans of the World War are not going to be misled or deceived by a few Communists. They were not the last time and they are not going to be this time. I know the last time they were here it was said the Communists had control, but instead of their encouraging communism, they were an answer to communism. They kept the Communists under control.

[Here the gavel fell.]

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to proceed for 3 additional minutes.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. They conducted themselves in a very commendable manner.

Mr. FISH. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. FISH. Is it not a fact that the B.E.F., who were here last year and who conducted themselves in a satisfactory way, are opposed to this whole convention being held here?

Mr. PATMAN. It is not my understanding that they are. Albert G. Sellers, one of the three incorporators and national treasurer of the B.E.F., as I understand, is behind this movement and is one of the leading officials in the National Liaison Committee which the gentleman says has been conferring with the White House. Three of the other four members of the committee, I understand, are former members of the B.E.F. I understand the chairman of the committee, George D. Brody, enlisted a few hours after war was declared, April 6, 1917, and was in five major engagements in France.

Mr. FISH. The gentleman understands that Waters, Carter, Newlin, Dessop, and Thomas and practically all the other leaders are very much against it.

Mr. PATMAN. I understand they are very much divided on it, but the gentleman must realize we are facing a condition we must deal with in the best possible manner, and I may say that if the last administration had left it to General Glassford to handle in the human, diplomatic way that he has always handled every situation I ever knew about, they would never have had any trouble; and if the veterans want to come here, and they are coming here, I insist that it is much better for them to come as good veterans from all sections of the country, from every congressional district, if you please, and be permitted to assemble here peacefully and present their views to Congress and to congressional committees, say their pieces—in other words, get it out of their system—and tell the country what they want and what should be given to them, and then peaceably go back home—I much prefer this to a large number coming here from a few large cities, and a large number of them would be Communists. I will listen to them and give consideration to their views, and I believe all the other Members of Congress will consider any petition they may present.

Mr. SNELL. Will the gentleman yield for a question?

Mr. PATMAN. I yield.

Mr. SNELL. It is reported in the papers that Colonel Howe said they would be fed by the Federal Government. Can the gentleman give us any information about that or tell us what right any man has to say that the Federal Government will appropriate money to feed any aggregation of citizens that comes to Washington?

Mr. PATMAN. The information I have is from a statement given out, it is said, from the White House, although not by the White House, that last year there was appro-

priated by this Government $40,000 to entertain veterans of the World War from France. There remains an unexpended balance in this fund, and as I understand, it has been suggested that the portion of that fund which remains unexpended, and which was to be used to entertain World War veterans from France, be used, if necessary, to shelter and feed those who attend this convention and who do not have any means of support and cannot otherwise provide accommodations for themselves.

Mr. SNELL. But no one has any right to promise that for Congress.

[Here the gavel fell.]

Mr. KVALE. Mr. Speaker, I ask unanimous consent to proceed for one half minute.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. KVALE. Mr. Speaker, I do this in order to tell the gentleman from Texas [Mr. PATMAN], and I am sure he will be glad to have the correction, that the authorship of the statement to which he refers is with that Veterans' Committee and not with the White House.

Mr. PATMAN. The gentleman is correct, and I thank him for making my statement plain.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. CROWE, for the week, on account of urgent business.

To Mr. BEITER, for 1 day, on account of important business.

To Mr. ZIONCHECK, for 2 days, on account of important business.

RESIGNATION FROM COMMITTEE

The SPEAKER. The Chair lays before the House the following communication:

WASHINGTON, D.C., *May 8, 1933.*

Hon. H. T. RAINEY,
Speaker House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: I wish to tender my resignation from the Committee on Enrolled Bills, to take effect at once.

Yours very truly,

A. C. WILFORD, *Member of Congress.*

The SPEAKER. Without objection, the resignation is accepted.

There was no objection.

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER. The Speaker will not be here tomorrow, and, therefore, appoints the gentleman from North Carolina [Mr. BULWINKLE] as Speaker pro tempore.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 48. An act to extend the time for completing the construction of a bridge across the Missouri River at or near Kansas City, Kans.;

H.R. 1596. An act to extend the times for commencing and completing the construction of a bridge across the Pee Dee River and a bridge across the Waccamaw River, both at or near Georgetown, S.C.;

H.R. 4127. An act to extend the times for commencing and completing the construction of a bridge across the Waccamaw River near Conway, S.C.; and

H.R. 4491. An act to extend the times for commencing and completing the construction of an overhead viaduct across the Mahoning River at Struthers, Mahoning County, Ohio.

ADJOURNMENT

Mr. WOODRUM. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 45 minutes p.m.) the House, in accordance with its previous order, adjourned until tomorrow, May 10, 1933, at 11 o'clock a.m.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. MILLIGAN: Committee on Interstate and Foreign Commerce. House Joint Resolution 159. A joint resolution granting the consent of Congress to a compact or agreement between the State of Kansas and the State of Missouri authorizing the acceptance for and on behalf of the States of Kansas and Missouri of title to a toll bridge across the Missouri River from a point in Platte County, Mo., to a point at or near Kansas City, in Wyandotte County, Kans., and specifying the conditions thereof; with amendment (Rept. No. 114). Referred to the House Calendar.

Mr. MANSFIELD: Committee on Rivers and Harbors. H.R. 5569. A bill authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes; without amendment (Rept. No. 119). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. MONTET: Committee on Military Affairs. H.R. 491. A bill for the relief of Arthur I. Neville; with amendment (Rept. No. 115). Referred to the Committee of the Whole House.

Mr. MONTET: Committee on Military Affairs. H.R. 992. A bill for the relief of Beryl M. McHam; without amendment (Rept. No. 116). Referred to the Committee of the Whole House.

Mr. MONTET: Committee on Military Affairs. H.R. 1015. A bill for the relief of Frank D. Whitfield; with amendment (Rept. No. 117). Referred to the Committee of the Whole House.

Mr. MONTET: Committee on Military Affairs. H.R. 3492. A bill for the relief of Harry C. Anderson; with amendment (Rept. No. 118). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H.R. 5533) granting an increase of pension to Eliza Alby; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H.R. 5550) granting a pension to Frank Milner; Committee on Claims discharged, and referred to the Committee on Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. MANSFIELD: A bill (H.R. 5569) authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes; to the Committee of the Whole House on the state of the Union.

By Mr. BLOOM: A bill (H.R. 5570) to extend the period during which certain aliens may remain in the United States; to the Committee on Immigration and Naturalization.

By Mr. McLEOD: A bill (H.R. 5571) to prevent losses to bank depositors by providing a Federal guaranty of bank deposits and to increase the stability and safety of the Nation's banking structure; to the Committee on Banking and Currency.

By Mr. LLOYD: Joint resolution (H.J.Res. 178) proposing an amendment to the Constitution of the United States; to the Committee on the Judiciary.

By Mr. WHITE: Resolution (H.Res. 138) providing for the consideration of S. 7, an act providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska; to the Committee on Rules.

By Mr. WOODRUM: Resolution (H.Res. 139) for the payment to Fannie E. Wright of an amount equal to 6 months' compensation of the late J. W. Wright; to the Committee on Accounts.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Senate of the State of Texas, expressing deep regret at the untimely passing of Congressman Clay Stone Briggs and extending sincere and deepest sympathy to his widow and children in their bereavement; to the Committee on Memorials.

Also, a memorial of the House of Representatives of the State of Texas, expressing deepest regret at the untimely passing of Congressman Clay Stone Briggs and extending sincere and deepest sympathy to his widow and children in their bereavement; to the Committee on Memorials.

Also, a memorial of the Senate of the State of Pennsylvania, requesting Congress to reject any legislation to compel blending alcohol with gasoline; to the Committee on Ways and Means.

Also, a memorial of the Territory of Hawaii, memorializing Congress to amend section 41 of the organic act of Hawaii to the end that regular sessions of the legislature be held in Honolulu on the third Wednesday in March in every odd-numbered year; to the Committee on the Territories.

Also, a memorial of the Legislature of the State of Colorado, requesting immediate passage of an act by the Congress of the United States providing for the construction of a drain through the "closed basin" of the Rio Grande in the State of Colorado, and for the surveying of a suitable site for a reservoir, toward the development and conservation of the waters of the Rio Grande Basin in the States of Colorado, New Mexico, and Texas; to the Committee on Irrigation and Reclamation.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BAKEWELL: A bill (H.R. 5572) for the relief of William J. Roper; to the Committee on Military Affairs.

By Mr. CANNON of Wisconsin: A bill (H.R. 5573) for the relief of John A. Nehmer; to the Committee on Claims.

By Mr. DICKINSON: A bill (H.R. 5574) granting a pension to Mary E. Mecomber; to the Committee on Invalid Pensions.

By Mr. GILLETTE: A bill (H.R. 5575) for the relief of Frederick Henry Pollman; to the Committee on Military Affairs.

By Mr. GRANFIELD: A bill (H.R. 5576) granting a pension to Ellen Scully; to the Committee on Pensions.

By Mr. HOPE: A bill (H.R. 5577) granting a pension to Sadie Hainline; to the Committee on Invalid Pensions.

By Mr. IGLESIAS: A bill (H.R. 5578) for the relief of Carlota Ballesteros; to the Committee on Claims.

Also, a bill (H.R. 5579) for the relief of Julia Santiago; to the Committee on Claims.

Also, a bill (H.R. 5580) for the relief of María Miró Menéndez; to the Committee on Claims.

By Mr. JOHNSON of West Virginia: A bill (H.R. 5581) granting an increase of pension to Olive J. Ebert; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5582) for the relief of John H. Gatts; to the Committee on Claims.

By Mr. McFARLANE: A bill (H.R. 5583) for the relief of R. F. Lane; to the Committee on Claims.

By Mr. McLEAN: A bill (H.R. 5584) for the relief of William J. Kenely; to the Committee on Claims.

By Mr. MARTIN of Oregon: A bill (H.R. 5585) for the relief of William Francis Kimsey; to the Committee on Naval Affairs.

By Mr. MURDOCK: A bill (H.R. 5586) for the relief of the parents of the late William Lloyd Parker; to the Committee on Claims.

By Mr. TABER: A bill (H.R. 5587) granting a pension to Sarah E. Schott; to the Committee on Invalid Pensions.

By Mr. WILLIAMS: A bill (H.R. 5588) for the relief of A. H. Marshall; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

959. By Mr. ANDREW of Massachusetts: Petition adopted by city council, Cambridge, Mass., urging passage of legislation authorizing and directing the Postmaster General to issue a special series of postage stamps commemorating the one hundred and fiftieth anniversary of the naturalization of Brig. Gen. Thaddeus Kosciusko, and of his illustrious service during the war for independence; to the Committee on the Post Office and Post Roads.

960. Also, resolution of the Chamber of Commerce of the Tonawandas, North Tonawanda, N.Y., recommending legislation for formation by the Government of a home-rehabilitation bank corporation; to the Committee on Banking and Currency.

961. By Mr. CULLEN: Petition of Brooklyn Council-Kings County, Veterans of Foreign Wars of the United States, requesting that the remuneration and emoluments of the retired Army and Navy officers be readjusted and bear the same proportion of reduction in the interest of economy that the battle-scarred, wounded, and disabled veterans of all wars of the United States are bearing at this time and urging the Congress to prepare bills to effectuate this measure immediately; to the Committee on World War Veterans' Legislation.

962. By Mr. CUMMINGS: Memorial of the Senate and House of Representatives of the State of Colorado, requesting the immediate passage of an act by the Congress of the United States providing for the construction of a drain through the closed basin of the Rio Grande in State of Colorado, and for the surveying of a suitable site for a reservoir toward the development and conservation of the waters of the Rio Grande Basin in the States of Colorado, New Mexico, and Texas; to the Committee on Irrigation and Reclamation.

963. By Mr. FORD: Petition of the Legislature of the State of California, adopted January 26, 1933, memorializing Congress and the legislatures of the several States of the Union to cooperate in a program to give recognition to the services rendered the Nation by the volunteers who fought the War with Spain, the Philippine insurrection, and the China relief expedition; to the Committee on the Judiciary.

964. Also, memorial of the Legislature of State of California, relative to memorializing the Congress of the United States to adopt legislation protecting and fostering the rubber industry of the United States; to the Committee on Ways and Means.

965. Also, memorial of the Legislature of State of California, relative to approval by the President of the United States of a project for the completion of the John Muir Trail under the provisions of act of Congress approved March 31, 1933; to the Committee on Rules.

966. By Mr. LAMNECK: Petition of Theodore Lindenberg, S. N. Bickerstaff, C. W. McKenzie, and 25 other citizens of the city of Columbus, Ohio, protesting against proposed reductions in the number of officers or enlisted personnel in the United States Army, Navy, or Marine Corps, suspension of the National Guard and Reserve Officers' Training Corps training camps, suspension of Federal aid to military schools, and reduction in pay to Army, Navy, or Marine Corps Air Service flying officers; to the Committee on Appropriations.

967. By Mr. LINDSAY: Petition of Railway Express Employees, Local 808, International Brotherhood of Trainmen, New York City, concerning deficit in the Post Office Department; to the Committee on the Post Office and Post Roads.

968. Also, petition of Whitestone Association, Local No. 1, New York City, favoring enactment of the Black-Connery 30-hour week bill; to the Committee on Labor.

969. Also, petition of P. S. Harrison, editor Harrison's Reports, New York City, favoring the Sirovich resolution (H.Res. 95); to the Committee on Rules.

970. Also, petition of General Credit Corporation, New York City, favoring Senate bill 747 and House bill 4551; to the Committee on Banking and Currency.

971. By Mr. McFADDEN: Petition of the executive committee of North Valley County Farmers' Union, of Montana, signed by S. A. Hinerman, Mrs. R. L. Cookson, E. A. Eliason, John H. Le Corner, and W. R. Hinerman, calling for abolishment of the Federal Reserve System, that the United States issue non-interest-bearing Treasury notes, that Congress enact the Frazier farmers' farm relief bill, pay the soldiers' bonus, etc.; to the Committee on Banking and Currency.

972. Also, petition of Wyalusing Local of the Dairymen's League Cooperative Association, Inc., by Frank Rought, secretary, Sugar Run, Pa., opposing restrictions of use of motor trucks on highways, the placing of trucks under jurisdiction of Public Service Commission, classification as common carriers, and favoring reciprocal agreements with States as to licenses; to the Committee on Interstate and Foreign Commerce.

973. By Mr. RUDD: Petition of Railway Express Employees, Local 808, International Brotherhood of Trainmen, New York City, favoring increased postage rates sufficient to pay the cost of handling; to the Committee on the Post Office and Post Roads.

974. Also, petition of General Credit Corporation, New York City, favoring the passage of Senate bill 747 and House bill 4551; to the Committee on Banking and Currency.

975. Also, petition of Whitestone Association, Local No. 1, New York City, favoring the passage of the Black-Connery 5-day week and 6-hour day bill (S. 158 and H.R. 4557); to the Committee on Labor.

976. By Mr. SMITH of West Virginia: Resolution of the members of the John Brawley Post, No. 20, of the American Legion, Charleston, W.Va., urging the repeal of the Tyson-Fitzgerald bill; to the Committee on World War Veterans' Legislation.

977. By Mr. STRONG of Pennsylvania: Petition of Ansell E. McMullin Post, No. 392, American Legion, Reynoldsville, Pa., recommending that "all contracts for the carrying of mail be awarded on competitive bidding to the lowest responsible bidder"; to the Committee on the Post Office and Post Roads.

978. By Mr. SUTPHIN: Petition of Reserve Officers' Association, Department of New Jersey, protesting against weakening of national defense and against any reduction in the number of officers in the Regular Army; to the Committee on Military Affairs.

979. By the SPEAKER: Petition of the Reserve Officers' Association of the United States, Department of New Jersey, protesting against any further weakening of the national defense, and in particular against any reduction in the number of officers in the Regular Army or in the amount of training given to reserve officers; to the Committee on Military Affairs.

980. Also, petition of the city of Racine, Wis., petitioning Congress to adopt a 30-hour work week measure with proper minimum-wage provisions attached without undue delay; to the Committee on Labor.

981. Also, petition of the Sixty-six Nonpareil Americans, Inc., petitioning the President of the United States, the Congress now in session, and the Governor of the State of Alabama, in their respective powers, privileges, and discretions, to intercede and save the lives and liberties of the nine Scottsboro boys whose fate now pends before the courts of the State of Alabama and the United States Supreme Court; to the Committee on the Judiciary.

982. Also, petition of the American Transit Association, requesting to enact into law House bill 5009; to the Committee on the Judiciary.

983. Also, petition of the city of Cambridge, Mass., condemning the persecution reported to be committed against members of the Jewish faith in Germany; to the Committee on Foreign Affairs.

SENATE

WEDNESDAY, MAY 10, 1933

(Legislative day of Monday, May 1, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Mr. ROBINSON of Arkansas. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Kendrick	Robinson, Ark.
Ashurst	Costigan	Keyes	Robinson, Ind.
Austin	Couzens	King	Russell
Bachman	Cutting	La Follette	Schall
Bailey	Dale	Logan	Sheppard
Bankhead	Dickinson	Lonergan	Shipstead
Barkley	Dieterich	Long	Smith
Black	Dill	McCarran	Steiwer
Bone	Duffy	McGill	Stephens
Borah	Erickson	McKellar	Thomas, Okla.
Bratton	Fess	McNary	Thomas, Utah
Brown	Fletcher	Murphy	Townsend
Bulkley	Frazier	Neely	Trammell
Bulow	George	Norbeck	Tydings
Byrd	Goldsborough	Norris	Vandenberg
Byrnes	Hale	Nye	Van Nuys
Capper	Harrison	Overton	Walcott
Caraway	Hastings	Patterson	Wheeler
Carey	Hatfield	Pittman	White
Clark	Hayden	Pope	
Connally	Johnson	Reed	
Coolidge	Kean	Reynolds	

Mr. KEAN. I should like to announce the absence of my colleague the junior Senator from New Jersey [Mr. BARBOUR], owing to illness. I ask that this announcement may stand for the day.

Mr. KENDRICK. I desire to announce that the Senator from Illinois [Mr. LEWIS], the Senator from Oklahoma [Mr. GORE], the Senator from New York [Mr. WAGNER], the Senator from Virginia [Mr. GLASS], the Senator from California [Mr. MCADOO], and the Senator from Massachusetts [Mr. WALSH] are necessarily detained from the Senate on official business.

The VICE PRESIDENT. Eighty-five Senators have answered to their names. A quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power, to raise revenue for extraordinary expenses incurred by reason of such emergency, to provide emergency relief with respect to agricultural indebtedness, to provide for the orderly liquidation of joint-stock land banks, and for other purposes, and that the House insisted upon its disagreement to the amendment of the Senate numbered 83 to the said bill.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 4589) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1934, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. CANNON of Missouri, Mr. BLANTON, Mr. BUCHANAN, Mr. TABER, and Mr. BACON were appointed managers on the part of the House at the conference.

The message further announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4606) to provide for cooperation by the Federal Government with the several States and Territories and the District of Columbia in relieving the hardship and suffering caused by unemployment, and for other purposes.

The message also announced that the House had disagreed to the amendment of the Senate to the bill (H.R. 5480) to

provide full and fair disclosure of the character of securities sold in interstate and foreign commerce and through the mails, and to prevent frauds in the sale thereof, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. RAYBURN, Mr. HUDDLESTON, Mr. LEA of California, Mr. PARKER of New York, and Mr. MAPES were appointed managers on the part of the House at the conference.

The message further announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 5081) to provide for the common defense; to aid interstate commerce by navigation; to provide flood control; to promote the general welfare by creating the Tennessee Valley Authority; to operate the Muscle Shoals properties; and to encourage agricultural, industrial, and economic development; requested a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. MCSWAIN, Mr. HILL of Alabama, and Mr. JAMES were appointed managers on the part of the House at the conference.

The message also announced that the House had agreed to a concurrent resolution (H.Con.Res. 18) authorizing the Clerk of the House, in the enrollment of H.R. 3835, to strike out the word "basic" where it appears in subsection (3) of section 8, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

H.R. 48. An act to extend the time for completing the construction of a bridge across the Missouri River at or near Kansas City, Kans.;

H.R. 1596. An act to extend the times for commencing and completing the construction of a bridge across the Pee Dee River and a bridge across the Waccamaw River, both at or near Georgetown, S.C.;

H.R. 4127. An act to extend the times for commencing and completing the construction of a bridge across the Waccamaw River near Conway, S.C.; and

H.R. 4491. An act to extend the times for commencing and completing the construction of an overhead viaduct across the Mahoning River at Struthers, Mahoning County, Ohio.

APPROPRIATION PROVISIONS PERTAINING TO THE STATE DEPARTMENT

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting three drafts of proposed provisions pertaining to appropriations for the Department of State for the fiscal years 1933 and 1934, which, with the accompanying papers, was referred to the Committee on Appropriations.

CLAIMS ALLOWED BY THE GENERAL ACCOUNTING OFFICE

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, a schedule of claims, amounting to $13,569.10, allowed by the General Accounting Office, as covered by certificates of settlement under appropriations the balances of which have been carried to the surplus fund of the Treasury (for the service of the Navy Department), which, with the accompanying papers, was referred to the Committee on Appropriations.

SUPPLEMENTAL ESTIMATES, LEGISLATIVE ESTABLISHMENT

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting a supplemental estimate of appropriation pertaining to the legislative establishment under the Architect of the Capitol, fiscal year 1933, in the sum of $5,000, for maintenance of the Senate Office Building, which, with the accompanying papers, was referred to the Committee on Appropriations.

The VICE PRESIDENT also laid before the Senate a communication from the President of the United States, transmitting a supplemental estimate of appropriation pertaining to the legislative establishment, United States Senate, fiscal year 1933, in the sum of $20,000 (for miscellaneous items, exclusive of labor, contingent expenses of the Senate), which, with the accompanying papers, was referred to the Committee on Appropriations.

AWARDS OF THE MIXED AND THE TRIPARTITE CLAIMS COMMISSIONS

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Treasury, transmitting a draft of proposed legislation to amend the Settlement of War Claims Act of 1928 for the purpose of extending for one additional year from March 10, 1933, the time within which American nationals who have obtained awards from the Mixed Claims Commission, United States and Germany, or from the Tripartite Claims Commission, United States, Austria, and Hungary, may make application to the Treasury for the payment of such awards, which, with the accompanying papers, was referred to the Committee on Finance.

REPORT OF THE RECONSTRUCTION FINANCE CORPORATION

The VICE PRESIDENT laid before the Senate a letter from the chairman and secretary of the Reconstruction Finance Corporation, submitting, pursuant to law, a report covering the operations of the Corporation for the first quarter of 1933, January 1 to March 31, 1933, inclusive, and for the period from the organization of the corporation on February 2, 1932, to March 31, 1933, inclusive, which, with the accompanying papers, was referred to the Committee on Banking and Currency.

REVISION OF ACCOUNTING METHODS

The VICE PRESIDENT laid before the Senate a letter from the Comptroller General of the United States, transmitting, pursuant to Senate Resolution 350, Seventy-second Congress, a report relative to the savings that may be effected through the reorganization, centralization, consolidation, and/or elimination of accounting records, accounting and audit procedures, disbursing and collecting offices, and purchasing and warehousing activities of the Governments of the United States and the District of Columbia, which, with the accompanying report, was ordered to lie on the table and to be printed.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint resolution of the Legislature of the State of California, which was referred to the Committee on Banking and Currency:

Assembly Joint Resolution 4, relative to memorializing Congress to enact the Ludlow unemployment bill

Whereas there is pending in Congress the Ludlow unemployment bill, H.R. 5317, calling for the creation of a Federal industrial commission to aid in the stabilization of employment in industry, agriculture, and commerce, with a view to formulating such plans and recommending such legislation as will enable employees to obtain a saving wage and investors a reasonable dividend; and

Whereas the prevention of recurrent periods of industrial prostration and unemployment is the greatest problem of our age; and

Whereas this Nation is experiencing a period of industrial, agricultural, and financial stress with over 5,000,000 willing workers unemployed: Now, therefore, be it

Resolved by the Assembly and the Senate of the State of California, jointly, That the Congress of the United States of America be hereby memorialized and earnestly urged to enact said bill, and the President and Vice President be likewise memorialized and urged to support said bill; and be it further

Resolved, That the chief clerk of the assembly be, and is hereby, directed to transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to Senators and Representatives of California in the Congress of the United States.

The VICE PRESIDENT also laid before the Senate the following concurrent resolution of the Legislature of the Territory of Hawaii, which was referred to the Committee on Territories and Insular Affairs:

Whereas section 41 of the organic act, being "An act to provide a government for the Territory of Hawaii", now, in effect, provides that the legislature shall meet on the third Wednesday in February of every odd-numbered year; and

Whereas tax returns are not made until the month of March of each year and as a consequence the income of the Territory and its various subdivisions is not ascertainable with any degree of certainty until such returns are made, and by reason of such fact the legislature of the Territory is not in the time given the

data necessary to balance the budget of the Territory: Now, therefore, be it

Resolved by the House of Representatives of the Territory of Hawaii (the senate concurring), That Congress be requested to amend section 41 of the Organic Act of Hawaii to the end that regular sessions of the legislature be held in Honolulu on the third Wednesday in March in every odd-numbered year; and be it further

Resolved, That copies of this concurrent resolution be forwarded to the President of the United States, the President of the Senate of the United States, the Speaker of the House of Representatives of the United States, and to the Delegate to Congress from Hawaii.

THE HOUSE OF REPRESENTATIVES OF THE TERRITORY OF HAWAII,
Honolulu, Territory of Hawaii, April 24, 1933.

We hereby certify that the foregoing concurrent resolution was adopted in the House of Representatives of the Territory of Hawaii on April 24, 1933.

HERBERT N. AHUNA,
Speaker House of Representatives.
JAS. S. ACHONG,
Assistant Clerk House of Representatives.

THE SENATE OF THE TERRITORY OF HAWAII,
Honolulu, Territory of Hawaii, April 24, 1933.

We hereby certify that the foregoing concurrent resolution was adopted in the Senate of the Territory of Hawaii on April 21, 1933.

GEO. P. COOKE,
President of the Senate.
ELLEN D. SMYTH,
Clerk of the Senate.

The VICE PRESIDENT also laid before the Senate a letter from the Governor of South Carolina, transmitting a petition signed by every member of the House of Representatives of South Carolina, excepting two, recommending the appointment of William Pierce Drennon, an orphan, of Abbeville County, S.C., as a page in the Senate or House of Representatives, or to some other position, which, with the accompanying petition, was referred to the Committee on Rules.

He also laid before the Senate a resolution adopted by the Veterans' Postal Employees' Association of Philadelphia, Pa., favoring the passage of legislation permitting the optional retirement rather than the compulsory retirement of Federal employees who have completed 30 years' service, which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution adopted by the Reserve Officers' Association of the United States, Department of New Jersey, protesting against the weakening of the national defense, and particularly against any reduction in the number of officers of the Regular Army or in the amount of training given to reserve officers, which was referred to the Committee on Appropriations.

He also laid before the Senate a letter in the nature of a petition from Dr. Fayette C. Ewing, of Alexandria, La., praying for continuance of the investigation by the Special Senate Committee on Campaign Expenditures of the Louisiana senatorial election of 1932, which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

He also laid before the Senate a letter from the publisher of the Long Island Daily Press, of Jamaica, N.Y., enclosing a book prepared by D. E. McAvoy, chairman of the Long Island Division of the Home Mortgage Advisory Board, containing amendments suggested by that division to the so-called "home owners' mortgage bill", which, with the accompanying pamphlet and newspaper clippings, was referred to the Committee on Banking and Currency.

He also laid before the Senate a resolution adopted by the League of Catholic Women of Detroit, Mich., protesting against the persecution of Roman Catholics in Mexico and Spain, and favoring the making of representations, consistent with the comity existing among nations, to the Governments of Spain and Mexico in the premises, which was referred to the Committee on Foreign Relations.

He also laid before the Senate a memorial and three letters in the nature of memorials from sundry citizens of the State of Louisiana, endorsing Hon. HUEY P. LONG, a Senator from the State of Louisiana, condemning attacks made upon him and remonstrating against a senatorial investigation of his alleged acts and conduct, which were referred to the Committee on the Judiciary.

He also laid before the Senate several letters in the nature of petitions from sundry citizens of the State of Louisiana, praying for a senatorial investigation of alleged acts and conduct of Hon. HUEY P. LONG, a Senator from the State of Louisiana, which were referred to the Committee on the Judiciary.

He also laid before the Senate a letter from John D. Ewing, president the Ewing newspapers, of Louisiana, transmitting an editorial from the New Orleans States, in its issue of Sunday, May 7, 1933, entitled "The Price Louisiana is Paying for Longism", which was referred to the Committee on the Judiciary.

He also laid before the Senate a letter, in the nature of a memorial, from the San Antonio Manufacturers' Association, signed by its secretary, of San Antonio, Tex., remonstrating against the exemption of imports from the operations of 30-hour-week work legislation, which was referred to the Committee on the Judiciary.

He also laid before the Senate the petition of "The Free-the-Scottsboro-Boys Marchers", proposed by the League of Struggle-for-Negro Rights and endorsed by the National Scottsboro Action Committee, praying that no discrimination be practiced in the exercise of civil rights by reason of race, nationality, or color, which was referred to the Committee on the Judiciary.

He also laid before the Senate a resolution adopted by the city government of Chelsea, Mass., protesting against the closing of the United States Naval Hospital located in Chelsea, which was referred to the Committee on Naval Affairs.

He also laid before the Senate a resolution adopted by the Eastern Synod of the Reformed Church in the United States, favoring necessary governmental action to feed, clothe, and house innocent and helpless victims of the economic collapse, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by the League of Catholic Women of Detroit, Mich., felicitating the President of the United States on his selection of Hon. Frank Murphy, former mayor of Detroit, Mich., as Governor General of the Philippine Islands, which was ordered to lie on the table.

Mr. FLETCHER presented a concurrent resolution of the Legislature of the State of Florida, favoring the immediate federalization of all of the Gulf Coast Highway and the allocation of funds to Florida for the construction of such highway, which was referred to the Committee on Post Offices and Post Roads.

(See resolution printed in full when presented by Mr. TRAMMELL on the 8th instant, p. 2965, CONGRESSIONAL RECORD.)

INVESTIGATION OF BANKING IRREGULARITIES

Mr. WHEELER presented a petition of sundry citizens of the State of Montana, which was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD without the signatures, as follows:

TARKIO, MONT., *March 8, 1933.*

Senator BURTON K. WHEELER,
Washington, D.C.

DEAR SIR: We, the citizens of the United States, do hereby petition Congress, through your honor, to thoroughly investigate, prosecute, and convict to the fullest extent of the law, if found guilty, the large banking institutions of New York City and elsewhere in the United States, and especially the Morgan Banking Co., New York City, N.Y.; National City Bank, New York City.

REGIONAL OFFICES OF VETERANS' ADMINISTRATION

Mr. REYNOLDS. Mr. President, I present a joint resolution adopted by the Legislature of the State of North Caro-

lina, which I ask may be printed in the RECORD and appropriately referred.

The joint resolution was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

Joint Resolution 45

Joint resolution requesting Congress to maintain the regional offices of the United States Veterans' Administration

Whereas the House of Representatives of the Congress of the United States now has before it a bill providing for the closing of the regional office of the Veterans' Administration at Charlotte and the regional offices in other sections of the country and recentralizing in Washington the handling of all claims of veterans, which means the sending of over 2,000,000 pending cases to Washington and the discharge of over 6,000 employees; and

Whereas humanity and mercy demand that these cases be handled in the field and the transfer to Washington will result in endless trouble, uncertainty, and delay; and

Whereas 17,459 citizens of North Carolina are now drawing compensation under the laws relating to veterans, all but 5,579 of these being for disability directly connected with war service, and have a very vital interest in the maintenance of the present efficient field service afforded through the regional office at Charlotte: Now, therefore, be it

Resolved by the senate (the house of representatives concurring), That we memorialize the Congress of the United States to enact into law some measure that will provide for the maintenance of the regional office of the United States Veterans' Administration at Charlotte and all of the other regional offices in the country.

SEC. 2. That a copy of this resolution be forwarded to each Senator and Member of the House of Representatives in Congress from the State of North Carolina with the request that they seek by appropriate legislation to secure the maintenance of these regional offices.

SEC. 3. That this resolution shall be in force from and after its ratification.

STATE OF NORTH CAROLINA,
DEPARTMENT OF STATE.

I, Stacey W. Wade, secretary of state of the State of North Carolina, do hereby certify the foregoing and attached one sheet to be a true copy from the records of this office.

In witness whereof I have hereunto set my hand and affixed my official seal. Done in office at Raleigh this 28th day of April A.D. 1933.

[SEAL]

STACEY W. WADE,
Secretary of State.

EMPLOYMENT STABILIZATION AND ECONOMIC RECOVERY

Mr. THOMAS of Utah. Mr. President, I ask unanimous consent to have printed in the RECORD and appropriately referred suggestions for a plan for employment stabilization and economic recovery by William G. Roylance. I should like to state that Mr. Roylance was at one time a professor of history and political science at the University of Utah, and that I was one of his students. It is with pleasure that I offer his suggestions to the RECORD readers.

There being no objection, the matter was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

SUGGESTIONS FOR A PLAN FOR EMPLOYMENT STABILIZATION AND ECONOMIC RECOVERY

1. Ascertain, list, and classify all unemployed.

2. Establish and maintain a national employment service, through which all employment opportunities may always be known and which can place applicants according to their fitness, preference, and locality.

3. Place all unemployed persons who are able and willing to work, and who need to work for a living, immediately on the public pay roll and pay them wages or salaries according to their several occupations.

4. Establish a minimum wage, which shall be based: (1) On the minimum efficiency and comfort needs of the average family; (2) on the total wage-paying capacity of industry, operating at its ready maximum; (3) on the volume of wage distribution estimated to be necessary to support maximum production.

5. Establish a maximum working time, based on the estimated total man power needed for maximum production.

6. Adjust the minimum wage according to variations in the indexes of retail and wholesale prices, raising the minimum when retail prices fall below a given level and lowering it when wholesale prices rise above a given level.

7. Similarly, adjust the working time in accordance with the index of employment.

8. Make permanent provision for employment on public works, or in public services, of all persons able and willing to work who are not provided for in private industries. Among the activities in which the persons on the public pay roll could be employed are the following:

Making the proposed surveys and operating the proposed employment service. Providing occupational schools for those who are unassigned and conducting and teaching in such schools. Enlarging and improving needed public services. Improving public parks and playgrounds. Reafforestation. Flood control. River and harbor improvement. Highways. Elimination of slums. Building hospitals.

9. Methods of financing: The following methods for financing this plan are given in order of preference:

(1) By direct issues of currency, (2) by bank borrowing, and (3) by issuing bonds.

If the first method is employed, the cost to the Government will be nothing. It would continue to disburse money in wages and salaries, fees, payments to contractors, etc., so long as any persons remained on the stabilization pay roll and so long as prices did not rise above a given level. If bond issues are resorted to, the rates should be extremely low and interest and principal should be paid out of profits resulting from reflation and stabilization. Credit interests and wage and salary earners—in fact, all consumers—would be automatically taxed as a result of reflation.

In any case the issuance and control of money should be taken entirely out of the hands of the banks, and made an exclusive public function. The State could and should pay most, if not all, of its costs out of the profits that would accrue from the issuance and control of money. Banks should (1) act as custodians of the money of their depositors, charging a reasonable fee on deposits subject to check or to withdrawal without notice; and (2) loan only time deposits, and these only for the period indicated.

10. If this plan were put into effect immediately, it would not cost the Government anything, and no burden would be imposed on any private interest. In fact, all would gain from its operation. Everything would be paid for, with a handsome margin over, out of production that will otherwise not be realized. The margin between the estimated total output of industry last year and the estimated ready productive capacity of industry is at least $90,000,000,000, expressed in dollars of 1926 wholesale all-commodity purchasing power. It is hardly likely that in the absence of employment and wage stabilization, production can be restored even to the 1929 level for several years to come. If all classes of workers are included, there are probably no fewer than 15,000,000 unemployed at the present time. The output per worker in all industry in 1932 was probably about $2,660. At this rate, the 15,000,000 who are now unemployed would produce approximately $40,000,000,000. If 60 percent of this were paid out as wages and salaries, there would be $16,000,000,000 left for employers and investors. If as many as 5,000,000 should have to be employed in public activities, in order to keep the entire 15,000,000 on the pay rolls, the cost of the public works would be $13,000,000,000 annually. This would leave $3,000,000,000 for employing and investing interests, even if they were taxed with the entire cost of the public works. And they would also be relieved of their present heavy depreciation and maintenance charge on idle plant and equipment, and their share of the support of the unemployed. (Upkeep and depreciation of idle plant and equipment has been estimated as high as $5,000,000,000 annually for all industry.)

But the likelihood is that the Government would not have to take care of any such number of workers. Probably the main practical difficulty would be that private industry would soon be calling for workers faster than they could be released. With a stabilized consumer demand, which, under modern conditions, can be provided in no other way than by the establishment of a permanent and adequate pay roll, industry would soon advance to the realization of maximum production; and that maximum would be progressively increased.

Industry could easily support a minimum subsistence for each family of $3,000 a year, equivalent to approximately $2,000 per worker, all classes of workers included. This would mean a basic consumer demand, chiefly for food, clothing, housing, heat, light, and family transportation, of approximately $90,000,000,000 a year. And at least that much would be required to support a total output of $150,000,000,000, the estimated ready maximum capacity in 1929.

If this volume of production were realized, and if it should prove to be necessary to still carry 5,000,000 on the stabilization pay roll, the margin above the minimum provision would be $60,000,000,000. Employing and investing interests and wage and salary earners whose earnings were in excess of the minimum would divide this amount among them. And they would have their $3,000 per year family subsistence beside. If, then, they paid the entire cost of maintaining the stabilization pay roll, they would still have a balance of $47,000,000,000, and would save the present cost of maintenance of idle plant and of unemployment relief—a net margin of, say, $53,000,000,000.

Total gains over 1932 would be:

For wage and salary earners, $55,000,000,000, plus earnings in excess of minimum subsistence.

For employing and investing interests, $53,000,000,000, less wages and salaries in excess of minimum subsistence.

For all of us, public works or services to the value of $13,000,000,000.

If the plan were financed by direct money issues, the cost would be paid by consumers and by creditor interests through reflation to the 1926 price level.

Table illustrating results of employment stabilization, or non-stabilization, for the years 1933–42, inclusive, assuming increases in total output, output per worker, and number of workers "attached" equal to the average annual increases for the period 1919–32

[Values in 1926 cost-of-living dollars]

Year	Estimated total output, unstabilized (millions)	Output per worker	Number employed (thousands)	Number attached (thousands)	Unemployed in absence of stabilization	Output that would employ all workers attached	Deficit
1933	84,000	2,760	30,390	51,200	20,700	141,300	56,900
1934	88,000	2,860	30,780	51,900	21,000	148,400	60,000
1935	92,800	2,960	31,170	52,600	21,300	155,700	62,900
1936	97,200	3,060	31,560	53,300	21,600	163,000	65,800
1937	101,600	3,160	31,950	54,000	21,900	170,300	68,700
1938	106,400	3,260	32,340	54,700	22,200	177,600	70,600
1939	110,800	3,360	32,730	55,400	22,500	184,900	72,500
1940	115,200	3,460	33,120	56,100	22,800	192,200	73,400
1941	119,600	3,560	33,510	56,800	23,100	195,500	74,300
1942	124,000	3,660	33,900	57,500	23,400	206,800	75,200

REPORTS OF COMMITTEES

Mr. McCARRAN, from the Committee on the Judiciary, to which was referred the bill (S. 813) to remove the limitation on the filling of the vacancy in the office of senior circuit judge for the ninth judicial circuit, reported it without amendment and submitted a report (No. 57) thereon.

Mr. BRATTON, from the Committee on Appropriations, to which was referred the bill (H.R. 5390) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes, reported it with amendments and submitted a report (No. 59) thereon.

Mr. FLETCHER, from the Committee on Banking and Currency, to which was referred the bill (S. 1410) to amend section 207 of the Bank Conservation Act with respect to bank reorganizations, reported it without amendment and submitted a report (No. 60) thereon.

EXTENSION OF GASOLINE TAX

Mr. HARRISON. From the Committee on Finance I report back favorably with amendments the bill (H.R. 5040) to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes, and I submit a report (No. 58) thereon.

This is a bill extending the gasoline tax, dealing with the reduction in postal rates, and also having reference to the tax on electrical energy. I submit the report, and, because we are anxious to expedite the business of the session, I ask unanimous consent for the present consideration of the bill.

The VICE PRESIDENT. Is there objection?

Mr. McNARY. Mr. President, of course I cannot give consent to the request of the Senator from Mississippi. The report has just been submitted and opportunity should be had to consider the bill. I shall probably have no objection to the consideration of the bill tomorrow, but I shall object to its consideration today.

Mr. HARRISON. I will state, in deference to the Senator from Oregon, that I shall make a motion tomorrow to proceed to its consideration.

The VICE PRESIDENT. Objection is made, and the bill will be placed on the calendar.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred, as follows:

By Mr. McNARY:

A bill (S. 1597) granting a pension to Lina Buckley; to the Committee on Pensions.

By Mr. GEORGE:

A bill (S. 1598) for the relief of Louise Ramsing; to the Committee on Pensions.

A bill (S. 1599) to extend the times for commencing and completing the construction of a bridge across the Savannah River at or near Burtons Ferry, near Sylvania, Ga.; to the Committee on Commerce.

By Mr. NORBECK:

A bill (S. 1600) for the relief of S. G. Mortimer; to the Committee on Claims.

By Mr. WALSH:

A bill (S. 1601) to carry out the findings of the Court of Claims in the case of the Atlantic Works, of Boston, Mass.;

A bill (S. 1602) for the relief of William Hensley;

A bill (S. 1603) for the relief of Edwin C. Jenney, receiver of the First National Bank of Newton, Mass.; and

A bill (S. 1604) for the relief of the estate of John Stewart, deceased; to the Committee on Claims.

By Mr. DALE:

A bill (S. 1605) for the relief of Anna Elizabeth Rice Denison; to the Committee on Foreign Relations.

A bill (S. 1606) granting a pension to Catherine Davis Broughton;

A bill (S. 1607) granting a pension to Mary Derrick;

A bill (S. 1608) granting a pension to Emma H. Hughes;

A bill (S. 1609) granting a pension to Calvin C. Manley;

A bill (S. 1610) granting a pension to Nellie M. Reynolds;

A bill (S. 1611) granting a pension to Hazel Tripp;

A bill (S. 1612) granting an increase of pension to Vitaline Beaudet;

A bill (S. 1613) granting an increase of pension to Sarah E. Harran;

A bill (S. 1614) granting an increase of pension to Helen S. Humphrey;

A bill (S. 1615) granting an increase of pension to Eliza C. Lower;

A bill (S. 1616) granting an increase of pension to Mary L. Lussier;

A bill (S. 1617) granting an increase of pension to Denise Maheu;

A bill (S. 1618) granting an increase of pension to Eola E. Manley;

A bill (S. 1619) granting an increase of pension to Nellie Muzzey;

A bill (S. 1620) granting an increase of pension to Addie Ransom;

A bill (S. 1621) granting an increase of pension to Addie Richardson;

A bill (S. 1622) granting an increase of pension to Julia D. Rogers; and

A bill (S. 1623) granting an increase of pension to Marcia O. Seaver; to the Committee on Pensions.

By Mr. BULKLEY:

A bill (S. 1624) for the relief of Henry A. Taylor;

A bill (S. 1625) for the relief of the Union Trust Co., successors to the Broadway Savings & Trust Co., of Cleveland, Ohio; and

A bill (S. 1626) for the relief of the Union Trust Co., successors to State Banking & Trust Co., of Cleveland, Ohio; to the Committee on Claims.

By Mr. REED:

A bill (S. 1627) to amend section 206 of the Bank Conservation Act; to the Committee on Banking and Currency.

By Mr. CAPPER:

A bill (S. 1628) to regulate the importation of milk and cream and milk and cream products into the United States for the purpose of promoting the dairy industry of the United States and protecting the public health; to the Committee on Agriculture and Forestry.

By Mr. SHEPPARD:

A bill (S. 1629) for the relief of the Southern Products Co.; to the Committee on Claims.

A bill (S. 1630) for the relief of the widow of Virgil W. Minor; to the Committee on Military Affairs.

By Mr. BAILEY (by request):

A bill (S. 1632) providing for the recognition and enrollment as Cheraw Indians of certain Indians in the State of North Carolina; to the Committee on Indian Affairs.

By Mr. ROBINSON of Arkansas:

A bill (S. 1633) for the relief of Emma Fein; to the Committee on Claims.

By Mr. WALSH:

A joint resolution (S.J.Res. 52) conferring jurisdiction upon the Court of Claims to hear and determine the claim of the Atlantic Works, of Boston, Mass.; to the Committee on Claims.

By Mr. McGILL:

A joint resolution (S.J.Res. 53) granting the consent of Congress to a compact or agreement between the State of Kansas and the State of Missouri authorizing the acceptance for and on behalf of the States of Kansas and Missouri of title to a toll bridge across the Missouri River from a point in Platte County, Mo., to a point at or near Kansas City, in Wyandotte County, Kans., and specifying the conditions thereof; to the Committee on Commerce.

REGULATION OF BANKING

Mr. GLASS. Mr. President I desire to introduce a bill for proper reference. It is the so-called "bank bill", which I am reintroducing by direction of the subcommittee having it in charge so that a new print may be available, as several very major modifications have been made in the bill.

The VICE PRESIDENT. The bill will be received and referred to the Committee on Banking and Currency.

The bill (S. 1631) to provide for the safer and more effective use of the assets of Federal Reserve banks and of national banking associations, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes, was read twice by its title and referred to the Committee on Banking and Currency.

FEDERAL REGULATION OF INSURANCE—PROPOSED CONSTITUTIONAL AMENDMENT

Mr. ROBINSON of Indiana. Mr. President, facts have been brought to the attention of the Senate which indicate that the methods of several insurance companies of the country are under suspicion. Instances of gross mismanagement have been disclosed which are of sufficient gravity as to indicate the imperative need of further exploration in this field. It is of the utmost importance that policyholders be protected from recurring instances of misconduct and extravagances on the part of company officials.

Insurance as an institution is of such great value to the people and the ends so commendable that it is essential that evils in the business or misconduct in management, if they exist, be exposed at the earliest possible moment in order that the people may not lose confidence in the excellent purpose of insurance itself.

I am personally such a firm believer in the great value of insurance that I will go to almost any extreme to bolster up confidence among policyholders in the benefits of carrying insurance. But I am equally anxious that they be not defrauded of their savings by unscrupulous or even vicious management of the companies which may be carrying their insurance.

When we learn that large companies of the United States since the depression began have increased salaries of executive officials to such aggregates as $200,000 per year, to say nothing of other extravagances in management, while at the same time they have violated their contractual obligations to the extent of denying loans to policyholders on the policies and have suspended payments under the cash-surrender clause, it is high time that the United States Senate take note of what is going on.

The very purpose of insurance is to protect the policyholder against the proverbial rainy day. How tragic then it must be when the rainy day comes and the policyholder learns that he is denied the benefits for which he has been paying throughout the years. Such practice results in the defeat of the very purpose of insurance and in irreparable injury to the policyholder.

There should be a thorough Federal investigation of the subject; but, unfortunately, the National Government at present has no authority whatever over insurance companies. They are State institutions, and the United States Supreme Court has decided that insurance is not commerce and therefore not within the commerce clause of the Federal Constitution. This situation should be corrected. Therefore I desire to introduce a joint resolution proposing an amendment to the Constitution of the United States, the proposed amendment to read as follows:

Resolved by the Senate and the House of Representatives of the United States of America in Congress assembled (two thirds of each House concurring therein), That the following article is proposed as an amendment to the Constitution of the United States, which, when ratified by the legislatures of three fourths of the several States, shall be valid to all intents and purposes as part of the Constitution of the United States, namely:

"ARTICLE —

"SECTION 1. The Congress shall have power to regulate the business or commerce of insurance throughout the United States and all territory subject to the jurisdiction thereof.

"SEC. 2. Congress shall have power to enforce this article by appropriate legislation."

Mr. President, I send the joint resolution to the desk and ask unanimous consent that I may be permitted to offer it and that it may be referred to the Committee on the Judiciary.

There being no objection, the joint resolution (S.J.Res. 51) proposing an amendment to the Constitution of the United States with respect to the regulation of the business or commerce of insurance, was read twice by its title and referred to the Committee on the Judiciary.

Mr. ROBINSON of Indiana. Mr. President, in connection with my remarks, I desire also to have incorporated in the RECORD a newspaper article from the Chicago Tribune of May 4, which contains a table of insurance salaries which has been compiled by that newspaper, with comment on the pitifully small reductions in salaries that have gone into effect in some of the companies since public opinion on the subject has become aroused.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Chicago Tribune, May 4, 1933]

EQUITABLE LIFE ASSURANCE SOCIETY

	1929	1932
T. I. Parkinson, president	$75,000	$100,000
L. M. Fisher, vice president	34,375	40,000
W. J. Graham, vice president	34,375	40,000
R. D. Murphy, vice president	20,000	30,000
D. A. Walker, vice president	17,187	20,000

METROPOLITAN LIFE INSURANCE CO.

F. H. Ecker, president	$175,000	$200,000
L. A. Lincoln, vice president	66,875	125,000
A. C. Campbell, vice president	35,000	40,000
H. E. North, vice president	30,000	35,000
F. W. Ecker, treasurer	27,500	32,500

THE MUTUAL LIFE INSURANCE CO.

D. F. Houston, president	$100,000	$125,000
F. L. Allen, vice president	40,000	40,000
G. K. Sargent, vice president	40,000	40,000
W. Shields, vice president	31,250	40,000
P. M. Foshay, vice president	30,000	30,000

NEW YORK LIFE INSURANCE CO.

T. A. Buckner, president	$100,400	$125,400
W. Buckner, vice president	55,360	55,400
T. A. Buckner, Jr., assistant secretary	8,604	10,000
A. L. Aiken, vice president	45,000	45,000
J. C. McCall, vice president	56,200	55,000
L. H. McCall, secretary	18,892	18,000
H. Palagano, treasurer	46,400	45,000

THE PRUDENTIAL INSURANCE CO. OF AMERICA

E. H. Duffield, president	$125,000	$125,000
F. D'Olier, vice president	75,000	75,000
G. W. Munsick, vice president	48,000	50,000
J. W. Stedman, vice president	43,000	43,000
J. K. Gore, vice president	43,000	43,000

On April 2 the Tribune printed a New York dispatch announcing that the salary of President Duffield, of the Prudential, and its other high officers had been cut 20 percent; that the salary of President Parkinson, of the Equitable, had been cut to $96,000 a year; and that the Mutual Life, the New York Life, and the Metropolitan had cut or would cut their higher officials' salaries 10 to 15 percent. All this is later than the 1932 schedule printed above.

AMENDMENT TO THIRD DEFICIENCY APPROPRIATION BILL

Mr. ASHURST and Mr. HAYDEN submitted an amendment proposing to appropriate $10,000, payable from tribal funds on deposit to the credit of Indians of the Truxton Canyon Reservation, Ariz., for assisting in the eradication of scabies in the livestock of such Indians, intended to be proposed by them to House bill 5390, the third deficiency appropriation bill, which was ordered to lie on the table and to be printed.

SALE AND DISTRIBUTION OF DAIRY PRODUCTS IN THE DISTRICT

Mr. KING submitted the following resolution (S.Res. 76), which was referred to the Committee on the District of Columbia:

Whereas it is claimed that price levels in dairy commodities within the District of Columbia indicate that competition in trade in such commodities has become stifled therein, and that the cost to the consumer of such commodities exceeds the cost to the producer by more than a fair margin of profit to the producer: Therefore be it

Resolved, That the Committee on the District of Columbia, or any duly authorized subcommittee thereof, is authorized and directed to investigate conditions with respect to the sale and distribution of milk, cream, ice cream, or other dairy products within the District of Columbia with a view to determining particularly whether any individual, partnership, or corporation, whether residing in the District of Columbia or elsewhere, is operating within such District under any contract, combination in form of trust or otherwise, or is a party to any conspiracy, in restraint of trade or commerce in any such dairy products, or in any way monopolizing such trade within such District. The committee shall report to the Senate as soon as practicable the results of its investigations, together with its recommendations, if any, for necessary remedial legislation.

For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions and recesses of the Senate in the Seventy-third Congress until the final report is submitted, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting several nominations were communicated to the Senate by Mr. Latta, one of his secretaries.

SERVICES OF RECONSTRUCTION FINANCE CORPORATION

Mr. SHEPPARD. Mr. President, I present, for publication in the RECORD, an address by Hon. Jesse H. Jones, director of the Reconstruction Finance Corporation, before the American Society of Newspaper Editors at Washington, D.C., April 28, 1933.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

I appreciate the opportunity of addressing you and wish to thank my friend, David Lawrence, for the invitation.

There is no set of men for whom I have greater regard than you and those of your profession, and no class has so great an influence upon the affairs of the world.

The conditions through which we have passed and are passing will unquestionably leave a lasting influence upon our generation. Let us hope that it does not extend beyond.

The reasons for these conditions are more easily understood than is the way out, but undoubtedly order is being restored and with it a wider and deeper interest in public affairs. I doubt if any of us has ever felt quite so keenly that degree of responsibility for the general welfare as he does now, and the result of the last Presidential election was evidence of the determination of our people to right conditions.

That we have started out of the tangled maze under an inspiring leadership that is bold and unafraid can be accepted as an assured fact.

The eyes of the world and the hope of the world are centering on Franklin D. Roosevelt as much now as was true of Woodrow Wilson in 1918. No President of the United States ever faced a greater task than Franklin Roosevelt faces at this time, and none ever enjoyed greater confidence. His courage and determination are admirable, as is his comprehension of world conditions.

People in all walks and of all political faiths are willing to accord him a free hand. Congress is giving him the power to act—to correct on the spot, as it were.

We in the Reconstruction Finance Corporation can see, as I am sure you gentlemen see, decided signs of improvement.

The work of the Reconstruction Finance Corporation has been so far-reaching that I should like to review it, but time will not permit of that except in the sketchiest sort of way.

The Corporation endeavored especially to bolster up banks in the summer and fall of 1932, and undoubtedly we saved a great many institutions and their depositors; but men and machines can only stand a certain amount of strain, and by the 4th of March chaos was upon us.

State after State declared moratoriums, both bank and law, until it became necessary for President Roosevelt to make the bank holiday Nation-wide.

Following that were days and nights of hectic effort to determine upon the next step, culminating in the remarkable speech by President Roosevelt on the banking situation, which was heard and read, I should say, in every hamlet of the Nation. And it is doubtful if any speech was ever more easily understood or better accepted. It gave the people confidence in their Government and increased their confidence in their President.

The President stated that only sound banks would be permitted to open, and the judgment of what constituted a sound bank was not left to the determination of the people in charge of the bank. Thousands of banks were permitted to open on a limited-withdrawal basis and many others are in the hands of conservators. These banks are now receiving the undivided attention of the Reconstruction Finance Corporation and the Comptroller's office and, to a large extent, the Treasury, as well as the many State banking departments.

Naturally every bank in the hands of a conservator or that is open on a limited-withdrawal basis wants to be the first waited upon in the plan of reorganization, and as a result our forces are burning the midnight oil.

We have invested and in the course of closing more than $50,000,000 in preferred stock in banks. In each instance we first make a thorough examination of the bank. We feel that it is necessary to be more careful in subscribing for stock and in becoming stockholders in banks than in lending to banks for the reason that the public will have every right to assume when the Government subscribes for stock in a bank that that bank will be thoroughly sound.

Most of these reorganizations entail substantial loans to the old banks in order that the depositor may have as large a percentage as possible of his credit balance made immediately available. The percentage of deposits that can be made available in this way varies with localities and to a large degree measures conditions in that particular locality.

In some instances, where new banks are organized, the common stock is subscribed for by depositors of the old banks, the Reconstruction Finance Corporation matching dollar for dollar with preferred stock. In others old banks are reorganized by freezing a percentage of the deposits to provide the common capital.

Where loans are made on these frozen assets to provide liquidity, it is the purpose of the Corporation to carry such loans, giving time for orderly liquidation and the best possible results for the depositors and stockholders of the old institutions.

Our largest single subscription for preferred stock is $12,500,000, and our smallest to date $12,500, the $12,500,000 going to Detroit and the $12,500 to Texas.

As I see it, there is no reason why even sound licensed banks should not avail themselves of the privilege of issuing preferred stock and selling it to the Reconstruction Finance Corporation in order to provide greater liquidity and to put themselves in better position to make loans to their customers, to the end that business and trade may be gotten under way.

All banks have had losses and, however sound, all have a certain amount of slow paper. It was the intention of the President and of Congress to provide banks with every possible facility for making credit plentiful and getting business started again.

Naturally, bankers are timid about extending credit, and, indeed, good borrowers are timid about borrowing, with uncertainty continually confronting them. But under the President's program and with all these facilities it is my firm belief that the bankers of the country and the Federal Reserve banks should encourage borrowers where loans can be made on a safe basis, measured by the ordinary yardstick, and people put to work.

If everyone is required to liquidate, and business done on a cash basis, unemployment will increase to the point of national disaster.

After all, it is the money borrower who gives employment, buys materials, and makes business.

I am not so sure but that it would be helpful if all banks, the best and the most liquid, were required to increase their capital structures by the issuance of preferred stock to be sold, either to their present stockholders or to the Reconstruction Finance Corporation.

A billion dollars of added capital to our banks would expand banking facilities and bank credit in a multiplied form. It would build up the morale of our bankers and give them a sense of security which would encourage them to confidence and action.

Of our $682,000,000 loans to banks and trust companies, more than $200,000,000 is to banks that are members of the Federal Reserve System, and it is the hope of our directors, as I am sure it is the hope of Secretary of the Treasury William H. Woodin that these member banks will find it desirable to get their accommodations from the Federal Reserve banks and thereby lessen the burden on the United States Treasury.

Under section 10 (b) of the Glass-Steagall bill and the new legislation, all banks, State and National, whether members of the Federal Reserve or not, can borrow from Federal Reserve banks on their assets, regardless of character. Naturally the Federal Reserve banks should not be expected to make unsound loans, but they can lend on slow paper, just as the Reconstruction Finance Corpora-

tion can land on slow paper. They can lend at lower rates and without burden to the Treasury.

It is as much the responsibility of Federal Reserve management to meet this situation as it is of the United States Government, through the Reconstruction Finance Corporation, and to the extent that the Federal Reserve makes these loans the demand by Reconstruction Corporation on the United States Treasury will be reduced.

These times require the willing cooperation of the Federal Reserve banks, the Comptroller of the Currency, State banking authorities, and the Reconstruction Finance Corporation. I am glad to add that at recent meetings this cooperation has been evidenced.

It can no longer be regarded as a disgrace for a bank or banker to be found in the borrowing class no more than an insurance company, a mortgage company, the Federal land banks, or, indeed, any other money-lending agency.

It is our expectation that the home-loan banks will soon relieve us of loans to building and loan associations and that the new Farm Credit Administration will take care of loans to Federal land banks, joint-stock land banks, livestock-credit corporations, Federal intermediate-credit banks, and regional agricultural-credit corporations.

That will leave the Reconstruction Finance Corporation with banks, trust companies, mortgage companies, credit unions, insurance companies, railroads, self-liquidating loans, and loans for marketing and exporting of farm products.

Our loans to railroads, of approximately $350,000,000, are considered by some as more or less doubtful; but, in my belief, most of these loans will either be collected or put on an entirely sound basis through railroad reorganization.

It is not unlikely that when these reorganizations are undertaken the Reconstruction Finance Corporation may be called upon to furnish additional funds, and in doing this these new funds, as well as previous advances, could become preferred claims.

Some of our railroad loans, in my own opinion, have been wisely made and some not, but undoubtedly the Reconstruction Finance Corporation can be helpful in reorganizing railroads and in putting their capital structures on a sounder basis. Indeed, until the investing public can be brought back into the bond market, it will be necessary for the Government to furnish them with credit. I can conceive of the necessity and the desirability of the Government taking a strong position in financing the railroads. This can be safely done under the proposed coordination to effect economy.

We have all been disappointed at the small amount of self-liquidating loans we have been able to make. The law provides that these loans may be made to States or their political subdivisions and to a certain selected group of private corporations for construction projects which fill an economic need and are self-liquidating in character; that is, that the cost will be returned within a reasonable time by means of tolls, fees, rents, and such other charges as can be made, other than taxation.

The variety of projects that have been offered for our consideration ranges from intracoastal canals to bathing pools, from 40-story market houses to subriver tunnels, from floating drydocks to airplane hangars.

We have been able to find ways to lend to many small communities for waterworks and sewers and, in some instances, for light plants. We have made a few loans that carry water to arid land and one large loan that will carry electricity to a great city.

We have also made loans under this provision of the act to State institutions of learning for construction of dormitories and have approved a very limited number of housing loans.

There is a wide difference in opinion as to the advisability of housing loans, but they can probably be justified especially where new buildings replace old ones, such as slum clearance, and because of the employment and stimulation of trade that they provide.

We have only authorized approximately $200,000,000 under the classification of self-liquidating loans and that includes $60,000,000 to the San Francisco bridge project and $13,000,000 for spanning the Mississippi River at New Orleans. Our directors and engineers have strained every effort to make these loans qualify, but, under the law, they must and should be adequately secured.

We have authorized a total of $2,700,000,000 of loans. Of this sum, $177,000,000 was canceled, $422,000,000 not yet disbursed, and $448,000,000 has been repaid, so that we have outstanding at the present time loans aggregating $1,650,000,000, and that includes $234,000,000 relief to States.

While our organization was hurriedly put together and expanded rapidly, it is fairly efficient, and I venture to say would compare favorably with any private institution of approximate complexity and extent.

A great deal of service is furnished to our borrowers and to applicants for loans. We have a large engineering force that helps applicants without expense to them, and this is true also with architects for housing and some of the self-liquidating loans.

Our legal staff spends a great deal of time with applicants who are not qualified to borrow, and I am glad to say that our Board and all of our force resolve in favor of the applicant where and if a good purpose is to be served by making the loan; that is, we endeavor to make loans qualify under the act and to assist the applicants in putting their applications in such shape that they will qualify if and when a good purpose is to be served and men given new employment or kept employed.

We are in no sense technical in our requirements, but do exercise care in the granting of loans, and in the preparation of all necessary contracts and papers. This and the necessary examination and study of self-liquidating loans sometime cause us to be charged with too much red tape, but there is no red tape in the Corporation, nor is there unnecessary delay.

During periods of depression there is a constant search for signs of business revival; and while I have no intention of entering the field of prediction, I should like to leave a hopeful thought with you—we have a resourceful nation, both in natural resources and in men, and are especially fortunate at this time in having a leader in whom the people have implicit confidence.

REGULATION OF PUBLIC UTILITIES—ARTICLE BY E. MICHAEL WHITE

Mr. DILL. Mr. President, I ask unanimous consent to have inserted in the Appendix of the RECORD an article on public utility regulation, by E. Michael White, appearing in the Nation of date of May 3, 1933.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From The Nation, May 3, 1933]

PUBLIC FUTILITY REGULATION

By E. Michael White

The ability of the public-utilities monopoly to keep rates up to the 1929 level has been one of the bright spots in the depression—that is, bright for the companies. It is a major problem for the consumer with a reduced income. In the 3½ years since November 1929 all other prices have dropped with unbelievable rapidity to unbelievably low levels. This drop in prices has been accompanied by reduced incomes. Why have utility rates escaped the deflationary process? The answer is that the purchaser of a competitive product or service is at the mercy of the law of supply and demand and the vagaries of a competitive market, while the purchaser of gas, electricity, and telephone service is "protected" by public-utility regulation. This regulation, which preserved utility properties from confiscation, so-called, in periods of rising prices, has utterly failed to protect the consumer in a period of falling prices. The facts tell the story.

In September 1929 the food bill for a typical workingman's family in New York City was $381.58 per year. In February 1933 the bill had been reduced to $212.65, a drop of 44 percent. In September 1929 the same family paid $97.80 annually for three necessary services furnished him by the great utility companies. He paid $4 a month for his telephone, for which the New York Telephone Co. allowed him 66 calls; $2.30 to the Consolidated Gas Co. for 2,000 cubic feet of gas; and $1.85 to the New York Edison Co., a subsidiary of the same Consolidated Gas Co., for 25 kilowatt-hours of electricity per month. In February 1933 he paid $4.25 for the telephone, $2.30 for the gas, and $2.30 for the electricity, a total for the year of $106.20. In other words, his annual bill for the three services increased $8.40, or 8 percent. During the same period factory employment decreased 44 percent in New York State, and factory pay rolls dropped 60 per cent.

The electric bill of the average domestic consumer in the Nation increased from $31.65 in 1929 to $33.64 in 1931. To be sure, he got more current for his money, owing to a decrease in the rate per kilowatt-hour throughout the Nation of approximately 7 percent. During the same period, however, his income dropped approximately 45 percent, and a larger share of that reduced income went to pay what the economists call "rigid" utility prices. In addition to causing hardship for the individual consumer, the increasingly large share of our national income which is required to pay these "rigid" prices is a major barrier to economic recovery.

Now let us look at the dividend record of the utility companies during the depression. In New York State total dividend payments to gas and electric companies increased from $72,020,334 in 1929 to $89,806,855 in 1931. This was in addition to increases in surplus. The companies serving New York City, most of which are owned by the Consolidated Gas Co., increased their accumulated surpluses during this period from $223,458,282 to $251,809,399. In 1932 Brooklyn Edison, in addition to paying 8 percent on its overcapitalized common stock, increased its surplus by almost $3,000,000. (That surplus had increased 250 percent in the past 5 years.) The theory of a surplus is that it is built up in the fat years to provide for the lean.

The rate of return on the book value of common stock of the New York utilities ranged from 8 percent in the case of Brooklyn Edison to 25 percent for the Syracuse Lighting Co., 41 percent for the New York Light & Power Co., and 60 percent for the Long Island Lighting Co. The 1931 dividend record was maintained in practically all instances in the low-water year of 1932. One notable exception was the New York Edison Co., which was forced to reduce its dividend rate from 12 to 10 percent! However, Consolidated Gas, the holding company to which the dividend was paid, declared the usual $56,000,000 dividend, which is at the rate of 11.7 percent on its common.

How about rates in New York City, where we are supposed to have one of the most enlightened and alert public-service commissions in the country? Milo R. Maltbie, the new chairman of that commission, in a letter to the New York electric companies in July 1930, made an eloquent plea for lower rates. He wrote:

"The trend of electric rates has been generally downward, and New York City should lead the procession. A number of other cities have lower rates than New York City, and with the exception of areas having cheap hydroelectric power, New York companies ought to be in a position to serve their consumers at as low rates as any metropolitan center. A factor in the approval of

mergers and consolidations permitted by this commission has been the economies which could and should be effected, and you have freely conceded that consumers should share in the economies."

Does New York "lead the procession"? The following table of annual electric bills of customers using 50 kilowatt-hours of current per month—the average for the country—demonstrates that the only procession which New York City leads is the procession of exploited consumers:

	Annual bill
New York City	$36.60
Average for the country	34.88
Publicly owned plants:	
Cleveland, Ohio	18.00
Los Angeles, Calif.	24.60
Kansas City, Kans.	21.60
Seattle, Wash.	28.80

It is true that there have been tremendous economies in the producing of electricity in New York City as a result of mergers and advances in the industry, but these economies have not been passed on to the consumer. Between 1920 and 1930 the four subsidiaries of Consolidated Gas furnishing New York City with electricity enjoyed operating economies of at least $14,000,000. (These figures do not take into account the tremendous savings due to lower prices since that date.) The extra profit made possible by these economies was paid to the holding company in the form of dividends on common stock. Consolidated Gas raised capital necessary to expand its plant during these 10 years by the sale of 5½-percent preferred stock to the general public. It used this money to buy the common stock of its subsidiaries, on which it receives a return of from 8 to 16 percent today—annual differential, $13,571,379. While the economies were taking place, the four electric companies increased their surplus by an average of $9,360,000 a year.

One further fact and the picture is complete. That is the fact of monopoly. Five great banker-industrial groups control from 85 to 95 per cent of the electric light and power industry of the Nation. The electric and gas industry in New York State is dominated by three great holding companies—the Associated Gas & Electric Co., the Niagara-Hudson Power Co., and the Consolidated Gas Co. The last two companies, controlled by J. P. Morgan & Co., supply over 80 percent of the gas and electric consumers of the State.

In 1929 the Legislature of the State of New York created a commission to investigate the system of regulation in the State. That commission, composed of the outstanding utility experts of the country, reported as follows:

"Effective regulation along the lines originally intended by the act [the public service commissions law] has broken down and the consumer has been left to the exploitation of the monopolistic private companies which control the public services."

The commission stated that Manhattan homes, for example, could get their electricity for a maximum of 5 cents per kilowatt-hour if they were charged in accordance with the cost of serving them. That estimate was based on peak 1929 prices. But in 1933, when prices are at the bottom of the trough, the average consumer pays 6 cents per kilowatt-hour and the small user pays an average of 7 cents per kilowatt-hour. Consolidated Gas, which was overcapitalized $150,000,000, had from 1921 to 1928, by means of a coal surcharge fraud, collected $20,000,000 more than the increased cost of coal warranted. While the consumer was being defrauded, Consolidated Gas absorbed Brooklyn Edison, and the concrete result of that merger was an increase in cash dividends of $18,000,000.

At the conclusion of its investigation, the legislative commission had this to say about the public service commisison:

"The public service commisison, as the evidence shows, has felt willing or obliged to sanction rates which cannot possibly be justified on any economically sound basis of control. It has tended to dodge every vital issue of a controversial character because of its fear of court reversal, and has in effect surrendered to the utility companies the right to charge whatever rates the conditions of their business and the monopoly character of their enterprise will support."

If that was true in 1929, what words in the vocabulary of respectable men can describe the situation in 1933, when the plight of the consumer has reached a new low? Following the report of that commission, Milo R. Maltbie, long an outstanding figure in public-utility regulation, was appointed chairman of the commission, to replace Mr. Prendergast, who took a $50,000-a-year job with the E. L. Phillips interests, whose companies he had been regulating ineffectually. Under the leadership of Mr. Maltbie the New York Public Service Commission has attempted to reduce rates by a policy of negotiation. This new policy was a result of the difficulties inherent in a system of regulation.

In a decision involving electric rates in New York City in 1931, Mr. Maltbie sought to justify a reduction of $5,500,000 which he had negotiated, in place of reductions of from $15,000,000 to $20,000,000 which the consumers demanded, on the ground that "a bird in the hand is worth two in the bush." He pointed out, quite ably, the numerous obstacles to regulation—the time and expense involved, the uncertainty of the outcome due to the confused state of the law, the large number of companies under the jurisdiction of the commission (over 1,000) for whose regulation the commission has a limited staff, and the lack of a scientific basis for fixing rates. He referred to the *New York Telephone case*, which is a classic example of the wastefulness and inefficiency of the present system of regulation. That case was started in 1920 and is now on appeal to the Supreme Court. It required the taking of 62,864 pages of testimony and 4,232 exhibits, and cost $10,000,000.

Mr. Maltbie went on to say that if the reductions offered by the companies in that case were not accepted, they would be withdrawn and the commission would be forced to resort to rate hearings, with all their delay and uncertainty. What a position for the public! If it does not want to accept reductions offered by the companies, it can take its chances with the courts and a commission whose chairman is pessimistic about the outcome of a rate case. Here is a frank admission that the commission cannot regulate, that it can only "force" reductions which are consented to by the companies. This hat-in-hand policy means a surrender to the very monopolies which public-service commissions were created to regulate. It is such abrogation of control which was criticized by the legislative commission in 1929.

In its annual report of 1932 the New York Public Service Commission defended its policy of negotiation, stating that "the policy of obtaining reductions in rates by negotiation rather than by formal cases has been justified again by the results obtained in 1932." What were the results? Reductions in 1932 resulting from both negotiations and rate cases in 1931 amounted to $1,884,200. Reductions negotiated in 1931 are supposed to save the consumers another $8,200,000 annually. Most of this last amount is accounted for by the reduction in electric rates in New York City, which resulted in an increased bill for 50 percent of the customers, the small users who are least able to bear the increase. The total reduction is less than 2 percent of the revenues of the companies involved. A reduction in the dividend rate of gas and electric companies to 6 percent would have meant an annual saving of $40,000,000. Such a reduction of the dividend rate of the New York Telephone Co. alone would have meant a saving of $7,500,000 per annum.

During the war and after, many utilities, faced with ruin because of the sudden increase in labor and commodity prices, sought immediate relief—without the formality of rate cases and valuations upon which they now insist. They got it. Rate increases were allowed throughout the country on very limited showings by utility companies, and courts uniformly sustained these emergency measures. It was during this very crisis that section 72 of the New York Public Service Commissions law was amended, giving the commission the power to fix temporary rates; and the New York commission has stated recently in several cases that it can fix temporary rates without the necessity of a complete valuation of all company properties.

The Wisconsin Public Service Commission has recently attempted to give the public the benefit of immediate and drastic reductions. In January 1932 it cut telephone rates 12½ percent, thereby reducing the dividend rate of the Wisconsin Telephone Co. to 6 percent. The reduction had been preceded by an investigation of 11 months. It was set aside by a Federal court after a 3-hour argument, between trains. The Federal court was recently reversed by the Supreme Court on procedural grounds and the case was sent back for reconsideration. The Wisconsin commission does not know today whether its decision will be upheld by the Supreme Court.

There is only one sure relief for the apparently helpless consumer. That is public ownership. The figures contained in the table quoted above are more eloquent than argument. Even the threat of public ownership would force the companies to see the light, but in New York State we are denied that weapon. The public operation bill annually introduced into the New York State Legislature, giving cities the power to operate their own utility plants, was defeated again this year. The representatives of the utility companies argued to the legislative committee that to allow cities to go into the business of producing gas and electricity would lead to "racketeering" and "extortion." The politicians of New York City, who recently appropriated $50,000 in order to force rate reductions, were noticeable by their absence from the hearing on the public operation bill, which the Democratic senate failed to pass.

ASSOCIATED GAS AND ELECTRIC SYSTEM—ARTICLE BY RUTH FINNEY

Mr. DILL. Mr. President, I ask unanimous consent to have printed in the RECORD an article entitled "A Pyramid of Profit—the Associated Gas and Electric System", written by Ruth Finney, and appearing in the Nation under date of May 10, 1933.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Nation, May 10, 1933]

A PYRAMID OF PROFIT—THE ASSOCIATED GAS AND ELECTRIC SYSTEM

By Ruth Finney

A strange reticence has overtaken the public-utility industry, strange, that is, in contrast with its former ardent appetite for attention. It is less remarkable when its practical results are considered. When the industry was maintaining an elaborate country-wide organization to get utility news before the public its self-praise, for lack of evidence to the contrary, was generally accepted at its face value. Now publications are free to print facts about gas and electric utilities whose accuracy is guaranteed by the Federal Trade Commission. And such is the nature of the facts that the energy once devoted to propaganda is devoted now to keeping them obscure.

If utility lawyers went to court to try to stop the Federal Trade Commission, as the Electric Bond & Share Co. did once, that would be news, and the papers would print it. If they challenged the figures or conclusions of the commission's accountants that would be news. So expensive lawyers sit in silence at the commission hearings protesting not at all against what is said about their clients, and the hearings are, therefore, extremely dull.

The Associated Gas & Electric System has been one of the principal beneficiaries of this policy of silence. The Trade Commission's findings concerning it compose the most remarkable record so far disclosed, yet few if any of its 1,425,000 customers and 104,000 holders of common stock have been enlightened. J. I. Mange and H. C. Hopson control the entire $900,000,000 system of properties extending from Nova Scotia to Florida and from Cape Cod to the Philippines, including 26 States of the Union. They gained control by an investment of $298,318 in the Associated Securities Co., and on that investment they netted a return of 164 percent in 1929. Investment of another $10,000 in a 2-man trust association, the apex of their vast structure, secured them the assurance that control can never pass from their hands and that no one else shall share their ultimate profits. On this investment the two men netted 265 percent in 1929. The names of Mange and Hopson, unlike those of Insull and Young, have never been household words. Mange, a practical operator of electric companies, has been part of the Associated System since its beginning in 1906. Hopson is an accountant who graduated from the pay rolls of the Interstate Commerce Commission and the Public Service Commission of New York.

The associated system is a perfect example of the sort of intercorporate complexities which even utility men have ceased to defend—since Samuel Insull's complexity collapsed. Associated Gas & Electric Properties is at the top. This is the trust owned exclusively by Hopson and Mange. It owns all the stock of the Associated Securities Corporation, which owns all the stock of the Associated Gas & Electric Co. The Associated Gas & Electric Co. owns:

1. Associated Utilities Investing Corporation, which owns seven holding companies, all of which own operating and servicing companies.

2. Associated Properties, Inc., which owns Associated Electric Co., which owns six holding companies, all of which own operating companies, and some operating companies of its own.

3. Associated General Electric Corporation, which owns W. S. Barstow & Co., Barstow Securities Corporation, and General Gas & Electric Corporation, which owns operating companies.

Beginning again at the top of the structure, Associated Gas & Electric Properties owns Manson Securities Trust, which owns New England Gas & Electric Association, which owns operating companies. It owns Associated Electric Cos., which owns operating companies, and also Associated Electric Properties, which owns both operating companies and a subholding company, which owns operating companies. It owns Transit Securities Associates and Railway and Buss Associates, which own a network of transportation companies. It owns three more trusts and companies.

In some cases six holding companies intervene between an operating company serving the public and the topmost trust where Mange and Hopson sit in joint remunerative control. The system earned $50,282,036 net in 1929. The money came from ratepayers in the New England States, New York, Pennsylvania, New Jersey, and down the coast to Florida; from consumers in Missouri, Kentucky, Tennessee, and southward to Louisiana; and from others westward from Texas to Arizona.

To investors, "write-ups"—unaccountable appreciations in book values of the system—are of most immediate concern. The Trade Commission found that $33,362,152 has been added in this manner to book values of the Associated Gas & Electric Co. alone. Other write-ups occur in the books of the numerous subholding companies. For example, Pennsylvania Electric Co. books show a $17,000,000 write-up, an amount equal to one third the entire ledger value of the company's assets at the close of 1929. A transaction which took place years ago between companies in the Associated system illustrates how values are inflated overnight. H. D. Walbridge & Co. owned certain securities carried on its books at $10,176,636. It sold them to its subsidiary, the old Pennsylvania Electric Corporation, which then entered them on its books at $20,919,750 valuation.

Constant calling and substitution of stocks within the Associated system also makes the condition of the investor uncertain. Investors who put their money into the Binghamton Light, Heat & Power Co., an operating utility, found themselves a little later with nothing to show for it but Associated Gas & Electric Co. debentures. The company had been merged with the New York State Electric & Gas Corporation, and Associated debentures were traded for the assets of the operating company.

So complicated are the stock, bond, and dividend transactions in the system that occasionally securities have been issued without the authority of the directors supposed to have issued them. On two occasions, the Trade Commission discloses, the board of the Associated Gas & Electric Co. has passed retroactive resolutions ratifying various issues. As securities are issued in the system, it has been the practice to sell them for $35 to the Associated Gas & Electric Securities Co., which resells them to the public at the market price, usually about $65 in normal years. As a result of this practice the Associated Gas & Electric Securities Co. paid a dividend of $22,540,285 to the Associated Utilities Investing Corporation in 1929 and in the same month this second company paid a $21,000,000 dividend to the Associated Gas & Electric Co.

But it is in the intercompany fee system of Associated that the juiciest figures are found, the figures of most immediate concern to the ratepayers—the consumers of electricity and gas. Fees are the simplest and most general method employed to defeat State regulation of rates. Large fees paid by operating companies for management services, financial services, construction services, purchasing services, all go into operating expenses, and thus into the rate base. The companies which receive them are not regulated.

Five servicing companies, all owned by the Associated Gas & Electric Co., compete with each other in collecting fees in the Associated system; and in addition Associated Gas & Electric has been collecting fees itself and permitting another subsidiary to do so without making even a pretense of giving services. Apparently this last practice has been discontinued; but in 6 years $9,970,944 was collected by Associated companies from Associated companies in the form of fees. Theoretically, these paid for services costing $3,397,204 to render. The net profit was $6,573,739. But that is not all. So lucrative was the fee-collecting business that companies in the system bid for the right to it, and in the space of 3 recent years fee-collecting rights were sold and resold to various Associated subsidiaries for amounts totaling $28,247,400. Associated Gas & Electric sold the privilege of collecting management fees from its operating utilities to the Utilities Management Corporation for $5,200,000. Utilities Management hired another subsidiary, the J. G. White Co., to do the work for which it was being paid at $200,000 a year. It collected in 9 months $751,212, of which $571,850 was net profit. It then sold J. G. White its fee-collecting rights for $8,000,000.

Another subsidiary, the Consumers' Construction Co., was willing to pay $5,000,000 for the right to fees. In 1928 the entire operating expenses of this company were $113,208, and in that year the Pennsylvania group of operating utilities alone paid fees amounting to $152,613. The Pennsylvania group could have hired the entire staff of engineers and clerks of the construction company, rented an office for them, paid all overhead, and still have been $80,000 in pocket if relieved of fees.

The Utilities Purchasing and Supply Co. paid $3,700,000 for the privilege of purchasing for the Associated system and collecting fees. Most amazing of all is the action of the Associated Utilities Merchandising Co., which paid $5,900,000 for the right to engage in the appliance business with the operating companies and then made the operating companies pay all expenses of selling appliances while it collected the entire gross from them. It was, as the Trade Commission says, "a clever scheme for taking from the operating companies a normal and legitimate source of revenue," which would of course have reduced operating expenses and therefore rates.

To cap the climax, the Associated Gas & Electric Co., in addition to collecting fees directly and selling rights to other fees which it collects indirectly, until recently also apportioned all its expenses to its operating companies. The operating companies have been bearing the costs of services for which they pay fees far in excess of the costs. The public furnishes the money. There are other ways of inflating operating costs to the detriment of the ratepayer and the profit of the top companies. Take the Pennsylvania Electric Corporation division of the Associated system. All operating-company subsidiaries of Pennsylvania Electric Corporation deposit all cash they receive to the credit of the holding company. At the beginning of each month Pennsylvania Electric computes interest at the rate of 8 percent per annum on the open accounts maintained for the subsidiaries and charges this sum to the open account. The result amounts to a compounding of interest on accounts receivable. Operating companies would pay neither 8 percent interest nor compound interest if they were free to get capital elsewhere.

Another account on the books of the operating companies labeled "Federal income tax" helps to swell the amount of current expense which the ratepayer must bear. It is the practice in the associated system for subsidiary companies to accrue Federal income tax as an expense, crediting the amount to the open account maintained by their immediate holding company. The holding company computes a tax on the basis of the consolidated income of the group of which it is parent, charges the amount to its expenses, and credits it to the open account of the holding company next above it. But the senior company of this system, Associated Gas & Electric, paid no Federal income tax to the Government for the years 1927, 1928, and 1929. The public paid rates sufficient to cover a charge which any utility commission would have to allow, and the money went into the pockets of the associated owners instead of into the Federal Treasury.

Write-ups, fees, 8 percent compound interest on open accounts, income-tax accruals that never go for income tax—how much do they mean to the man who pays the bills? In Erie, Pa., served by the Erie Lighting Co., a subsidiary of the Pennsylvania Electric Co., which is a subsidiary of the Pennsylvania Electric Corporation, which is a subsidiary of the Associated Electric Co., which is a subsidiary of the Associated Gas & Electric Corporation, which is a subsidiary of the Associated Gas & Electric Co., families pay 8.5 cents a kilowatt-hour for the first 50 kilowatt-hours of electricity used to light their homes, 4 cents for the next 2,950 kilowatt-hours, and 3 cents for all in excess of this amount.

A few miles down the lake front is Ashtabula, Ohio, where electric service is supplied by the Cleveland Electric Illuminating Co., part of the North American system, a company which has had to

meet the competition of a municipal plant in Cleveland for many years and has done so on a profitable basis. Ashtabula families pays 5 cents a kilowatt-hour for the first 40 kilowatt-hours used, 4 cents for the next 200, and 2.8 cents for all thereafter. Trade Commission records should be even more illuminating to the people of Erie than the electric lights for which they pay so much.

HALFWAY MEASURES ARE DANGEROUS—EDITORIAL FROM THE PHILADELPHIA RECORD

Mr. NYE. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial appearing in the Philadelphia Record of May 10, entitled "Half-way Measures are Dangerous."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Philadelphia Record, May 10, 1933]

HALF-WAY MEASURES ARE DANGEROUS

The United States needs an increase in mass purchasing power if the present improvement in business and prices is to be maintained.

Two bills, framed with that purpose in mind, are now before the President.

One, by Senators LA FOLLETTE, COSTIGAN, and CUTTING, calls for a $6,000,000,000 public-works program.

The other, drawn up by Senator WAGNER with the cooperation of big business interests, calls for $1,000,000,000 in public works and $2,000,000,000 in R.F.C. loans for private construction by industry.

Under the terms of the Wagner bill also, trade associations will have new power to fix prices, working hours, wages, and production under Government supervision.

The Record hopes the President will choose the first.

The Record believes that at least $6,000,000,000 must be spent on public works, and $6,000,000,000 distributed to depositors in closed banks, to provide the increased purchasing power that will enable business to resume production.

A $1,000,000,000 public-works program at this time would be of little effect—against the $5,000,000,000 deflation caused by closing the banks and balancing the Budget.

Senator WAGNER'S plan to provide $2,000,000,000 for expansion by private industry puts the cart before the horse.

Private industry cannot use its present plant to capacity until mass purchasing power is revived.

Senator WAGNER, like Mr. Hoover, would pour more money into the wrong end of the horn.

Mr. Hoover thought that if he gave the banks more credit, they would expand their loans to business.

But the bankers could not safely loan, and industry had no use for more funds until people had money to buy.

Senator WAGNER'S plan would fail in the same way that Hoover's open-market operations failed to revive business.

Whatever the administration may decide about other features of the Wagner bill, it cannot safely accept the billion-dollar limitation on public works and the cart-before-the-horse proposal for private-construction loans.

The Record looks to the President for a $6,000,000,000 public-works program and for a $6,000,000,000 payment to depositors in closed banks.

Such a program would go far to fill the gap left by a shrinkage of some $18,000,000,000 in credit currency since 1929. The money can be raised by direct discounting with the Federal Reserve banks. The result would be to put us securely back on the road to prosperity.

Half-way measures threaten the gains already won.

MUSCLE SHOALS—LETTER FROM JASPER E. CRANE

Mr. NORRIS. Mr. President, several days ago in the discussion that took place on the so-called "Muscle Shoals bill" I had occasion in some remarks I made to refer to the plant of the Du Pont Co., located 5 or 6 miles out of Charleston, W.Va., where this company had set up a plant for the purpose of obtaining nitrogen from the atmosphere. I told the Senate of going down there and of the company's sending down with me a man who I said was a German chemist.

I have, this morning, a letter from the Du Pont Co., signed by Mr. Crane, vice president, in which he calls my attention to the fact that I was in error and asks that it be corrected. As soon as I read the letter I remembered distinctly that I had made a mistake in my statement in the Senate when I referred to this man as a German chemist. He was Dr. F. Sparre, a Norwegian chemist. I remembered that I was wrong as soon as my attention was called to the fact. In order that there may be no misunderstanding whatever about it, I ask to have inserted in the RECORD, as a part of my remarks, the letter of Mr. Crane.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

E. I. DU PONT DE NEMOURS & CO.,
Wilmington, Del., May 8, 1933.

Hon. GEORGE W. NORRIS,
Senator from Nebraska, Washington, D.C.

DEAR SENATOR NORRIS: I read your address of May 1 on Muscle Shoals and your presentation of the bill you propose in the Senate with much interest and appreciation. May I congratulate you on your position in the matter, which seems to me both courageous and full of wisdom.

Because of our large investment in the fixation of atmospheric nitrogen in the manufacture and sale of nitrogenous products we have felt that we might be misunderstood and criticized if we took any part in the long controversy regarding the disposal of Muscle Shoals. We have, therefore, scrupulously refrained from any approach on the matter to members of this Congress or its predecessors. Indeed, I am quite sure that the only contact which any Du Pont man in a position of authority has had with a Member of Congress was our invitation to you to visit our plant at Belle, W.Va. May I add that my own recollection about that visit was not that you wrote us requesting permission to see the plant, but rather that, understanding that you might be interested in such a visit, I promptly called you up and told you how glad we would be to have you see what we were doing. That spirit of cooperation still exists, and if there is any information that we can contribute which would be helpful to your handling of the nitrogen phase of the Muscle Shoals matter we shall be very glad to respond, consistent, however, with our unwillingness to take up any controversial position.

I would like to correct one or two comments included in your address. The man who accompanied you to Muscle Shoals was not a German chemist, but Dr. F. Sparre, then and now director of the development department of the Du Pont Co., who is of Norwegian family but 100 percent American. He is, as you quite properly pointed out, an outstanding authority on nitrogen fixation, having closely followed the progress of all phases of that development from the beginning.

You described synthetic ammonia as being the Haber process. It is probably not important but may be interesting to you that the Du Pont Co. did not follow the Haber process, but acquired rights to a French process and an Italian process for the synthesis of ammonia, adapted the best features of these to American conditions, and made ourselves noteworthy contributions to the art, so that our present process is distinctively our own and is not derived from the Haber process. It is true that the Haber-Bosch process was the first successful commercial synthesis of ammonia, worthy of great credit in this scientific development, but our work in this country has not been one of imitation. We are proud of our plant at Belle, of its efficient performance, amazingly low cost of production, and its large potential capacity, though unfortunately its capacity is only being partly utilized on account of what has been in reality dumping at prices far below the cost of production, of enormous quantities of nitrogen products, imported into this country from Europe and Japan over the past 3 years.

Incidentally, as you yourself pointed out, American nitrogen plants now have ample capacity to supply all American nitrogen requirements. Even record-breaking demands for fertilizer nitrogen would not occupy them all fully. Prices in this country are the lowest in the world, except the fictitious or rigged prices in Holland, and they are the lowest prices for nitrogen compounds in history. Increased production in our plants to supply all American needs would give employment to hundreds more of American workmen in these factories and in the coal mines, were it not for this organized foreign attack on our market with which we have had to contend.

In your speech you made the excellent and very true point of the decreased consumption of power in the cyanamide process compared with the arc process, and above all, in the synthetic ammonia process compared with cyanamide. The arc process is obsolete and abandoned, cyanamide is on the decline except for special uses. But I did not notice that you pointed out that the reason for locating our plant in West Virginia was not the abundance of high-quality coal for producing power, for the power requirements in synthetic ammonia are relatively low, but rather the abundance of good coal for the production of coke as the raw material for making hydrogen. After all, that is the gist of the matter. Though called the fixation of nitrogen, nitrogen is presented to us almost without cost by the atmosphere, and that exists everywhere. The expensive ingredient in making ammonia is hydrogen, and it seems quite certain that hydrogen derived from any gas at real market value or produced by the electrolysis of water with electric power at any equitable price cannot economically compete with hydrogen made from coke produced from good-quality, low-cost coal. That is the reason, therefore, to make cheap hydrogen, that we located our ammonia plant in a good coal region.

I trust that these comments may be of interest to you and perhaps of some use in any further statements you may have occasion to make in addition to your speech of May 1, which dealt so excellently with the questions at issue. I hope you do have opportunity to correct one item, regarding the gentleman who accompanied you to our plant at Belle.

With kind personal regards, I am, yours sincerely,

JASPER E. CRANE.

RELIEF OF AGRICULTURE—CONFERENCE REPORT

Mr. SMITH. Mr. President, I submit the report of the committee of conference on House bill 8835, known as the "farm-relief bill", and move its immediate consideration.



The report was read, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate (nos. 1 to 84, inclusive) to the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 16, 27, 32, 42, 46, and 63.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 4, 5, 6, 7, 8, 9, 10, 12, 13, 15, 18, 19, 20, 21, 22, 23, 26, 28, 29, 30, 31, 33, 34, 35, 36, 37, 38, 39, 40, 41, 43, 44, 45, 47, 48, 50, 51, 52, 53, 55, 56, 57, 58, 59, 60, 61, 62, 64, 65, 66, 67, 68, 69, 70, 71, 72, 74, 75, 76, 77, 78, 79, 80, 81, and 82, and agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "base period. The base period in the case of all agricultural commodities except tobacco shall be the pre-war period, August 1909–July 1914. In the case of tobacco, the base period shall be the post-war period, August 1919–July 1929"; and the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment as follows:

On page 5, line 16, of the Senate engrossed amendments, strike out "act" and insert "title"; and the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "Under regulations of the Secretary of Agriculture requiring adequate facilities for the storage of any nonperishable agricultural commodity on the farm, inspection and measurement of any such commodity so stored, and the locking and sealing thereof, and such other regulations as may be prescribed by the Secretary of Agriculture for the protection of such commodity and for the marketing thereof, a reasonable percentage of any benefit payment may be advanced on any such commodity so stored. In any such case, such deduction may be made from the amount of the benefit payment as the Secretary of Agriculture determines will reasonably compensate for the cost of inspection and sealing, but no deduction may be made for interest"; and the Senate agree to the same.

Amendment numbered 17: That the House recede from its disagreement to the amendment of the Senate numbered 17, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "The making of any such agreement shall not be held to be in violation of any of the antitrust laws of the United States, and any such agreement shall be deemed to be lawful: *Provided*, That no such agreement shall remain in force after the termination of this act"; and the Senate agree to the same.

Amendment numbered 24: That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(5) No person engaged in the storage in a public warehouse of any basic agricultural commodity in the current of interstate or foreign commerce, shall deliver any such commodity upon which a warehouse receipt has been issued and is outstanding, without prior surrender and cancelation of such warehouse receipt. Any person violating any of the provisions of this subsection shall, upon conviction, be punished by a fine of not more than $5,000, or by imprisonment for not more than 2 years, or both. The Secretary of Agriculture may revoke any license issued under subsection (3) of this section, if he finds, after due notice and opportunity for hearing, that the licensee has violated the provisions of this subsection."

And the Senate agree to the same.

Amendment numbered 25: That the House recede from its disagreement to the amendment of the Senate numbered 25, and agree to the same with an amendment as follows:

Beginning with line 3 on page 8 of the Senate engrossed amendments strike out through line 13 on page 9 and insert in lieu thereof the following:

"SEC. 9. (a) To obtain revenue for extraordinary expenses incurred by reason of the national economic emergency, there shall be levied processing taxes as hereinafter provided. When the Secretary of Agriculture determines that rental or benefit payments are to be made with respect to any basic agricultural commodity, he shall proclaim such determination, and a processing tax shall be in effect with respect to such commodity from the beginning of the marketing year therefor next following the date of such proclamation. The processing tax shall be levied, assessed, and collected upon the first domestic processing of the commodity, whether of domestic production or imported, and shall be paid by the processor. The rate of tax shall conform to the requirements of subsection (b). Such rate shall be determined by the Secretary of Agriculture as of the date the tax first takes effect, and the rate so determined shall, at such intervals as the Secretary finds necessary to effectuate the declared policy, be adjusted by him to conform to such requirements. The processing tax shall terminate at the end of the marketing year current at the time the Secretary proclaims that rental or benefit payments are to be discontinued with respect to such commodity. The marketing year for each commodity shall be ascertained and prescribed by regulations of the Secretary of Agriculture: *Provided*, That upon any article upon which a manufacturers' sales tax is levied under the authority of the Revenue Act of 1932 and which manufacturers' sales tax is computed on the basis of weight, such manufacturers' sales tax shall be computed on the basis of the weight of said finished article less the weight of the processed cotton contained therein on which a processing tax has been paid."

And the Senate agree to the same.

Amendment numbered 49: That the House recede from its disagreement to the amendment of the Senate numbered 49, and agree to the same with amendments as follows: On page 15, line 3, of the Senate engrossed amendments strike out "sums" and insert "sum"; and in line 21, strike out "(d)" and insert "(c)"; and the Senate agree to the same.

Amendment numbered 54: That the House recede from its disagreement to the amendment of the Senate numbered 54, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(b) No tax shall be required to be paid on the processing of any commodity by or for the producer thereof for consumption by his own family, employees, or household; and the Secretary of Agriculture is authorized, by regulations, to exempt from the payment of the processing tax the processing of commodities by or for the producer thereof for sale by him where, in the judgment of the Secretary, the imposition of a processing tax with respect thereto is unnecessary to effectuate the declared policy."

And the Senate agree to the same.

Amendment numbered 73: That the House recede from its disagreement to the amendment of the Senate numbered 73, and agree to the same with an amendment, as follows: On page 18, line 20, of the Senate engrossed amendments, after "delivery", insert "on or"; and the Senate agree to the same.

Amendment numbered 84: That the House recede from its disagreement to the amendment of the Senate numbered 84, and agree to the same with amendments, as follows: On page 24, line 18, of the Senate engrossed amendments, before the word "value" insert "normal."

On page 29, between lines 10 and 11 of the Senate engrossed amendments, insert the following new paragraph:

"The rate of interest on such direct loans made at any time by any Federal land bank shall be one half of 1 percent per annum in excess of the rate of interest charged to borrowers on mortgage loans made at such time by the bank through national farm-loan associations."

On page 29, line 22, of the Senate engrossed amendments, strike out "shall" and insert "may."

On page 34, line 6, of the Senate engrossed amendments, before "value," insert "normal."

On page 35 of the Senate engrossed amendments, beginning with line 13, strike out all through line 9, page 36.

On page 36 of the Senate engrossed amendments, strike out lines 12 to 19, both inclusive, and insert in lieu thereof the following:

"SEC. 31. (a) Out of the funds made available to him under section 30, the Farm Loan Commissioner is authorized to make loans, in an aggregate amount not exceeding $25,000,000, at a rate of interest."

On page 39, line 6, of the Senate engrossed amendments, before "value", insert "normal."

On page 39, line 16, of the Senate engrossed amendments, after "years", insert "or, in the case of a first or second mortgage secured wholly by real property and made for the purpose of reducing and refinancing an existing mortgage within an agreed period no greater than that for which loans may be made under the Federal Farm Loan Act, as amended."

On page 39, line 19, of the Senate engrossed amendments, before the period, insert "if the borrower shall not be in default with respect to any other condition or covenant of his mortgage."

On page 41, line 7, of the Senate engrossed amendments, strike out "$8,500" and insert "$10,000."

On page 42, line 8, of the Senate engrossed amendments, strike out "(1)."

On page 42 of the Senate engrossed amendments, beginning with the word "including" in line 10, strike out through the word "project", in line 24, and insert in lieu thereof the following: "and to political subdivisions of States, which, prior to the date of enactment of this act, have completed projects devoted chiefly to the improvement of lands for agricultural purposes."

On page 45 of the Senate engrossed amendments, beginning with line 1, strike out all through the period in line 9, and insert "SEC. 37."

On page 46, line 9, of the Senate engrossed amendments, strike out "$325,000,000" and insert "$300,000,000."

On page 47, line 12, of the Senate engrossed amendments, strike out "$8,500" and insert "$10,000."

On page 47 of the Senate engrossed amendments, beginning with line 13, strike out all through line 20, page 48.

On page 49, line 2, of the Senate engrossed amendments, strike out "shall" and insert "may."

On page 46, lines 3, 12, and 24, of the Senate engrossed amendments, strike out "37", "38", and "39" and insert "38", "39", and "40", respectively.

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the bill and agree to the same.

The committee of conference have not agreed on amendment numbered 83.

E. D. SMITH,
CHAS. L. MCNARY,
DUNCAN U. FLETCHER,
ELMER THOMAS,
ROBERT F. WAGNER,
F. C. WALCOTT,
Managers on the part of the Senate.

MARVIN JONES,
JOHN D. CLARKE,
CLIFFORD R. HOPE,
WALL DOXEY,
H. P. FULMER,
Managers on the part of the House.

Mr. SMITH. I move the adoption of the report.

Mr. REED. Let us have the yeas and nays.

Mr. MCNARY. Mr. President, I desire to call for the yeas and nays because some Senators desire to be recorded on this vote.

Mr. BORAH. Mr. President, before that is done I should like a brief explanation and statement with reference to the conference report.

Mr. SMITH. The conferees on the part of the House and Senate have agreed on every point with the exception of what is known as the Norris or Simpson amendment, which is the cost-of-production amendment. The House conferees disagreed and the amendment was taken back to the House and by an overwhelming vote was rejected by the House.

The VICE PRESIDENT. The Chair calls attention to the fact that the motion to proceed to the consideration of the conference report is not debatable. The motion to adopt the report is debatable. The question is on the motion of the Senator from South Carolina to proceed to the consideration of the report.

The motion was agreed to.

The VICE PRESIDENT. The question is on the adoption of the conference report.

Mr. SMITH. Mr. President, the only point of difference was the price-fixing amendment. In view of the circumstances, I think the Senate should recede on the amendment, because what there is in the bill that will benefit the farmers ought to be operating now. The cost-of-production amendment is the only point of difference. I think the author of the amendment himself sees the importance of having the matter acted on at once. Therefore I shall move that the Senate recede from its amendment.

The VICE PRESIDENT. The Senate will first have to adopt or reject the report. The question is on the motion of the Senator from South Carolina to agree to the conference report.

Mr. LA FOLLETTE. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Wisconsin?

Mr. SMITH. I yield.

Mr. LA FOLLETTE. I understand the conference report strikes out the word "basic" before the words "agricultural commodities"?

Mr. SMITH. It does in two places.

Mr. LA FOLLETTE. May I ask the Senator what is the effect, if any, upon any agreement which may be made by processors of farm commodities so far as the antitrust acts are concerned?

Mr. SMITH. As everyone knows, the provision looks toward a suspension of the antitrust acts as applied to the particular commodity involved in any agreement which may be made.

Mr. LA FOLLETTE. The question which I desire to have answered is whether striking out the word "basic" enlarges to any extent the privilege of entering into the agreements which are not to be restrained by the antitrust acts.

Mr. SMITH. It does in some cases.

Mr. LA FOLLETTE. Will the Senator explain how?

Mr. SMITH. The agreements entered into would apply where the word "basic" is used and only to those commodities that are enumerated, but under the terms of the bill the processing tax would apply to any competing commodity. The Secretary of Agriculture requested that the word "basic" be eliminated because in entering into the agreements contemplated he might have opportunity not to apply the processing tax in order to restrain the competition, and therefore we made it apply to practically all the agricultural products that might come in as competitors to those which were under the tax.

Mr. LA FOLLETTE. Is this a correct statement? The effect of striking out the word "basic", as provided in the conference report, leaves it within the discretion of the Secretary of Agriculture to permit the processors of any agricultural commodity to make agreements, the antitrust act to the contrary notwithstanding?

Mr. SMITH. That is true.

Mr. BORAH. Mr. President, may I ask the Senator from South Carolina if there is any provision in the bill repealing the antitrust acts?

Mr. SMITH. Oh, no; it does not repeal the antitrust acts. It only provides that where agreements shall be entered into touching any commodities, the antitrust acts will be suspended during the time of the life of such agreements, under such restrictions as the Secretary may make in the agreements themselves.

Mr. BORAH. The effect is to suspend the antitrust acts in any instance in which the Secretary of Agriculture and the processor make an agreement?

Mr. SMITH. That is true, but that was in the amendment that was adopted by the Senate. We have not modified that a particle in conference. That was in the bill as it passed the Senate and the House. That point was not in conference at all.

Mr. BORAH. But there was a limitation by reason of the word "basic"?

Mr. SMITH. Yes; there was a slight limitation.

Mr. COSTIGAN. Mr. President, will the Senator from South Carolina yield?

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Colorado?

Mr. SMITH. Certainly.

Mr. COSTIGAN. Supplementing what has been developed, may I inquire whether the removal of the word "basic" extends the exemption from the antitrust law to any, or at least any competing agricultural commodity?

Mr. SMITH. That is my understanding of the effect of the removal of the word "basic", because in dealing with farm products the Secretary of Agriculture, if he is going to enter into these agreements, ought to have full and complete authority to act. We all concede that what he is trying to do in this emergency is to benefit agriculture to the fullest extent. If in his judgment by any entering into these agreements he will not have to impose the processing tax and thus can get rid of the machinery that is set up for making it mandatory, if he can enter into the agreements and reach the same end without the machinery and the embarrassment that would be necessarily involved, the committee thought it was best for him to have that power.

Mr. COSTIGAN. It is also true, is it not, if the Senator will yield further, that the exemption from anti-trust laws extends to all parties who handle agricultural commodities, and not merely to processors?

Mr. SMITH. Certainly. If it did not we would have one contradicting the other.

Mr. COSTIGAN. In subdivision (3) of paragraph 8 the word "basic" appears to have been retained unchanged because it was in the original bill and was approved by the Senate. There has been some intimation in the press that a supplemental measure will be presented which will eliminate the word "basic" from subdivision (3). Is that in prospect?

Mr. SMITH. That is true. It has been requested. Under the rules we will have to have an independent resolution passed eliminating that word.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator from South Carolina if the House has not already passed a concurrent resolution for that purpose?

Mr. SMITH. That is true.

Mr. BLACK. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Alabama?

Mr. SMITH. I yield.

Mr. BLACK. I desire to understand thoroughly the effect from two standpoints. In the first place, the Senator said the provision gives the right to suspend the antitrust laws as to all processors of agricultural products. Does that include cotton mills?

Mr. SMITH. Certainly.

Mr. BLACK. Does it include packers?

Mr. SMITH. It includes all.

Mr. BLACK. Does it include shoe factories?

Mr. SMITH. I do not think shoe factories come under its provisions at all.

Mr. BLACK. It would include the processing of the hide, but it would not include the manufacture of shoes?

Mr. SMITH. If they were to compete with any agricultural products, though I do not know just how they would come in; I suppose the Secretary would have the power to include them.

Mr. BANKHEAD. Mr. President, I want to make a statement to my colleague, with the permission of the Senator from South Carolina.

The VICE PRESIDENT. Does the Senator from South Carolina yield to the junior Senator from Alabama?

Mr. SMITH. I yield.

Mr. BANKHEAD. The clause referred to is designed to provide that only agreements made with the Government shall be exempt from the effects of the antitrust law. It does not permit any agreement among the processors themselves.

Mr. SMITH. Oh, no.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Arkansas?

Mr. SMITH. Certainly.

Mr. ROBINSON of Arkansas. It is not to be assumed that the agreements that may be made will be violative of the Antitrust Act. The point is that if an agreement is made with the Government by the processors the arrangement ought not to permit of a prosecution under the antitrust laws. That was all argued out in the Senate when the bill was before the Senate. It was maintained then that it would not be fair for the Government to authorize entering into an agreement and then prosecute one of the parties to the agreement for having entered into it.

Mr. SMITH. Did I understand the senior Senator from Alabama [Mr. BLACK] to ask if processors might have agreements amongst themselves suspending the antitrust law?

Mr. BLACK. Yes. Is that correct?

Mr. SMITH. Oh, no; that could not be done. That would apply only to agreements made with the Government.

Mr. BLACK. Suppose they have an agreement among themselves fixing prices, which is approved by the Government; would that be permissible and would that suspend the antitrust law?

Mr. SMITH. The Senator has read the bill. He knows just to what extent the power is given the Secretary of Agriculture to enter into the agreements. As the Senator from Arkansas [Mr. ROBINSON] has already pointed out, the suspension of the operation of the antitrust laws in an agreement between the Government and an individual is for the purpose of expediting the relief of agriculture if in the judgment of the Secretary of Agriculture he finds that is the best course to pursue.

Mr. BLACK. May I ask the Senator one other question with reference to the striking out of the word "basic"?

The VICE PRESIDENT. Does the Senator from South Carolina yield further to the Senator from Alabama?

Mr. SMITH. I yield.

Mr. BLACK. Do I understand that striking out the word "basic" has the effect of permitting agreements with certain businesses that compete with agricultural products that were not formerly included in the exemption?

Mr. SMITH. It gives the Secretary the right to cover the field with his agreements and does not restrict him to the enumerated articles.

Mr. BLACK. May I ask the Senator, for instance, as an example, if that would permit a suspension of the antitrust laws with reference to jute, which is in competition with cotton?

Mr. SMITH. I do not see any reason why the Secretary might not enter into an agreement with the processors of jute and effect that just as he does in the other cases.

Mr. BLACK. Could he do that if we leave in the word "basic" before "agricultural products"?

Mr. BORAH. Mr. President, I rise to a point of order. We cannot hear the chairman of the committee at all on this side of the Chamber.

Mr. BLACK. The question, then, that I desired to ask was this: As the Senate passed the bill, keeping in the word "basic", would it have been possible for the Secretary to make an agreement with jute manufacturers suspending the antitrust laws for their benefit?

Mr. SMITH. I think not.

Mr. BLACK. But the Senator does think that under the terms of the bill as the conferees have agreed on it, striking out the word "basic", there could be a suspension of the antitrust laws with reference to the jute manufacturers?

Mr. SMITH. That would necessarily depend. Of course, the Senate realizes that in this emergency we must give to the Secretary of Agriculture the fullest possible power to accomplish the purpose for which the bill is passed. I think all of us recognize the emergency; and therefore I hope that the Senate will recede.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Idaho?

Mr. SMITH. I am about to yield the floor, but I yield to the Senator from Idaho.

Mr. BORAH. Do I understand that the word "basic" is stricken out of the bill?

Mr. SMITH. Yes.

Mr. BORAH. Where?

Mr. SMITH. We struck out the word "basic", except in subsection (3) of section 8.

Mr. BORAH. Was not the word "basic" in the bill as it passed both the Senate and the House?

Mr. SMITH. It was.

Mr. BORAH. How did it get stricken out then?

Mr. SMITH. The word "basic" was included in part of the Senate proposition that was not included in the House bill and therefore went into conference. I offered the amendment here myself. Where the word "basic" was included in the bill by the House, however, of course, the conferees could not do otherwise than leave it in. That is the origin of the proposed joint resolution to strike it from the paragraph to which I refer.

Mr. CLARK. Mr. President, this was an exceedingly bad bill as it passed the Senate. As it comes back from the conference, it is infinitely worse. This measure should be entitled "An act to promote bureaucracy, to impose embargoes, for the abdication of its powers and duties by Congress, and for the emasculation of the antitrust laws."

With remarkable supineness, the Senate conferees have succeeded in cutting out of the bill in their conference report practically every beneficial amendment that was put in during the consideration and debate of the bill in the Senate.

Great pride is exhibited in the newspapers in the fact that the Senate amendment including cane sugar and beet sugar in the basic commodities was stricken out of the bill, and I think it is a good thing to strike it out; but by the striking out of the word "basic" in the section relating to trade agreements, the Secretary of Agriculture is enabled, if he wants to, by a trade agreement, to put the Sugar Trust, the sugar refineries of the United States, in the position of having a greater stranglehold on the production and sale of sugar in this country than it has ever had before.

Mr. COSTIGAN. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Colorado?

Mr. CLARK. I do.

Mr. COSTIGAN. The talented Senator from Missouri has referred to the omission of sugar beets and sugar cane from specified basic commodities. Does the Senator realize that if exemption from antitrust laws is given to sugar processors, and if there is no inclusion among the basic articles of sugar beets and sugar cane, exceptional advantages will be given by law to the processors of sugar, and no assured minimum farm wage of pre-war prices will be provided to many forgotten farmers—men and women who grow sugar beets and sugar cane? In other words, safeguards thrown about wheat growers will, so far as the terms of the proposed statute reveal, not be extended to cane and beet growers.

Mr. CLARK. That is precisely the point that I was about to make, and I thank the Senator, because he has stated it much more clearly than I would have been able to do myself. This section with the word "basic" omitted is designed to strengthen the grip of the most merciless trust this Nation has ever seen.

The amendment inserted in the Senate requiring that the great army of agents and employees to be employed under this act—which, as I said in offering the amendment, will probably exceed in number the combined military and naval forces of the United States, and the reforestation army added on—should be, as far as possible, practical farmers, and should be confined in their efforts to the congressional district in which they live, was stricken out.

A week ago today, as I recall, the Senate wasted three hours and a half in a lengthy dispute as to whether the administrator under the $500,000,000 relief act should be paid $8,500 a year or $10,000 a year—a man necessarily required to be a technical expert, a position necessarily requiring a great administrator—and yet, under the terms of this conference report, there is no limit on the face of the report as to the number of $10,000 jobs that the Secretary of Agriculture may create.

If the Secretary of Agriculture and Professor Tugwell should conclude that it is necessary to have one hundred thousand $10,000-a-year experts to bring to the hogs of the United States a clearer and more complete understanding of the Prophet Ezekiel's logarithmic formula, he has complete authority under this act to appoint them. [Laughter.] The pledges of every Democratic platform for 40 years are made hollow mockery by the emasculation of the laws against trusts and monopolies.

The provision inserted in the Senate putting a limitation of 5 percent on the amount of the processing tax to be expended in administration was stricken out in conference, leaving absolutely no limitation whatever upon the enormous sums which may be squandered under this act. The Norris-Simpson amendment, embodying the solemn pledge of the Democratic national platform, is omitted from the report, although no man has yet been able to explain why the permissive—not mandatory—powers therein contained are any more unworkable and impractical than the rest of the bill.

Therefore I say, Mr. President, that we ought to have a record vote on this conference report and that the bill ought to be sent back to conference in order to have those salutary provisions reinserted.

The VICE PRESIDENT. The question is on agreeing to the conference report.

Mr. CLARK. I call for the yeas and nays.

Mr. McCARRAN. Mr. President, under section 36 of the bill as it passed the Senate, provision was made for relief in nearly every line of agricultural pursuit that might require relief by way of borrowing money; and, included, we sought to have the farmers of the West get just a little opportunity to borrow from the Reconstruction Finance Corporation with the intention of paying back, bonding their districts, if you please, with the intention and purpose of paying the required interest. Among those districts that might have been benefited by this act were the districts that were created by the Newlands Reclamation Act—the districts where the farm-seeking people of the world were invited to come into the arid West and reclaim that territory. Those people now find themselves, by reason of a prevailing condition, unable to pay the charges imposed upon them by the Government itself for maintenance and operation. All they sought by my amendment to the Wagner bill was to be permitted to borrow sufficient amounts to pay the maintenance and operation charges of last year, if you please, and to carry out the privileges and the powers and the rights and the obligations that were imposed upon them by the Newlands Reclamation Act and their contractual obligations with the Federal Government.

In some instances the settlers on these projects, for the purpose of relieving themselves from the red tape and expense imposed upon them by the Reclamation Bureau, had special acts passed in the respective States whereby they might take over to themselves, for themselves, under their own administration, the projects in which they were the farmers, and organize their districts as bodies corporate, if you please, so that they might elect their own boards of directors, and, by the election of their own boards of directors, cut down the expense naturally attendant upon the project when it was under the supervision of the Reclamation Bureau.

These projects now conducting their own business find themselves in the condition that prevails with reference to all other farming communities, and they sought by my amendment to this bill to have some relief. On page 55, as the bill returns here, commencing with the first line of section 36 and reading down to and inclusive of the word "State" in line 17, the conference committee saw fit to retain that part of the section. Thereby drainage districts and levee districts in the South, on the Mississippi, are protected, and they may borrow; but from there on, it is all stricken out by the conferees, and the learned chairman here, speaking for the conferees, says that he agreed to yield, that my amendment might be stricken. So that those who represent this very industry that we encouraged by the Newlands Reclamation Act, those who went into these projects and reclaimed the West, are now, by the act of this conference committee, deprived of the right to come in and ask their own Government, through the Reconstruction Finance Corporation, to be allowed to borrow sufficient to pay the charges of operation from year to year during the emergency.

Let me explain the situation, because I take it that this matter is not understood by those who are not familiar with a Federal reclamation project.

There are certain charges for maintenance and operation that cannot be avoided. The Government imposes those charges. What are they for? They are for the purpose of maintaining the canals and laterals that must be taken care of every year. They are for the purpose of protecting the dams that impound the water and divert it from the natural water courses, so that it may reclaim the land. May I with propriety say that one object of my amendment was to meet a condition that is personally known to me, where a dam costing the Government of the United States nearly $7,000,000 is now in such a condition that the spillway apron of that dam is about to disintegrate. These farmers, conducting this project themselves, are required to protect that dam under their contract with the Government, and yet they have not the money with which to do it, and will not be able to do it unless they can borrow the money under the amendment that I offered and had placed in the bill, commencing with the figure (2) on line 1 of page 56 of the bill as it returns here, down to and including the word "project", the amendment reading as follows:

(2) To irrigation districts organized under the laws of any State, and operating under contract with the United States, to aid in the payment of their operation and maintenance charges and to provide funds for the installation and operation of necessary works, and to protect the rights of the United States in the project.

There was nothing in that amendment that indicated that these irrigation districts would not pay back the loans that they wanted to make, the money that they wished to borrow from the Reconstruction Finance Corporation. There is nothing in my amendment that would make insecure $1 or any sum borrowed by these farmers from the Reconstruction Finance Corporation. Indeed, if other loans made by the Reconstruction Finance Corporation under congressional sanction were as secure or as certain of being repaid as the loans provided for by the amendment which I offered to the Wagner bill, the Government and the Reconstruction Finance Corporation, acting for the Government, would have little to worry over.

The fact of the matter is that if the bill carries reference to any activity on earth from which the Reconstruction Finance Corporation may hope to receive back the money it lends, it is the provision relating to loans to farmers' organizations, especially western reclamation projects, because they borrow with the intention of paying back, and that cannot be said of some of the other borrowers from the Reconstruction Finance Corporation.

Mr. President, in view of the fact that every other conceivable organization, every other kind of a body, every other class of business has been permitted to come in and borrow money from the Reconstruction Finance Corporation, why, in God's name, cannot the actual farmer who tills the soil, who plows the sagebrush, who is willing to take himself and his family out into the desert and face the winds of the desert to reclaim the West be permitted to borrow from his Government—to protect the Government's own property, if nothing else?

I understand it has been asserted that to carry out the provisions of my amendment to the Wagner bill it would be necessary to increase the amount from $50,000,000 to some greater sum. This assertion is entirely unfounded. The amount of money required for maintenance and operation charges on reclamation projects from year to year is not so great that it would have materially affected the enormous sum of $50,000,000 placed at the disposal of the Reconstruction Finance Corporation to be loaned to drainage, irrigation, and levee districts.

The amendment which I proposed to the Wagner amendment to the farm relief bill was the only comfort or assistance that might be looked to by the western farmer growing out of this legislation. The sum involved was but a pittance as compared with the millions that will be taken for levee and drainage districts along the Mississippi. The failure of the conference committee to sustain my amendment strikes a blow at the tillers of the soil and the reclaimers of the desert and the builders of communities in these Federal reclamation projects established under and by sanction of the Newlands Reclamation Act. I realize that there are those in this Chamber who have little or no sympathy with reclamation projects. I realize that it is difficult for my colleagues here on the floor of the Senate who have never visited the West and have no knowledge of the history or operation of reclamation projects to understand or realize either the methods of their operation or the vast benefits that flow from their existence.

Mr. President, it would be a glorious thing if there were more reclamation projects in America, into which and onto which there might come honest men and women, willing, capable, and competent to bend their individual efforts and cause two blades of grass to grow where one had formerly grown, and cause the soil to produce sufficient for their own sustenance and for the sustenance of their dependent ones. All the millions that may be appropriated for unemployment relief, for emergency doles, if you please, are at best but temporary in their nature and go nowhere toward the upbuilding of national life; but the moneys of the Government extended by way of encouragement to the men or women who, tilling the soil, support themselves, is money well expended, leads to national security, and builds a nation of industry. The honest tiller of the soil seeks for no dole. He only seeks an opportunity to cope with the forces of nature, cause the soil to produce and support himself and his family. The millions of acres now in the vast West, yet unclaimed, must in the days to come constitute the haven to which honest toil will turn, on which homes will be constructed and out of which a national life and a national destiny will be perpetuated.

Why, Mr. President, should we be willing to extend a helping hand to everyone who seeks to borrow Federal money but deny to the builders of the Nation the right to prosecute an honest pursuit, out of which they will support themselves and thus lighten the burden of national obligation?

Mr. President, for the reasons I have given, I must oppose the adoption of the conference report.

The VICE PRESIDENT. The question is on agreeing to the conference report.

Mr. CLARK. I ask for the yeas and nays.

The yeas and nays were ordered.

On a roll call, the conference report was adopted and the McCarran amendment was lost.

Mr. NORRIS. Mr. President, I want to say a word or two on the conference report before the vote is taken.

It seems to me that Senators ought to remember, to begin with, that all legislation is more or less the result of compromise. Necessarily, in order to reach any agreement, a conference committee must compromise. In this case the committee has stricken out, in the compromise, an amendment which, in my judgment, as far as the farm portion of the bill is concerned, is more important than any other. I believe under it a great deal of good could have been done for the farmers. But I must say that the conferees acted absolutely fairly with the Senate. I think the record shows that the conferees on the part of the Senate did the best they could to retain the amendment. They refused to agree to having it stricken out, and the House conferees took the matter back to the House. That was a fair thing to do. That was a courteous and a gentlemanly and a logical way to proceed. The House rejected the amendment by an overwhelming majority.

Mr. President, I should have liked to see that amendment stay in the measure, but it looks to me as though it is a practical impossibility, with the record before us, to retain that amendment, even if we should reject the pending conference report.

There were a great many other good features in the bill which have been kept in. I recognize that every Senator must balance in his own mind the importance of amendments which he favors, and which have gone out, and put on the other side of the scales the probability of accomplishing anything in the desired direction if we reject the conference report.

If the House had not acted on the amendment to which I have referred I would have been here today advocating the rejection of this conference report; but I do not see how we can ask of our conferees, as far as that amendment is concerned, anyway, any greater work or any more fidelity to duty than they have exhibited. They went to the extreme. I think they were justified in doing that; but, as I look at it, they did their absolute duty. They refused to consent to the elimination of the amendment until the logical step was taken which the House conferees agreed to take, until the bill was carried back for action in the House. If the amendment had been defeated by a close vote in the House, I might feel differently about it, but it was defeated by an overwhelming vote.

Mr. FLETCHER. Mr. President, I may say to the Senator that that was the only amendment in disagreement, and we insisted that the House conferees take it back and get a vote on it.

Mr. NORRIS. They took it back, and the House has acted. With the action of the House on that particular amendment before us, as much as I favor it, I must say that I believe nothing else could be accomplished. If it were a separate bill, standing alone, and the same action had been taken, if the House rejected it, no matter how we might feel about it, we would have to accept the result.

Mr. LONG. Mr. President, will the Senator yield.

Mr. NORRIS. I yield.

Mr. LONG. I do not desire to make a speech, but I want to say that I shall vote for the conference report and for the bill solely because provision for inflation has been incorporated in the bill.

Mr. NORRIS. Mr. President, that is one of the best things in the bill, I think. We have sometimes to yield in order to accomplish the enactment of any legislation, and, for the reasons I have stated, I believe we ought to approve the pending conference report.

Mr. ROBINSON of Arkansas. Mr. President, the Senator has referred to the fact that a separate vote was taken in the House on the amendment to which he has been referring.

Mr. NORRIS. Yes.

Mr. ROBINSON of Arkansas. The RECORD shows that the vote was on a motion to recede and concur in the Senate amendment, which was a direct vote on the amendment.

Mr. NORRIS. A direct vote; yes.

Mr. ROBINSON of Arkansas. And that the vote was 109 in favor of the motion, to 283 against.

Mr. NORRIS. With that vote staring us in the face, I do not believe we are justified in delaying longer final action.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. BORAH. If a majority should vote against the adoption of the report, it would have the effect of sending it back to conference?

Mr. NORRIS. Yes.

Mr. BORAH. It is not a final disposition?

Mr. NORRIS. No.

Mr. FLETCHER. But there is nothing about which to confer except this one amendment, and the House, by the vote just mentioned, rejected it.

Mr. BORAH. I recall that at the last session the House, on three different occasions, voted a certain way, and finally, on the fourth, reversed its position on the matter; so that there is a possibility of their changing in regard to this.

Mr. NORRIS. I concede that there is a possibility that that might happen.

Mr. BORAH. I believe the cost-of-production provision, so far as the farm part of the legislation is concerned, is the most important part of the measure. I am in favor of making every effort to secure it as a part of the law.

Mr. NORRIS. I think so. There is another thing about it. That provision, like all the other provisions in the farm part of the bill, would not be compulsory on the Secretary of Agriculture. That could be retained and still not be enforced. I was very glad to help put that provision in, in the committee, and was glad to defend it on the floor of the Senate, and I should like to see it in the law. I believe there is a principle involved which is a right principle. I do not want to ask our farmers to produce anything at a loss. They are entitled to cost of production.

Mr. FRAZIER. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. FRAZIER. I want to have clear in my mind what the status of the cost-of-production feature is to be if we adopt this report.

Mr. NORRIS. It will be out of the bill, and our adoption of the conference report, as I understand it, will be the final act. I think that is correct.

Mr. FRAZIER. As I understand the situation, the Senator from South Carolina stated that he intended to move to recede to the House on this cost-of-production provision after the report was adopted.

Mr. NORRIS. He could not do that, as I understand the present parliamentary situation.

The VICE PRESIDENT. The question before the Senate is on agreeing to the conference report, which does not include amendment no. 83. The Senator from South Carolina [Mr. SMITH] has announced that after the conference report is agreed to, he will move that the Senate recede from its position on amendment no. 83.

Mr. NORRIS. I did not understand that.

Mr. LA FOLLETTE. Mr. President, I wish to say that in view of the circumstances I shall vote for this partial agreement, but I shall also vote against receding from the position of the Senate on the cost-of-production amendment, and I shall vote against the joint resolution proposing to strike out the word "basic", and to extend the power to make agreements under immunity from the Antitrust Act.

The VICE PRESIDENT. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. PATTERSON (when his name was called). I have a general pair with the junior Senator from New York [Mr. WAGNER], who is absent from the Chamber. I understand that if he were present he would vote "yea." I transfer that pair to the senior Senator from Rhode Island [Mr. METCALF], and vote "nay."

Mr. TYDINGS (when his name was called). On this vote I have a general pair with the senior Senator from Rhode Island [Mr. METCALF]. I understand that if he were present, he would vote the same as I shall vote. I vote "nay."

The roll call was concluded.

Mr. FESS. I desire to announce the following general pairs:

The Senator from Rhode Island [Mr. HEBERT] with the Senator from Illinois [Mr. LEWIS]; and

The Senator from Vermont [Mr. DALE] with the Senator from California [Mr. MCADOO].

I am advised that the Senator from New Jersey [Mr. BARBOUR], the Senator from Rhode Island [Mr. HEBERT], and the Senator from Vermont [Mr. DALE] would vote "nay" if present and voting, and that the Senator from Illinois [Mr. LEWIS] and the Senator from California [Mr. MCADOO] would vote "yea."

Mr. KENDRICK. I desire to announce that the following Senators are necessarily detained from the Senate on official business: The Senator from Illinois [Mr. LEWIS], the Senator from Oklahoma [Mr. GORE], the Senator from New York [Mr. WAGNER], the Senator from Virginia [Mr. GLASS], the Senator from California [Mr. MCADOO], the Senator from Massachusetts [Mr. WALSH], and the Senator from Utah [Mr. KING].

Mr. LOGAN (after having voted in the affirmative). I have a pair with the junior Senator from Pennsylvania [Mr. DAVIS]. I do not know how he would vote if present, and in his absence I withdraw my vote.

Mr. MCKELLAR. I wish to announce that the junior Senator from Tennessee [Mr. BACHMAN] is unavoidably detained from the Chamber. If he were present and voting, he would vote "yea." He is paired with the junior Senator from New Jersey [Mr. BARBOUR].

The result was announced—yeas 53, nays 28, as follows:

YEAS—53

Ashurst	Cutting	McGill	Schall
Bankhead	Dickinson	McKellar	Sheppard
Barkley	Dieterich	McNary	Shipstead
Black	Dill	Murphy	Smith
Bratton	Duffy	Neely	Steiwer
Brown	Fletcher	Norbeck	Stephens
Bulow	George	Norris	Thomas, Okla.
Byrd	Harrison	Overton	Thomas, Utah
Byrnes	Hayden	Pittman	Trammell
Capper	Johnson	Pope	Van Nuys
Connally	Kendrick	Reynolds	Walcott
Coolidge	La Follette	Robinson, Ark.	
Copeland	Lonergan	Robinson, Ind.	
Couzens	Long	Russell	

NAYS—28

Adams	Carey	Hale	Patterson
Austin	Clark	Hastings	Reed
Bailey	Costigan	Hatfield	Townsend
Bone	Erickson	Kean	Tydings
Borah	Fess	Keyes	Vandenberg
Bulkley	Frazier	McCarran	Wheeler
Caraway	Goldsborough	Nye	White

NOT VOTING—14

Bachman	Glass	Lewis	Wagner
Barbour	Gore	Logan	Walsh
Dale	Hebert	McAdoo	
Davis	King	Metcalf	

So the conference report was agreed to.

Mr. SMITH. Mr. President, I desire to make a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. SMITH. The vote now to be taken is on the acceptance or rejection of the so-called "Norris amendment"?

The VICE PRESIDENT. The Chair was just going to lay before the Senate a communication from the House, but has not yet had an opportunity. The clerk will read it.

The legislative clerk read as follows:

IN THE HOUSE OF REPRESENTATIVES,
May 9, 1933.

Resolved, That the House insist upon its disagreement to the amendment of the Senate no. 83 to the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

Mr. SMITH. I move that the Senate recede from its amendment no. 83.

The VICE PRESIDENT. The question is on the motion of the Senator from South Carolina.

Mr. LA FOLLETTE. On that question I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. FRAZIER. Mr. President, on the pending motion I desire to say that it seems to me part III of this bill, which is known as "amendment no. 83", is one of the most important provisions of the whole measure. The title of this proposed act is "to relieve the existing national economic emergency by increasing agricultural purchasing power." There is no way on earth to increase agricultural purchasing power except by giving the farmer cost of the production of his products. The amendment provides in subsection 2 of section 20 for the farmer receiving "the average domestic cost of production, including therein a reasonable profit, for the commodity."

Mr. President, part III of the bill, providing for cost of production, is only 1 option of 3 in the measure which would increase the purchasing power of the farmer. It should be adopted. Personally, I will say that I voted against the conference report because it did not contain this provision, and I shall now vote against the motion of the Senator from South Carolina.

This amendment, it seems to me, is the one thing that the farmers of the United States are demanding in this legislation; it is the one thing in this bill which is of far more interest to them than any other. It is true that inflation may help some; it is true that the refinancing provisions may help some by lowering the rate of interest a little bit; but refinancing is only a 5-year proposition; it is not anything permanent. Amendment numbered 83, it seems to me, would give the Department of Agriculture, if it is adopted, a chance to give the farmers a purchasing power, to put agriculture on a paying basis, by giving the farmers an average cost of production and a reasonable profit.

Throughout the Middle Western States, the great agricultural States, during the past few months there has been organized what is known as the "National Holiday Association", the members of which have announced that they are going on a strike on the 13th of this month, which is only a few days off. One of the things demanded by the Holiday Association is that they shall get the cost of production, and the reason why they are going on a strike, it is asserted, is that they do not get the cost of production for their products.

If the Senate shall recede from this amendment, that farmers' strike will undoubtedly begin on the 13th of the present month; and, Mr. President, I fear for the outcome of that strike; I fear for the safety of our Nation. In my opinion, without this amendment in the bill, Members of the Congress from agricultural States can hardly justify their votes for the bill. I hope that the motion of the Senator from South Carolina may be defeated, and that the amendment may again go to conference.

Mr. WHEELER. Mr. President, I hope the Senate will not recede from the amendment now under discussion. It seems to me that the Secretary of Agriculture has taken an entirely inconsistent position in his statement asking that this amendment be eliminated from the bill. First of all, in his letter which was sent to the committee the other day, the Secretary made the statement, as I recall—and if I am wrong about it I should like to have the attention of the Senator from South Carolina—that the cost of production was impossible of ascertainment. He further stated, in effect, that if the farmers were given cost of production, commodities would back up on the farm. Then, he made the

further statement that the farmers of the country would get more under his proposed plan than they would under the cost-of-production plan. I submit that there is an absolute inconsistency in the statements made by the Secretary of Agriculture. First, he states that the adoption of the cost-of-production plan will result in backing up commodities on the farm because of the fact that the cost-of-production price would make prices too high. Secondly, he states that if the farmers should get what he proposes to give them, they would get more than they would get under the cost-of-production plan. Thirdly, he states that it is impossible to ascertain what the cost of production is, notwithstanding the fact that the Department of Agriculture has for years been asking the Congress of the United States to appropriate millions of dollars to find out what is the cost of production of the farmer's product; and the Department has actually given out statements setting forth what the cost of production is of wheat and cotton and various other commodities produced in the United States.

The Secretary of Agriculture is in the position of coming to the Congress of the United States and asking for unlimited power to abolish by agreement the effect of the Sherman antitrust law, and he asks that he be permitted to put into operation one of several different schemes for the purpose of raising commodity prices; but when the largest farm organization in the United States of America, representing more actual dirt farmers than all other farm organizations put together, request that there be inserted in this bill a provision giving the Secretary of Agriculture the discretion as to whether or not he shall put into operation the plan which they have proposed and for which they are asking, then, Mr. President, the Secretary of Agriculture states that he does not want that power. I say that it is unfair to the farmers of the Northwest; and, in my humble judgment, if we strike this amendment from the bill, we are really doing a disservice to the country. Not only has the Farmers' Union, which, as I said a moment ago, and which I want to impress upon the Senate, represents more actual dirt farmers in this country than all the remainder of the farm organizations put together, asked that the cost-of-production plan be incorporated in the bill, but likewise the farmers in Iowa, in Wisconsin, and throughout the Northwest, who have recently organized a new group and are now threatening a strike, have asked that this provision be placed in the bill. I see no reason in the world why this Congress, the Democratic Members of which pledged themselves in the Democratic National Convention to give the farmers cost of production for their products, should not have the courage to put the cost-of-production plan in the bill so that the Secretary of Agriculture may have the power in his discretion to place it in operation.

I want to say to any Senator from the Middle West, to any Senator from the Northwest, to any Representative from any of the farming States, that he is going to have a very difficult time explaining to his constituency, if we give the farmer cost of production, how it is going to back up the products on the farm, and then say to the farmer in the next breath that we are going to give him more under this bill than if he had cost of production. Talk about inconsistencies on the part of the Department of Agriculture! This seems to me to be the extreme limit.

Mr. President, I propose to vote against the motion of the Senator from South Carolina to recede from the amendment. I think it ought to be in the bill. I think Congress ought to keep it there. If the Department of Agriculture can find the cost of production, as they have said they have found it, then how can we go back and say to our people, "We will give you this kind of price fixing bill, but we will not give you something else you have asked for"?

Mr. FRAZIER. Mr. President, the Senator from Montana [Mr. WHEELER] referred to the ability of the Department to get cost-of-production figures. In yesterday's debate on the floor of the House Representative LEMKE, of North Dakota, made the statement that last January, which is January of the present year, the secretary of agriculture of the State of North Dakota had made an inquiry of the then Secretary of Agriculture in Washington in regard to the average cost of production of wheat for the 1932 crop and that the then Secretary of Agriculture last January made the report that for hard wheat the average cost of production was $1.01 per bushel and for winter wheat $1.14 per bushel.

Mr. WHEELER. Mr. President, my attention has just been called to this statement in the Democratic national platform:

> The enactment of every constitutional measure that will aid the farmers to receive for their basic farm commodities prices in excess of cost.

That pledge was in the Democratic national platform which was drafted in the city of Chicago last year. I was one of the members of the committee that wrote it. We wrote it in the platform because of the fact that farm organizations came to Chicago and asked for that very provision. Now we are not only not going to give them a plan that would give them in excess of the cost of production but we are asking in this amendment that they be given only the actual cost of production. The Senator from South Carolina [Mr. SMITH]—and I appreciate that he is actuated by the fact that the Secretary of Agriculture has taken the position he has taken—is asking Members on this side of the Chamber actually to go back upon the promise made to the people in our Democratic national platform.

Mr. NORRIS. Mr. President, I made some remarks on the prior motion to agree to the conference report under a misapprehension of the parliamentary situation. I thought it was a complete report and that the cost-of-production amendment was included in it. I would not be willing to kill the bill by insisting upon the inclusion of the provision on which we are about to vote. I said what I did at that time on the theory that it was all included in the conference report. I was unwilling to prevent the adoption of the conference report and send it all back to conference by voting against the conference report. I find that I was wrong. This is a proposal outside of the conference report which has been agreed to. This is a proposal to pass on the particular amendment; in other words, it is a motion to recede. I believe that we are justified in sending it back to conference, and that would be the effect of defeating the motion, because its defeat would be followed by a motion to send it back to conference. So far as I am concerned, I should like to try it again in conference, and therefore I feel justified in voting against the motion.

Mr. ROBINSON of Arkansas. Mr. President, in view of the vote in the body at the other end of the Capitol on this amendment, a direct vote rejecting it, I do not believe that the Senate is justified in delaying the final passage of the bill by taking steps to return the bill to conference. If the vote in the House had been close, Senators who favor amendment no. 83 would apparently be justified in that course even though they favor the bill. But with a vote of 109 in favor of amendment no. 83 and 283 against it, a vote that is nearly 3 to 1 against it, it is apparent that the Senate will finally yield on the amendment.

By reason of the injection into the farm relief bill of important but comparatively irrelevant matters, the consideration of the measure already has been long drawn out. Quite naturally those who are opposed to the legislation join in proceedings calculated to defer its enactment in the hope that its defeat might finally be accomplished. Already the planting season in many sections of the country is far advanced. If the provisions of the bill having relationship to agricultural-commodity prices are to have any effect during this season, the measure must be quickly disposed of.

The Senator from Nebraska [Mr. NORRIS], in my judgment, in his first statement took the correct position on the subject. I know there is much support here for the so-called "cost-of-production amendment." It is well known to the Senate that I did not favor it when the bill was under consideration. For that reason I have no right to speak for or attempt to bind those Senators who did favor it. But with the Secretary of Agriculture vested with discretion in the use of the plan, with his announcement generally understood that he would not resort to the plan, nothing

whatever is to be accomplished by incorporating it in the bill except perhaps embarrassment as to the administration of other features of the bill.

I shall not go at length into the merits of the cost-of-production plan for the relief of agriculture. It developed here that the proponents of the plan contemplated such a system of reaching a conclusion as to what constitutes cost of production that the conclusion would have little relationship to any statistics that are available from any source.

Reference has been made to the provision of the Democratic platform that prices be promoted for agricultural commodities that would exceed the cost of production. That standard, of course, is somewhat indefinite. The plan incorporated in the bill, the fair exchange value, in most instances would support prices that would exceed any cost-of-production arrangement that might be worked out. There are probably some instances in which that would not be true, but if the fair exchange value can be given effect it would result in justice to every one and in injustice to no one. It would be the equivalent of the cost of production except in a few cases.

Mr. FRAZIER. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from North Dakota?

Mr. ROBINSON of Arkansas. I yield.

Mr. FRAZIER. The Senator from Arkansas made the statement that it would be an injustice to no one if the fair exchange value was adopted. In cases where the fair exchange value is less than cost of production, it would be gross injustice to every farmer who produces commodities that come under the provisions of the bill.

Mr. ROBINSON of Arkansas. I have already said that cost of production usually is actually less than the fair exchange value as contemplated in the bill.

To give an illustration, which is one that I discussed here some time ago, some of the proponents advocating the amendment before the committee took the position that in order to give cost of production it would be necessary to fix prices at $1.50 per bushel for wheat and 23 cents per pound for cotton. I say that the conclusion is so erroneous as to raise a question as to the value of the judgment of those asserting it. It does not cost anything like 23 cents a pound to grow cotton, and every Senator from a cotton State knows that is true. It does not cost anything like $1.50 per bushel, save perhaps in certain comparatively small localities, to produce wheat. After all, an average must be taken. It costs less than 10 cents a pound to produce cotton in the cotton-growing States under present conditions. It costs less than $1 per bushel to produce wheat in most of the wheat-growing sections of the country under present conditions.

There is no use in attempting to fool the American farmer. There is no plan that can be resorted to that will fix the price of cotton at 23 cents a pound in the United States without destroying both the cotton-production industry and the cotton-manufacturing industry. A similar provision is correct with respect to the production of wheat. But, after all, those who favor the cost-of-production amendment must realize that in order for the legislation to become effective at all there must be an agreement between the two Houses. The Senate conferees have been fair about the matter. Even after the House took the vote of 109 to 283 against the amendment, the conferees did not attempt to enter into an agreement but brought it back here for instructions from the Senate. If we should send the bill back to conference, as many are disposed to do, there would be still further delay, and the result would be that in all probability we would have to yield in the end.

Mr. SCHALL. Mr. President, just a word.

The farmers of my State are wondering why the administration is so zealous in avoiding competition and cutthroat prices in all things that the farmers have to buy, while it is strenuously opposing fair cost of production to the farmers.

Mr. WHEELER. Mr. President, I desire to call attention again to the Democratic platform in two particulars.

I agree with the Senator from Arkansas that it does not cost the farmers of the United States a dollar and a half a bushel to produce wheat at the present time. I do not know anything about cotton, but I assume likewise that he is correct when he states that it does not cost 23 cents a pound to produce cotton at the present time. In this amendment there is no mention of fixing the price of wheat at $1.50 a bushel, nor is there any mention of fixing the price of cotton at 23 cents a pound, although I should like to see the farmers get that price for their products. The amendment simply provides that the cost of production shall be found, and the only people who will find it will be the Department of Agriculture when they fix it.

The cost-of-production provision of this bill is much simpler, much easier, it seems to me, to put into operation, much more consistent with Democratic principles, than other features of the bill, in that it does not build up a great bureaucracy here in Washington; it does not seek to regulate every farmer in the United States; it does not seek to put a processing tax upon various industries, as is proposed under the bill; it does not seek to break down the Sherman antitrust law. And let me call attention to this fact:

In the Democratic platform we have this provision:

> We advocate strengthening and impartial enforcement of the antitrust laws to prevent monopoly and unfair trade practices.

Yet the effect of this bill as it now comes from the conference committee is completely to break down the Sherman antitrust law. The effect of it is to permit one man—the Secretary of Agriculture of the United States of America—to enter into agreements with the packers of this country, with the millers of this country, and also with any other industry that he wants to enter into an agreement with in order, he may say, to carry out the provisions of the bill.

The Members of the Senate ought to realize, when they are casting a vote for this bill under these circumstances, what they are doing. We ought to have the courage to stand up and express our own individual views with reference to these matters, and not simply take the dictation of some professor down here in the Department of Agriculture as to what we should do and what we should not do with reference to these promises that we have made to the farmers and to the other people of this country.

So far as I am concerned, I want to say that when we strike out this provision we are violating two provisions of the Democratic national platform adopted in the city of Chicago less than a year ago. We ought to realize the tremendous power that we are placing in the hands of the Secretary of Agriculture, first, as I say, to fix prices. Talk about a price-fixing scheme! The so-called "allotment plan" is nothing more than a price-fixing scheme. Then I want to repeat what I said a moment ago as to the inconsistent position taken in the letter of the Secretary of Agriculture. First, he says that if we give the cost of production, commodities will back up on the farm. Then he says in the same letter that if we pass this bill, the farmers will get more than they will get under the cost-of-production plan. I am perfectly amazed, and I want simply to say this in conclusion:

I dislike very much to have to disagree with the Secretary of Agriculture, in whom I have a great deal of confidence and for whom I have a great deal of respect; but I think he is wrong in this instance. I think he is wrong when he comes here asking for power to place a tax upon commodities, when he asks for power to let these people enter into agreements with him violating the Sherman antitrust law; and I think the Democratic Party will deeply regret the action it takes when it passes this bill containing some of these provisions. I think we are going to have to explain our action to the people of this country when we break down the Sherman antitrust law in the face of platform pledges, in the face of the long-established principles of our party.

I, for one, am going to assert my independence. I am going to vote to keep the platform pledge. I am going to vote to keep the promises that I made to the farmers of my

State, and not only to the farmers of my State, but to the farmers in the entire Northwest, in Iowa, in Minnesota, in North Dakota, in Wyoming, in Utah, and in Idaho, because I went upon the public platform and said that when we adopted this platform we meant what we said.

I never intended to vote for a bill giving to the Secretary of Agriculture the power absolutely and completely to break down the Sherman antitrust law, and to let one man say what is a good monopoly and what is a bad monopoly. I never intended to vote to give to one man the power to tax the people. I never intended, after making these pledges and saying to the people of this country, "We are going to give you cost of production", to have one man come here and say, "We are not going to do it; and not only will we not do it but we will not even let the Congress of the United States give us the discretion to use the cost-of-production plan in the event that we find that our own scheme does not work out."

I hope the motion of the Senator from South Carolina will be voted down.

Mr. FRAZIER. Mr. President, the remark made by the Senator from Arkansas [Mr. ROBINSON] a few moments ago, in regard to "fooling the American farmer", reminded me of a statement made recently by John Simpson, the president of the National Farmers' Union organization. He referred to the paragraph in the Democratic platform that the Senator from Montana [Mr. WHEELER] read a few moments ago about giving the farmers cost of production for their products. Mr. Simpson said that he was a delegate from the State of Oklahoma, his own State, to the Democratic National Convention at Chicago, and was very anxious to get that provision in the platform, and succeeded in doing so with the help of the Senator from Montana [Mr. WHEELER]. Mr. Simpson states that he campaigned in 12 or 14 of the greatest agricultural States of the Nation last fall during the campaign, he made over a hundred speeches, and especially stressed that feature of the Democratic platform that the farmers would get cost of production for the amount of their basic products used for home consumption here in the United States.

Mr. President, I submit that if we strike out this provision for cost of production it will amount to a repudiation of the Democratic platform, and also of the Republican platform, because in the Republican platforms of the last 2 or 3 conventions we have promised practically the same thing. So it seems to me that if this is stricken out, it means fooling the farmers some more; and I want to say right here that the farmers of the Nation, not only in the Middle West but in the South and in the East and all over the Nation, are in no mood to be fooled any longer. They want cost of production for their products. They are entitled to it. They should have it. They have been promised cost of production by the Democratic Party, which swept the Nation last fall. They have been promised cost of production in the past and fooled by the Republican Party; and now are they going to be fooled again by the Democratic Party? If they are, it is going to be just too bad for that party.

The VICE PRESIDENT. The question is on the motion of the Senator from South Carolina [Mr. SMITH] that the Senate recede from its amendment numbered 83. On that question the yeas and nays have been demanded and ordered. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. PATTERSON (when his name was called). Making the same announcement as before in regard to my pair with the junior Senator from New York [Mr. WAGNER], I am informed that that Senator, if present, would vote as I intend to vote. Therefore I feel free to vote, and vote "yea."

Mr. TYDINGS (when his name was called). On this question I have a general pair with the senior Senator from Rhode Island [Mr. METCALF]. I understand that if he were present he would vote the same way that I shall vote. Feeling at liberty to vote, therefore, I vote "yea." I am advised that on this question the Senator from Rhode Island [Mr. METCALF] is specially paired with the Senator from Colorado [Mr. COSTIGAN], who, if present, would vote "nay."

The roll call was concluded.

Mr. McKELLAR. I desire to announce that my colleague the junior Senator from Tennessee [Mr. BACHMAN] is unavoidably absent on public business, and that, if present, he would vote "yea." He is paired with the junior Senator from New Jersey [Mr. BARBOUR].

Mr. McADOO. I have a general pair with the senior Senator from Vermont [Mr. DALE]. Not knowing how he would vote on this question, I refrain from voting. If I were at liberty to vote, I should vote "nay."

Mr. FESS. I desire to announce the general pair of the Senator from Rhode Island [Mr. HEBERT] with the Senator from Illinois [Mr. LEWIS].

I also desire to state that I am advised that the Senators from Rhode Island [Mr. METCALF and Mr. HEBERT], the Senator from Vermont [Mr. DALE], and the Senator from New Jersey [Mr. BARBOUR] would, if present, vote "yea" on this question.

Mr. DIETERICH. I desire to announce the necessary absence of my colleague [Mr. LEWIS], who is paired with the Senator from Rhode Island [Mr. HEBERT]. If present, my colleague would vote "yea."

Mr. KENDRICK. I desire to announce that the Senator from New York [Mr. WAGNER], the Senator from Oklahoma [Mr. GORE], the Senator from Massachusetts [Mr. WALSH], the Senator from Colorado [Mr. COSTIGAN], and the Senator from Utah [Mr. KING] are necessarily detained from the Senate on official business.

The result was announced—yeas 48, nays 33, as follows:

YEAS—48

Adams	Connally	Harrison	Pittman
Ashurst	Coolidge	Hastings	Reed
Austin	Copeland	Hayden	Robinson, Ark.
Bailey	Couzens	Johnson	Sheppard
Bankhead	Dickinson	Kean	Smith
Barkley	Dieterich	Kendrick	Steiwer
Black	Fess	Keyes	Stephens
Brown	Fletcher	Logan	Townsend
Bulkley	George	Lonergan	Trammell
Byrd	Glass	McKellar	Tydings
Byrnes	Goldsborough	McNary	Walcott
Carey	Hale	Patterson	White

NAYS—33

Bone	Erickson	Norbeck	Shipstead
Borah	Frazier	Norris	Thomas, Okla.
Bratton	Hatfield	Nye	Thomas, Utah.
Bulow	La Follette	Overton	Vandenberg
Caraway	Long	Pope	Van Nuys
Clark	McCarran	Reynolds	Wheeler
Cutting	McGill	Robinson, Ind.	
Dill	Murphy	Russell	
Duffy	Neely	Schall	

NOT VOTING—14

Bachman	Dale	King	Wagner
Barbour	Davis	Lewis	Walsh
Capper	Gore	McAdoo	
Costigan	Hebert	Metcalf	

So the motion of Mr. SMITH that the Senate recede from its amendment numbered 83 was agreed to.

CORRECTION IN ENROLLMENT OF FARM RELIEF BILL

The VICE PRESIDENT laid before the Senate House Concurrent Resolution 18, which was read, as follows:

Resolved by the House of Representatives (the Senate concurring), That in the enrollment of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power, to raise revenue for extraordinary expenses incurred by reason of such emergency, to provide emergency relief with respect to agricultural indebtedness, to provide for the orderly liquidation of joint-stock land banks, and for other purposes, the Clerk of the House is authorized and directed to strike out the word "basic" where it appears in subsection (3) of section 8.

The VICE PRESIDENT. The question is on agreeing to the concurrent resolution.

Mr. BLACK. Mr. President, I do not think we should adopt that concurrent resolution without having a vote on it. I want it known that I am opposed to the resolution if it is going to be adopted in its present form.

The VICE PRESIDENT. The question is on agreeing to the concurrent resolution.

The concurrent resolution was agreed to.

MUSCLE SHOALS

The VICE PRESIDENT laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H.R. 5081) to provide for the common defense; to aid interstate commerce by navigation; to provide flood control; to promote the general welfare by creating the Tennessee Valley authority; to operate the Muscle Shoals properties; and to encourage agricultural, industrial, and economic development, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. NORRIS. Mr. President, I move that the Senate insist on its amendments, agree to the conference asked by the House, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. SMITH, Mr. KENDRICK, Mr. WHEELER, Mr. NORRIS, and Mr. MCNARY conferees on the part of the Senate.

PROTECTION OF GOVERNMENT RECORDS

Mr. PITTMAN. Mr. President, I move that the Senate proceed to the consideration of House bill 4220, for the protection of Government records.

The motion was agreed to; and the Senate proceeded to consider the bill.

The VICE PRESIDENT. On Monday last this bill was passed and a motion was made and agreed to to reconsider the vote by which it was passed. The question now is, Shall the bill pass?

Mr. JOHNSON. Mr. President, I had assumed that somebody would present this measure and explain it. If nobody will, I will endeavor, for the benefit of the authors of the bill, to make the explanation which I think is appropriate, and then to state why I am against the bill.

Mr. PITTMAN. Mr. President, a subcommittee of the Committee on Foreign Relations was appointed to consider House bill 4220 and to propose amendments to it. The bill as it came from the House provided that certain acts committed by the press should be considered as criminal acts. All of that portion of the measure has been eliminated. The only act made a crime by the measure as it now stands is that of a person who, by virtue of his employment, acquires certain Government records, or correspondence between governments, and publishes it, or gives it to another to publish.

Mr. President, in its present form the measure provides—

That whoever, by virtue of his employment by the United States, shall obtain from another or having custody of or access to, or having had custody of or access to, any official diplomatic code or any matter prepared in any such code, or which purports to have been prepared in any such code, shall willfully, without authorization or competent authority, publish or furnish to another any such code or matter, or any matter which was obtained while in the process of transmission between any foreign government and its diplomatic mission in the United States, shall be fined not more than $10,000 or imprisoned not more than 10 years, or both.

In the first place, it will be observed that the measure is limited to the individual. It will also be observed that he must acquire possession of the diplomatic papers by virtue of his office. In other words, the individual will be guilty of a breach of confidence, and, to some extent, guilty of an act almost verging on treason, in violating the extraordinary confidence placed in him by virtue of his office, where he might obtain possession of code messages, whether those code messages were of his own Government or of some other government. In my opinion, it is unconscionable for trusted employees to publish private correspondence between foreign governments which they obtain by virtue of their office. That is all that is covered in the measure, in my opinion.

There has been some objection to the words "or which purports to have been prepared in any such code", on line 9, page 3. The reason for that is this: If a message purports to be a code message between some foreign government and our Government, or between two foreign governments, and it is obtained by one through virtue of his office, or through his ability to crack a code which he has been taught by our Government, it might be found almost impossible to prove that it was a code of the foreign government without placing the representatives of that foreign government on the witness stand. But if a man is in a position of trust and confidence, and the message purports to be a code message, whether it is a code message or not a code message, he still would be violating his trust if he deliberately and willfully published it or deliberately and willfully gave it to another to be published without competent authority, as provided in the bill.

I do not think we should encourage trusted officers, who are in such confidential relationship, who are taught by the United States Government to interpret other codes than their own, who must have great confidence reposed in them, willfully and deliberately, without authority, to utilize that private information to the embarrassment of our Government, or of any government with which we are friendly.

Mr. BONE. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. BONE. I am rather curious to know what it is that we have managed to go along from the First Congress to the Seventy-third without this sort of legislation. What is the purpose of it at this time?

Let me ask a further question before the Senator answers. This measure apparently is quite broad enough to bring about the imprisonment or the fining of a man for publishing anything in any diplomatic code. For instance, if I were a Government employee and I should by some means have access to a code of any nation on earth, and should publish any part of that code, having nothing to do with my own country at all—it might be a message passing between two European governments—if I got possession of that and published it in this country, I could, under this measure, be subjected to fine and imprisonment. I am wondering whether it is necessary at this time to have this kind of legislation enacted.

Mr. PITTMAN. Mr. President, I will state that in the past our Government apparently has been very fortunate in having trusted employees in these extremely confidential positions. It has, however, recently found, or believes it has found, that there are grounds for suspecting that that confidence has been violated, and may be violated again. If this measure did not apply to information obtained by an officer through his public employment, I could understand why it would be pretty broad to say that the Senator from Washington, or anyone else, should not pick a code message out of the air and publish it. This measure applies only to one who obtains possession of information by virtue of his employment by the United States, not to anybody else.

Mr. BONE. May I ask the Senator one more question?

Mr. PITTMAN. Certainly.

Mr. BONE. Is this bill designed to punish someone who has already committed some such offense?

Mr. PITTMAN. I think not, because in that event it would be an ex post facto law. It is, rather, a warning of what the department considers a violation of a trust. According to the Secretary of State, it is deemed advisable in the future to protect the Department against such breaches of trust as are covered by the bill.

I ask leave at this time to place in the RECORD a letter from the Secretary of State with regard to the matter. I will not take the time to read it or comment upon it, except to say that he disclaims emphatically any desire, in the first place, to have this measure refer to the press or in any way restrict the press in the publication of facts; that he had no knowledge that the bill was in that form when it was presented to the House of Representatives, and that he approves the bill in the form in which it now stands with the amendment reported by the Senate Committee on Foreign Relations.

The PRESIDING OFFICER (Mr. BYRD in the chair). Is there objection? The Chair hears none, and it is so ordered.

The letter referred to is as follows:

MAY 6, 1933.

The Honorable KEY PITTMAN,
United States Senate.

MY DEAR SENATOR: I am in receipt of your letter of May 3, 1933, regarding the bill (H.R. 4220) for the protection of Government records, and I submit, for your information and for such use as you may think proper, the following statement as to the genesis of the bill.

When I assumed my present official position at the State Department I soon learned that certain individual acts of interference with secret governmental code information in process of transmission between this and other countries, or like information in process of transmission between a government and its diplomatic mission in the United States, and the threat to make the results public, imperatively called for immediate action making such publication unlawful.

I, thereupon, telephoned a ranking member of the appropriate committee of the House of Representatives, calling attention to this state of facts and suggesting appropriate legislation to make unauthorized publication of the particular kind of code information just described, unlawful. I think I suggested to one of the attorneys in the State Department that he might well have a similar telephone conversation with a member or members of the appropriate committee of the House of Representatives, which he later informed me he had immediately proceeded to do. Some days later I was informed that a number of officials in two or three branches of the public service collaborated in the preparation of the measure against which you complain, and also that certain of its provisions were being objected to upon the ground that they infringed upon the freedom of the press.

Such effects as to the press, of course, were not remotely contemplated by myself in telephoning, nor I am sure, were they contemplated by those responsible for the final draft of the bill in question. At any rate, I at once urged that any provisions that could possibly be construed as to the least extent affecting the freedom of the press be stricken out of the bill. There is not the slightest relationship between the protection of code information as aforesaid and the utmost freedom of the press. And besides, my individual view is that the American public should suffer incalculable injuries in other respects before the freedom of the press should be injuriously affected to any material extent whatever. I think I have a consistent public record of 40 years in support of this doctrine.

Sincerely,

CORDELL HULL.

Mr. JOHNSON obtained the floor.

Mr. CUTTING. Mr. President——

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from New Mexico?

Mr. JOHNSON. I yield.

Mr. CUTTING. Mr. President, I should like to ask the Senator from Nevada a question before he sits down. I merely want to ask the Senator for an explanation of the words "or any matter which was obtained while in the process of transmission between any foreign government and its diplomatic mission in the United States."

As I read those words, they are not limited to questions involving a code, but apply to any matter obtained in transmission of the kind indicated. I was wondering what, in the judgment of the Senator, the necessity was for those words.

Mr. PITTMAN. It would undoubtedly cover mail correspondence as well as wireless and telegraph messages in code. If a message were telegraphed or sent by wireless and were not in code, then the provisions of the bill would not apply; but if some employee of our Government "by virtue of his employment"—for I will have to tie everything to those words—obtained possession of a mail sack of the British Government directed to the British Ambassador here and robbed it, or if he got possession of it in any way by virtue of his employment under the United States, I say that he should be punished.

Mr. CUTTING. I agree with the Senator to that extent, but I cannot read the bill as the Senator reads it. To my mind "by virtue of his employment by the United States" applies only to the obtaining of a code or other document and anyone who shall obtain such code is thereupon forbidden from publishing not merely the code but possibly any matter obtained, as the Senator says, while in transit through the mails.

Mr. PITTMAN. The interpretation I put on it, of course, is that the prohibition applies only to those who obtain the matter by virtue of their employment, whether it be a code message by air or a communication lying on a desk which is intended to be confidential or a letter that is left on the table by accident in the office of the Secretary of State by a foreign ambassador. I think the words "by virtue of his employment" qualify both acts.

Mr. CUTTING. I apologize to the Senator from California for taking his time. I intend to discuss the pending measure at greater length later.

NOTIFICATION OF NOMINATION OF J. F. T. O'CONNOR

Mr. LONG. Mr. President, will the Senator from California yield to me to make a request for unanimous consent?

Mr. JOHNSON. I yield.

Mr. LONG. Mr. President, I ask unanimous consent that the President be notified of the confirmation of the nomination of Mr. J. F. T. O'Connor as Comptroller of the Currency. I think there is no objection to the request.

Mr. VANDENBERG. Mr. President, has the Senator consulted the Senator from Oregon [Mr. MCNARY]?

Mr. LONG. I tried to see him, but he was not here.

Mr. VANDENBERG. The Senator from Oregon objected on a previous occasion, and I suggest to the Senator from Louisiana that he wait until the Senator from Oregon shall be present before he makes the request.

The PRESIDING OFFICER. Objection is made.

PROTECTION OF GOVERNMENT RECORDS

The Senate resumed the consideration of the bill (H.R. 4220) for the protection of Government records.

Mr. ROBINSON of Indiana. Mr. President, will the Senator from California yield to me for the purpose of suggesting the absence of a quorum?

Mr. JOHNSON. No. I thank the Senator very much.

Mr. President, the suggestion was made by the Senator from Indiana that I yield for the purpose of having a quorum called. I deem it wholly unnecessary, because those who, like myself, have an academic or another sort of interest in a measure of this kind would probably have very short shrift at this particular time in the pleading effort to create another crime at the instance of a particular department of the Government.

Mr. President, it will be observed that the title of this bill is "An act for the protection of Government records." On the calendar it is thus described as well—"An act for the protection of Government records." As you read the bill, Mr. President, you may regard it as quite innocent, as an ordinary measure, creating another crime, it is true, but creating a crime designated therein that is repugnant, of course, to everyone who believes in the sacredness of fiduciary relations. Upon its face the bill is as conventional as a wedding and as respectable as a funeral. It is a measure, Mr. President, that as you read it would indicate that some wrong has been committed in the past or some wrong is about to be committed or may be committed in the future that should meet with condign punishment from the Government and should be repugnant to and should be reprehended by every man who is called upon to pass upon a bill of this sort.

But, Mr. President, if one reads with care, if one analyzes the bill as one ought to analyze a measure creating a new crime, if we look at the measure in its implications and its possibilities, it is not quite so innocent as it appears at first blush, and it does not accomplish the result that was sought when the bill was presented. Probably there are not many Members of the Senate here who are interested in this bill at all, but those who are here ought to know its genesis, and they ought to understand exactly why it was presented in th fashion that it was.

It happened that on a certain day young gentlemen from the State Department rushed into the Capitol here, and said that, as a matter of emergency, in order that guns should not rumble at our doors, we should forthwith pass this measure. Indeed, so persuasive were they with the House that the House considered it without ever telling its Members why it was presented and without Members of the House knowing at all the subject matter of the bill or the reason for the emergency. "Emergency" was cried again and again in the House in respect to this measure; it was cried so successfully that I think within the short space of a very few hours the bill which was to rescue us from war was passed without report, without knowledge, and without disclosure of any kind or any character. "Emergency", in order that we should not do a great wrong to a foreign country; "emergency", sir, that we should be saved from the direful consequences, possibly of armed conflict. That emer-

gency was a month and a half ago, and the bill has been pending ever since, but nobody has heard of any of the dreadful and terrible things occurring that it was asserted were going to happen unless this bill should forthwith become the law of the land. So the reason for the passage of the bill first so vehemently asserted, does not exist now, and, calmly scrutinizing the past, never did exist. The hysteria of the young gentlemen of the State Department has doubtless now been succeeded by a tempered judgment.

I dare state the facts because they have been published throughout this country and there is no use in further concealment. They are these: Somebody, whose name escapes me for the moment, was in the employment of the Government as a Secret Service man or as the head of one of the secret-service departments during the late war. This individual was a master of the breaking of codes. Until 1929 every first-class government had in its employment in its secret service an individual who broke the codes of every other country; and every other country on the face of the earth that considered itself a first-class power through its secret-service agents would, we will say, appropriate—we will not say "steal", but would appropriate—the code messages that would come into that country from another country, sent to the other's diplomatic agents. The nations employed individuals to break those codes and, then, of course, after they had been broken, they were read and digested by the officials of the country thus translating the codes of other nations.

Be it said to the credit of the Government of the United States and to the credit of the Secretary of State who came into office in 1929 that when that practice was found existing in our country he stopped it forthwith, and he closed the particular office that was devoted in our country to that sort of business; and probably—I do not speak, of course, with exact knowledge—but probably, sir, ours is the only first-class power in all the world not now doing this sort of reprehensible thing that has been done for many years in the past. But remember, always, that the other nations of the earth are doing it probably with our despatches sent to our diplomatic agents in their particular countries. So that was the situation in 1929.

An individual whose name I do not recall—it was published in all the newspapers, however, after the particular intelligence department was dispensed with in 1929—saw fit to publish a book called "The Black Chamber."

Mr. CLARK. If the Senator will permit me, the name was Yardley.

Mr. JOHNSON. Yardley; that is the name. I thank the Senator from Missouri. Mr. Yardley published a book called "The Black Chamber." In that book he purported to set forth certain despatches that had come from the Japanese during the Disarmament Conference in 1922. I read the book at the time of its publication. There was nothing particularly startling about it; it was more or less interesting; and we all had the like feeling, I assume, and there could be no difference of opinion among any of us concerning the publication of the despatches set forth in the volume. He published code despatches from the Japanese Government to its representatives that had come into his hands in 1922 while working for the United States Government. But remember also that in 1922, when those despatches were received which Yardley published in his book, they were decoded at the request of our own high officials and put upon the desks of distinguished gentlemen who represented the United States of America, and they unquestionably were familiar with them and used them. All right!

Yardley committed his offense against good taste, against every rule that relates to fiduciary relations that we can suggest. I have nothing but indignation for that sort of act upon any man's part, and no sympathy whatsoever with him. After the publication of the book referred to he undertook recently to publish another containing despatches of the 1922 Disarmament Conference and relating, as had his first book, to that period. These were communications from the Japanese Government to its diplomatic agents here.

In 1932, or perhaps in the early part of this year, he was about to publish his second book. It was then that the great "emergency" arose. His manuscript, as I understand, was confiscated, and after its confiscation, then into the Halls of Congress came these frightened gentlemen to say that it was such a delicate, perilous, and immediate emergency that they had to have a new criminal statute. That was the 1st of April or thereabouts of this year. So this proposed statute was born.

Immediately upon the bill being passed by the House—and it was passed in such fashion that no one knew anything about it until it had been passed—the members of the press set up the usual howl of the press about the freedom of the press and how this sort of a statute would interfere with them. The result was that, of course, everybody ran to cover and the bill was amended in the twinkling of an eye in order that the press should not be interfered with and the freedom of the press at all hazards should be preserved. Then the original bill was reframed and the new measure is before us.

That is the story of the amendment. The amendment is infinitely better than the original bill, I grant, although, of course, as will be demonstrated during the progress of the afternoon doubtless by the distinguished Senator from New Mexico [Mr. CUTTING], the amendment is not in good English and makes no sense, but perhaps for that very reason it is infinitely better than the bill as originally presented. [Laughter.]

Mr. PITTMAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from Nevada?

Mr. JOHNSON. Certainly.

Mr. PITTMAN. Without trying to incriminate anyone, I want to say that I was not a member of the subcommittee which prepared the amendment, but it was prepared by other gentlemen.

Mr. JOHNSON. I know that. The gentlemen who were on the subcommittee which drafted the amendment prepared it with the idea of removing the obnoxious portions of the bill that had been passed by the House. There is no doubt about that. That they did not succeed is the contention I make. Their intentions were good, but their execution was not.

Mr. CONNALLY. Mr. President——

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from Texas?

Mr. JOHNSON. Certainly.

Mr. CONNALLY. I am wondering what the Senator observed about the subcommittee? I happened to be a member of the subcommittee.

Mr. JOHNSON. I said the subcommittee's intentions were good, but its execution was bad.

Mr. CONNALLY. I thank the Senator for his 50 percent agreement at least. [Laughter.]

Mr. JOHNSON. The Senator is entirely welcome. [Laughter.]

Let us look at the bill as presented. I am speaking more or less academically in respect to this matter. I do not believe in creating unnecessary crimes. If it be essential that a crime should be created in order that punishment shall be meted out, I can recognize, of course, that it is proper for the legislature to undertake it; but unless an absolute necessity exists, I do not like the idea of creating additional crimes. Here is a bill designed to fit a particular case. It is a misfit and never will touch that case. It will rest upon the statute books, a criminal law with harsh penalties, until—far in the future, when its original purpose will have been forgotten—it will be used for another purpose for which it was never intended and may do gross wrong.

This has ever been the story of this kind of law made to fit some past particular offense. I shall not attempt to parse the sentences. My distinguished friend the English scholar and grammarian from New Mexico unquestionably will parse

them for the delectation of the Senate. But I find that this measure provides:

> That whoever, by virtue of his employment by the United States, shall obtain from another—

Is guilty of a crime. Under the plain import of the language of this particular measure, he is guilty of a crime for obtaining from another. But, sir, when we go farther——

Mr. NORRIS. Mr. President, should he not be guilty? If he does such a terrible thing as that, should he not be guilty of a crime?

Mr. JOHNSON. Obtaining from another?

Mr. NORRIS. Yes.

Mr. JOHNSON. Yes; I think so. In these days anybody that obtains anything from another ought to be condignly punished if he gets it, but the difficulty is with most of us that while we strive we do not succeed. [Laughter.]

Then we go on with the measure and we see that it provides that whosoever—

> shall willfully, without authorization or competent authority, publish or furnish to another any such code or matter, or any matter which has been obtained while in the process of transmission between any foreign government and its diplomatic mission in the United States.

The Senator from Washington [Mr. BONE] asked a question a moment ago about obtaining matter in transmission. The bill relates to obtaining matter in transmission between a government and its diplomatic mission in the United States, no matter how it shall be obtained.

But just prior to that we say "which purports to have been prepared in any such code." There is an implication, it seems to me, that ought not be written in a criminal statute. Whoever does a certain thing relating to a certain matter and publishes it, or anything that purports to be that kind of thing, is guilty of a crime. We cannot and ought not to enact a penal statute of that sort, and it ought not to be in any such loose language.

But we go far beyond that. When these gentlemen of the press fondly imagine that by this amendment they have corrected anything that related to them, they are simply suffering under a delusion. It is true that originally, with a bluntness that is very strange and that never before have we encountered in statutes of this sort, the press was made practically particeps criminis, and the Senate committee hastened to answer the call of anguish of the press, but this particular proposed statute would make them just as guilty under the law of conspiracy as they would be under the original statute. If they imagine that they have gotten clear by virtue of the amendment, they are entirely in error.

I am not so concerned with the press as I am with the making of a statute of this sort and with the right of any man to express himself exactly as he sees fit. Of course, freedom of the press is a matter of consequence that ought to be preserved, but the press will preserve it, Mr. President, without any of your valuable assistance or mine. They will take mighty good care that we do not interfere with their prerogatives. I am just as keen not to interfere with the prerogative of just the humble individual to express himself freely. Side by side the two prerogatives should be maintained, and each is fundamental, of course, in our kind of government.

The proposed statute is one made for a particular and specific case. Statutes of that sort are always doubtful. Sometimes they are necessary, I am willing to concede; but this measure is made in such fashion, so loosely drawn with implications and possibilities that may make for wrong and injustice, that it ought not to be passed. I am not interested in the individual who is sought to be reached by this kind of a measure, of course. I would do with him anything that might be justly desired, but keep in mind, sir, that we are not only touching him with this measure, but we are touching anyone else from whom he obtains something. We are touching someone through whom he may communicate and the like, and we may be striking at the very fundamentals that we would preserve in this country untouched and unharmed.

Mr. ROBINSON of Indiana. Mr. President, when this measure was brought before the Committee on Foreign Relations it was suggested by the eminent Senator from California [Mr. JOHNSON], as I remember, that the Secretary of State should come before the committee and explain why he wanted the bill passed. At a subsequent meeting of the committee the Secretary of State failed to appear, but in his stead came a clerk from that Department of the Government. His name escapes me now. With all the ability which the distinguished Senator from California possesses in cross-examination, and that is conceded by all of us to be much, it was impossible for him to learn from the clerk from the Department of State why they desired the law enacted.

Furthermore, it was suggested before the committee when Mr. Yardley's name was mentioned that the clerk tell us just how he got the information with respect to a prospective book, the manuscript of which Mr. Yardley was presumed to have prepared. The clerk from the Department of State answered the Senator from California something in this fashion: "Do I have to tell that to this committee?" Somebody asked him if he was not willing to tell it. He was told, in effect, "This is the Committee on Foreign Relations, dealing with the foreign relations of the American Government. It is our understanding that we have nothing to do with breaking down codes of other governments in recent years, certainly not since 1929. If that is the case, private affairs ought not to be broken into here in this country." That was how the question was suggested: "How did you get this information about Yardley?" He was silent. Up until this moment nobody knows how he got it.

Mr. President, it looks like a gag proposition from beginning to end. Representatives from the State Department might as well not have appeared before the Senate Committee. We received no worthwhile information from them at all. The committee is as much in the dark now as to why the legislation should be enacted as it was then.

Mr. President, since Mr. Yardley's name has been mentioned in the debate and brought into the question, I think I ought to do what I had not before intended to do. I think I ought to read a telegram from him. It happens that Mr. Yardley is a citizen of Indiana. On the eve of the hearing before the Foreign Relations Committee, I may say to the Senate, I did my best in the interest of fair play to have the Senate committee hear Mr. Yardley, but the committee refused to call him.

I had understood in conversation with Mr. Yardley that he had refused to call on the former Secretary of State, Mr. Stimson, because he did not desire to discuss the question with him at all. But he stated that he would be glad to call on the present Secretary of State and have a complete and full conference with him with reference to his own activities or anything he had done. My understanding from Mr. Yardley is that Mr. Hull refused to see him or to discuss the matter with him, although I had the clear intimation from Mr. Yardley that Mr. Hull himself, or some agent of his Department, had suggested the interview. Since Yardley was not to be given an opportunity to appear before the committee, and since his name was being used constantly in connection with the legislation, I got in touch with him and asked him to send me by wire his own position, and, if it required a defense, his own defense, so that on behalf of an Indiana citizen I could state his position to the committee.

Mr. LONG. Mr. President, will the Senator yield?

Mr. ROBINSON of Indiana. I yield to the Senator from Louisiana.

Mr. LONG. Do I understand that Mr. Yardley, while in the employ of the Government, secured certain documents that were sent by another government to its agents here? Is that how he got them?

Mr. ROBINSON of Indiana. Mr. President, in answer to the Senator's question, permit me to say that, so far as I understand the matter, Mr. Yardley some years ago wrote a book entitled "The American Black Chamber." It had, perhaps, a wide sale. He is said recently to have prepared

a manuscript to be incorporated into another book. Just what that book will contain I do not know. What objectionable features are in it, if any, I do not know. Until this minute we have been unable to elicit from the State Department any important information on the subject, which makes me believe that the purpose of this legislation is far deeper and far more significant than anything with relation to Mr. Yardley.

Mr. LONG. Mr. President, I am not violating any confidence. I received the common street rumor that was going around that what had happened was that the gentleman, while in the employ of the Government, had come into contact with some messages sent by another government to some of their agents here in Washington, and, being very clever at the work of deciphering such messages, had been able to decipher them. I do not know whether this bill is supposed to try to protect them or not.

Mr. ROBINSON of Indiana. There may be some truth in that. I am not familiar with the details. We have not been able to get them from any authoritative source. In any event, regardless of the facts with reference to Mr. Yardley, this bill would not reach him anyhow—not possibly—nor would it reach any book he has written, past or prospective, because the manuscript is in the hands of the publishers, and has been for, lo, these many weeks. As the Senator from California said so pertinently, it was sent to us as "a great emergency measure" that must be passed now, this instant. That has been 6 weeks and more ago, and nothing has been done with it until now. So I am certain in my own mind that there are other motives behind this proposed legislation, and entirely unrelated to Mr. Yardley.

Now, Mr. President, let me read Yardley's telegram under date of April 11:

> Please refer to your telegram in which you ask that I give you my defense for my publications, since they seem to have inspired the new bill.
>
> I presume you refer to "The American Black Chamber." The American Cipher Bureau, which intercepted and deciphered foreign code messages, was created by me in 1917 and directed by me until 1929, when the Government ordered it disbanded on the theory it was unethical to read foreign code messages.
>
> My justifications for publishing The American Black Chamber, in which my activities are described, are:
>
> (1) It could not injure this Government, because it proved to foreign nations that we would no longer stoop to this sort of espionage.
>
> (2) It could not offend any foreign government, because it contained no material about their machinations in this country.
>
> (3) It would, I hoped, awaken the conscience of the State Department, so that they would revise their own code systems and render American diplomatic secrets invulnerable to attack by clever foreign cryptographers.
>
> (4) I assumed that the United States Government belonged to the American people, and since this Government had washed its hands of secret diplomacy, I saw no reason why the people should not know about the world in which we live—a world in which we are too unconcerned to follow the espionage practices of all great nations, a world in which we are even so unconcerned about our own diplomatic secrets as to use unsafe codes.
>
> One press dispatch carries the story that the bill is to protect our own codes. Just to keep the record correct I wish to say that I have been very careful not to publish a single word about our own codes except to say a year or so ago that they were decipherable. If our codes have since been revised and are now indecipherable by master cryptographers of foreign nations, the publication of The American Black Chamber was not in vain.
>
> This Government's fear of the unpublished manuscript now in its hands is, in my opinion, due to false sensational rumors originating in New York. It is a dull treatise for scholars and students of history. The ordinary person would fall asleep while reading it. Whether it is published or not is of no consequence to me. As a matter of fact, I am too busy in my laboratory completing my experiments on a commercial invisible secret ink for children and adults to write their letters with to be at all concerned about anything else.
>
> HERBERT O. YARDLEY,
> *Worthington, Ind.*

Mr. CONNALLY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Texas?

Mr. ROBINSON of Indiana. I yield to the Senator.

Mr. CONNALLY. Does Mr. Yardley, in the message to the Senator from Indiana, disclose where he did get the information—whether from the codes of foreign governments or otherwise?

Mr. ROBINSON of Indiana. No; he states to me no more than what I have just read in his telegram.

Mr. CONNALLY. So he is not frank and free with the Senator. He does not tell him where he did get this information, and from what particular foreign nation he filched the information which he was peddling and wished to sell for money?

Mr. ROBINSON of Indiana. Mr. President, I understand that if he got any information he got it, probably, through his connection with this particular work in deciphering these codes, breaking them down. I do not know. I do not know what information he got. I am only suggesting that he claims that in none of his books, past or prospective, was there anything that in the least wise could be injurious either to this Government or to any other, or to this Government's relations with any other; and I am confirmed in my belief in Yardley's statement by what the Senator from California has said with reference to his notion about the same thing.

Mr. CONNALLY. Does not the Senator from Indiana think that his constituent, who expects him to defend him on the floor and repel any charges of bad faith or betrayal of his duty to the Government for which he worked, ought to have been frank enough with the Senator to have told him the truth about the matter, and to have revealed the sources of the information which he was selling for money?

Mr. ROBINSON of Indiana. Why, bless the Senator's heart, we cannot get the truth from the State Department up until this minute! Nobody knows why they want this bill passed—not even the Senator from Texas. We did our best to get them to tell us. We asked them how they got hold of the manuscript of Yardley. "Did you steal it? Where did you get it?" Not a word. "Do I have to tell that?" they whimpered; and the Senator from Texas asks me why Yardley does not tell a lot of things! The Senator cannot get the information from his own State Department, though we are jointly responsible with the Executive of the Nation for the conduct of the foreign relations of this land.

I hold no brief for Yardley. I have not claimed to do so; but I want Yardley's statement to go in the RECORD. He has a right to that. This is still America, I hope. Every man is entitled to his day in court. I tried to get a fair deal for Yardley before the committee. The committee refused to hear him. We tried to hear the young man sent up by the State Department, and his voice was inaudible, and we could get utterly no information from him. So we are asked to pass this bill without one word, even at this moment.

We have made Mr. Roosevelt a dictator—a dictator. Nobody denies that statement. It is widely heralded on all sides. Now we propose to gag the American people with reference to all foreign relations, with the debt questions coming up, the question of destroying our tariff walls and permitting all foreign nations, with their low-paid labor, to dump their cheaply made products continuously on our soil, continuing to break the great American market and to destroy the American people, economically at least.

We have just had a series of conferences here, Mr. President. Though in office only 2 months, Mr. Roosevelt has seen fit to invite the representatives of all the great nations here. Though we are ourselves in sackcloth and ashes, and one would naturally imagine it would require all of his attention to remedy economic conditions in this country, with 15,000,000 men unemployed, he diverts as much of his energy as it requires to discuss foreign questions with the great men of Europe, who have come trooping here in these latter days. I make the bold assertion here and now that Europe and Japan know more about what took place at those conferences than the American people. Mr. Roosevelt has not yet seen fit, up to this moment, to take the American people into his confidence as to what transpired. What promises did he make to Great Britain with reference to their debt, or to France, or to Italy, or to any of them?

If this bill goes into effect, anything that purports to be secret is taboo, and the American people must be kept in

ignorance. Not a word! Who is there here who does not remember the days just preceding the World War, when we had our secret agents running all over Europe, keeping the people in the dark? If there had been more "pitiless publicity" in that day, there would have been more "open covenants, openly arrived at", and America never would have gone into the war—never! never! Do you suppose, if the American people had known what Colonel House was doing in Europe in those days, that we ever would have gotten into that war? We have found out since what he did. We had him running over Europe secretly—secretly!—under a Democratic administration, which is presumed to believe in the people, and to be keeping the people informed. Now we have another Democratic administration, and immediately they attempt to apply the gag.

Dictatorial power? Yes. We understand that new dictatorial powers will be asked for shortly with reference to the debts, with reference to the tariff, and other economic questions. The much-advertised big international conference is coming in June; and when it comes—listen!—when it comes, if we pass this bill, it would not make any difference if an American citizen knew that information with which he came in contact, if given to the American people, would save the Nation; he would not dare publish it, and any newspaper that attempted to publish it without "proper authorization", whatever that is, would be engaged in a conspiracy with the party who attempted to publish that information, vital, it might be, to the life of the Republic.

Not a convincing reason has been suggested by any Member of the Senate for the passage of this gag law. The Senate itself has largely become a rubber stamp in these latter days. It will be completely so if we pass this measure. A Member of Congress in either House would not dare go out and publish any vital information he might get if Congress were not in session and he were unable to have congressional immunity from the law. Even though it were to save the Nation, though the Republic's life were in danger, it would be impossible to publish it in any way, shape, or form under this infamous thing, and it would be impossible for a newspaper to publish it without violating the law.

I ask why it is that, during these last few days, the President of the United States failed to take the American people into his confidence as to what he was talking about with these foreign diplomats. Ask any member of the press if he knows just exactly what took place. But Europe seems to know all about it. The information filters back from Europe as to what took place at the conferences here, so I assume that in time the American people will get the news secondhand from foreign sources. Then this bill is brought in, and we are asked to pass it, and I suppose it will be passed. The President dominates the Congress, advertises the fact, and tells the Congress what to do.

Mr. President, I am not afraid for the people to know the facts. I go further; if the people of the world could always know what is going on in diplomatic circles, there would never be any war. One of the most serious things to consider doing is to suppress free speech and a free press, the sources of public information, and that is exactly what this bill undertakes to do.

Mr. President, I would oppose the bill no matter who was President. It is un-American. It is contrary to everything for which the country has stood in the past. It is the last thing to which a republic ought to resort. It is dangerous in the extreme.

There were the old alien and sedition laws, which ruined John Adams and the Federalist Party.

Just one more word, Mr. President, and I shall conclude. Here is the bill; I read:

Whoever by virtue of his employment with the United States—

No matter how he is employed, everybody is forbidden. "Shush, shush." "Gag, gag"—

Any matter prepared in any such code, or which purports—

The Senator from California has said all that is necessary on that subject.

Which purports—

They can make anything purport to be official—

Whoever without authorization or competent authority—

Where is the authorization to come from? Who is the competent authority? We tried our best to get somebody on the committee to tell us, so that we would know when we were violating the law. Who is this competent authority? Who is it? Silence. Nobody knows. Presumably, from what follows, it might be a clerk in the Rumanian Legation here, or in the legation from Liberia. Who is it? Where rests this power to authorize?

Publish or furnish to another any such code matter—

Listen to this:

or any matter which had been obtained while in the process of transmission between any foreign government and its diplomatic mission in the United States.

"Any matter." That would mean that if an American citizen should somehow or other get information through anyone employed by the Government, no matter what it might be, in connection with some powerful foreign country, directed to its mission here, or from here to its national capital, which might be injurious to this country, to the extent that it might mean our dire peril, he could not publish it, no newspaper could publish it, it would be impossible, without violating this proposed law. Then let us see what position he would be in. He would be subject to imprisonment of 10 years, or to a fine of $10,000.

Mr. President, of course this is thoroughly unnecessary. We have gone along for 145 years, and, though we have had our troubles, we have done pretty well as compared with other nations of the earth. Let it be remembered that early in the history of this country, in the Adams administration, the infamous alien and sedition laws were passed, which destroyed a President and a party. They were promptly repealed, and from then to now we have gone along without sedition laws, without a gag law, without the "shush shush", and we have built up our marvelous prestige and reputation as a nation since then. We have done that on a basis of free speech and a free press, and we can go on along the same line.

Evidently something is wrong when it is necessary to resort to a "shush shush" law, to keep information, vital information, it may be, from the American people.

Mr. President, the measure is utterly vicious and indefensible from any standpoint. While I assume the votes are here to pass it, I should vote against it though I were the only Member of the Senate who did, and I hope, of course, with all my heart, that the bill will be defeated.

NOTIFICATION TO THE PRESIDENT—COMPTROLLER OF THE CURRENCY

Mr. LONG. Mr. President, I ask unanimous consent that the President may be notified of the confirmation of Mr. O'Connor as Comptroller of the Currency.

The PRESIDING OFFICER (Mr. BYRD in the chair). Is there objection? The Chair hears none, and it is so ordered.

PROTECTION OF GOVERNMENT RECORDS

The Senate resumed the consideration of the bill (H.R. 4220) for the protection of Government records.

Mr. CONNALLY. Mr. President, I regret that the Senator from Indiana takes occasion to use every measure upon which he speaks as a vehicle for denunciation of the President and for the delivery of a bitter partisan speech. Let me remind the Senator that when we go to war, if we unfortunately get into war, his party will have to fight just the same as those on this side of the aisle.

Mr. ROBINSON of Indiana. Mr. President, we did before. After a Democratic administration took us into war, Republicans helped to win it.

Mr. CONNALLY. Mr. President——

The PRESIDING OFFICER. The Senator declines to yield.

Mr. CONNALLY. Mr. President, I shall yield when the Senator respectfully asks me to yield; but I do not yield to a Senator who gets to his feet and, in a perfect frenzy of rage, undertakes to interrupt the Senator from Texas with-





out permission. I want to be courteous; and if the Senator from Indiana desires that I yield, I shall do so.

Mr. ROBINSON of Indiana. I merely repeat for the RECORD what I just got through saying.

Mr. CONNALLY. The Senator from Indiana returns brusqueness for courtesy and consideration.

Mr. ROBINSON of Indiana. No, Mr. President; I have the highest regard in the world for my good friend the Senator from Texas; I never question the motives of my friend, and I respect him as highly as one could another Senator. But, Mr. President, I was answering his question, or trying to, directly. Perhaps I was a little emphatic. What I had to say was this: When a Democratic administration and a Democratic President took us into the great World War—and I am not criticising the President, I am not finding fault with him—I say that had the American people known what Colonel House was doing in Europe, and all that was going on over there at the time, we never would have entered the war. But when we did go into it, under a Democratic administration, the Senator will agree with me that Republicans stood shoulder to shoulder with Democrats. We went out to win the war, and did win the war, and there was no shirking in Republican ranks.

Mr. CONNALLY. Mr. President, the Senator from Indiana evidently misconstrued what the Senator from Texas intended to say, or he misunderstood the motives which prompted him. What the Senator from Texas desired to suggest was that the Senator from Indiana, when we are here trying to consider emergency legislation, takes occasion to make these bitter partisan speeches, dragging in President Wilson and Colonel House and the World War, which took place 15 years ago.

What I meant to suggest was that this measure was based upon a desire to prevent the unlawful and illegal divulgence of State Department and diplomatic secrets which might involve us in war and that when we are involved in war the Senator's speeches will not be of any avail, because the Republicans will have to fight the war just as we shall fight it on this side.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield?

Mr. CONNALLY. I have not really answered what the Senator said as yet, but I shall yield.

Mr. ROBINSON of Indiana. I hope we will never get into another war. When I see the veterans of the last war reviled and abused and maligned all over the United States, as they are today—and I have a photograph which I will put in the RECORD tomorrow of a disabled veteran discharged from the hospital in Dayton in his underwear, not even being given clothes to go home in—I say that I hope there never will be another war.

Mr. CONNALLY. Mr. President, if it is to bring forth the repeated outbursts of the Senator from Indiana, I, too, hope there will never be another war. [Laughter.]

I happened to be on the subcommittee which had something to do with the drafting of this amendment, and I want to analyze this terribly repressive measure which has aroused the bitter attack of the Senator from Indiana, and I assume will arouse the attack of the cultured and literary Senator from New Mexico [Mr. CUTTING].

What is proposed to be done by this measure? All the bill would do is simply to make it a criminal offense for a scoundrel to betray his confidential relationship with the Government, or for another to conspire with some agent of the Government to get confidential information, and then go out and sell it for money. That is what the measure would do, and that is about all it would do.

Why was it proposed? It was proposed for the purpose of protecting the Government, for the purpose of keeping the Government out of unfortunate diplomatic situations which might involve us in war, and it is designed to prevent our becoming involved in war.

Let us see what it would do; what this terrible measure would do. Let us see what this dictatorship bill, as the Senator from Indiana calls it, would do. This is what it provides:

Whoever, by virtue of his employment by the United States—

In other words, whoever, in the confidence of the Government, whoever, in the employ of the Department of State, drawing a salary, under obligation to be loyal to his Government and to its citizens—

shall obtain from another—

In other words, whether he gets it out of the file himself or obtains it from somebody else—

or having custody of or access to, or having had custody of or access to—

What?—

any official diplomatic code.

It is confined to diplomatic codes; that is all. The United States code belongs to our Government; it is its property; it has a right to keep it secret. The codes of foreign governments belong to them; they are their property, and they have a right to be protected in their use. That is all this bill proposes.

Now, whoever does those things and—

shall willfully—

Not innocently. The Senator from Indiana implied that a citizen might come into possession of some information and might use it innocently and thereby would incur the penalty of the penitentiary or an enormous fine. That is not true; that is not a fair conclusion. The individual must divulge it or use it "willfully." What does "willfully" mean? It means with an evil intent; with an intent of malice; with an unlawful intent. So there is no danger of any innocent citizen's becoming enmeshed in the terms of this bill.

What else does it propose to do?—

Shall willfully, without authorization, or competent authority.

And the Senator from Indiana makes a great point as to who is the authority. The authority must come from someone who is charged with the responsibility of the custody of the particular codes or papers, of course.

The Senator from Indiana has individuals in his office and secretaries in his employ who are on the pay roll of the Government. Suppose one of those clerks should go into the Senator's confidential files and purloin information and publish it to the world—would the Senator from Indiana think that act ought to be protected? Would that man not be guilty of disloyalty? Would he not be guilty of theft? Would he not be guilty of breaking faith with the Senator?

According to the Senator's argument, every clerk in his office ought to be free to disclose everything that is in his files. The Senator says he favors a free press; let a citizen publish to the world everything that he may find out, no matter where he got it, even though, in order to get it, he must commit theft; he must be guilty of treachery to his employer and treachery to his Government. What of that, says the Senator from Indiana. If he can get control of the information, he ought to have the right to publish it to the world. I dissent from any such view.

Mr. TRAMMELL. Mr. President——

Mr. CONNALLY. I shall yield to the Senator from Florida in just a moment.

Of course all of us believe in a free press, but a free press does not mean a press that is based upon treachery; it does not mean a press that is based upon theft; it does not mean a press that is based upon disloyalty to the Government in whose employ the man works and whose money he draws. Now, I yield to the Senator from Florida.

Mr. TRAMMELL. I merely wanted to ask the Senator if he did not think it more probable that the Senator from Indiana would remove such a clerk and in that way punish him? Certainly he would not promote him.

Mr. CONNALLY. To be sure he would punish him. I dare say the Senator from Indiana would not only "fire" that employee but that he would probably make him a speech. [Laughter.]

Mr. President, what is all this about? Why all this tempest in a teapot? It is true that this man Yardley is a citizen of Indiana, I understand, but it does not make any difference to the Senator from Texas whether he is a resident of Indiana or a resident of some other State. My contention is that any citizen, whether white or black, male or female, big or little, lean or fat, who is in the employ of the Government and, having access to confidential papers and records, disloyally and improperly uses knowledge so obtained for private gain or private profit ought to be punished.

Suppose an employee does not get such knowledge from his own Government, but by reason of the knowledge that he gains in the Government's service gets information from the codes of other governments and then publishes that material, when he knows that it is apt to involve his own Government in war or in diplomatic difficulties, he is as much a traitor to his country as one who deserts his general on the field of battle.

Mr. President, what is there so wrong about this measure? What is there so terrible about it? Where is the Senator who approves pilfering private records? If there be such, let him rise. Senators who become outraged because of a man's stealing a spotted calf and want to put him in the penitentiary would seem to entertain the idea that a man could steal a public record or a public document and sell it for money to the newspapers and that that would be an act of patriotism and public service. I do not so regard it.

The newspapermen have a code of their own; they respect confidences. When they are told something in confidence they will not publish it; it is a violation of their highest ethics for them to violate a confidence; and yet because the Government asks those who are in its employ and who are receiving its compensation that they be loyal and not divulge information obtained in their confidential capacity Senators rise and say that we are interfering with a free press.

We are interfering with free thieving and free betrayal of trust; that is what we are interfering with. We are interfering with free treachery to their employer and to their Government; that is all.

Mr. President, the Senator from Indiana—and I regret he has left the Chamber, for I do not like to refer to Senators when they are not present—took occasion to denounce the President again, of course, and to say that he is a dictator. There is nothing in this bill which gives the President any power, except possibly that which refers to Government employees' divulging matter covered by the bill without having proper authority. Of course, the President, as the head of the Foreign Service Department of the Government, might or might not withhold authority for the publication of any information; but, other than that, there is no new power conferred upon the President of the United States.

Mr. CUTTING. Mr. President——

Mr. CONNALLY. I yield to the Senator from New Mexico.

Mr. CUTTING. May I ask the Senator if his definition of "competent authority" as mentioned in this bill would refer to the President of the United States, or to just what official in his judgment would it refer?

Mr. CONNALLY. I think that that term is comprehensive enough to embrace both the President and the Secretary of State. I think if a man obtained material and published it with the consent of the Secretary of State or with the consent of the President he would be protected, because he would be acting under "competent authority."

Mr. CUTTING. Take the case of a man who worked in the War Department under the Secretary of War and who also has access to such records?

Mr. CONNALLY. In that case it would be the Secretary of War instead of the Secretary of State.

Mr. CUTTING. In other words, the provision would include the President, the members of his Cabinet, and others?

Mr. CONNALLY. I shall say to the Senator from New Mexico that my view is that the words "competent authority" would include any official whose legal duty it is to have custody of records, and that, of course, would depend upon each particular case. Instead of mentioning them by name, we simply refer to "competent authority", meaning that authority which under the law is charged with the custody of the records and which, in the ordinary course of business, would have the right to divulge them to the public or to withhold them from the public. I do not know whether or not that answers the Senator's question.

Mr. CUTTING. Yes. I merely wanted to get the Senator's opinion as to what the words meant.

Mr. CONNALLY. Now, I wish to make just a few remarks with reference to the attack of the Senator from Indiana on President Roosevelt. The Senator from Indiana says, "We have a dictator, and everybody knows he is a dictator." Well, the Senator from Texas wants to say that if that be true—and he is not saying that it is true—we have seen more improvement since the 4th day of March under the so-called "dictator" than we had during the 4 years prior to March 4 under the benevolent rule of the last 4 years of the Republican administration. I do not want to bring on any bitter partisan debate—and I do not intend to do so—but, for one, the Senator from Texas is weary of the Senator from Indiana on each day and each occasion seizing the opportunity to denounce and to abuse the present administration, regardless of the bill that may be before the Senate, and no matter whether his remarks are relevant or are wholly immaterial to the matter before the Senate.

Mr. ROBINSON of Indiana entered the Chamber.

Mr. CONNALLY. I am glad the Senator from Indiana has returned. I expressed grief over his absence a moment ago, because I dislike to refer to a Senator when he is not present. I was just observing, and I shall reiterate for the Senator's benefit——

Mr. ROBINSON of Indiana. Mr. President——

The PRESIDING OFFICER (Mr. BACHMAN in the chair). Does the Senator from Texas yield to the Senator from Indiana?

Mr. CONNALLY. I yield.

Mr. ROBINSON of Indiana. I shall be very glad to hear the reiteration, if the Senator desires.

Mr. CONNALLY. I was referring to the fact that the Senator from Indiana day after day seizes every opportunity to abuse the President of the United States and the present administration. He charged today that we have "a dictator" in the person of the President, and the Senator from Texas merely wanted to observe, whether we have a dictatorship or whether we have not, that since the 4th day of March under the so-called "dictatorship" the country has moved forward farther and has accomplished more toward getting out of the depression than it did during the entire 4 years under the leadership of the late administration, of which the Senator from Indiana was one of the most obeisant and subservient followers. [Laughter.]

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Indiana?

Mr. CONNALLY. I yield.

Mr. ROBINSON of Indiana. I never abuse the President of the United States, no matter what party he may represent, but I reserve the right to criticize the President of the United States freely and without reserve if I think his policies are bad. That was true when the Republicans were in office, and it is true now. Mr. President, I want to assist the President of the United States, so far as I can do so in conscience, and if the Senator from Texas will go over the record which has been made here during the past two months he will find that time and again I have not only supported the President of the United States and his measures but have voted for them; and, so far as my feeble influence could extend, I have used it in favor of every measure that I thought was for the best interest of the country. It is never my intention to abuse the President of the United States.

Perhaps the Senator may mistake the emphasis with which I speak at times for abuse, but I do not mean it to be abuse; I do not abuse, but I will freely criticize, just as for

years Senators on the other side of the aisle criticized Republican Presidents. They were well within their rights in doing so, and I never objected to that, but I think they should be consistent about it now that we have a Democratic President.

Mr. CONNALLY. I am glad to have the assurance of the Senator that he is going to follow the President in the future.

Mr. President, the Senator from Indiana today denounced the President of the United States because he did not publish all the details of the conversations which the President has been having with foreign representatives with reference to the World Economic Conference which is to be convened in June.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield at that point?

The PRESIDING OFFICER. Does the Senator from Texas yield further to the Senator from Indiana?

Mr. CONNALLY. I yield.

Mr. ROBINSON of Indiana. I did. I think the American people are entitled to know what went on there, and they do not know; and they have no way of finding out except through the President.

Mr. CONNALLY. The Senator has made one speech on the question. I am trying to answer the Senator's first speech without his making two.

Mr. President, the Senator from Indiana now admits that he has been denouncing the President of the United States for not publishing to the world the details of his conferences with foreign representatives with regard to questions related to the world economic conference. There have been no secrets, so far as I know, about the subject matter of those discussions. Of course, they were private in the sense that when gentlemen meet together to discuss questions the reporters are not always called in until after the discussions are over and a report as to the substance of those conversations is made. The press will bear witness to the fact that after each one of those conferences there were given out joint statements by the President of the United States and the foreign representatives as to the subject matter discussed. Of course, they did not have a shorthand reporter to take down each question and each answer.

If that is the idea of the Senator from Indiana of what diplomatic intercourse ought to be, to have a conference in the morning and have a stenographic report of it published in the afternoon papers, I want to observe that we would never get anywhere in our diplomatic intercourse, and the Senator ought to know it.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield, and I shall keep on yielding.

Mr. ROBINSON of Indiana. That was Woodrow Wilson's idea. It was frequently announced by him—announced many, many times.

Mr. CONNALLY. If that is true, and the Senator from Indiana approves it, it is the first principle President Wilson ever enunciated that has been approved by the Senator from Indiana. Woodrow Wilson now lies out yonder in the Cathedral, his memory enshrined in the hearts of his countrymen, and yet on each occasion when his name is mentioned the Senator from Indiana violates that sacred repository with his political footsteps and drags the memory and the name of Woodrow Wilson around the Senate Chamber. I resent it. The Senator from Indiana can find no warrant in any words of President Wilson for the utterances now made by the Senator from Indiana.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield?

Mr. CONNALLY. No; not for a moment. I shall yield presently.

The Senator from Indiana referred to President Wilson here today and dragged his honored name around this Chamber for partisan purposes; that is why he did it. Senators know it, and the Senator from Indiana knows it.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield now?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Indiana?

Mr. CONNALLY. Very well; I yield.

Mr. ROBINSON of Indiana. I recall when a Republican President had been laid in his grave, that his body was scarcely cold before he was denounced and abused and his memory profaned on the other side of the Chamber. Day after day that continued. It has not yet stopped.

Mr. CONNALLY. If that were true, I have no admiration for such conduct, and I cannot approve the action of the Senator who uses that incident, which he himself denounces, as a precedent for now abusing and reviling the memory of Woodrow Wilson.

Mr. President, there is not very much to the bill. The purpose is to protect the United States from having its international relations interfered with by those who obtain information while in the Government employ and publish it to the world and offend foreign nations and perhaps involve us in difficulties. That is all there is to it. The immediate incident was a threatened publication by a man by the name of Yardley of a book with relation to affairs in the Far East. It was supposed to contain confidential information obtained from code messages of foreign countries and perhaps from that of our own country. The bill is designed to prevent that sort of thing in the future. It is simply a bill against intellectual theft. It is a bill against treachery to the Government by its own employees. It is a bill in the interest of peace by preventing the publication of unauthorized diplomatic matter in order that our foreign relations may not be disturbed.

Mr. FESS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Ohio?

Mr. CONNALLY. I am glad to yield.

Mr. FESS. On page 3 of the bill, line 9, occur the words "or which purports to have been prepared in any such code." Does not the Senator think that language should be stricken out?

Mr. CONNALLY. This is the reason for the insertion of that language: If a man publishes it and says that it is from a code, it is just as harmful as if it were in fact from a code. On the other hand, in order to convict him and to show that it was from a code, the Government would have to reveal its code in order to prove that he had used the code. Does the Senator get the point?

Mr. FESS. I do.

Mr. CONNALLY. For all intents and purposes there is just as much harm caused by the use of material which purports to be the United States code as though it were the genuine code.

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Arkansas?

Mr. CONNALLY. Certainly.

Mr. ROBINSON of Arkansas. If that language were stricken out, it would place upon the Government the burden of proof of the authenticity of the message and thus compel it to make the disclosure itself.

Mr. CONNALLY. That is the point I was trying to indicate to the Senator from Ohio. If we strike out that language, the Government would have to prove that he used the genuine code, and in order to do that would have to reveal the code, which would be the identical thing we are trying to prevent. It would give publicity to our own code and to a foreign code.

Mr. FESS. I am in sympathy with the efforts to protect matters of this kind, yet it is rather a serious thing to interfere with publication.

Mr. CONNALLY. I agree with the Senator. We have tried to limit it. If the Senator will read the bill carefully, he will see first that the person must have been in the employ of the Government and had access to or custody of the documents, or by reason of that relationship secured it from another and then published it, not innocently, but wilfully, harmfully, maliciously, with an evil intent.

Mr. FESS. I think the point of the Senator is well taken. I had not seen that side of the question.

Mr. CONNALLY. I thank the Senator.

The PRESIDING OFFICER. Without objection, the vote agreeing to the committee amendment as amended and the votes whereby the amendment was ordered to be engrossed and the bill to be read a third time will be reconsidered.

Mr. CUTTING. Mr. President, I send to the desk an amendment in the nature of a substitute, which I ask to have read.

The PRESIDING OFFICER. The amendment in the nature of a substitute will be read for the information of the Senate.

The CHIEF CLERK. The Senator from New Mexico proposes the following in the nature of a substitute: Strike out all after the enacting clause and insert in lieu thereof the following:

That whoever by virtue of his employment by the United States shall obtain and thereafter willfully, without authorization or competent authority, publish or furnish to another any official diplomatic code or any message or matter prepared in any such code shall, upon conviction thereof, be fined not more than $10,000 or imprisoned not more than 10 years, or both.

Mr. CUTTING. Mr. President, with one sentence in the speech of the Senator from Texas [Mr. CONNALLY] I am in hearty agreement. The Senator from Texas said concerning this bill that there is not very much in it. I quite agree with the Senator in that respect. The trouble is that in a time of stress, a time of emergency, a time of crisis, it is quite easy to pass some measure about a matter which is apparently trivial, but which may nevertheless have serious consequences. I want to point out, so that Senators may know what they are voting on, exactly what is in the bill.

In the first place, the House of Representatives, as has been stated, passed a bill which was entirely intelligible. It may have gone too far, but anyone who reads the text of the House bill cannot fail to understand what it means. I submit that the language which was substituted by the Senate committee is ungrammatical, unintelligible, ambiguous, and therefore dangerous.

I shall omit for the moment the subordinate clauses and point out merely the subject, predicate, and object of the subordinate and principal clauses. In the grammatical form in which it came from the committee the bill provided that "whoever shall obtain any code or matter, shall publish or furnish any such code or matter, or any matter * * * of a different description, * * *" shall be fined or imprisoned." In other words, the word "whoever" governed three sets of verbs without any grammatical connection between them.

On Monday the Senator from Arkansas [Mr. ROBINSON] amended the bill by inserting the word "and" before the second "shall." That does away with some of the grammatical ambiguity. It shows at least that the crime consists in first "obtaining" and thereafter "publishing." But I still submit that a great deal more has to be done to it to get it in grammatical shape, because the insertion of the word "and" before the word "shall" leaves the clause "or having custody of or access to or having had custody of or access to" floating in the air without any connection with any other part of the sentence.

The word "or" in line 2 is followed by "having custody of", but it is not preceded by any other participle or adjective. The words which I have placed in parenthesis on the chart on the wall cannot be grammatically connected with any other part of the bill. That is a minor point. Personally, I think those words in parenthesis could be left out of the bill without injuring it in any way. I do not see that it makes the slightest difference whether a Government employee had "personal access to" or "custody of" any particular matter. If he obtained it by virtue of his employment by the United States, he should be equally guilty when he publishes it. That is the essence of the crime, as I understand the intention of the committee, as expressed in the speech of the distinguished Chairman of the Foreign Relations Committee [Mr. PITTMAN] and the speech of the distinguished Senator from Texas [Mr. CONNALLY].

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. CUTTING. Certainly.

Mr. CONNALLY. I want to observe that the words "shall obtain from another" ought to be kept in the bill. I understood the Senator to say they ought to be eliminated.

Mr. CUTTING. No; I said the subsequent words, "or having custody of or access to", could be eliminated with manifest improvement to the grammatical construction and without any injury to the sense of the provision.

Mr. CONNALLY. But there are two points involved—first, that he should obtain it from another and, second, that he shall himself take it from the files or get access to it. The purpose of that is that he may be in the State Department and get it from the Japanese code and then have it published. We want to prevent his obtaining it from another and obtaining it from his own files.

Mr. CUTTING. I think the Senator's object would be attained by striking out everything after the word "obtain" and before the words "any official diplomatic code", so it would read:

Whoever, by virtue of his employment by the United States, shall obtain any official diplomatic code—

And so forth. Whether he obtained it from the files or from another, he is equally guilty if he obtains it "by virtue of his employment by the United States." I think the latter words are the important ones in the legislation, if the legislation is of importance at all.

Mr. TYDINGS. Mr. President——

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Maryland?

Mr. CUTTING. I yield.

Mr. TYDINGS. Suppose the man were not in the employ of the United States, but obtained it, would he be guilty under this provision if he published it?

Mr. CUTTING. The language is "whoever shall obtain any code matter." If the subsequent words "having had custody of or access to" mean that it applies to an ex-employee, I suppose if he ever had been in a confidential relation to the Government he would be guilty.

Mr. TYDINGS. My point in asking that question of the Senator was that just from looking at the language hastily, it seemed as if a person in the employment of the United States might give a code of this kind to me, or might give it to someone who was not in the employ of the United States, and the second person might obtain it and publish it, but he would not be guilty under this proposed statute.

Mr. CUTTING. No; he would not, under the proposed statute.

Mr. CONNALLY. Will the Senator yield right there?

Mr. TYDINGS. What I wanted to ask was, if this measure should go through, whether it is not the intention of the proposed law to prohibit any publication of matter of this kind by any person, rather than just by one who was in the employ of the United States Government.

Mr. CUTTING. May I say to the Senator that, as I understand, that was the intention of the House bill, but is not the intention of the Senate bill. May I ask the Senator from Texas whether I am correct?

Mr. CONNALLY. No; if the Senator will yield right there, the committee took the view that under the general conspiracy statute, if an employee of the Government conspired or agreed with an outsider to do this, they would both be principals, and therefore it was not necessary to go farther than we have gone here.

Mr. TYDINGS. Let me point out to the Senator from Texas rather an extreme case, I admit; but suppose a man who was not employed by the Government of the United States should happen to find in some abandoned papers a number of code messages which had been deciphered or broken down. Suppose he should take those code messages and publish them, and thereby disclose what these messages were said to contain when they were published subsequently. I imagine that what is sought to be obtained by this legislation is the prohibition of publication of any secret telegram or diplomatic paper or code or writing whatsoever, regardless

of whether it was obtained from a Government employee or in any other manner.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. CUTTING. I yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. That matter was gone into fully by the Committee on Foreign Relations.

The history of this legislation is that after the bill came over from the House, hearings were had by the Senate committee; and a subcommittee was appointed, consisting of the Senator from Idaho [Mr. BORAH], the Senator from Texas [Mr. CONNALLY], and myself. At our suggestion, the State Department prepared this draft according to our instructions. Considerable care was given to the preparation of the draft; and it was the intention both of the subcommittee and of the full committee not to penalize a person publishing unless he was in the employ of the Government and abused his confidential relationship, or unless the person publishing willfully contributed to that act, advised, aided, and abetted it. We still think that is the sound position.

May I say now, in the time of the Senator from New Mexico, that the committee, I think, feels—those favoring the legislation feel—that this is rather carefully worked out. An instance was brought to light where one who was in the employ of the Government went to a telegraph office, represented himself as a Government agent authorized to receive information in a secret code, procured the code, and then went out and tried to sell the information that he had obtained from the telegraph company in some article or book that he had written. It is to prevent such transactions as that, and it is to prevent any publisher who tries to embarrass his Government by inducing persons in the employ of the Government to violate their trust, that this measure is proposed.

It is not intended to interfere with the legitimate freedom of the press. It is only intended to penalize a practice which has become too common in many countries; that is, of selling alleged Government secrets. When one publishes what he claims to be a code he puts upon the Government the burden of making a denial and of proving what the actual code is. This legislation is for the protection of the code, and it is a fair proposition.

Mr. ADAMS. Mr. President, will the Senator from Arkansas allow me to make an inquiry? This language being construed somewhat strictly, I am wondering if the use of the term "by virtue of his employment" does not narrow the bill more than is intended. Those words mean to me that the only one who would be reached would be the man who obtained the information actually by virtue—that is, because—of his employment.

Mr. ROBINSON of Arkansas. That is true. That is what it is intended to do. In addition to that, however, it would reach the person who incited, induced, aided, or abetted in the perpetration of the act.

Mr. ADAMS. I was speaking of the very case the Senator from Arkansas illustrated—the case of a man who went to a telegraph office. He did not get the information by virtue of his employment, although he was an employee, but he got it by a misrepresentation or a deception, rather than by virtue of his employment.

Mr. ROBINSON of Arkansas. No; I do not think that distinction is applicable. I think, when he was in the employ of the Government, represented himself as such, and obtained secret, confidential information, his act comes fairly and fully within the terms of this language. In any event, the language is adequate to meet the purposes of the State Department; and, as said by the Senator from Texas, I feel that it is almost unreasonable for a Senator to object to the passage of this measure. Of course, there can be no objection to perfecting or improving the language, as the Senator from New Mexico [Mr. CUTTING] is attempting to do; but how can it be alleged that there is something unfair, or inconsistent with the fundamental liberties of our citizens, in trying to prevent one in a trust relationship from violating his trust, or trying to prevent others from inducing or aiding him in violating his trust?

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. CUTTING. I yield to the Senator from Maryland; but I want to remind him that I have not yet had much chance to say just what my opinion is about this bill.

Mr. TYDINGS. I appreciate that, and I shall not do more than make an observation. In line with what the Senator from Arkansas has said and what the Senator from New Mexico likewise has said, it occurred to me that if the language were still further amended by inserting, for example, "whoever by virtue of his employment by the United States, or who falsely represents that he is employed by the United States", that would cover the case of the man who falsely represented himself as being employed by the United States.

Mr. ROBINSON of Arkansas. Or a man who was yesterday in the employ of the Government, and who today took advantage of his former situation; and that is the implication of the Senator from Colorado [Mr. ADAMS], as I understand. I see no objection to the suggestion.

Mr. CUTTING. May I say, in the first place, that with the intention of the authors of this bill, as explained by the Senator from Arkansas and the Senator from Texas, I am in complete sympathy. My objection is that the bill, as worded, takes in a great deal broader territory than was the intention of the authors of the proposal.

The Senator from Texas has talked about punishing "scoundrels who betray their confidential relations with the United States Government", and has implied that those who object to this particular language are defending the "pilfering of records." That certainly is not my intention, and I want to make that clear at the outset.

Mr. CONNALLY. Mr. President, if the Senator got any such impression as to his own attitude, the Senator from Texas abjectly begs his pardon. I did not assume that that was the attitude of the Senator from New Mexico, because I have understood that his was merely a complaint of the text, and that he was not in opposition to the principle of the measure. I did make some inferences which some other Senator on the other side might apply to himself, but certainly they could not be applied to the Senator from New Mexico.

Mr. CUTTING. Then I misunderstood the Senator.

Mr. ROBINSON of Arkansas. Mr. President, may I at this juncture bring to the attention of the Senator from New Mexico a difference between his proposal and the committee draft which is the immediate subject matter of consideration which does not relate to any mere form of expression? It is found in the fact that the Senator omits any reference whatever to procuring or publishing confidential communications that are in process of transmission.

For instance, suppose someone who was in the employ of the Government should get possession of a diplomatic pouch or of a mail bag containing a communication from the Japanese Government to the Japanese Ambassador in Washington, or from the British Government to the British Ambassador in Washington, and should publish the contents of that communication, even though it is not in code. While it is in transmission, he procures it and publishes it, resulting in the same embarrassments that would occur if it were in code. The Senator's amendment does not reach that case at all. The committee draft does.

Mr. CUTTING. I prefer to take up that point when I come to it, if the Senator from Arkansas pleases.

Mr. ROBINSON of Arkansas. Very well; I apologize.

Mr. CUTTING. No; I did not mean to criticize the Senator, but I left that out on purpose, for reasons which I shall explain in a moment.

The amendment I have offered includes those who shall confidentially obtain and thereafter willfully, without authorization or competent authority, publish or furnish to another certain matter. In other words, the crime is a double one. First, the obtaining by virtue of employment by the United States, and secondly the publication. I think that is the clear meaning of the original text, now that the word "and" has been included. To some extent my amendment covers, perhaps, a little more ground even than the committee's version, because under it anyone who obtains

this matter by virtue of employment, whether or not he had access or custody, comes under the provisions of the act. What I think is important, however——

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield at that point?

Mr. CUTTING. I yield.

Mr. ROBINSON of Arkansas. It might be oppressive to enact a statute that would have the effect of punishing one who was in the employ of the Government merely for obtaining the code. It might be his duty to obtain it, and no doubt it is the duty of certain employees of the Government to obtain information respecting these messages. Under the Senator's language as he himself interprets it, if an officer of the Government in the discharge of his duties should obtain information respecting these code messages, he would be liable to conviction.

Mr. CUTTING. Not unless he thereafter willfully, without authorization or competent authority, publishes or furnishes it.

Mr. ROBINSON of Arkansas. Then the same rule applies to the Senator's amendment that applies to the committee amendment. It is not the obtaining that is punished, as the Senator said a moment ago, but it is the obtaining and publishing without authority.

Mr. CUTTING. That brings me to what seems to me the fundamental defect in the committee amendment, that you obtain one set of things and are punished for publishing or furnishing an entirely different set of things. In my amendment you obtain and publish the same series of things.

As this bill comes from the committee it reads:

Whoever, by virtue of his employment by the United States, shall obtain from another—

Mark the words—

any official diplomatic code or any matter prepared in any such code, or which purports to have been prepared in any such code—

Those are the things which you obtain. You are punished for publishing not merely those things, "any such code or matter", but you are also punished for publishing an entirely different thing—namely, any matter which was obtained while in the process of transmission between any foreign government and its diplomatic mission in the United States. As everyone has admitted, that language includes not only code matter, not only the things which you obtain by virtue of your employment by the United States, but anything else in process of transmission between a foreign government and a diplomatic mission.

Mr. CONNALLY. Mr. President, may I call the Senator's attention to the fact that he is in error again? The last clause does not apply to the man who got the matter in the employ of the Government. If I should intercept a diplomatic pouch, and I were not in the Government service, and yet I got this matter out of that pouch and published it, as I understand, it is our purpose to punish that publication.

Mr. GEORGE. Mr. President, I hope the Senator is not right in that interpretation. If so, I should not vote for it for a moment.

Mr. CUTTING. Nor should I.

Mr. CONNALLY. Wait a moment—

Publish or furnish to another any such code matter, or any matter which was obtained while in process of transmission between any foreign government and its diplomatic mission in the United States——

Mr. CUTTING. I think the Senator from Texas makes out his own bill much worse than I ever thought it.

Mr. CONNALLY. I am probably somewhat in error, but I know that was added as an afterthought. That last clause was added after the bill had been completed.

Mr. CUTTING. That is exactly the way it reads, as though it had been added as an afterthought; I am sure that is the case. I believe the bill was very much sounder without that clause in it.

Let me point out that the subject of the whole bill is "whoever, by virtue of his employment by the United States, shall obtain from another or having custody of or access to, or having had custody of or access to, any official diplomatic code or any matter." That is, anyone who obtains a code, or matter prepared in a code, through a confidential and fiduciary relationship to the Government. He is punished not only for the publication of that code or matter—and in that respect I agree with the authors of the bill; I think he ought to be punished for such publication—but he is also punished for publishing matter which has no relation to the matter which he obtained by virtue of his confidential relationship to the Government. He is punished for any matter which may happen to come into his possession innocently, and which he may think it his duty to the country to publish.

The Senator from Texas called attention to the word "willfully", and said that that word could only mean "harmfully", "maliciously", or "with unlawful intent." I submit that the intention of a statute is to be understood by the public at large, and that although that may be the legal meaning of the word "willfully" it is certainly not the meaning of common speech. I refer to Webster's Dictionary, which gives only two meanings for the word "willful", namely, on the one hand, "voluntary" or "intentional", and on the other "obstinate", "perverse", or "stubborn." So I think this language would include a man who patriotically and from the highest motives published any matter which was obtained while in process of transmission between any foreign government and its diplomatic mission, although he got the matter not by virtue of his employment by the United States but in some other way.

Take, for instance, my own case. It so happens that for some years during the war by virtue of my employment by the United States I had daily access to and was daily obtaining our own diplomatic code and a number of diplomatic codes of foreign governments. As every Senator knows, we had possession throughout the war of the German diplomatic code and they had ours, and those codes were in daily use. Of course I could not today remember a single word of the German code or a word of our own, but I still come under the scope of this bill, because at one time I did have access to and obtained from another an official diplomatic code and matter prepared in such code.

Now, suppose I today were to discover some message, not in code, passing between a foreign government and its diplomatic mission. Suppose someone brought me such a message and I felt it my duty to do something about it. Suppose the message contained something which meant imminent danger to this country and its Government. I could not without competent authority or authorization make any use of that information. Who would be competent authority to give authorization to me to decide whether I should or should not publish that matter, which did not come to me by virtue of my employment by the United States?

Mr. COSTIGAN. Mr. President, will the Senator yield?

Mr. CUTTING. I yield.

Mr. COSTIGAN. I assume that the Senator's difficulties are increased by the fact that he is not only a Senator of the United States but a newspaper publisher.

Mr. CUTTING. No; I do not think so, because I do not think there is anything in this bill which would include the newspaper profession. What the Senator means, I suppose, is that I could not give out the information to my newspaper or any other newspaper if I had it in my possession. To that extent, of course, I would be handicapped, but I want to point out that I am in no peculiar situation in that respect. There were thousands and probably hundreds of thousands of American citizens, who during the war had access to diplomatic codes, and any one of them could be punished under the terms of this bill.

Mr. President, I submit that the word "obtain" and the words "publish or furnish" ought to apply to exactly the same objects, and that one should not be punished for publishing or furnishing anything except what he obtained by virtue of his employment with the United States. That is what I have tried to remedy through the amendment in the nature of a substitute which I have offered.

It is true, as the Senator from Arkansas says, that under my amendment we could not punish anyone who published or furnished matter that was "obtained while in process of transmission between any foreign government and its diplomatic mission", but if we want to make that a crime—and I should be very hesitant about the advisability of putting any such crime on the statute books—then it ought to be a crime for everybody. We ought in that case to forbid everyone from publishing any such matter, and ought not to confine it to people who obtain an entirely different class of matter by virtue of their employment with the United States Government.

That is where grammar becomes important in framing a bill of this sort, because, unless we can parse the sentence, it is almost impossible to know to what it refers. It is almost impossible to know who is reached by this bill, or just exactly what is the crime sought to be punished.

I submit that the Senate should either adopt the substitute I have suggested, or should refer the bill again to the Foreign Relations Committee for further consideration. I am sorry that the chairman of the committee is not present, because I discussed my amendment with him a little while ago, and he seemed to have no serious objection to it, although he suggested one slight modification. I do feel that the Senate ought to know what it is doing when it passes a bill so ambiguous, a bill in my opinion so dangerous, a bill so uncertain in its action as this one which comes from the committee. I therefore move the substitution of my amendment.

Mr. JOHNSON. Mr. President, when I inaugurated this discussion on the pending bill in rather academic fashion, I had no idea it would take the range it ultimately did take. I began the discussion because I saw defects in the bill which I thought ought to be called to the attention of the Senate, and my intention was to call those defects to the attention of the Senate, and then permit the Senate to pass upon the matter. But the discussion has now taken such a wide range, that I wish to say a word or two with respect to some of the things which have been said.

All of us have a single idea in respect to fiduciary relations. I yield to none in regard to the tenderness or the delicacy respecting that kind of relation. I insist it shall be kept not only in the officialdom of this country but that it shall be kept in every relation wherein there is confidence bestowed and where fiduciary restraint ought to obtain. So we may dismiss the hot words on the one side or the other concerning a fiduciary relation or a particular offense. I am not interested in the individual whose actions precipitated a measure of this sort, nor am I interested in the slightest degree in whether or not the bill shall provide for his punishment if he commits, in the days that are to come, the offense he has committed in the past.

There are implications in this bill, however, which I think we ought not to tolerate, as lawyers, and which, I think, as lawmakers, we ought to be very certain concerning, before we pass a measure of this particular character.

Mr. President, the Senators who are present will recall that when this bill came from the House it aroused intense antagonism on the part of the press. Immediately that was met, not alone by an authoritative utterance from the Secretary of State, which has been put into the RECORD here today, but it was met as well by an amendment to the bill which came from the House which sought to eliminate and to remedy the mistake or the error or the wrong which it was assumed had been done in encroaching upon the freedom of the press.

This measure was presented upon the theory, and it is now asserted, that it does not in any degree affect publications. But the answer to that was made by the Senator from Texas just a moment ago, when he said that if any of the matter referred to in this particular measure be published, then, under the general statute relating to conspiracy, the individual publishing it would be guilty with the original wrongdoer, and in that he is absolutely accurate.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. JOHNSON. I yield.

Mr. CONNALLY. He would be guilty under the conspiracy statute if a publisher conspired with a man in the Department to get the material and publish it.

Mr. JOHNSON. Certainly.

Mr. CONNALLY. And if he did, he ought to be punished along with the man whose confidence he violated.

Mr. JOHNSON. Very well; the Senator may be entirely right. I am not defending the press, and I do not propose to. As I said in opening the remarks which I made on the bill, the press will take care of itself. But when it is asserted, as it has been asserted here today, that any question of publication by the press is removed by the amendment presented by the Foreign Relations Committee, I insist that that is wholly inaccurate, that it has not been removed at all, and that the press is just as responsible under this amendment presented by the Foreign Relations Committee as it was in reality under the original bill that was passed by the House.

Here is a new crime described, a new crime created. I do not like the creation of crimes unless it be absolutely essential that they shall be created in order to meet a specific case and remedy a particular wrong. Here was something that was done in 1922. Now, long subsequent to the publication that occurred, a bill is insisted upon with us as being an emergency measure that must be passed overnight, and concerning which there cannot be the slightest delay. There is no emergency, there is no necessity in reality for this particular statute to meet the particular facts that were suggested originally which should be met, and there is presented here, therefore, a statute which, as demonstrated by the Senator from New Mexico, is ambiguous and unintelligible, and which ought not to be passed.

I submit, Mr. President, if we are going to enact a statute at all covering this subject, the only one that is appropriate to pass is the substitute presented by the Senator from New Mexico.

The PRESIDING OFFICER. The question is on the amendment of the Senator from New Mexico to the amendment reported by the committee. Those in favor of the amendment will say "aye." [A pause.] Those opposed to the amendment will say "no"——

Mr. REED. Mr. President, before the result is announced, if I may have the attention of the Senator from New Mexico, I inquire if any amendment to his proposed substitute has been suggested?

Mr. CUTTING. No, Mr. President; no one has suggested any amendment.

Mr. ROBINSON of Arkansas. Mr. President, while the Senate is voting I think debate is not in order.

Mr. REED. The result had not been announced, and I had been trying to attract the attention of the Chair.

Mr. ROBINSON of Arkansas. The Senate was engaged in voting.

Mr. REED. Very good. But the Senate had not voted.

Mr. ROBINSON of Arkansas. It has voted; that is the very point.

Mr. REED. But the result had not been announced. I do not believe that the Senator wants to cut me off.

Mr. ROBINSON of Arkansas. I do not wish to be technical about it, but we have been debating the bill for several hours.

Mr. REED. Would the Senator from New Mexico accept an amendment to his substitute by the insertion in line 5, after the word "prepared" of the words "or purporting to have been prepared"?

Mr. CUTTING. I prefer the amendment as I submitted it.

Mr. ROBINSON of Arkansas. I insist upon the Chair announcing the result of the vote.

Mr. REED. And I insist on my right to be heard, Mr. President. I have been recognized and the vote has not been announced.

The PRESIDING OFFICER. The vote had not been announced when the Senator from Pennsylvania was recognized.

Mr. REED. Would the Senator from New Mexico accept the suggestion as I have indicated?

Mr. CUTTING. I would do so if that would harmonize the difficulty. I think it is better without those words in it, but I do not think they would be particularly harmful.

Mr. REED. Take Yardley's case. If Yardley were tried for doing in the future what he has done in the past, he could not be convicted under the Senator's proposed substitute until the United States attorney had proved that the matter was in the official Japanese code, and that is something that is wholly incapable of proof.

Mr. CUTTING. I have no particular objection to the amendment, for the reason that if those words should be included the individual could not be punished unless he obtained the matter by virtue of his employment by the United States; and if he obtained it by virtue of his employment, I do not think that he would have any right to give the matter out, whether it actually came from the code or not. He would not obtain possession of it except through his employment, and therefore I have no particular objection to the suggested amendment.

Mr. REED. Very good.

Mr. CUTTING. But if we should separate, as the original bill does, the thing which he obtained, on the one hand, from the thing which he published, on the other, then I would have very serious objection to such a clause.

Mr. REED. Then, I offer an amendment to the proposed substitute of the Senator from New Mexico, as follows: In line 5, after the word "prepared", insert the words "or purporting to have been prepared."

The PRESIDING OFFICER. The clerk will state the amendment to the amendment.

Mr. JOHNSON. Mr. President, will the Senator yield for a question?

Mr. REED. Yes; I am glad to yield.

Mr. JOHNSON. May I ask the Senator, How would the prosecutor prove that something purported to be in a code? Would he not be confronted by exactly the same dilemma with which the Senator asserts he would be confronted if he had to prove that the matter was taken from a code?

Mr. REED. Not at all, because from the language of Yardley's book, which I read with great care, it was plain that he therein admitted and claimed that the material published purported to have come from the Japanese code. If to establish a case it is necessary to go further and prove that it was prepared from the Japanese code you have an impossibility.

Mr. JOHNSON. But at the same time, will not the disadvantages of incorporating the words "purporting to have been prepared" in the code be quite as great as the advantages which may be derived from the suggestion which the Senator has made?

Mr. REED. No, I do not think so, because the admission of the defendant himself would cover that.

Mr. JOHNSON. I think the use of those words is wholly unjustifiable.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Pennsylvania to the amendment of the Senator from New Mexico in the nature of a substitute.

The LEGISLATIVE CLERK. In line 5 of the amendment in the nature of a substitute proposed by the Senator from New Mexico, after the word "prepared", it is proposed to insert the words "or purporting to have been prepared", so as to read:

> Or any message or matter prepared or purporting to have been prepared in any such code.

And so forth.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Pennsylvania to the amendment in the nature of a substitute offered by the Senator from New Mexico.

The amendment to the amendment was rejected.

The PRESIDING OFFICER. The question now is on the amendment of the Senator from New Mexico in the nature of a substitute reported by the committee.

Mr. JOHNSON. Mr. President, in order that there may be no mistake concerning the matter, I call for a division upon the amendment.

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum, if the Senator insists upon a division.

The PRESIDING OFFICER. The result has been announced. The question now is on the amendment of the Senator from New Mexico, in the nature of a substitute for the amendment of the committee. (Putting the question.) The "noes" have it and the amendment to the amendment is lost.

Mr. JOHNSON. Before the vote I asked for a division, or let us have the yeas and nays; I do not care which; but let us have the question determined accurately.

The PRESIDING OFFICER. The Chair has announced the result.

Mr. JOHNSON. Before the Chair had started the announcement of the result of the vote, I asked for a division.

The PRESIDING OFFICER. A division is called for.

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Cutting	Hatfield	Overton
Ashurst	Dickinson	Johnson	Pope
Bachman	Dieterich	Kean	Reed
Bailey	Duffy	Kendrick	Robinson, Ark.
Barkley	Erickson	King	Robinson, Ind.
Black	Fess	La Follette	Russell
Brown	Fletcher	Logan	Sheppard
Bulkley	Frazier	Lonergan	Steiwer
Bulow	George	McAdoo	Stephens
Capper	Glass	McCarran	Thomas, Utah
Caraway	Goldsborough	McKellar	Townsend
Connally	Gore	Murphy	Vandenberg
Costigan	Hale	Norris	Van Nuys
Couzens	Harrison	Nye	White

The VICE PRESIDENT. Fifty-six Senators have answered to their names. A quorum is present. The question is on agreeing to the amendment offered by the Senator from New Mexico as a substitute for the amendment reported by the committee.

Mr. CONNALLY. Mr. President, the parliamentary situation is that the vote has been had, is it?

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from New Mexico in the nature of a substitute.

Mr. CUTTING. Mr. President——

Mr. ROBINSON of Arkansas. Question!

The VICE PRESIDENT. The question is on the motion of the Senator from New Mexico in the nature of a substitute to the amendment reported by the committee.

Mr. CUTTING. Mr. President——

The VICE PRESIDENT (putting the question). The noes have it.

Mr. REED. Mr. President, a point of order.

Mr. JOHNSON. Mr. President, before there be a determination, let us either have a division or let us have the yeas and nays.

Mr. REED. Mr. President, a point of order.

The VICE PRESIDENT. The Senator will state it.

Mr. REED. Mr. President, the Senator from New Mexico, to my personal knowledge, has been trying since before the question was put to obtain recognition. I am sure the Chair did not mean to cut him off.

The VICE PRESIDENT. The Chair of course did not know the Senator was seeking recognition. The Senator from New Mexico is recognized.

Mr. CUTTING. Mr. President, as there are many Senators who have not heard the argument, I will try very briefly to summarize my contention with regard to this bill. My objection to the bill as reported from the committee is that, in the first place, it is ungrammatical; that the words "or having custody of or access to, or having had custody of or access to", in lines 6 and 7, on page 3, have no grammatical connection with any other part of the bill. I should like to add to that that no Senator, in the course of debate, has attempted to explain either their grammatical pertinence

or their grammatical construction. That, however, is a minor matter.

My major objection to this proposal is that it is ambiguous and unintelligible and does not properly define the crime which it purports to put on the statute books.

Take the case of a man who, as provided in the first clause, "by virtue of his employment by the United States shall obtain an official code or matter prepared in such code", and who then goes about publishing the same. If the bill ended that way and if it could be grammatically construed, I should have no objection whatever to that proposition. I do not believe that any man has a right to obtain, through a fiduciary relationship with the Government, any secret matter and thereafter, after his connection with the Government has been severed, publish the same for private profit or for any other reason.

But the bill does not stop at that. It provides that the man who obtains a code or diplomatic matter by virtue of his employment by the United States, be punished not merely for publishing such code or matter, but also for publishing "any matter which was obtained while in process of transmission between any foreign government and its diplomatic mission in the United States."

It is not necessary, may I say to the Senate, that this latter matter should be obtained by virtue of a man's employment by the United States, but the bill refers to any matter which may at any time come within his knowledge, no matter how he derives that information. In other words, if any man who has ever had access to a diplomatic code—and there are probably hundreds of thousands of such people in the United States—should discover or should have given to him the information contained in the message between a foreign government and its agents here, he would be unable to publish the same, even though it might refer to blowing up the Capitol or assassinating the President. He would be fined or imprisoned unless he could get authorization or competent authority. Who is competent to give authority to a Senator of the United States, for instance, to publish matter which he may consider of grave importance to his Government and to his country?

I submit that a man should be punished for the publication only of such matter as he has obtained by virtue of his employment by the United States and nothing else. I therefore offered the following substitute, which I think is intelligible and which seems to me to accomplish all that the authors of the original bill endeavored to accomplish:

That whoever by virtue of his employment by the United States shall obtain and thereafter willfully, without authorization or competent authority, publish or furnish to another any official diplomatic code, or any message or matter prepared in any such code shall, upon conviction thereof, be fined not more than $10,000, or imprisoned not more than 10 years, or both.

I claim that that language is clear and that it adequately defines the crime which we are trying to define.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point in my remarks the language of the bill as contained in the chart, with the words and objects capitalized as they are on the chart.

The VICE PRESIDENT. Without objection, it is so ordered.

The chart referred to is as follows:

WHOEVER, by virtue of his employment by the United States
SHALL OBTAIN from another (or having custody of or access to, or having had custody of or access to)
ANY official diplomatic CODE (or any MATTER prepared in any such code, or which purports to have been prepared in any such code)
AND
SHALL (willfully, without authorization or competent authority)
PUBLISH or FURNISH to another
ANY SUCH CODE or MATTER or
ANY MATTER (which was obtained while in process of transmission between any foreign government and its diplomatic mission in the United States)
SHALL BE FINED not more than $10,000, or
IMPRISONED not more than ten years
or both.

The VICE PRESIDENT. The question is on the amendment of the Senator from New Mexico in the nature of a substitute for the amendment reported by the committee.

Mr. JOHNSON. Let us have the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. HARRISON (when his name was called). I have a general pair with the senior Senator from Oregon [Mr. MCNARY]. In his absence I transfer that pair to the senior Senator from Massachusetts [Mr. WALSH] and vote "nay."

Mr. MCADOO (when his name was called). I have a general pair with the senior Senator from Vermont [Mr. DALE]. Not knowing how he would vote, I withhold my vote. If privileged to vote, I should vote "yea."

Mr. TYDINGS (when his name was called). On this question I have a pair with the senior Senator from Rhode Island [Mr. METCALF]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I should vote "yea."

The roll call was concluded.

Mr. BULKLEY (after having voted in the negative). I inquire if the Senator from Wyoming [Mr. CAREY] has voted.

The VICE PRESIDENT. That Senator has not voted.

Mr. BULKLEY. I have a general pair with the Senator from Wyoming [Mr. CAREY], but I am advised that I may transfer that pair to the junior Senator from Massachusetts [Mr. COOLIDGE], which I do, and allow my vote to stand.

Mr. KENDRICK. I desire to announce that the senior Senator from Nevada [Mr. PITTMAN] is necessarily detained on official business.

Mr. FESS. I desire to announce the following general pairs:

The Senator from New Jersey [Mr. BARBOUR] with the Senator from Kansas [Mr. MCGILL];

The Senator from Missouri [Mr. PATTERSON] with the Senator from New York [Mr. WAGNER];

The Senator from Rhode Island [Mr. HEBERT] with the Senator from Illinois [Mr. LEWIS];

The Senator from Minnesota [Mr. SHIPSTEAD] with the Senator from Washington [Mr. BONE];

The Senator from New Hampshire [Mr. KEYES] with the Senator from Louisiana [Mr. LONG]; and

The Senator from Connecticut [Mr. WALCOTT] with the Senator from Arizona [Mr. ASHURST].

The result was announced—yeas 30, nays 42, as follows:

YEAS—30

Adams	Cutting	McCarran	Steiwer
Austin	Dill	Murphy	Stephens
Black	Frazier	Neely	Townsend
Borah	Goldsborough	Norbeck	Vandenberg
Bratton	Hastings	Norris	Van Nuys
Byrd	Johnson	Nye	Wheeler
Caraway	Kean	Robinson, Ind.	
Costigan	La Follette	Schall	

NAYS—42

Bachman	Copeland	Harrison	Reynolds
Bailey	Dickinson	Hatfield	Robinson, Ark.
Bankhead	Dieterich	Hayden	Russell
Barkley	Duffy	Kendrick	Sheppard
Brown	Erickson	King	Smith
Bulkley	Fess	Logan	Thomas, Okla.
Bulow	Fletcher	Lonergan	Thomas, Utah
Byrnes	George	McKellar	Trammell
Capper	Glass	Overton	White
Clark	Gore	Pope	
Connally	Hale	Reed	

NOT VOTING—23

Ashurst	Dale	McAdoo	Shipstead
Barbour	Davis	McGill	Tydings
Bone	Hebert	McNary	Wagner
Carey	Keyes	Metcalf	Walcott
Coolidge	Lewis	Patterson	Walsh
Couzens	Long	Pittman	

So Mr. CUTTING'S amendment to the committee amendment was rejected.

The VICE PRESIDENT. The question is on the adoption of the amendment of the committee as amended.

Mr. REED. Mr. President, before the vote is taken, just for the sake of correct English, I move to strike out the word "having" and to insert the words "shall have."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Pennsylvania to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Committee several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

REPORTS OF COMMITTEES

The VICE PRESIDENT. Reports of committees are now in order.

Mr. TRAMMELL, from the Committee on Naval Affairs, reported back favorably the nominations of First Lt. Edgar G. Kirkpatrick to be a captain in the Marine Corps from the 8th day of April 1933, and of Second Lt. Bernard H. Kirk to be a first lieutenant in the Marine Corps from the 8th day of April 1933.

Mr. ROBINSON of Arkansas (for Mr. PITTMAN), from the Committee on Foreign Relations, reported back favorably the nominations of Dave Hennen Morris, of New York, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Belgium, and also Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Luxembourg, and of George Bliss Lane, of New York, now a Foreign Service officer, unclassified, and a vice consul of career, to be also a secretary in the Diplomatic Service.

Mr. TYDINGS, from the Committee on Territories and Insular Affairs, reported back favorably the nomination of Robert Hayes Gore, of Florida, to be Governor of Puerto Rico.

The VICE PRESIDENT. The nominations will be placed on the calendar.

COAST GUARD

Mr. STEPHENS. From the Committee on Commerce, I report back favorably sundry nominations in the Coast Guard and ask unanimous consent for their immediate consideration.

The VICE PRESIDENT. The Senator from Mississippi asks unanimous consent for the immediate consideration of the nominations reported by him. Is there objection?

Mr. FESS. Mr. President, I hope the Senator will not ask for that.

Mr. STEPHENS. Mr. President, a special request has come that these confirmations be had as soon as possible. These young men are nominated to be ensigns in the Coast Guard. I understand that they are to graduate within 3 or 4 days, and it is desired that their commissions be issued.

Mr. FESS. I withdraw the objection.

Mr. ROBINSON of Arkansas. Mr. President, I understand that they are mere routine appointments.

Mr. STEPHENS. They are mere routine appointments.

The VICE PRESIDENT. Is there objection to the present consideration of the nominations?

There being no objection, the Senate proceeded to consider the nominations of the following-named young men to be ensigns in the Coast Guard of the United States, to rank as such from May 15, 1933:

David Hall Bartlett.
Rudolph Bjorge.
Emmett Timothy Calahan.
Albert John Carpenter.
Hubert Roe Chaffee.
William Wilder Childress.
Eugene Auguste Coffin, Jr.
Warren Loomis David.
Harry Elmer Davis, Jr.
John Herman Forney.
Albert Everest Harned.
Clarence Herbert.
Swen Alfred Hill.
George Whisler Holtzman.
Joseph Howe.
John Jenkins Hutson, Jr.
Vaino Oliver Johnson.
Robert Egan McCaffery.
Joseph Francis McCue.
Thomas Robley Midtlyng.
George Olof Olson.
John Birdsell Oren.
William Mulford Peel.
Richard Foster Rea.
David Owen Reed.
Peter Joseph Smetonis.
Willard John Smith.
Thomas Harold Stubbs.
Louis MacLane Thayer, Jr.
John Herbert Wagline.
Quentin Robert Walsh.

The VICE PRESIDENT. Without objection, the nominations are confirmed.

Mr. STEPHENS. I ask that the President be notified of the confirmation of these nominations in the Coast Guard.

The VICE PRESIDENT. Without objection, that order will be made.

THE CALENDAR

The VICE PRESIDENT. Are there further reports of committees? If not, the calendar is in order.

The legislative clerk announced Executive C (72d Cong., 2d sess.), a treaty between the United States and the Dominion of Canada for the completion of the Great Lakes-St. Lawrence deep waterway, signed on July 18, 1932, as first in order on the calendar.

Mr. REED. I ask that the treaty go over.

The VICE PRESIDENT. The treaty will be passed over.

DEPARTMENT OF THE TREASURY

The legislative clerk read the nomination of Dean G. Acheson, of Maryland, to be Under Secretary of the Treasury.

Mr. FESS. Let that go over.

Mr. HARRISON. Mr. President, will not the Senator let that nomination be considered? The Committee on Finance had Mr. Acheson before it, and no objection was raised to his confirmation. May I ask the Senator what reason there is for asking to have the nomination go over?

Mr. FESS. I am making the request on behalf of the Senator from Oregon [Mr. MCNARY].

Mr. HARRISON. I cannot insist on it, of course; but I never heard that there was any objection to Mr. Acheson's confirmation.

Mr. FESS. I myself have no objection. I am only complying with the request of the Senator from Oregon.

The VICE PRESIDENT. The nomination will be passed over.

PUBLIC HEALTH SERVICE

The legislative clerk read the nomination of Albin R. Sweeney to be senior surgeon from March 7, 1933.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Harry F. White to be senior surgeon from March 12, 1933.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Ray P. Breaux to be passed assistant dental surgeon with grade of passed assistant surgeon from July 21, 1933.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of James F. Lewis to be passed assistant dental surgeon with grade of passed assistant surgeon from July 21, 1933.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Thomas L. Hagan to be passed assistant dental surgeon with grade of passed assistant surgeon from July 22, 1933.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Donald J. Hunt to be passed assistant surgeon from March 1, 1933.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

That completes the calendar.

NOTIFICATION TO THE PRESIDENT—COMPTROLLER OF THE CURRENCY

Mr. ROBINSON of Arkansas. Mr. President, I inquire if at some time previous today consent of the Senate was given

to the notification of the President of the confirmation of the appointment of Mr. O'Connor to be Comptroller of the Currency.

The VICE PRESIDENT. It was. The President has been notified.

Mr. ROBINSON of Arkansas. I thank the Chair.

RECESS

The Senate resumed legislative session.

Mr. ROBINSON of Arkansas. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 4 o'clock and 35 minutes p.m.) the Senate took a recess until tomorrow, Thursday, May 11, 1933, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate May 10 (legislative day of May 1), 1933

MEMBER OF THE FEDERAL RESERVE BOARD

Eugene R. Black, of Georgia, to be a member of the Federal Reserve Board for the unexpired portion of the term of 10 years from August 10, 1928, vice Eugene Meyer, resigned.

MEMBER OF THE MISSISSIPPI RIVER COMMISSION

Leo O. Colbert, of Massachusetts, for appointment as a member of the Mississippi River Commission, vice Robert L. Faris, deceased.

PUBLIC HEALTH SERVICE

Surg. Walter L. Treadway to be senior surgeon in the Public Health Service, to rank as such from July 28, 1933.

APPOINTMENT IN THE OFFICERS' RESERVE CORPS OF THE ARMY

GENERAL OFFICER

To be major general, reserve

Maj. Gen. Edward Caswell Shannon, Pennsylvania National Guard, from May 5, 1933.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 10 (legislative day of May 1), 1933

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Harry F. White to be senior surgeon.

Ray P. Breaux to be passed assistant dental surgeon with grade of passed assistant surgeon.

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COAST GUARD

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Emmett Timothy Calahan
Albert John Carpenter
Hubert Roe Chaffee
William Wilder Childress
Eugene Auguste Coffin, Jr.
Warren Loomis David
Harry Elmer Davis, Jr.
John Herman Forney
Albert Everest Harned
Clarence Herbert
Swen Alfred Hill
George Whisler Holtzman
Joseph Howe
John Jenkins Hutson, Jr.
Vaino Oliver Johnson
Robert Egan McCaffery
Joseph Francis McCue
Thomas Robley Midtlyng
George Olof Olson
John Birdsell Oren
William Mulford Peel
Richard Foster Rea
David Owen Reed
Peter Joseph Smetonis
Willard John Smith
Thomas Harold Stubbs
Louis MacLane Thayer, Jr.
John Herbert Wagline
Quentin Robert Walsh

HOUSE OF REPRESENTATIVES

WEDNESDAY, MAY 10, 1933

The House met at 11 o'clock a.m. and was called to order by Mr. BULWINKLE, Speaker pro tempore.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Grant us, blessed Lord, through the hours that await us, Thy wise, guiding presence. Look into our hearts, and mayst Thou hear the music of charity and justice to all men. Thou who dost shepherd the worlds, lead all of us into a larger vision, and allow nothing to obscure our outlook and hope of the diviner life. Make it gloriously possible for us to do the utmost things for our fellow men. Father of Mercy, minister unto the poor, the homeless, and sorely distressed; especially be in the haunted places of the hopelessly afflicted. Devotedly and joyously may we cling to the high privilege of helping those whose lives are dark and flat and unprofitable. Through Jesus Christ our Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

INDEPENDENT OFFICES APPROPRIATION BILL, FISCAL YEAR 1934

Mr. WOODRUM. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 5389) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. MCCLINTIC in the chair.

The CHAIRMAN. The Chair will state that this bill is being considered under a special rule with 6 hours' general debate. The Clerk will report the bill.

The Clerk read the title of the bill.

Mr. WOODRUM. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. WOODRUM. Mr. Chairman, I yield myself 30 minutes. Mr. Chairman, this is the second time the House of Representatives has been called upon to consider the independent offices appropriation bill for the fiscal year 1934. During the regular session this bill was considered by Congress, and as finally enacted into law carried the total sum of $1,003,314,981.

For the convenience of the Committee I have prepared and here exhibit to the Committee a chart showing the appropriations in the first column for the several activities for the present fiscal year ending June 30, 1933. It carries $1,024,286,041.

The second column, carrying $1,003,314,981, is the amount carried in the bill which was vetoed by the President.

The third column carries the amount in the present bill of $535,573,936.

The fourth column shows the increases or decreases, as the case may be, which shows the net reduction in the appropriation from the amount carried in the vetoed bill of $467,741,045.

Four hundred and sixty million six hundred and thirty-four dollars is accountable by the reduction in Veterans' Administration. Seven million seven hundred and forty thousand four hundred and eleven dollars is the reduction made in the several independent establishments.

Mr. Chairman, I now ask unanimous consent to extend my remarks by inserting at this point a duplication of this table, designated "Chart I", in order that it may be in the RECORD for the information of the House.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The chart referred to is as follows:

CHART I

Object	Appropriations, 1933	1934 bill as vetoed	1934 estimates as now submitted	Increase (+) or decrease (−), revised bill compared with vetoed bill
Executive Office	$392,000	$427,498	$369,483	−$58,015
American Battle Monuments Commission	275,000	143,322	112,000	−31,322
Arlington Memorial Bridge Commission	340,000	282,675	198,000	−84,675
Board of Mediation	152,135	132,483	120,000	−12,483
Board of Tax Appeals	560,000	545,000	490,000	−55,000
Bureau of Efficiency	159,500			
Chicago World's Fair	1,000,000			
Civil Service Commission	1,457,486	1,374,470	1,050,000	−324,470
Commission of Fine Arts	7,800	9,258	8,800	−458
Employees' Compensation Commission	4,880,000	4,854,800	4,169,000	−685,800
Federal Board for Vocational Education	2,864,000	2,876,283	2,487,700	−388,583
Federal Farm Board	40,000,000	[1] 500,000	[2] 1,050,000	[2]+550,000
Federal Home Loan Bank Board	250,000	(3)	(3)	
Federal Oil Conservation Board	10,000	9,752	7,803	−1,949
Federal Power Commission	254,000	235,373	210,000	−25,373
Federal Radio Commission	872,000	780,427	640,000	−140,427
Federal Trade Commission	1,466,500	1,101,500	920,000	−181,500
General Accounting Office	4,262,620	3,918,000	3,280,000	−638,000
George Rogers Clark Sesquicentennial Commission	400,000	98,158	96,650	−1,508
George Washington Bicentennial Commission	200,000			
Interstate Commerce Commission	7,148,560	7,137,639	5,040,000	−2,097,639
Mount Rushmore National Memorial Commission	25,000	10,000	10,000	
National Advisory Committee for Aeronautics	920,600	821,000	695,000	−126,000
Public Buildings and Public Parks of the National Capital	4,025,933	4,184,422	3,322,500	−861,922
Public Building Commission	100,000	91,975	80,000	−11,975
Smithsonian Institution	1,074,829	1,044,692	820,000	−224,692
Supreme Court Building Commission	1,000,000	2,240,000	3,490,000	+1,250,000
Tariff Commission	1,020,000	945,098	800,000	−145,098
U.S. Geographic Board	9,678	9,778	9,000	−778
U.S. Shipping Board	360,000	3,202,744	310,000	−2,892,744
Subtotal	75,487,041	36,476,347	28,735,936	−7,740,411
Veterans' Administration	948,799,000	966,838,634	506,838,000	−460,000,634
Grand total	1,024,286,041	1,003,314,981	535,573,936	−467,741,045

[1] Reappropriation, for one half year only; not included in total.
[2] Reappropriation, for full year; not included in total.
[3] For 1934 and subsequent fiscal years, activities are financed from assessments on member banks.

Mr. WOODRUM. Now, gentlemen, I want to call attention to the fact that in the independent establishments of the Government, which includes the bureaus and commissions that we hear so much talk about, we have made reductions from $36,476,347 to $28,735,936—a reduction of $7,740,411 below the amount carried in the vetoed bill.

In the last 3 years Congress has reduced the appropriations for the independent establishments almost 25 percent. Now, I am going hurriedly over this list. I do not want to spend any more time on the independent establishments than I have to, because I want to devote most of the time I consume to the major item, which is the reduction in the Veterans' Administration costs, so that I may give the Committee information if I can on that subject.

Most of these reductions in this column showing reductions are of comparatively small amounts. We come down the list of the Employees' Compensation Commission, where we show a reduction of $685,800 below the amount carried in the vetoed bill.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. SNELL. I notice in the Executive Offices that the salary of the President is carried at the regular amount of his salary, while the salary for the Vice President has been cut 15 percent. Why should there be a difference in those two?

Mr. WOODRUM. Congress does not have the right under the Constitution to diminish the salary of the President during his term of office.

Mr. SNELL. And the Vice President does not come under that constitutional provision?

Mr. WOODRUM. No; but as the gentleman knows, both President Roosevelt and President Hoover have remitted to the Treasury their proportionate reduction in their salaries.

Mr. SNELL. Yes. I wanted to ask about the salaries of the secretaries of the President. I see the salary here is carried at $9,500. How does that come about? As I understand it, the salary fixed by law is $10,000.

Mr. WOODRUM. During the administration of President Hoover we carried for him three secretaries at a salary of $10,000 each.

Mr. SNELL. Yes.

Mr. WOODRUM. At the request of the present administration, we carry a salary for one secretary at $10,000 and for two assistant secretaries at $9,500 each, subject, of course, to the regular 15 percent reduction.

Mr. SNELL. And that is what that means?

Mr. WOODRUM. It is the salary for the secretary and the two assistant secretaries.

Mr. SNELL. One is $10,000 and the others are $9,500 each; all subject to the regular cut?

Mr. WOODRUM. Yes.

I come now to the Employees' Compensation Commission, which shows a rather substantial cut of $685,000. A portion of that is accountable in the regular 15 percent reduction in salaries. Then there is what is equivalent to a 15 percent reduction in the amount payable to the beneficiaries of the Employees' Compensation Commission, the idea being that the beneficiaries of that fund should stand about the same pro rata reduction that the Government employees and others are taking, which is equivalent practically to 15 percent.

I come now to the Federal Farm Board. The Committee will recall that the Federal Farm Board is now in process of evolution, we might say.

A MEMBER. Dissolution.

Mr. WOODRUM. We might call it "evolution" or "dissolution" or "rejuvenation", but I think "rehabilitation" probably would be the better word, because I am sure under the new set-up we are going to have a very splendid and efficient management of the duties that will come to this organization. An Executive order has been entered and becomes effective May 27 consolidating all the various farm-credit activities under a new administration, which is called the Agricultural Farm Credits Administration, which takes in the old Farm Board and the Federal Farm Loan Commission, and quite a number of those independent establishments and combines them into one organization.

Mr. BLANCHARD. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. BLANCHARD. Some of those consolidated agencies are not independent establishments.

Mr. WOODRUM. That is correct.

Mr. BLANCHARD. But they will be classified as such under the new consolidation order.

Mr. WOODRUM. Yes. The gentleman is correct. This is a reappropriation of funds. This $1,050,000 that is carried in this column here is not figured in the total, because it is a reappropriation of funds which had already been appropriated for the Federal Farm Board. In the last bill we carried an appropriation of $500,000 for 6 months' activities of the old Federal Farm Board. That was a reappropriation. This bill carries $1,050,000 reappropriation for the consolidated activities of the Federal Farm Board, which will include the administration of the farm-loan provisions of the new act which is now in process of becoming a law. The duties will devolve on this new organization to administer this law, which permits farmers to refinance their mortgages, and $600,000 of the amount carried in this bill is for that activity, which Mr. Morgenthau, the new chairman, tells us will mean that the average cost of refinancing a farm mortgage will be about $1 per transaction. If that outfit can carry out their purpose to finance their organiza-

tion in that manner I am sure Congress will have no complaint to make of that.

Next we find the General Accounting Office with a substantial cut, which is probably 85 percent reflected in personnel.

We come next to the Interstate Commerce Commission, with a cut of $2,097,639. That is reflected almost entirely in a curtailment of the activities of the accounting division of the Interstate Commerce Commission and the valuation departments. Members of the Committee will recall that there is now pending legislation which we have every reason to believe will be enacted into law, which will retroactively repeal section 15a of the Transportation Act, which is known as the recapture clause of the Transportation Act. May I say that I know of nothing the Congress can do that will do more to help the railroads than to repeal retroactively this unworkable law. I have advocated this repeal for several years. That will very largely curtail activities of the accounting division and the valuation department of the Interstate Commerce Commission, and, of course, will necessitate a large reduction in their personnel.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. MAY. In connection with that reduction, which is a reduction from $2,750,000 to $1,000,000, according to the testimony of Mr. Lewis, I believe, it is shown there will be a reduction from 913 employees, and probably a discharge of 600 of them. That is according to his testimony. In view of the fact that the Government has loaned to the railroads several hundred million dollars, and there is to be a revaluation possibly in connection with those loans at the same time, does the gentleman not think it is very unwise to make that drastic cut in that particular branch of the Interstate Commerce Commission's work instead of applying it generally over the whole work, including the Commission in Washington?

Mr. WOODRUM. The committee in the last Congress, as well as in this Congress, gave very careful consideration to this cut in the activities of the Interstate Commerce Commission. We think we have left them sufficient personnel to discharge the duties which they will have to perform. There is no doubt about the fact that it is a drastic cut, and it will cause separation from the service of a great many employees. I do not know how it is possible to reduce governmental activities without reducing personnel.

Mr. MAY. Will the gentleman yield for a further inquiry?

Mr. WOODRUM. I yield.

Mr. MAY. I understand the new proposal for the merger or consolidation or control of the railroads, to be put under a single coordination department; there will be a provision which will effect a revaluation of the railroads and the elimination of branch lines and large areas of that nature. Does that not make necessary a revaluation of all of the trunk lines, consisting of about 250,000 miles of rail in the country?

Mr. WOODRUM. I do not think so. The Interstate Commerce Commission has already completed the primary valuation of all railroads. That was a stupendous task. When that act was first passed, the distinguished Senator from Wisconsin, the late Senator La Follette, estimated it would probably cost $1,000,000 to make that valuation. The Government has already spent $40,000,000; the railroads estimate their cost to be $140,000,000, but the Interstate Commerce Commission has done a splendid job in making that primary valuation of railroads. In addition to that a great deal of work has been done in keeping the valuation up to date. Under this reduced appropriation they are left a skeleton force which will permit them to carry on and ready to be augmented and built up if the future activities of the Commission require additional personnel.

The Federal Trade Commission in this appropriation is given $920,000, which is practically the same amount we gave them in the vetoed bill, less added salary reductions of 15 percent. The committee will, of course, recall that under the securities bill just passed added duties will fall to the Federal Trade Commission. The hearings held before the Deficiency Appropriations Committee, I think, disclose very substantially, that there is need for this appropriation for the Federal Trade Commission, and we are very much in hopes that under its reorganization and some different policy in its affairs its usefulness will be greatly increased as an independent establishment.

Mr. SNELL. Will the gentleman yield for a question?

Mr. WOODRUM. Yes, I yield.

Mr. SNELL. Is it the expectation that they will make new investigations, or is this to carry on the investigations they are conducting at the present time?

Mr. WOODRUM. This is to carry on and extend at least the investigations carried on with respect to the public utilities, and continue the regular functions of the Federal Trade Commission.

Mr. SNELL. The utilities investigation was started by a resolution in the Senate?

Mr. WOODRUM. Yes, sir.

Mr. PATMAN. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. PATMAN. I understand one of the legislative provisions will require in the future that the Federal Trade Commission can only make investigations at the request of both Houses of Congress, unless it is initiated by the Commission itself?

Mr. WOODRUM. I think that would be a very wise provision of the law.

Mr. LOZIER. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. LOZIER. If the present antitrust law and statutes against monopolies and activities in restraint of trade, and unfair trade practices are repealed, emasculated, or rendered impotent or innocuous, will there be any necessity for this Federal Trade Commission appropriation? If the present antitrust laws are to be abrogated, if the struggle of 75 years by the American people against monopolies and trusts is to end in failure, if the traditional opposition of the Democratic Party toward monopolies is to be abandoned, then will there be anything worth while that the Federal Trade Commission can accomplish?

Mr. WOODRUM. Of course, I may say to the gentleman from Missouri [Mr. LOZIER] that I do not agree with his premise that the laws which he has mentioned are going to be wiped off and emasculated, but there may be some change of policy, to lighten up a little, to give industry a little more latitude in expanding. That is a feature of the matter that I do not want to get into now, but I think there will be constructive work for the Federal Trade Commission to do, to require this appropriation; and if it is not required, let us bear in mind that the President always has authority to impound the funds of any of these activities if their usefulness ceases.

Mr. McFARLANE. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. McFARLANE. I notice there are substantial cuts all down the line and particularly in the Veterans' Administration. I am wondering if we could not to advantage bring in a tremendous saving there by a little legislation in regard to saving interest on the public debt, which will amount to about a billion dollars?

Mr. WOODRUM. Of course, there is no interest on the public debt involved in this appropriation, and I must respectfully refer the gentleman to the Director of the Budget. If the gentleman can show the Director of the Budget where he can save some money, I think he will find a very sympathetic auditor.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. COCHRAN of Missouri. Did the committee make any appropriation at all for the Federal Trade Commission to inaugurate the three investigations which they desired to begin? First, an investigation with reference to the practices of corporations; second, the effect of the antitrust laws on industries using natural resources; third, an investigation into certain general competitive practices that the Commission is continually running into.

Mr. WOODRUM. No. The appropriation does not carry any funds for new investigations, and the committee thought then, as we seemed to think when we passed the last bill, that if any new investigations are to be initiated, they should be initiated by either a joint resolution of Congress or some request from the administration.

Mr. COCHRAN of Missouri. In other words, you are going to let the Federal Trade Commission die unless the Congress authorizes investigations? The law permits the Commission to initiate investigations on its own motion but it needs money to do so.

Mr. WOODRUM. I do not think they will die as long as they have a million dollars to carry them along for another fiscal year.

Mr. COCHRAN of Missouri. Yes; but that is to close up the investigations they have been working on in recent years, and they are earmarked in the appropriation bill.

Mr. WOODRUM. No; they are not earmarked in the appropriation bill.

Mr. COCHRAN of Missouri. But it is understood that money is to be used for that purpose, and they are to complete the Power Trust investigation and the chain-store investigation during the next fiscal year.

Then they are out—I speak of the economic division. There is nothing left for them to do unless they are permitted to have money to start the investigations they wish to undertake.

Mr. WOODRUM. Does the gentleman think we ought to create new investigations just to give them something to do?

Mr. COCHRAN of Missouri. Absolutely; because such investigations in the end will be beneficial to the taxpayers.

Mr. WOODRUM. I do not agree with the gentleman.

Mr. COCHRAN of Missouri. I think the Federal Trade Commission, which is the only instrumentality the people of this country have to secure any protection from the corporations, should be taken care of by this Congress. The Federal Trade Commission is an agency of Congress. Now, is the Congress going to kill the agency by refusing the necessary funds so it can function properly?

Mr. WOODRUM. I think it ought to be killed if its usefulness is over and there is nothing further for it to do. Though, of course, I do not make any such claim.

Mr. COCHRAN of Missouri. That is the contention that has been made in this House year after year in a desire to kill the Federal Trade Commission. The Commission was started by President Wilson. It has proven itself a valuable instrumentality and is becoming more valuable every day, but there is a desire on the part of certain interests to get it out of the way. Why? Because the corporations fear its activities. It really accomplishes something.

Mr. WOODRUM. Oh, well, my friend is setting up a straw man to have something to knock down.

Mr. COCHRAN of Missouri. No; that effort has been made on the floor of this House every year and Members know it. Look what happened in the last session.

Mr. WOODRUM. The Federal Trade Commission is very well pleased with this appropriation, yet my friend is kicking about it.

Mr. COCHRAN of Missouri. They must have been told to be pleased with it. They were not pleased with it when it came up for consideration in the last session.

Mr. TABER. They have been well taken care of.

Mr. WOODRUM. I think we have been very liberal with them.

Mr. COCHRAN of Missouri. The gentleman from New York well knows he wanted to take $250,000 away from them.

Mr. TABER. Yes; that is correct.

Mr. COCHRAN of Missouri. That shows the position of the gentleman from New York with regard to the Federal Trade Commission.

Mr. TABER. The gentleman knows I only want to keep them down where they belong.

Mr. COCHRAN of Missouri. I know what the gentleman is seeking to do with them.

Mr. WOODRUM. Now, Mr. Chairman, unless some member of the committee wishes to ask further questions about the independent establishments I shall get down to the veterans' provisions.

Mr. TAYLOR of Colorado. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. TAYLOR of Colorado. Is it not true nearly all these investigations the gentleman has referred to were started in the Senate? We really ought to have a provision that investigations, which are always made at enormous expense, may not be made except with the concurrence of the House of Representatives.

Mr. WOODRUM. I think the gentleman is correct.

Mr. FULMER. Can the gentleman point the House to any convictions that have occurred as a result of any of the investigations made by the Federal Trade Commission?

Mr. WOODRUM. The gentleman will find in the hearings a very illuminating and interesting statement by the chief counsel of the Federal Trade Commission, Mr. Healy. It is a very clear statement of what they have done.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. PATMAN. May I direct the gentleman's attention to the Federal Trade provision of this bill, page 21, providing that no new investigations shall be initiated by the Commission as the result of a legislative resolution, except the same be a concurrent resolution of the two Houses of Congress.

Mr. WOODRUM. Yes. I thank the gentleman for reminding me of that. We think that is a very wholesome provision.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. RANKIN. Are ample funds provided under this bill to finance the Federal Trade Commission's general investigation of the Power Trust?

Mr. WOODRUM. We think we have given them sufficient funds. We have given them the funds that the Director of the Budget estimated, and they think they can carry on the utilities investigation.

Mr. RANKIN. Is the Federal Trade Commission satisfied with the appropriation, and do they say it will be sufficient to carry on this investigation?

Mr. WOODRUM. Well, my friend knows it is hard ever to satisfy a bureau. They would like to have more, of course. They say if they had more money they could do the job quicker and do a better job. But I may say to the gentleman there is no doubt of the fact they are given sufficient funds to carry on in a constructive way the power investigation. That is what the gentleman is interested in.

Mr. RANKIN. What I am interested in is that the Federal Trade Commission shall have ample funds to carry on this investigation of the Power Trust to the fullest extent without being hampered or restricted in any way that would embarrass them.

Mr. WOODRUM. I may say to the gentleman that I think they are amply provided for.

Mr. BRENNAN. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. BRENNAN. A short time ago I introduced a resolution in the House asking for an investigation of the cement industry. I note from the press during the last week that the Secretary of the Interior has been in touch with the Federal Trade Commission with reference to the cement industry insofar as it affects the National Government.

For information may I ask the gentleman if this appropriation contemplates the expenses connected with this investigation? I ask this because in a letter from the Commission I was asked that an appropriation be provided if I expected my investigation to be continued.

Mr. WOODRUM. The understanding of the committee, I may say to the gentleman, is that the cement investigation was, or will be, concluded by the end of this fiscal year.

Mr. BRENNAN. I may say that the investigation of the cement industry we asked for is not contemplated by the investigation being made by the Commission at this time. It is not a price-fixing investigation, but the investigation of the question of prices with reference to the cement companies took place since the conclusion of the report that is now in the hands of the committee, if I am correctly informed by the Commission.

Mr. WOODRUM. I think, under this provision in the bill, Congress will have to appropriate by special joint resolution sufficient funds for the investigation.

Mr. BRENNAN. Then I am to understand that the request of the Secretary of the Interior made last week, or the complaints initiated by him within the last week against the cement industry, will fall unless some further appropriation is made?

Mr. WOODRUM. That is my understanding. If the investigations are new investigations they cannot be initiated unless funds are provided by Congress for the investigation.

Mr. BRENNAN. Then I may state to the gentleman and the Members of Congress at this time that in view of the fact the cement industry, as reported by the Secretary of the Interior, has such a price-fixing arrangement that the road building in the various States of the Union and the road building contemplated by the National Government is being held up. I am inclined to think, if this is the situation, sufficient funds should be provided at this time to enable the Government to determine whether or not there is a violation of law.

Mr. SNELL. Will the gentleman yield for a question?

Mr. WOODRUM. Yes.

Mr. SNELL. I had understood that the Government had just completed a thorough survey of the cement industry—is not that so?

Mr. WOODRUM. That is my understanding.

Mr. SNELL. If they have just completed an investigation, they must have all the facts available at the present time.

Mr. BRENNAN. Let me say to the gentleman from New York that the investigation did not cover what is now contemplated and was not thorough. It had nothing to do with price fixing; and I have a report from the Commission itself that the price fixing by the cement industry took place after the closing of the testimony taken at the investigation now before that particular Commission.

Mr. SNELL. I understood they had just completed an investigation.

Mr. WOODRUM. I cannot yield any further on that point. The gentleman from Illinois will have to introduce his resolution and have it take the usual course.

Mr. BRENNAN. The resolution is now before the committee, and not only the resolution but the complaints of the Secretary of the Interior made within the last week should be taken care of at this time and should not be passed over, with the effect of telling the Secretary of the Interior that we have passed them over without taking any action.

Mr. MAY. Will the gentleman yield?

Mr. WOODRUM. I do not want to get into any cross-fire discussion of this particular matter, but I yield to the gentleman from Kentucky.

Mr. MAY. I merely want to bring out one point in connection with the gentleman's remarks, and that is that you can buy cement at any place in this country at the same price, because it is being sold everywhere at the same price, regardless even of freight rates.

Mr. BRENNAN. I want to say to the gentleman that you cannot buy a sack of cement in the United States f.o.b. factory. You can only buy cement f.o.b. point of delivery, and I may say that road building in Illinois, Indiana, and Iowa is being held up and thousands and thousands of men are now idle because of the fact that the cement manufacturers are quoting the authorities of the different States an increase of 78 cents a barrel over prices given them a year ago.

The activities of the cement companies with relation to the manner of submitting bids to the several States of the Union have been forcibly brought to public attention since the press within the last week announced that these same tactics were employed by these companies in their dealings with the National Government.

I am not making any charges that any company or companies have been violating the law. I do not know.

However, I do wish to say that the circumstances connected with the submission of bids to the several States and to the National Government smack of irregularities that should be thoroughly investigated without delay.

Profiteering must not be permitted under any circumstances. If the greedy fingers of any corrupt organizations are found to be at the throat of American commerce, now is the time to call a halt.

Why should the cement industry refuse to submit bids f.o.b. factory, as they now refuse to do in Illinois and other States?

Why should all bids submitted be identical with respect to prices?

Why the great rise in prices at the present time compared with prices heretofore obtained?

Being permitted to meet and discuss prices and other matters pertaining to competitive bidding places the cement industry in a charmed class.

We are fighting our way out of a depression. A fine spirit of patriotic understanding between employer and employee has lightened the burden. National and State Governments are bending their efforts to relieve the situation.

The press of the country is entitled to everlasting appreciation for their invaluable assistance prompted by their unselfish desire to serve.

The National Congress is in extra session at this time enacting legislation and making huge appropriations to help those in distress. Some State governments have been compelled to enact sales tax laws and other legislation to cope with the unemployment situation in their respective States.

Courts have cautioned and advised against foreclosures and other forms of legal procedure that are unnecessarily obnoxious.

Are we not entitled to know, or at least to make inquiry, why the governmental bodies of the Nation are held up in their activities due to the cement situation? There is necessity for continued road building. The unemployment situation demands it.

We cannot build roads without cement. We cannot buy cement at exorbitant prices. Public opinion demands that competitive bidding be not destroyed.

Mr. FULMER. Will the gentleman yield?

Mr. WOODRUM. I yield for a question.

Mr. FULMER. In connection with the gentleman's statement I should like to show to the House the result of investigations by the Federal Trade Commission. The cement corporations were thoroughly investigated and the Commission found many unfair practices in their business, but nothing was done except to tell them not to do it any more, and now we want to have another investigation following the one we have just had.

Mr. GOSS. If the gentleman will permit, before the gentleman goes on to the Veterans' Administration appropriation, will he not put in the RECORD at this place the chart he has been referring to?

Mr. WOODRUM. I have already put that in the RECORD.

Mr. BLANCHARD. Will the gentleman yield for a brief question on the Federal Trade Commission?

Mr. WOODRUM. Yes.

Mr. BLANCHARD. Was it the opinion of the Commission that ample funds had been provided to take care of all investigations?

Mr. WOODRUM. It certainly was.

Mr. FERNANDEZ. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. FERNANDEZ. I want to ask a question about the Interstate Commerce Commission. As the gentleman knows,

in the past it has been the policy of the Commission to conduct hearings throughout the country whenever matters of discrimination in rates at one port as against another, for instance, came up. Does the gentleman know whether it will be possible to carry on these hearings throughout the country as they have done in the past, or will the shippers and other persons interested in such rate-discrimination cases be compelled to come to Washington and appear before the Commission here?

Mr. WOODRUM. The Interstate Commerce Commission says that the cut in their appropriation will undoubtedly prevent them from having some of their hearings in the field, and some of them will have to be held in Washington rather than at points more convenient to the shippers. However, I may say to the gentleman that if experience shows the committee and the Congress that any great injustice is being done the taxpayer, we will have ample opportunity to be more liberal in their appropriations. Personally I feel they are not handicapped in their appropriations.

Now, Mr. Chairman, I want to pass to the major item of reduction and one in which I am sure every Member of Congress, as well as everyone in the country, is interested; but before I come to that may I say that in the independent offices bill there are quite a number of legislative provisions. I shall not discuss these legislative provisions.

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman, I yield myself 15 more minutes.

I am going to leave this to the chairman of the committee, the gentleman from Texas [Mr. BUCHANAN], who will follow me when I have discussed the Veterans' Administration item.

Mr. Chairman, I should like, if I may, to proceed for just a few minutes without interruption. I shall then be glad to yield for any questions or give any information I can.

Mr. Chairman, I now ask unanimous consent to insert in the RECORD at this point a facsimile of the chart which I have exhibited here.

The CHAIRMAN. The gentleman from Virginia asks unanimous consent to extend his remarks in the RECORD as indicated. Is there objection?

There was no objection.

CHART II

Appropriation title	Appropriated, 1933	Original estimate, 1934	Revised estimate, 1934	Decrease in revised estimate compared with 1933	Decrease in revised estimate compared with original
Administration, medical, hospital, and domiciliary services	[1] $115,722,000	[1] $111,273,634	[1] $77,273,000	$38,449,000	$34,000,346
Printing and binding	150,000	150,000	150,000		
Pensions	[2] 582,100,000	[2] 592,730,000	[2] 231,730,000	350,370,000	361,000,000
Military and naval insurance	[2] 117,000,000	134,000,000	123,000,000	[4] (6,000,000)	11,000,000
Hospital and domiciliary facilities	12,877,000	5,000,000	1,000,000	11,877,000	4,000,000
Adjusted-service certificate fund	100,000,000	100,000,000	50,000,000	50,000,000	50,000,000
Adjusted-service and dependent pay		2,835,000	2,835,000	(2,835,000)	
Loans to veterans for transportation	100,000			100,000	
Total, military services	927,949,000	945,988,634	485,988,000	441,961,000	460,000,634
Civil Service retirement and disability fund	20,850,000	20,850,000	20,850,000		
Total, Veterans' Administration	948,799,000	966,838,634	506,838,000	441,961,000	460,000,634

[1] Includes amounts previously appropriated for or estimated under the title "State and territorial homes for disabled soldiers and sailors."
[2] Includes amounts previously appropriated for or estimated under the titles "Military and naval compensation" and "Army and Navy pensions".
[3] Supplemented by $10,850,000 transferred from "Military and naval compensation" under the provisions of sec. 317, Public, 212, 72nd Cong., approved June 30, 1932.
[4] A net decrease of $4,850,000 offset by corresponding adjustment under the title "Pensions" when considered in connection with transfer made as outlined in footnote 3.

Mr. WOODRUM. This chart shows a reduction in veterans' expenditures of $460,000,634 for the next fiscal year.

These reductions are made by virtue of the new regulations promulgated by the President pursuant to the authority given him in the Economy Act.

I shall not undertake to say to my colleagues that these reductions have not been drastic. Undoubtedly, in many instances it will appear to us that they have been too drastic, but I believe if we were coming today to make initial provision for the veterans of our wars, if, for instance, we had never made any provision heretofore for the veterans, and we were coming now to provide for them, the veterans and their friends—and I count myself as one of their friends—would feel that the Government is being liberal with its ex-service men.

Of course, these cuts seem very drastic to us in comparison with the payments we have been making in the past and which many of the people of America had become convinced were unjustified.

May I call your attention to the fact that thousands of veterans are going off the rolls by virtue of these new regulations.

But the President has authority to revise these regulations at any point or place where it may develop that an injustice is being done to a veteran. I can speak with authority when I say this. I know it is the determination and purpose of the President and his associates in charge of the administration of these laws to do a full measure of sympathetic justice to relieve veterans injured in the service of their country or who are suffering from diseases contracted in the service of their country.

Under the new regulations every veteran who was injured in battle or who contracted a disease while in the service of his country and who is now in a physical condition caused by injury or disease is provided for, both in the matter of compensation and the matter of hospitalization.

Not only that, but the Government is going farther; every honorably discharged veteran of any war and the veterans of the World War who served as much as 90 days before November 11, 1918, who are now permanently disabled or unable to care for themselves, are not only given hospital and medical treatment and domiciliary care but granted a pension of $20 a month.

When this agitation for curtailment of veterans' cost was first inaugurated and attracted the attention of the country the veterans thought that all non-service-connected cases were going off the list. That is not true. The totally disabled veteran who served his country is going to be taken care of.

Mr. BOILEAU. Will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. BOILEAU. How is he going to be taken care of on $20 a month?

Mr. WOODRUM. In lieu of the $20 a month he can go to the soldiers' home and be taken care of.

Mr. BOILEAU. But that will not take care of his family; they cannot go to the soldiers' home.

Mr. HOEPPEL. Will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. HOEPPEL. I should like to ask the gentleman a question, and I should like to have him answer it.

Mr. WOODRUM. I will answer it if I can.

Mr. HOEPPEL. A friend of mine—and I personally know this—was twice wounded in battle. He was captured when we fell back. He was receiving and will receive up to July 1 $70 a month for disability, and under this his pension will be reduced to $6, because he is occupying a position in the Veterans' Administration. Despite the fact that this man today carries a piece of shell in his body, under the new



regulations he must forfeit his position in the Veterans' Administration because he is in receipt of a reduced pension of $6 per month. I want to ask the gentleman if he thinks that is fair treatment of a veteran?

Mr. WOODRUM. I do not accept the gentleman's statement of facts. I think he must have some of the facts wrong.

Mr. O'CONNOR. Mr. Chairman, I think the gentleman from Virginia should be allowed to proceed until he has completed his statement. We want to hear the whole story. [Applause.]

Mr. BUSBY. Will the gentleman from Virginia yield to me?

Mr. WOODRUM. I am always glad to yield to my friend.

Mr. BUSBY. I should like to say this: I do not agree with the gentleman's statement of facts, but I think I have documentary proof before me that the gentleman is not covering the case of veterans who are being dealt with under this provision. [Applause.]

Mr. RANKIN. Will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. RANKIN. I want to ask the gentleman if, when the economy bill was before the House, the House had any intimation that the Veterans' Administration was going to strike from the rolls the tubercular veterans and those suffering from cancer, paralysis, and other chronic diseases who were put on the roll under the presumptive law of 1924?

I do not so understand it, and I do not believe the Membership of the House understood that those men were to be stricken from the roll. They were put on there because Congress believed their disabilities in all probability originated in the service. Yet if those men are not totally permanently disabled, they go off the roll entirely. That is working a terrible injustice, not only to the veterans but it is throwing many of those men and their dependents on the charity of the local communities.

Mr. WOODRUM. Tubercular cases undoubtedly present a problem that the administration will have to deal with, and I am frank to say to the gentleman that I am not here advocating any cause or undertaking to defend anything. All I am trying to do is to give you information, such as I have. It may be wrong—and, if so, the gentleman from Mississippi will correct me—but it was my understanding, and I think all of us knew perfectly well that a great many of the so-called "presumptive cases" under the old law were going to be taken off the rolls; otherwise there would have been no saving in that class of cases.

With reference to the tubercular cases, as the gentleman knows, they have a 2-year presumptive period now in which they may show the existence of tuberculosis during the service, or within a year after service, or, if it exists to a sufficient degree, then 2 years after service, so that they can say from a medical point of view, that it did exist within the 1-year period.

Mr. RANKIN. As I pointed out on the floor of this House before, there are at least three classes of cases that were put on under the presumptive law that at the very best this ruling will work a great injustice on. A great many men came out of the war——

Mr. WOODRUM. I hope the gentleman will not take up too much of my time.

Mr. RANKIN. I do not want to, but I do think under the circumstances, since we are denied opportunity to amend——

Mr. WOODRUM. Oh, you can amend on this.

Mr. RANKIN. If we did, we could not change the law. A great many of these men were gassed or suffered from influenza and came out of the war in a weakened condition. They did not know that they had a right to apply for compensation until after that 2-year period had expired. There were many men who did not know of their growing physical disability until after that term had expired. There were many men whose patriotism restrained them from making application until finally, when they broke down, and were compelled to do so, they found they were too late. To now rake those men from the roll and say to them that they are excluded seems to me to be a great injustice which ought to be corrected.

Mr. WOODRUM. I do not think that has been done.

Mr. RANKIN. I know it has been done. I do not think anything about it.

Mr. WOODRUM. Nobody said to them that they were going to be raked from the roll. The Government has said that if they can show that within 24 months after they were discharged from the service they had active tuberculosis, it will be considered service-connected.

Mr. RANKIN. If they could do that, we would never have passed the law in 1924. The law passed in 1924 was to take care of that situation after they began to break down. There were no records, many of them had no record, the comrades of many of them were scattered and they were unable to make proper proof.

This law was put on the statute books in 1924 to take care of those very cases. To now say to them that they will have to go back and dig up this testimony would be just like telling a Spanish War veteran that he would have to go back 35 years and dig up the proof in his case.

Mr. WOODRUM. If the operation of this law shows, when it is put into practical effect, that any injustice is being done to worthy veterans, the gentleman knows perfectly well that Members of Congress and the administration will all be willing to cooperate and correct the injustice.

Mr. RANKIN. It should be done.

Mr. WOODRUFF. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. WOODRUFF. I wish to have a matter cleared up which has been rather confusing to me, as I think it is to many other Members of the House. A few moments ago the gentleman used the phrase in speaking of compensation under the present regulation of those who were "injured in battle" and those contracting disease in the service of their country, and as a result thereof having permanent disability. That phrase "wounded in battle" has been used to such an extent that I think it ought to be cleared up. What is the gentleman's opinion of a case where a man is injured in the service of his country while on duty with his military organization, and yet not injured in battle?

Mr. WOODRUM. If I used the phrase "in battle", I meant a direct service-connected disability, whether it was in camp or on the battle front.

Mr. WOODRUFF. I thank the gentleman very much.

Mr. WOODRUM. In the case of a man who was serving actively in the service of his country and was injured, of course, we have never made any distinction, whether he was in battle or in camp, except, I think, in the case of retired emergency officers.

Mr. ANDREW of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. ANDREW of Massachusetts. Is it not true, under the orders now issued by the President, having to do with those permanently, totally injured in battle or subject to handicaps, disabilities incurred in active service, that their compensation was reduced in many cases by 30 or 40 percent. That they suffer an initial reduction of 20 percent, plus an additional reduction in benefit, due to the regrouping of cases under that 10, 25, 50, and 75 percent grouping, so that a man, for example, who has a 42-percent disability will get, in addition to the 20-percent reduction, a further reduction, which gives him only 25 percent benefit instead of 42 percent benefit to which he would be entitled today if he had a 42-percent disability because of injury incurred in battle. Does that not apply even to those who have suffered amputation of arms and of legs? Is it not true that they might, under these orders, suffer a reduction of 30 or 40 or even a greater percent under what they are now receiving?

The CHAIRMAN. The time of the gentleman from Virginia [Mr. WOODRUM] has expired.

Mr. WOODRUM. Mr. Chairman, I yield myself 15 additional minutes, and I will try to give the gentleman an explanation.

Mr. HOEPPEL. Well, I have an explanation.

Mr. WOODRUM. Well, I have one, too, that I think I should give first.

Mr. BLANTON. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. BLANTON. I want to ask the gentleman from Virginia this question: In handling 4,000,000 veterans' cases, is there any power or any authority less than omniscient, omnipresent and omnipotent that could fail to do some injustice to some in that big group?

Mr. WOODRUM. Of course not.

Mr. BLANTON. I want to say that it is the President of the United States who has bravely assumed the authority and responsibility for what has been done thus far, and we know he is brave and we know he is sympathetic, and he frankly admitted last Saturday that he expects to make some mistakes and that he certainly is going to make mistakes like other humans. When such mistakes are made I am one of those who believe that he is going to correct them. If he should fail to correct these injustices that surely will occur here and there, then the Congress in its power must correct them.

Mr. WOODRUM. Exactly. I thank the gentleman for that observation.

Mr. BLANTON. And the Congress will make proper corrections, but surely just now we should be patient with the President and not criticize him unjustly.

Mr. WOODRUM. I thank the gentleman.

Mr. HOEPPEL. Will the gentleman yield?

Mr. WOODRUM. No, not now. I should like to say a few words myself while we are going along.

Mr. ANDREW of Massachusetts. I did not mean to reflect upon the President. I was simply asking for information.

Mr. WOODRUM. I am going to give it right now. Under the old law there were many grave abuses of compensation laws. Everybody knows that. Under the new regulations ten or twelve thousand veterans are now drawing compensation for service-connected disabilities who did not enlist until after November 11, 1918.

Mr. MAY. Will the gentleman yield?

Mr. WOODRUM. I do not yield to the gentleman. If he will permit, I should like to make a few remarks myself.

Mr. HOEPPEL. I want the gentleman to yield for one question.

Mr. WOODRUM. I will not now yield for even one question.

Mr. HOEPPEL. You evidently do not want the Members to know the truth. I want to give you the facts.

Mr. WOODRUM. I am glad to see the gentleman sitting on the right side of the House today, anyway. [Laughter and applause.]

Mr. HOEPPEL. If the gentlemen on my right reflect my viewpoint, I congratulate them as being Americans.

Mr. WOODRUM. Of course, I do not want to be offensive to the gentleman from California, or to anybody, and I think the Membership know that I want to yield, but I want to give an explanation. The gentleman from Massachusetts has asked me for information. If the gentleman from California [Mr. HOEPPEL] will sit down and calm himself and make himself comfortable, or will go outside for a few moments, I should like to make that explanation.

Mr. HOEPPEL. I will sit down.

Mr. WOODRUM. I will yield when I get ready.

Mr. HOEPPEL. Will the gentleman answer one question? The regular order was demanded.

The CHAIRMAN. The gentleman from Virginia will proceed.

Mr. WOODRUM. Now, gentlemen, I want to answer the question which the gentleman has asked, about the fact that some direct service-connected disabilities are going to be reduced by virtue of the operation of this new rating table, and that is correct. But I want to call attention to the fact, which has been overlooked, that a great many other cases will receive increases in compensation because of the new and very much more equitable method of rating the cases.

Under the existing law the veteran is rated on the basis of pre-war occupation. Under the new regulations he is rated on the basis of the average impairment of his present earning capacity.

Let us draw an example, for a moment, to illustrate what I am talking about. Suppose there are two brothers who went to war. We will say "A" is a bookkeeper and "B" is a structural-iron worker. They go to war and they are in the same company and in the same battle. Both of them have injuries to their hips from shrapnel, that causes ankylosis of the hip, a stiffening of the hip. Under the old rating table, the rating of the bookkeeper, "A", was 26. He got $26. The rating of "B", the structural-iron worker, because his variant is 9, and a hip disease to an ironworker causes a greater economic disability, was rated at 66, and his compensation was therefore $66. Therefore those two brothers who served in the same company, under the same flag, struck by the same shell, and having the same injury, one receives $26 and the other $66. Under the new rating table those two men are rated on the basis of the disability to the average man suffering that kind of disability, and their rating is 50 percent disability, and they get $40.

The structural-iron worker thus receives a reduction of $26. Undoubtedly he is going to write to his Congressman and kick about it, but you will never hear anything from "A" who got an increase, from $26 to $40.

Now, Mr. Chairman, this runs all the way through in detail. Undoubtedly some fellows are going to receive some reduction, but the new rating table is based on the average impairment of a man's proved earning capacity. He will receive what is right, what is just, and what is fair for the disability he incurred, and now suffers.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. Very briefly.

Mr. MAY. I merely want to make a helpful suggestion. I appreciate the courtesy of the gentleman from Virginia in his polite yielding.

At the present time veterans of the Spanish-American War are all reduced by a form letter to $6. At the same time the Department is getting out a set of blanks upon which to make application for adjustments. It is just like a court arranging its docket to have a hearing and determine what is exactly right about each particular case. While I voted against the economy bill, I want to say I think this illustration I have given is evidence of the fact that the administration is going to handle the matter justly. I think the House ought to understand that.

Mr. WOODRUM. I may say further in this connection that one group of Spanish-American War veterans actually gets an increase of approximately $11,000,000 under this new rating, both the war veterans, their widows, and dependents will get an increase under the regulations.

Mr. MAY. Mr. Chairman, will the gentleman yield further?

Mr. WOODRUM. Very briefly.

Mr. MAY. Under the very first regulation made by the President affecting Spanish-American War veterans there is provided a graduated scale from $8 to $250 that will cover every kind of disability and allow latitude for adjustment and justice.

Mr. WOODRUM. Certainly. I now yield to the gentleman from California if he wishes to ask a question.

Mr. HOEPPEL. I wish to ask the gentleman a question because he made the statement this rating is fair. I wish to recite to him a case that is personally known to me.

Mr. WOODRUM. Do not take all of my time.

Mr. HOEPPEL. This man took part in 10 engagements in the Philippines. He lost his leg in the tenth engagement. Under this law his pension is reduced 200 percent, and he is forced out of Government employment because he is receiving a pension. His compensation has been re-

duced over 200 percent. I know the facts of this case and will recite them in detail if the gentleman wishes me to.

Mrs. ROGERS of Massachusetts rose.

Mr. BULWINKLE. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. I wish to yield first to the gentlewoman from Massachusetts.

Mr. BULWINKLE. Will the gentleman yield right here for a brief question?

Mr. WOODRUM. Very well.

Mr. BULWINKLE. Can the gentleman inform the House how it is possible mathematically to reduce a man's compensation 200 percent? [Applause.]

Mr. WOODRUM. I yield to the gentlewoman from Massachusetts.

Mrs. ROGERS of Massachusetts. I feel it has been very difficult for the gentleman to take the position he has, because I know of his great interest in the veterans, and I am sure he did not realize these very drastic cuts would take place.

Does not the gentleman feel it would be very difficult for the average war veteran, and especially difficult for the Spanish War veteran, to establish service connection of his disability after the lapse of all this time? A great many people and doctors who could have given affidavits have died.

Does not the gentleman feel some of these regulations can be easily changed? The President has the power to do so. The President promised in his campaign that no injustice would be worked upon the veterans.

Mr. WOODRUM. Undoubtedly they can be changed, and undoubtedly they will be modified.

May I say further that the burden of proof is on the Government to show in the case of Spanish-American War veterans that their disabilities were not service-connected. Bear this in mind. The difficulty of a Spanish-American War veteran establishing the service-connected nature of his disability was realized, and for this reason the burden of proof was placed on the Government to show that it was not service-connected.

Mr. ANDREW of Massachusetts. Mr. Chairman, will the gentleman yield for a question along the line of my previous one?

Mr. WOODRUM. I yield.

Mr. ANDREW of Massachusetts. As a matter of information, as I understand, there is, first of all, a 20-percent cut in all total permanent cases.

In addition, there is a change in the grouping so that an individual veteran suffering from a disability does not get the benefit of the actual percentage of his disability, but within a group he gets the minimum rating of the group. For example, let us take the group from 25-percent to 50-percent disabled. The man we are speaking of has a 42-percent disability. Is it not true he gets payment only for a 25-percent disability?

Mr. WOODRUM. Not exactly, I may say to the gentleman, for the reason that the old rating tables were based on a variant. Just as illustrated in the cases of the bookkeeper and the structural-iron worker, the bookkeeper was given a variant of 1, and the 26-percent disability rating gave him $26 a month. The structural-iron worker was given a variant of 9 and he was given $66.

Under the new rating table they are given a rating based on the average impairment of earning and each veteran will receive the proper allowance. It is a general leveling process under which, if the spirit of these regulations is carried into effect, there will be a very much more equitable adjustment of benefits between the same class of veterans.

My time is about up. I have but 3 minutes remaining and I wish to conclude.

Mr. HEALEY. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. Very briefly.

Mr. HEALY. Will the gentleman state the aggregate sum of the savings, or the decrease in payments to veterans, under this new Economy Act? It was rather hard to see them on the chart.

Mr. WOODRUM. Four hundred and sixty million dollars. The gentleman will recall that when the economy bill was under consideration it was estimated that $385,000,000 or $383,000,000 would be the amount of reduction; but I call attention to the fact that $50,000,000 is an arbitrary amount provided for loans on adjusted-service certificates. Of course, this is a mere matter of bookkeeping and does not affect the rights of the veterans. If they apply for the loans, they will have to get them. This takes $50,000,000 off of the $460,000,000, and $34,000,000 is the reduction in administrative expenses, some of which is salary reduction and a great deal of which is reduced personnel.

Mr. HEALEY. With these savings, there will not be many increases in the compensation of any veterans.

Mr. WOODRUM. Only time can demonstrate that.

Mr. BOILEAU. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. BOILEAU. The gentleman stated a moment ago that, so far as the Spanish-American War veteran is concerned, the Government would have the burden of proof to establish that his disability was not service-connected. Is it not a fact that the Government will not go behind the records; and unless the records show conclusively that the disability was service connected, the burden of proof will be on the veteran, and no one else?

Mr. PATMAN. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. PATMAN. I do not believe this chart reflects the true picture insofar as it refers to reductions in veterans' relief, and I should like to ask the gentleman a few questions about it. Take the item of pensions; it was $592,730,000 under the bill that was vetoed. The reduction under the present bill brings it down to $231,730,000. In truth and in fact, as I understand it, practically all the reduction was taken from the service-connected cases; is not that true?

Mr. WOODRUM. Oh, no; the gentleman knows that practically 400,000 non-service-connected cases go off the rolls entirely.

Mr. PATMAN. I know; but in this respect it was under the old law $372,000,000 annually, and it has been reduced to about $107,000,000 annually. Is that correct?

Mr. WOODRUM. Approximately.

Mr. PATMAN. And that includes about $175,000,000 or $200,000,000 from service-connected cases.

Mr. WOODRUM. A great many of those, as the gentleman knows, will go to the non-service-connected cases and they will get the $20 allowance. A great many of them are cases that enlisted after the armistice, that go off the rolls entirely.

The CHAIRMAN. The gentleman from Virginia has consumed 1 hour.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent that the gentleman may be allowed to proceed for 10 additional minutes. Under the rule the gentleman cannot proceed longer than 1 hour, except by unanimous consent.

Mr. TABER. Mr. Chairman, I think the gentleman should be allowed to proceed beyond the hour, but the time should come out of the time fixed for general debate.

Mr. WOODRUM. Yes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Under the original bill, as I understand it, there was a provision that would allow an insurance contract to be canceled. Has that legislative provision been taken out of the new bill or is it still in this bill?

Mr. WOODRUM. That is not in the bill.

Mr. PATMAN. As I understand it, the President, of course, will adjust certain cases, but will he adjust them by groups or classes or will he make adjustments in individual cases?

Mr. WOODRUM. I am glad the gentleman has asked that question, because just a few days ago the executive committee of the American Legion, meeting in Indianapolis, passed a resolution which I should like to insert in the RECORD.

Mr. Chairman, I ask unanimous consent to insert in the RECORD a resolution passed by the executive committee of the American Legion at Indianapolis.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The matter referred to is as follows:

EXTRACT FROM PROCEEDINGS OF THE NATIONAL EXECUTIVE COMMITTEE MEETING, THE AMERICAN LEGION, INDIANAPOLIS, IND., MAY 4–5, 1933

A review of present regulations has already disclosed appalling injustice. Your committee makes the following recommendations for changes in regulations issued under authority of the National Economy Act:

1. This committee recommends that all of the power and influence of this organization and all of the knowledge gained from our years of experience with the subject, should be utilized immediately to bring about a modification and liberalization of existing regulations and recommendations issued under the economy bill to the end that the service-connected cases will continue to receive proper medical care and generous compensation.

2. That our national organization oppose with all its power the policy of recentralization by the Veterans' Administration.

It is the opinion of your committee that as a result of the suddenness of the passage of the new act and the important scope of changes effected under it, together with such misunderstandings as may exist concerning the future effects of the changed order, there will be many and varied resolutions adopted by posts and departments of the Legion in the near future which will recommend changes in the present law and procedure.

Your liaison committee respectfully suggests that the national executive committee direct the chairman of the national rehabilitation committee, together with such of his associates as he shall designate, be instructed to, at an early moment, seek conference with the Honorable Lewis W. Douglas, Director of the Budget, and, if necessary, with the President of the United States, so to point out the manifest necessity—in the interest of justice—of effecting liberalizations relating to the four following subjects. The liaison committee suggests the following subjects be declared to be the immediate future policy of the American Legion.

1. The perpetuation of service connection for all veterans properly granted such service connection under laws in existence immediately prior to March 20, 1933.

2. A relaxing of the present regulations relating to hospitalization and domiciliary care in Government institutions for non-service-connected disabilities, particularly in respect of the present requirement for "permanency" and as to income receipt.

3. Rectification of money payments to veterans suffering from service-incurred disablements to more equitable levels.

4. A liberalization of some of the present unduly restrictive burial provisions.

Should such conference fail to produce the proper modification of existing regulations, it is requested that area conference of the national rehabilitation committee be instructed to be conducted prior to the several department conventions to which representatives of the several departments be invited, in order that suggestions may be transmitted in respect of future policy to the department conventions for their consideration, and it is—in event of such failure—further requested that the chairman of the national rehabilitation and legislative committees be directed to call a meeting of the national rehabilitation committee prior to the 1933 national convention for the purpose of compiling and drafting a proposed act particularly relating to the foregoing subjects, the proposed instrument to be transmitted to the national convention, and if approved by that body to be forwarded to the national legislative committee for introduction at the next regular session of Congress.

Respectfully submitted.

EARL V. CLIFF, *Chairman.*
PAUL M. HERBERT.

Approved by national executive committee May 5, 1933.

Mr. WOODRUM. In this resolution they set out certain objections to these regulations and appointed a committee to take the matter up with the administration, and I want to say to the gentleman and to the House that I am just as much interested as any Member of this House in taking care of the worthy veterans. I have them in my district just as you have them and I will join with you, if need be, though it will not be necessary, because I am confident our President is going to do the very best he possibly can to iron out any injustices or correct any errors in these regulations where there has been an injustice done to the veterans. And I may say this, because I know many of you are thinking about your regional offices, although no one has said anything about it up to the present time.

There is nothing in this bill that directly affects regional offices. There is no specific provision for or against them.

Mrs. ROGERS of Massachusetts. Will the gentleman yield?

Mr. WOODRUM. In this item of $34,000,000, of course, there is a reduction in administrative expenses, and as the affairs of the Veterans' Administration decrease, or as the load decreases, it may be at certain points in the country it will be necessary in the interest of administrative efficiency to close or reduce certain regional activities and recentralize them in Washington, but this is purely a matter of administrative policy, and if this House were to put back in this bill $8,000,000, the cost of these regional offices, it would not affect it at all unless the President would modify his regulations and require the opening and maintenance of the offices. But may I say before I yield for any further questions, if it becomes necessary at any time to put more money in this bill, I want to plead with you not to put it in at a point where it will be used to pay salaries, but put it in at a point where it will liberalize the hospitalization facilities, and that is the point in these regulations where I hope the President will revise the regulations.

Now, I want to say this: I think any honorably discharged veteran of any of our wars who is destitute and in need of hospital treatment—if there are available Government hospital facilities, the door ought not to be closed against that veteran. [Applause.] I hope and believe that the President will modify his regulations so that they will permit that to be done.

Mrs. ROGERS of Massachusetts. Will the gentleman yield?

Mr. WOODRUM. I yield to the lady.

Mrs. ROGERS of Massachusetts. I was under the impression that the Budget stated that it would require an additional $8,000,000 to keep the regional offices open.

Mr. WOODRUM. That is not my information. Nobody can tell until we know something about the regulations what will have to be done. Undoubtedly they are going to be diminished because thousands of veterans are going off the roll, and of course regional activities are going to be curtailed.

Mrs. ROGERS of Massachusetts. Does the gentleman know how many vacant beds there are in hospitals at the present time? I know that before the economy bill was passed there were about 3,300 vacant beds in the hospitals, and I understand now there are about 14,000 vacant beds. Cannot the men be kept in hospitals? I understood before the economy bill became law that the men now hospitalized would not be discharged until they were well.

Mr. WOODRUM. I cannot give the exact number.

Mr. TREADWAY. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. TREADWAY. I want to ask the gentleman whether in making up the estimate of $77,000,000 plus any consideration was given to the question of whether or not the regional offices would be abandoned?

Mr. WOODRUM. In a statement filed in the joint hearings on the economy bill an item of $8,000,000 was included for regional activities. The gentleman knows that that is purely an estimate. Nobody could possibly say with any degree of certainty what effect the new regulations were going to have.

Mr. TREADWAY. I want to ask the gentleman if he does not think that the veteran would be benefited from a persuasive and humanitarian point through the regional office rather than by correspondence from Washington?

Mr. WOODRUM. There is a difference of opinion as to whether or not it would not be advisable to centralize all the activities in Washington. I do not believe that we should expend money unnecessarily on these regional offices but should expend the money directly for the benefit of the veterans.

Mr. TREADWAY. May I illustrate my point by a little geography? My district is 100 or 150 miles from Boston. We had at Springfield a useful branch of the Boston office, but it has been closed, and the veterans now have to go to Boston. Now, if the Boston office is abolished, will it not be to the detriment of the veterans to have to carry on their correspondence with Washington, rather than taking their cases up personally with the present regional office? The men from my district have been going to Boston for physical

examination and the correspondence has been carried on with Boston.

Mr. WOODRUM. That may very well be taken up by the administration.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. WEIDEMAN. We have the same situation in Detroit. We have a regional office in Detroit, and we hope that it shall not be discontinued.

Conditions were very unsatisfactory concerning the adjustments of cases through the Washington office. The Detroit office is functioning much better than the office at Washington, and it is far better for the veterans and for the Government that the Detroit regional office be continued. It is my further wish that the empty beds in Government hospitals be thrown open to the use of needy and sick veterans, and that they not be allowed to lie idle.

Mr. COLMER. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. COLMER. For the benefit of the membership and those interested in the regional offices, will the gentleman not explain that it is his understanding that it will be the policy of the administration to leave the nucleus of a regional office at Government institutions in those States where they have Government institutions for the purpose of direct contact?

Mr. WOODRUM. Where there are veterans' hospitals or administration hospitals or homes, it is the purpose of the Veterans' Administration to leave a nucleus there to take care of pending cases, and in other points where it is necessary to continue regional offices they will be continued. [Applause.]

The CHAIRMAN. The time of the gentleman from Virginia has expired.

Mr. TABER. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. FREAR].

Mr. FREAR. Mr. Chairman, I rise to speak on behalf of those who are interested in Federal appropriations, and to say that never in my experience has a bill like this one been brought before the House. It is to the great credit of the House that a large reduction has come about. This independent offices bill was passed originally last session in both Senate and House carrying an appropriation for the fiscal year 1934 of $1,004,000,000. It was vetoed by President Hoover. The amount carried in the present bill for 1934 is $535,000,000, or a difference of over $460,000,000 in reductions.

Last session I favored, as did a great many others of the House, a proposal permitting the President to make bureau consolidations and reductions in expenditures. That right was not agreed to by a majority of Congress at that time. Both sides of the House this session have agreed to a like bill and—with the President of the United States, who is our President as well as yours—Congress is making many needed reductions. We do not all agree with all the terms of this bill or any other bill. Like many of you, I question some reductions that have gone into the veterans' item and other controverted matters, and yet something had to be done. The chairman of the committee assures us that a review of these cuts will be made by the President to prevent injustice to veterans. I am hoping, if so, to support the bill, and in any event, I commend the gentleman from Virginia [Mr. WOODRUM], chairman of the committee, who has put an enormous amount of work on this bill as well as on appropriations generally. Also I congratulate the gentleman from New York [Mr. TABER], leading Republican member of the Appropriations Committee, who has labored hard though sometimes ineffectively in the past, because he was not supported by the House as he should have been, but who has been of great value to Congress in the work performed on the Appropriations Committee. One of the best compliments I have received at any time in my legislative experience came recently from the gentleman from New York [Mr. TABER], who invited me to join with him in his work on this Appropriations Committee. I would have gladly done so if another assignment had not been made.

I say this especially in regard to the bill before us which helps materially to balance the Budget, and believe as an outsider I have right to mention these great reductions, because I have taken active part in the past in reductions of what were believed by action of the House to be unnecessary and large wasteful expenditures by the Government.

I spoke briefly the other day in regard to severe criticisms which come from the press continually in respect to the actions of Congress. We are criticized on everything from official franking to the new House Office Building. Such criticisms, if unjust, are destructive. Some of the Members have moved over into the new building, where two rooms now provide for clerks, stenographers, telephones, and all visitors. Heretofore all have been jammed into one room. An authorization for that building went through Congress 4 years ago for $7,500,000, and I mention this simply as an illustration of what I have in mind. That amount has been reduced by Congress, and a saving of something like $1,400,000 has occurred in the cost of that one building and furnishings. Those who represent us on the various committees deserve credit for such savings. I believe a fact like this should be given publicity by the press, but that rarely occurs, because broadcasting discontent seems more popular with a portion of the press and words of praise rarely occur. Gross injustice has been done Congress in both Senate and House by members of the press, owing to hurried judgment or frequent disregard for those who are unable to correct misstatements. Not 10 percent of the press has engaged in injustice, but that 10 percent makes much noise by continually hammering Congress without any opportunity given for meeting unjust criticisms. I wish to offer brief suggestions to disclose the extent to which some of these unwarranted criticisms extend, but at the outset I wanted to say a word of deserved commendation for the splendid work of the committee. [Applause.]

Mr. Chairman, no Member will willingly enter into controversy with any reputable paper or newswriter. Public officials are always subject to just criticism, but during these days of world-wide business distress, sensational writers and metropolitan papers unjustly denounce Congress because possibly it is a shining mark for flippant, captious writers who know those assailed cannot well answer.

Imitators of the metropolitan press have taken the cue, and I submit a case in mind, for illustration, where Congress is constantly lampooned and Senators and Members are intimated as unworthy of trust or confidence.

Such charges undoubtedly present a case involving the privileges of the House, but no resolution is offered under the rule, leaving the facts and record submitted to speak for themselves.

I have been urged in this case to reply to constant libelous criticisms against the American Congress from a writer and publisher in my own State. With regret I break a rule not ordinarily to answer false charges against Congress as a body or against myself personally. Gross slanders against the Senate and House, however, injure public confidence in officials, and the patience of those maligned may be misinterpreted for fear.

Merlin Hull, a small-newspaper publisher of my State, writes such slanders every week, which are published by his own and a number of other papers. Old enough to know better, Hull sought public office some 30 years ago, and since that time has been a perennial candidate for office.

Defeated by discriminating constituencies in four attempts for Congress, in different districts, and again defeated for a State office, he publicly asserts if he can win once out of 3 times, not yet attained, it will financially repay him.

Blanket libelous charges against the American Congress by his weekly letters published in several papers have a yearly circulation equal to a 1,000-page printed book distributed annually free of cost and presumably read by many thousands in family papers also carried mail-free in counties where published. Based on a 1-term experience some years ago, Mr. Hull's letters, written in Black River Falls, Wis., purport to come from Washington, and he professes

to speak with intimate knowledge of Congress, insinuating grafting, cowardice, and improper practices found among Senators and Members. Briefly, I desire to discuss, among other matters, the motive and methods of Mr. Hull, together with the record.

Let me say personally that for over 20 years it has been a privilege to serve my district and State continuously in the American Congress, and from generous statements by colleagues this extra session I have taken full part in legislative work. Prior to congressional service it was my privilege to serve in the assembly and senate of my own State, and at the request of the then noted governor actively to aid in handling the progressive laws Wisconsin then passed. Activities of several parliamentary bodies in foreign countries have also been personally witnessed and studied in an effort to compare those bodies with our own.

Speaker Clark during the World War said the Membership of this House in character, ability, and legislative service measured up with any other Congress known to him. As a humble Member I would modestly say from the sidelines the same of this House, confronted as it is by an unprecedented national and world-wide depression, akin to war, that demands nonpartisanship and courage to a high degree. Men of ability and character constantly drop out, but others step into their places, and these newcomers preserve the standards of this great body. Critics not privileged to know facts from the inside often pass hasty judgment, but I firmly believe that in honesty, patriotism, and courage high standards have been maintained and that 95 percent of those elected to the American Congress, each chosen from among an average of 300,000 constituents, measure up to these requirements—not claimed to be supermen, but men well equipped for the high offices they hold.

May I add that service on different committees, including for many years the powerful Ways and Means Committee, gives fair opportunity for measuring abilities and character of Members. For illustration, three former members of my committee within 3 months have acceptably filled the high places of Vice President of the United States, Speaker of the House of Representatives, and Secretary of State, the latter the highest office in the President's Cabinet. From that committee also was taken the last preceding Secretary of the Treasury. Diplomats, judges, and other responsible officials have been and will be taken as of old from the same congressional ranks. No better gage of the personnel of this great legislative body can be offered.

Senatorial qualifications have been maintained at the same high standard as when in my boyhood days I haunted the House and Senate galleries listening to so-called "congressional giants" of the past.

THE AMERICAN CONGRESS DESERVES THE RESPECT AND CONFIDENCE OF EVERY CITIZEN

During my membership of the House I have been jealous of its good name and of the high standards of Members chosen from 48 States to this body, nor have I hesitated to defend it from scurrilous attacks that might lessen the confidence of the American people whom we represent.

When the so-called "National Security League", a hypocritical band of libelous egotists, attacked the Membership of the House and Senate during war times with inflammatory charges, I drew and urged in the House a resolution of investigation that was unanimously passed by the House and, with the aid of Speaker Clark and Members on both sides of the aisle, we unmasked cowardly character assassins working under the name of patriotism.

Legislative and financial interests and motives behind the un-American gang of character assassins were exposed, and the high-sounding guardian organization of America was then kicked into oblivion.

As an individual Member of the House I later introduced a like resolution demanding investigation of false charges carried by the press claimed to emanate from Governor General Wood, of the Philippines, that unnamed Senators and Members had accepted bribes for favoring independence of the islands.

Governor Wood cabled back repudiating the statement published by many American papers and said categorically he knew of no improper influence either by Filipinos or any Senators or Members. The infamous published charges, like the boy's hundred cats fighting in the back yard, turned out to be one ex-Member legitimately employed before legislative bodies in his proper capacity as a private citizen.

Not as an especial champion of the House, but as one of the 435 Members, I have occasionally answered unwarranted charges brought by sensational press writers or scandalmongers, and when so doing have offered any evidence of undisclosed motives for charges that were to be exposed.

Members of the Senate and House have no redress against powerful press agencies or private parties that libel Congress generally, and the public often believes unsupported slanders when regularly repeated and undenied. The press is fair as a rule, and it is only the unfair writer that seeks to poison the public mind.

A CONGRESSIONAL CRITIC REPEATEDLY DEFEATED BY WISCONSIN CONSTITUENTS

Merlin Hull, a broadcaster of discontent, has been 5 times defeated by Wisconsin constituents and 4 times defeated for Congress by a discriminating constituency. Some years ago he served one term from another district.

For a long period he has been writing weekly letters published in his own weekly paper and also sent to a dozen other papers, practically all of which letters intimate or denounce in specific terms Senators and Members as grafters and cowards. Defeated for return to Congress by my colleague [Mr. WITHROW], after two previous defeats by Congressman Beck, and after his county's removal to my district, he was again defeated last year. With this part of Hull's political efforts the House is not interested, but in order to secure favor by poisoning the public mind in the new district he continues weekly denunciation of the House and Senate whether Congress is in session or not. The "only soldier keeping step", he is mystified why he is not sent to Congress so as to have 1 honest man among the 530 national legislators he condemns. Fifty columns annually of congressional abuse printed in his own paper and 10 times that space in other papers that carry his weekly wails of discontent warrant a brief statement of Mr. Hull's record, methods, and motives.

From his little home town, 1,200 miles distant from Washington, Hull pretends to write from Washington his weekly criticisms of Congress, whether it is in session or not.

Quoting from a recent letter on franking, he says:

> The Post Office Department, in explaining its deficit, has been emphasizing the fact that Congressmen and Senators have sent out so many speeches and public documents that it cost the Government $750,000 per annum to carry them. That is nearly $1,500 per Member.

Repeatedly he has reiterated his opposition to the congressional franking privilege which he briefly enjoyed during one term without protest. At the same time he misleads 4,000 readers of his weekly Banner paper that enjoys free mail privileges and also some 20,000 or more other readers who are furnished his complaints against Congress by weekly letters he sends to other Wisconsin papers.

Mr. Hull's protests against any use of official franking right is to stifle answers to his continuous venomous articles. He follows the example of some daily newswriters in declaring that the CONGRESSIONAL RECORD is a needless expense and that extended remarks of Members discussing public questions are valueless to these well-informed newswriters. Only one side of the picture, however, is presented, because like Hull's free Government mail, these daily newspapers alone occasion an annual postal deficit to the Government reaching more than $36,000,000, an important item in Budget balancing.

If the President pursues his promise when the postal rate bill was recently passed, he will need no microscope when looking for leaks in our postal deficits nor will the reading public necessarily suffer if extended editorial remarks and instructions to Congress are reduced by the ax of the Budget Director.

COWARDICE, GRAFTING, AND EXTRAVAGANCE ARE AMONG HULL'S CHARGES

In January of this year Hull's letters denounce Congress for refusing to reduce salaries to $5,000 annually, although during his one brief term Mr. Hull and family were paid at the rate of $15,000 annually, as later appears. He says:

With all the pages of the CONGRESSIONAL RECORD * * * no committee has reported in favor of reducing the cost of Congressmen from $9,000 and mileage to $5,000 per year, which was the 1914 level. * * * Almost unanimously Congressmen are all agreed that $9,000 for Congressmen is not extravagance, as they are that $5,000 per annum would not be the proper kind of economy.

Hull is not saying this to Congress but publishes these distorted statements to many thousands of uninformed readers through a dozen weekly papers. Another recent characteristic weekly letter from Hull says:

No Congressman is going to read the Army appropriation bill to his audiences. Congressmen never brag about appropriations except those they secure for their districts, their own little part of Government pie. * * * It will be interesting to watch the sidestepping and dodging of Senators who are attached to the wires. * * * Congress listened to the propaganda mills of the Eastern press as well as the soft voices of the lobbyists sent to Washington. * * * Some day Congress will be forced by public sentiment to open up income-tax matters and let the people know.

Another weekly letter recently published by Mr. Hull in numerous papers in northern Wisconsin says:

Congress authorized buying a second-hand office building in New York for $15,000,000 only valued at $7,000,000. * * * It is likely that were all those connected with the project brought into the limelight and a full exposure made that Senators who helped it along might find themselves in an uncomfortable situation, but no move has been made to bring discomfort to them.

Unnamed Senators he intimates are grafters discovered at his Black River Falls home, 1,200 miles away.

Another letter from Mr. Hull to a dozen papers says:

What has happened in the past 12 or 14 years * * *. In 10 years the American people, through the crookedness of international bankers and other grafters, have lost $50,000,000,000. If there is any lack of confidence in our Government, it is due to the fact that the Government fails to protect from their continued thievery. Congress must have overlooked the fact when it accepted the advice of the money lifters and dropped the investigation.

"Grafters" and "Congress" are equally culpable in Hull's malicious charges. From another Hull poison-pen weekly letter to a dozen papers:

The President's program is broad, but it has not yet included any suggestions as to congressional barber shops and free shaves for Senators. He may conclude to let Congress have its own way.

This from a man who knows that no such perquisites have ever been given to Members.

Congressmen are not idle about their political fence building * * * the high cost of explaining by Congressmen keeps up even in the depression. * * * Some Congressmen seem to think everybody is thick-headed who questions them.

A political mud slinger defeated four times for Congress, so says Hull of a body of which he has ever sought to become a Member.

Congressionally dishonest implication from another of Hull's letters to a dozen papers:

Congress keeps right on adding to the big Government machine, but seldom does it take out a cog or a wheel; * * * the fact that the American people, millions of them, cannot pay their private debts seem not to have been properly weighed by the congressional forces. * * * After appropriating $36,000,000 to the coffers of steamship companies a few weeks ago Congress will now investigate. It will enable those Congressmen who voted for the appropriation to say that Congress is looking after the whole matter.

In his campaign of untruths and half truths Mr. Hull "forgot" that on a former annual postal bill, when hailing from the Wisconsin district, he voted for like long-term postal contracts, later discovered, and he also voted knowingly for some $34,000,000 annual "daily paper" mail losses and $8,000,000 "free in county" paper losses, including his own Banner free mail, and a $700,000 official franking bill he now denounces. He will probably now deny the record.

Extract from another Hull weekly scavenger letter to a dozen papers:

The cost of maintaining a Senator is about $20,000 per year more than that of keeping an ordinary Congressman in operation.

And from another poison-pen letter:

Some Congressmen refer to use of the franking privilege as educating the public. The public is paying a high tribute for a biased form of instruction. One may read all the speeches in the RECORD without finding one reference to deficit of restaurants.

Another besmirching Hull letter to a dozen papers says:

Were congressional leaders to outline further legislation for increasing taxes and balancing the Budget, * * * able to see the farm question at all, they might have an inclination to do something. Many of these are able to see nothing but the lobbyists to press one project or another upon them.

Every Member knows such statements are false and ridiculous, but the readers of Hull's weekly gutter sweepings do not know that fact, and his constant political appeals to "farmers", he believes, brings political assets. Hull assumes they do not know the facts and expects they will remain ignorant of the truth.

From a weekly letter about April 13, 1933, by Hull, 1,200 miles distant from Washington, to many papers:

Congressmen and Senators are voting largely as they are told to vote, as they try to get their bearings. * * * Big lobbyists always play for time * * * political bosses are scared, and so are politicians in Congress who are looking forward to next election day, and not even a big banker can scare a Congressman into a vote that will cost him his job. "Job safety first" is the slogan of many Congressmen, and few there are who forget the slogan.

Hull's own corrupt associations in the past are indicated by this picture of the American Congress. No lobbyist has approached me or 9 out of 10 Members of the American Congress, so far as learned, to discuss or ask for a vote for or against any bill this session or last. We know the false, libelous character of Hull's many vicious articles, only a few of which can be quoted; but the readers of his repeated charges and insinuations back in northern Wisconsin do not know.

The Black River Falls fault-finding letter writer on Congress writes last week to northern Wisconsin papers:

The statesmen at Washington are always liberal with Europe's warring nations, when it comes to discounting the debts and let our taxpayers make up the difference. * * * European silver shines more brilliantly to senatorial eyes. * * * What our country has lost on European war debts would pay the bonus several times.

In passing let me say I served 16 years in the Regular Army and Wisconsin National Guard, and know what that life and small pay mean. That relates to the "bonus." I voted against the war that produced the European and our own enormous debts, and have always supported every relief measure offered for the veterans. By armed force alone can European nations be compelled to pay "lost European war" debts. Congress has ever opposed their cancelation.

Mr. Hull poisons the public mind against statesmen at Washington who, he alleges, are "always liberal with Europe's warring nations when it comes to discounting the debts and let our own taxpayers make up the difference"; "European silver shines more brilliantly to senatorial eyes"; and so forth.

Extracts from printed letters here cited among scores of others indicate Hull's malicious weekly dropping of poison to thousands of readers. Whether Congress is in session or not, for 52 weeks in the year Mr. Hull assails Congress for doing or not doing something. He professes to speak for the "farmers", the "public", "taxpayers", and others in his long-distance challenges to Congress, although Hull never discusses such matters from the same platform with those who know the facts.

THE OFFICIAL FRANKING AND FREE MAILING LAWS

Constant denunciation by Mr. Hull of official franking authorized by law for over half a century overlooks his own newspaper's free mail service which far exceeds in amount the average Senator, or Member's use of franking rights.

This free mail service in Jackson County he forgot to mention to his home readers during the past 30 years.

On April 20 I urged a 2-cent first-class postage rate on all first-class mail in House debate after previously offering the same amendment in committee and then placed in the RECORD an important official statement received from the Post Office Department, which is as follows:

Postal receipts and expenditures, fiscal year 1932

[In millions of dollars]

	Revenue	Expenditures	Profit	Loss
Mail matter:				
First class:				
Other than local	223.8	211.0	12.8	
Local	86.5	65.7	20.8	
Air mail	6.0	23.8		17.7
Total first class	316.3	300.5	15.9	
Second class:				
Publications exempt from zone rate on advertising	2.1	19.0		17.0
Zone-rate publications:				
Daily papers	9.8	46.2		36.4
Papers other than daily	1.9	13.5		11.6
All other publications	8.0	35.7		28.7
Free in county		8.6		8.6
Total, publishers' second class	21.8	124.0		102.3
Transient	1.4	1.3	0.1	
Total, all second class	23.2	125.3		102.3
Third class	50.7	79.6		28.9
Fourth class	113.6	146.3		32.7
Foreign	18.0	46.4		28.4
Penalty		9.8		9.8
Franked		.7		.7
Free for blind		.1		.1
Total, all mail	521.8	708.7		186.9
Special services (registry, insurance, c.o.d., etc.)	50.2	81.0		30.8
Unassignable	15.1	3.8	11.3	
Unrelated	1.9	2.3		.4
Grand total	588.9	795.8		206.9

Attention is called to the last column and mail "loss" items reported by the Post Office Department, for it shows where the great loss to the Government occurs. One item alone of "daily papers", deficit of $36,400,000, is 50 times the $700,000 cost for all departmental and congressional franked mail combined. Free-in-county papers, it will be noted, brought a deficit of $8,600,000, whereas all franked mail was only one twelfth the free-in-county deficit. Franked-mail deficit of every character, according to the Department, reached only "one tenth of 1 percent of the postal expenditures."

DEPARTMENTAL AND CONGRESSIONAL OFFICIAL FRANKING

Quoting from my speech of April 20—

It has been constantly stated that "franking" accounts for the large losses reported by postal authorities. Broadcasters of discontent aimed at 96 Senators and 435 Representatives for that reason have denounced the Congress repeatedly.

Not one paper or newswriter in 10 is unfair, and few papers in my State abuse Congress, but a candidate for Congress (Mr. Hull) uses a poison pen every week. Yet the loss in postal rates from his paper and others is 12 times the cost to taxpayers of all franking privileges as stated, for all Departments and Congress combined, as noted from the postal statement. Free-in-county newspapers are carried free excepting where delivered by carriers.

These small papers could not exist in 90 percent of the cases if it were not for free-in-county postal advantages extended to them by Congress because of educational aid, but caustic criticisms assert Members of Congress are causing this great postal deficit, although the entire franking for all purposes is less than one tenth of 1 percent of the total.

From Mr. BEEDY and others in that same debate, I quote:

Mr. BEEDY. Inasmuch as reference has been made to barber shops and restaurants it is time to make it a matter of record that there are no free barber shops at this side of the Capitol, and Members pay for everything they eat at the restaurant; in some instances higher than elsewhere.

Mr. BLANTON. I am glad, Mr. Speaker, that our good friend from Wisconsin [Mr. FREAR] in his speech clearly brought out the fact that frankable mail is responsible for only one tenth of 1 percent of the deficit * * *. Much franked matter by all the executive Departments should not be franked. * * * As a matter of fact, Congressmen have reduced their salaries 15 percent, or $1,500, in addition to a reduced term of 2 months voted by them, which meant an additional $1,500 reduction, or a total of 30 percent * * * Congressmen have reduced their mileage 25 percent and their clerical hire $750 per annum.

Mr. Hull's paper, the Banner, with 4,000 weekly circulation, has been carried by the Government free of cost through the mails for 30 years, excepting where delivered by carrier in his own county. His denunciation of Congress in his own and other papers sent weekly through the mail to his readers, if letter postage were paid, would cost him around $10,000, or more, annually for the same postage rates paid by the "farmer" he pretends to defend. Carried by the Government free in the county, his own paper alone according to departmental statement, saved him from $30,000 to $40,000 during the past 20 years in actual profit to him.

Again quoting:

Like my friend from Texas [Mr. BLANTON], I hope on the same platform to meet this critic and answer some of his criticisms against Congress. This is not offered as a challenge but a mild protest against a constant stream of abuse directed at the American Congress.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. FREAR. I yield; certainly.

Mr. BLANTON. I want to ask my friend if it is not a fact that the small cost to the Government of franking by Members of excerpts from the CONGRESSIONAL RECORD does not bring the best results of any money this Government spends? If it were not for the privilege of Members' sending the actual RECORD to their people, the press, sometimes antagonistic, could ruin any man in Congress.

Mr. FREAR. I have so stated, and given an instance of one critic, Mr. Hull, in my own district who, through his weekly letter, carried through his home county at taxpayers' cost, as stated, denounces the American Congress in every weekly issue he sends out. However, he complains constantly about the franking privileges enjoyed by Members of Congress, about free meals, free shaves, and incompetence of a Congress of which he was once a brief Member and knows the falsity of his charges.

Before attempting to answer malicious criticisms against the American Congress by Mr. Hull, a flattering picture of Mr. Hull is sketched by himself over what he did (?) in his one short term some years ago in Congress.

MERLIN HULL IN A FANTASTIC FAIRY ROLE, WRITTEN BY HIMSELF

Last summer in an effort to change his four defeats for Congress to a possible victory, using several hundred thousand pieces of different kinds of mail for ammunition, printed by his own Banner paper, Mr. Hull glorified himself with self-praise, appealing especially to farmers but sent to every voter in the new district. One pamphlet says:

Farmers remember it was Merlin Hull who stood alone in the fight on the floor for increased protection to Wisconsin dairy products when the Hawley tariff bill came up. There were other Congressmen from dairy districts. They did not think the fight worth while. He did.

Mr. Hull says he alone out of 435 Members stood upon the burning deck and fought for the dairy interests. That Baron Munchausen fiction is indicative of Hull's general letter writing. Continuing, he says:

They [the farmers] also remember that it was Merlin Hull who made the drive in the House of Representatives to stop feeding oleomargarine to the soldiers in the Army and veterans in soldiers' homes and hospitals. Not another Congressman from dairy sections aided him in that fight.

More likely "not another Congressman" knew Hull was there at the time.

Mr. Hull sent 100,000 or more of these particular circulars into his new district, in which he said what the "farmers remembered" of Merlin Hull.

Probably not 5 percent of the Senators or Members among the 530 then in Washington knew that Merlin, a rookie in the rear ranks for one term, existed. Certainly they did not know he was "leading any fight." The farmers, whom he pretends to champion, could not know or remember that Merlin, who has been quoted on the $5,000 annual salary for Congress, was always early at the window drawing down $10,000 a year as a one-termer in Congress. The farmers could not then and do not now know or remember that Merlin was also receiving from Uncle Sam $1,500 to $2,000 annually for free-mail carriage for his weekly Banner.

The farmers could not then know or do not now remember that Merlin's family was on the rolls for $5,000 annual clerk

hire, and he was also then using the congressional franking he now denounces, and, in addition, all travel pay, stationery, allowances, and other perquisites, since then cut down—without one word of protest from Mr. Hull. Nor did the farmers know that all the free shines, free hair cuts, and free meals he writes about, if they ever existed, were to be had by Merlin, if so, and never once did he arise in wrath to protest them.

Every Member of Congress and all Senators familiar with his record know that Mr. Hull's statements of "fights" and his "drives" are without foundation, but disclose the monumental egotism of a man four times defeated for Congress by a discriminating constituency. No Congressman ever knew of Merlin Hull's claims, for they are both ridiculous and preposterous, as every Member knows, yet readers back home, unfamiliar with Congress, its rules, and Hull's record, may be misled by such palpable rot.

Let me say further, from personal knowledge, I was a member of the Ways and Means Committee that drew that tariff bill and in committee did everything possible to protect agricultural schedules and dairy interests. We raised farm rates in our committee, but not one amendment was permitted under the rule to be offered in the House; so, of course, Mr. Hull nor any other Member could offer one. I voted to send the bill to the Senate for amendments and in this was joined by every Wisconsin Member, excepting Hull, who neither offered any amendment nor by his vote would have permitted Senators in the Senate to do so. After securing all protection to be had for agriculture in the House and Senate, as urged by President Hoover, we voted against final passage of the bill because of its logrolling character that boosted other rates so as to nullify any gain to agriculture.

HULL'S DEFENSE OF A FOOLISH VOTE AGAINST THE FARMER

Hull sought credit for his foolish tariff vote by circulating a "resolution" that approved his vote against sending the tariff bill to the Senate. If successful by that vote he would have prevented additional dairy amendments later added by Senators Blaine, La Follette, and other Senators beyond those secured in my committee. Hull's vote was against the farmers and dairy interests of Wisconsin, and it was the only Wisconsin vote so cast. Hull's vote was inexcusable, and every other Wisconsin Member voted right.

The oleomargarine amendment to the Army appropriation bill—not the tariff bill—was supported by every Wisconsin and Minnesota Member, led in the House largely by Schafer, where the soldiers' home was located, and in the Senate particularly by Blaine, La Follette, and McNary, as I now remember. Every Member of the House familiar with the record, I am sure, will so agree.

Of the 435 Members of the House and 96 Senators, Hull, a novice, never had any voice on a single schedule of the tariff bill, dairy or otherwise, and his "drives", "fights", and personal bombastic glorification put forth years thereafter was to deceive farmers who could not be expected to know the facts, and whom he endeavored to bamboozle with his Banner and other weekly letters condemning the American Congress.

So much for Hull's word picture of himself with wings that, like Don Quixote, fighting windmills in Spain, was in his imagination alone, though oft repeated by him, according to report.

I have devoted time to the false statements of Mr. Hull against Congress and to the franking privilege, because official figures show, as stated, that his paper is one of those that help make up the $8,000,000 deficit, or 12 times the cost of all departmental and congressional franking of official matter combined, and the latter only amounts to one tenth of 1 percent of the total.

MERLIN HULL'S ACTUAL COMPENSATION DURING HIS ONE TERM

Mr. Hull's indignation against Congress has been cited in his weekly letters because $5,000 annual income was not voted by Congress this session. Nearly half of that amount is generally expended by the average Member for campaign expenses when a man of Hull's caliber with a private printing press is an opponent, but the record is the best answer to Hull's salary outburst against the present Congress.

As stated, he was defeated by Congressman Beck twice for Congress; he slipped through for one short term when Beck ran for Governor, but thereafter Hull was next defeated by Mr. WITHROW in the Seventh District and was next defeated by myself in the Ninth. Four times defeated for Congress by three men. Not only did Hull draw down a full $10,000 annual pay check during the one term he served in Congress, instead of $5,000 he now advocates for Congress, but in the name of his immediate family, from the record, he absorbed an additional perquisite at the rate annually of $5,000 for clerk hire. Full travel pay and other allowances, now reduced 25 percent, were also paid to Mr. Hull.

In addition to Hull's $10,000 annual pay and $5,000 family clerk hire and full pay for travel, stationery, and other allowances, he enjoyed the same official franking privileges that he now condemns in Congress, but never once objected to when he was in Congress that one term. In addition, for 20 years and more Merlin has had free mail service in Jackson County, as stated, with exception of carrier delivery, for his Banner, which, at rates paid by his farmer readers for postage, presumably would mean an additional income for his Banner of $1,500 to $2,000 annually, or $30,000 to $40,000 free mail for the Banner received by him during the last 20 years from that source alone.

Free haircuts, free shaves, and free meals Mr. Hull writes about frequently. If enjoyed by him as an extra perquisite, they would be helpful to his purse and with his carefully estimated profits. Merlin's income in the 2 years from all sources apparently reached around $17,000 to $20,000 annually. The average Congressman is not possessed of a free-in-county newspaper or of a family on the pay roll, or free shaves, meals, and so forth, but now receives around $7,000 annually this term, due to reduction in pay, unemployment of relatives, and the average shortening of term voluntarily voted. Far less than one half of Mr. Hull's pay.

With Government payments noted and additional fees from foreclosure and contracts and police-court cases in Black River Falls these materially swelled Mr. Hull's pay, because, according to report, he has choked out all opposition from other papers in State, county, and private printing and secured the cream of the local legal practice.

HULL'S APPEAL FOR THE COW, TURKEY, AND HEN NOTED

Another recent weekly letter comment almost escaped attention when Mr. Hull wrote:

> With all the demands for increased tariff rates and embargoes to help more employment to American labor, the Wisconsin turkey, the Wisconsin hen, and the Wisconsin cow seem to have no friend in court—(Congress).

Standing alone on the burning deck whence all but him had fled, Merlin views with alarm the failure of 530 Senators and Members to save the above-named animals and birds. This Black River Falls scribe tells the farmers what he would do as a friend of the cow, turkey, and hen. He was in "court" once on a time but failed then and would fail now because Congress never knew he was an especial champion of any of these objects of his new-found interest.

Mr. Hull's weekly letters guardedly discuss the wets and alleged inconsistency of Members of Congress on this and other issues. An able Illinois colleague said to me: "When Hull came to Washington he was heralded as a "regular" of regulars but before he left he was found impossible." I had not followed his record, but a leading Progressive of my State, equally prominent, said, although Hull occasionally voted right, possibly by accident, he was not a Progressive and no one could work with him.

A wet-and-dry record he criticizes in others confronts Mr. Hull, the denunciator of Congress. In Barron County he was generously advertised by the press, and on marked ballots ran as the driest kind of a "regular" last year. In Buffalo and Pepin Counties at a Sunday wet (Hull) gathering those present agreed that Hull's name should appear on

a marked wet supposedly "progressive" primary ballot. This I am informed did occur at the primary in those counties.

NEW PERMANENT GOVERNMENT BUILDINGS EXCITE HULL'S HOSTILITY

In his weekly letters, not quoted, Mr. Hull, of Black River Falls, still 1,200 miles away, finds frequent fault with Congress for contracts he helped authorize over 4 years ago on the New House Office Building, built so that Members may have two rooms for themselves, their clerks, typewriters, visitors, and telephones, all of which heretofore have been housed in a single room. Yet while Hull was "fighting" and "driving" Congress in his wild imagination, he was authorizing the New House Office Building which he now condemns.

Another Hull weekly letter dealt with the underground garage for Senators under the Senate Office addition. He castigated the Senators because they did not park on the streets. Here, again, from his descriptions the farmers and other people back home visualize all the gorgeous settings graphically pictured by Hull. I am not here to defend extravagance, but to report that a saving of $1,219,745 by Congress in estimated cost of the New House Office Building, as authorized by Hull, and a saving of $172,000 out of $400,000 authorized for furniture which he likewise is greatly distressed about. Plans were not drawn by Congress but by Government architects, and Congress by holding down expenditures made a saving of $1,391,745 on these two items. This is the official report.

One word more as to Mr. Hull's faultfinding on any and every occasion with insinuations of grafting, extravagance, cowardice, and worse by Congress. Hull's quarters when in the $7,000,000 capitol at Madison, Wis., years ago were elegant and sumptuous compared with offices and furniture in the new or old House Office Building and more than anything possessed here by Members of Congress.

I know this to be so, because I have occupied both and he has not. Again when the architect's request for $760,000 was made with which to provide two rooms for each Member in the old House Office Building in January 1932, I offered an amendment to reduce to $60,000 cost of remodeling, which would then give all Members double the rooms and conveniences furnished Congress for 20 years. My amendment was defeated, but upon my urgent request Governor MONTAGUE, Member from Virginia, offered my proposal on a motion to recommit and it was agreed to and passed by both Houses and is now the law, saving $700,000 on that one item to the Federal Treasury, or enough to pay the entire cost of franking privileges for all official documents during 1932.

I claim no especial personal credit for savings to the Treasury, but actively helped specifically with several river and harbor, public-building, and flood-control bills that were cut down, reaching a total saving of many hundreds of millions of dollars and sufficient to pay all the salaries of the Presidents of the United States and all Senators and Members of Congress from the time of the adoption of the Constitution in 1789 to June 1, 1933, together with the entire cost of the New House Office Building in the bargain. This is not said boastfully but to advise Mr. Hull that others are here on the job to do what he never attempted or thought of doing.

Important cases in court are not decided by unsupported witnesses, prejudiced in their own favor. That is especially true where the important witness in his own behalf has been rejected by different constituencies. Corroborating testimony on which every jury makes its findings should be offered.

In all fairness Mr. Hull should furnish to Congress and his State evidence to outweigh the four defeat verdicts against him; also because of his approximate $30,000 1-term family clerk hire and salary and perquisites; his demands on Congressmen to reduce their pay to $5,000 annually; also his $30,000 to $40,000 free mail to his Banner concealed from farmers and other citizens by constant frothings against a 50-year-old official franking law.

No Senator or Member in Congress familiar with the record I predict will vouch for a single claim Mr. Hull has made of "drives" and "fights" he conducted or even participated in. Congress knows the truth, but 100,000 district voters, including the "farmers", "taxpayers", and "public" he assiduously cultivates, do not know, beyond his own bombastic claims.

UNSOLICITED TESTIMONY OF A FEW NATIONALLY KNOWN WITNESSES

Mr. Chairman, the right of personal privilege and privilege of the House is invaluable. Libel and slander have penalties reached by courts, but public bodies and public officials cannot resent unjust criticisms. It is the duty of every Member to purge this body of those who would bring discredit upon it and to defend the National Congress and Members when unjustly assailed. Public confidence in these days of national distress is imperative. My colleagues will accord me that purpose in the facts presented and recent Members can understand weight to be attached, from brief extracts offered of opinions by others whose belief in my own judgment invites your confidence. Such opinions, after all, are the best rewards of service. Among these I submit—

You are not afraid to fight, and you know how to fight. You were a vital factor in saving the Government close to $500,000,000. I know how important and valuable your aid was, and so did President Coolidge. (W. F. Kopp, former member Flood Control Committee and chairman of Labor Committee, Feb. 17, 1933.)

I know what a brave and single-handed fight you made for years for justice for the Indians. (Harold L. Ickes, Secretary of the Interior, Apr. 22, 1933.)

Mr. President, the sales tax was practically defeated in the House largely under the leadership of a Member of Congress from Wisconsin. Representative FREAR. (Senator La Follette, Sr., in Senate debate.)

You have proven yourself to be a real representative of the people. I especially appreciate your fight on behalf of the farmers and labor * * * also on the fearless fight you have made toward reducing Federal expenditures * * * the progressive voters of your State and of the Nation appreciate the good work you have done * * * (LYNN J. FRAZIER, United States Senator, June 23, 1932.)

* * * I approve of practically every position you have taken on public questions * * *. I sincerely hope you will be successful in your campaigns * * * and thus the farmers have your services in Congress * * *. (John A. Simpson, president Farmers Union, June 11, 1932.)

I congratulate you progressives * * *. There was removed from the Ways and Means Committee (later returned) Mr. FREAR, the biggest and bravest of them all. You dared not face in committee * * * or on this floor the arguments he could present. (Record of debate, December 16, 1925, Mr. RAINEY—now Speaker of the House.)

Several corroborating witnesses, among many received, are quoted from the standpoint of legislative service to evidence some understanding is had of unwarranted and unsupported strictures by Hull on Congress.

As much as I dislike his methods, it is not personal, because Mr. Hull's unjust criticisms and glaring misstatements against Congress answer themselves to all those familiar with the facts.

If arrangements can be made in Jackson, Clark, and the 11 counties I represent in my State for mutual discussions with Mr. Hull on the same platform, I will try and answer him personally, not to compete in a continuous campaign performance attributed to Mr. Hull or to recriminate with slander, but to place facts and records before those who desire to know. Only one issue is vital to the American people. Personal and political ambitions are unimportant, but the country's right to a clean, strong, patriotic Congress is supreme. That Congress they have now.

Mr. TABER. Mr. Chairman, for my own part I am not going to make much comment with respect to the amounts carried in this bill. Some of the items, I believe, could be cut further than they have been. I believe after the bureaus have had an opportunity to work out and give us a picture of what they are going to do, we will be able to do some more cutting. There are some items which I tried to have cut some more, but I did not get very far in the committee, and I probably would not get very far if I attempted to bring about such a cut on the floor of the House. With the set-up we have now, we will be able, when we come back here in January, to tell a lot better where we "are at", and I

hope, if the Budget does not cut certain items down, we will be able to do it on the floor.

I think the Federal Power Commission can be cut some more. It has been cut down to $210,000.

I think the Federal Trade Commission, if it does what it says it is going to do, can complete its power investigation and that we can cut that Commission from $250,000 to $500,000 without hurting its efficient administration.

I think the Interstate Commerce Commission should be able to organize itself so that it can do the bookkeeping under what they now call their Recapture Division, with recapture cut off, for $500,000 less than the $1,000,000 it now requires.

I think the Civil Service Commission can get along with a considerable amount less than the million dollars that we are now giving them. If I mistake not, the demand of the people is going to be toward curtailment of governmental activities. The result of that will be that there will be a tremendous pool of surplus employees who will be available for assignment to almost anything that is to be required of them.

I believe, with that picture staring us in the face, we are carrying too much for them now.

The Shipping Board, I understand, is to be in a position, with the reorganization, where we should be able to trim off a great deal of what that is costing.

The Federal Radio Commission is still costing us $620,000. I believe that Commission ought to be able to get along with less money. It did cost us $856,000 for the current year, and we ought to be able to save $150,000 there.

Now, with reference to the veterans' situation, I am going to speak for a moment or two on that, and then I am going to talk to you for a little while on the legislative provisions of the bill.

The President was given the power by the economy bill, which was passed early in the session, to revise by regulation the pensions which are now being paid to veterans, and to make certain provisions with reference to them. He has done that. Whether those provisions are going to work right or are going to work wrong I do not know and you do not know.

Mr. BLANCHARD. Will the gentleman yield for a question?

Mr. TABER. Yes; I yield.

Mr. BLANCHARD. The regulations, of course, are the result of the Economy Act, and the appropriation is the financial set-up to carry out the regulations.

Mr. TABER. Certainly; that is correct.

Mr. BLANCHARD. In the event the President, having the authority, should discover that injustices are being done, he necessarily would change the regulations, and that might change the financial set-up. Is that not correct?

Mr. TABER. That is correct.

Mr. BLANCHARD. Would the President have the power to expend money and carry it in some deficiency appropriation bill?

Mr. TABER. He would have the power under the appropriation we are carrying in this bill, if he changed the regulations, and those regulations called for more money than is carried here, to go ahead with it. If there was not enough money to meet the expenditures that would be required under the amended regulations, he would be able to come to us next January when we meet and ask for a deficiency. I expect that that deficiency would be granted by the Congress.

Mr. RICH. Will the gentleman yield?

Mr. TABER. I yield.

Mr. RICH. If there was a deficiency in one department, he could transfer funds from another department if he thought they were not necessary there, could he not?

Mr. TABER. No. He can transfer funds within a department but not from department to department. He could transfer funds within the Veterans' Bureau, but there is no possibility, with the set-up which we have in this bill, of there being a shortage of enough money to carry us through until Congress meets in January.

Mr. RICH. They have given the President sufficient power that he can conduct the affairs of this country during the intermission of Congress, until next January?

Mr. TABER. Beyond any question; yes.

Mr. DOWELL. Will the gentleman yield?

Mr. TABER. I yield.

Mr. DOWELL. Some questions were asked with reference to the regional offices of the Veterans' Administration. Can the gentleman give the committee the policy that is to be adopted, with reference to the continuation of those regional offices, if he knows?

Mr. TABER. We were told in the committee, and it appears in the hearings, that appeared to be the policy, insofar as it could be done efficiently, to abolish regional offices unless they were consolidated with a hospital which is being maintained. So that the manager of a regional office and the managership of a hospital could be consolidated in one person. Undoubtedly that will result in the abolishment of a large number of regional offices. Just how many I cannot say.

Mr. DOWELL. May I ask further if it is the policy, as the gentleman has stated, to abolish regional offices outside of a district where hospitals are located, then will it be the policy of the department to take from the regional office practically the same in that degree as where the district has been abolished?

Mr. TABER. I do not just understand the gentleman.

Mr. DOWELL. I will restate the question. If it be the policy of the Department to abolish regional offices and leave a regional office in a district where a hospital is located, will the regional officer in the district where the hospital is located continue to do the same character of work in that district that he is doing now?

Mr. TABER. That is my understanding, except the regional manager will have added to his duties the business supervision of the hospital.

Mr. DOWELL. But the work in that district and in that territory will be the same as it is now?

Mr. TABER. That is what I understand.

Mr. DOWELL. And that work will not be transferred to Washington, as others are transferred when the regional office is abolished?

Mr. TABER. That is what I understand.

Mr. MARTIN of Colorado. Will the gentleman yield?

Mr. TABER. I yield.

Mr. MARTIN of Colorado. May I inquire from what source the gentleman got that information and how definite his information is?

Mr. TABER. That came from the Chief of the Veterans' Bureau to our committee, and I assume it is definite, with this qualifiation, that nothing can be absolutely definite with reference to these regulations or to the policy on the part of the Veterans' Bureau, with the situation as it is.

Mr. MARTIN of Colorado. I sought to interrogate the gentleman from Virginia [Mr. WOODRUM] with respect to regional offices, but there were so many on the floor that I desisted. The gentleman appeared to be undertaking to show that regional offices might not necessarily be abolished.

I wanted to call attention to the explicit language of the report explaining how the saving of $340,000,000 was to be effected. It reads as follows:

> Among other measures which will be adopted to bring about the reduction it is intended to abolish all the regional offices.

Mr. TABER. I understand that that is the present policy, except in the cases where the consolidation to which I referred is possible.

Mr. MARTIN of Colorado. To follow up this matter, this would not necessarily be a total saving of the expenditures these offices are being put to now. It would simply mean an immense enlargement of the personnel at the Washington headquarters, would it not?

Mr. TABER. That is undoubtedly true.

Mr. HESS. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. HESS. If the gentleman will permit, I will refer the gentleman from Colorado to page 172 of the hearings where

General Hines in his testimony said that the regional offices will be eliminated and the administrative functions will be right here in Washington so far as the adjudication of cases is concerned.

Mr. MARTIN of Colorado. I thank the gentleman from Ohio for calling my attention to that statement.

Mr. BLANCHARD. Mr. Chairman, will the gentleman yield for a short question?

Mr. TABER. I yield.

Mr. BLANCHARD. Does the independent offices appropriation bill carry the authority for the reduction or abolishment of these officers?

Mr. TABER. No. That provision exists elsewhere. This bill has nothing whatever to do with it. All we have done is to carry the amount which has been estimated to us.

Now, frankly, I do not see how the Appropriations Committee can go ahead and lay out a set-up for something that does not exist at the present time. If the set-up on the basis that it is going to be in the future had been running along for a year and we had something to follow up and check on, I could see how the Appropriations Committee could cut down or could say that perhaps something else was needed if the request were made, but I do not see how the Appropriations Committee can go ahead and make a set-up that is originally an executive function. Nor do I see how Congress is in a position to do this. We have got to wait until there are changes in the set-up or until the set-up works out before we can intelligently deal with anything along this line.

Mr. SWICK. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. SWICK. Is it not a fact it will be a very great saving to the Government to have these regional bureaus right in the hospital where the men are being treated? To my mind, it seems as though it would save the Government a great deal of money. Also, it will be a very great advantage to the veteran to have the bureau right there at the hospital where the physicians are who treat him.

Mr. TABER. I think that is so, very largely; but I think the great saving that would come as the result of this new departure would be the placing of somebody of business experience in charge of the management of the hospitals instead of having doctors in charge of them.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield myself 15 minutes more.

I think this is a thing to be considered seriously. The doctor should perform the medical work in the hospitals but should not have to perform the administrative work.

Mr. AYRES of Kansas and Mr. HOEPPEL rose.

Mr. HOEPPEL. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. HOEPPEL. I quite agree with what the gentleman has said. It is a matter I have recommended and urged at various times before different committees, that rather than have a high-salaried doctor in charge of the administrative work of such an institution, a retired Army officer should be assigned at a salary, we will say, of approximately $125 per month, as provided in this bill. In one soldiers' home alone, that I know of, a saving of $5,000 a year would be made in the office of the commandant. When this is multiplied by the number of soldiers' homes and hospitals there are throughout the United States, it will mean a saving of hundreds of thousands of dollars.

Mr. TABER. I now yield to the gentleman from Kansas.

Mr. AYRES of Kansas. I was going to ask my colleague this question: A moment ago mention was made of the fact we are reducing the appropriation by $34,000,000. This is not because of the consolidation, closing down, or discontinuance of the regional offices.

Mr. TABER. I do not understand that it is.

Mr. AYRES of Kansas. Under the act of 1924 creating the regional offices the power is given the Administrator of the Veterans' Bureau here in Washington to discontinue them any time he may see fit.

Mr. TABER. That is my understanding.

Mr. AYRES of Kansas. Even if the $34,000,000 should be added to this bill, that, within itself, would not continue these offices or any one of them.

Mr. TABER. Oh, no; it would not. Not only that, a large portion of the $34,000,000 is for other items than field-office items. A large portion of it is for administration in the District of Columbia. A large portion of it is for hospital expense, which it is thought will not be needed in the future.

Mr. McFARLANE. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. McFARLANE. It is estimated that something like 200,000 service-connected cases will be discontinued under the repeal of the presumption clause. If the President desired to change his regulations to allow these veterans and their dependents to receive benefits, where would he get the funds with which to pay them, inasmuch as the appropriation is eliminated? Could he take the money from some other source and use it for this purpose?

Mr. TABER. He would not have to change any appropriation anywhere, because there is carried in this bill as an appropriation for pensions the item of $231,000,000.

Mr. McFARLANE. To what page is the gentleman referring?

Mr. TABER. Page 26 of the report. This amount is practically two fifths of the total that was carried in the last bill. That and a lot of nonservice pensions are included, and there would unquestionably be enough money in this $231,000,000 to carry it through until Congress came back here again.

Not only that, if he wanted to he could transfer a small amount from the other expenses of the Veterans' Bureau to tide them over.

There is not any question in the world but what there is money enough there to pay everything that may possibly be put on up to the time the Congress gets here, and the gentleman does not know, I do not know, and I do not believe anybody can give any accurate estimate of what these pensions are going to be until after there has been some kind of try-out under the regulations.

Mr. HEALEY. Will the gentleman yield for a question?

Mr. TABER. Yes.

Mr. HEALEY. At the time the economy bill was before the House for discussion was it not specifically stated that it was proposed to cut the veterans' appropriations for compensation and pensions about $400,000,000?

Mr. TABER. I think I made the statement when the conference report was finally passed that it would be about $350,000,000 on compensation, and as I understand it the cut in that item is $360,000,000.

Mr. HEALEY. Three hundred and sixty million dollars now?

Mr. TABER. Yes; the cut on compensation and pensions.

Mr. HEALEY. So what has been done by these regulations is exactly what was started out to be accomplished.

Mr. TABER. It is exactly what we were told would result from the economy bill which was presented to us in the early part of the session.

Mr. HEALEY. And the gentleman made that statement previously to the Members of Congress?

Mr. TABER. I made it here on the floor.

I am now going to discuss the legislative features of the bill, with some of which I am in full accord.

Section 5, on page 52, relates to the operations of this particular bill. This is necessary to prevent certain further impoundments that might result. We have reduced the appropriations down to the point where the 15 percent reduction in pay is taken care of.

Section 6 is the contract section. I am going to discuss this a little while, because I do not favor this section.

This section gives the President authority to cancel contracts at any time when he feels that the full performance of the contract is not required in the public interest and that modification or cancelation of such contract will result in substantial savings to the United States; and it further provides that whenever he does this the United States shall

become liable in damages for every bit of damage that the contractor shall suffer as a result of the cancelation.

There are a lot of such contracts. This provision relates entirely to transportation contracts. It might hit an ocean mail contract, it might hit an air mail contract, it might hit a star route contract, or it might hit a contract for railway mail service. I think there is already reserved in all of these contracts sufficient power to enable the President to reduce any expense that ought to be reduced in connection with them, and where this reservation exists it is unnecessary to cancel the contract.

I am not going into the railroad mail or the star route contracts, because I do not believe that in most cases anything of this kind will take place, because I do not believe there would be any inducement to anyone to try to do anything of this kind.

The air mail and the ocean mail contracts come about in this way: The Air Mail Act was passed with the idea of developing the aviation services throughout this country. A large number of contracts have been entered into. If any of these contracts were illegally entered into, the President or the executive heads of the different departments have the right to cancel the contracts and do away with them without the Government being liable in damages to anybody, and this is the way they ought to be done away with, and not as a result of a cancelation pursuant to this provision where the Government becomes liable in damages. [Applause.]

If these air mail contracts are improvidently entered into and not improperly entered into, the Government has a reservation in these contracts which permits the Government to cut down on the expense of the contracts, and it can cut down on these expense items to such an extent as to bring them within appropriations which have been made by Congress or it can cut them down where the service that is required is of such inconsequential character that it does not justify its continuance. Now, is it not far better to go along in this way and cancel them within the provisions of the contract than it is to break such contracts? When you break contracts, see what the result is. I am afraid we are leading ourselves into something when we break them and permit the contractor to recover damages against the United States.

You know what happens when a man has a claim against the Government. He goes to the Court of Claims and gets the highest possible speculative damages. The Government is the biggest mark of any defendant in any lawsuit that ever is brought. I cannot for the life of me see any possible saving in this kind of operation.

If it were proposed, and the facts were presented to us, that there are contracts which had been entered into in some improper way and these contracts were legal and valid, I should be the first one to propose that any powers that were necessary to get rid of them be given, but there is no such situation presented here. We are just putting ourselves in for something and putting the Government in for something, and there is no excuse at all for this sort of thing. It is not a question of saving money; it is a question of letting the Government in for a dose of medicine, and I do not propose to go along with this kind of operation.

The gentleman from Texas, when discussing the rule on Monday, said that there were a number of different contracts which justified this provision in the bill. Every one of them, he said, was illegal. If they are illegal, why should we put a provision like this in the bill? They ought to be abolished by the Government because they are illegal and not in such a way that the Government becomes liable to the folks for damages.

Look at what they will do and how they will work it. A man has an ocean mail contract. It is abolished by the Government. He is entitled to collect damages. What will he say to the Court of Claims? He will say that if he was allowed to go through with the contract and finish it up he would have been able to develop a trade route which would have been profitable, and he will have the Government where he can squeeze it for the greatest amount of speculative damages that may result from that operation.

Now, I do not want to let the Government into such a deal. The air mail contract, if you work it under this provision of law, is going to result in the same kind of speculative damages against the Government.

Mr. BRITTEN. Will the gentleman yield?

Mr. TABER. Yes.

Mr. BRITTEN. Is it not a fact that airships, as well as ships, have been built under these contracts?

Mr. TABER. Certainly.

I think it is sufficiently clear as to what the situation is, and that such a provision ought not to be in the bill.

When we come to this provision I am going to offer a motion to recommit if I can be recognized, and I believe that I am entitled to recognition, to get rid of this provision, and I hope the House will vote against the retention of any such provision.

Mr. HOEPPEL. Will the gentleman answer one or two questions?

Mr. TABER. I will, if I can.

Mr. HOEPPEL. Is it not true that this section will permit the President to repudiate the enlistment of men in the service?

Mr. TABER. No.

Mr. HOEPPEL. I understood that the provision was to abolish contracts between persons and the Government.

Mr. TABER. No; these are transportation contracts only covered by the bill.

Mr. HOEPPEL. This will permit the President to reduce the compensation of enlisted men from 5 to 2 cents a mile.

Mr. TABER. I do not think so. This would not permit any alteration of contracts of that character.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. TABER. I will.

Mr. COCHRAN of Missouri. Do you feel the contracts already made were for the best interests of the Government?

Mr. TABER. I frankly say that I do not know anything about these contracts.

Mr. COCHRAN of Missouri. If the gentleman is not willing to give the power to the President to abrogate the contracts, what does he suggest in its place? Does the gentleman think that illegal contracts ought to be retained?

Mr. TABER. There has not been a case where such a situation has arisen. There have been a few cases where the chairman of the committee said the contracts were illegal. I do not want an illegal contract abolished under the provisions of this bill so that they can come back and collect from the Government. I do not want to see the Government mulcted in damages.

Mr. COCHRAN of Missouri. The gentleman has heard a number of Members get up here and criticize the contracts made by the Post Office Department and mention not one but half a dozen.

Mr. TABER. I have not.

Mr. COCHRAN of Missouri. Then the gentleman could not have been present at the time.

Mr. RICH. Will the gentleman yield?

Mr. TABER. Yes.

Mr. RICH. Probably the gentleman from Missouri can give specific instances of these contracts.

Mr. TABER. Perhaps he can tell of some illegal contracts.

Mr. BLANCHARD. Will the gentleman yield?

Mr. TABER. I yield.

Mr. BLANCHARD. The gentleman said there was a provision in the contract for abrogation by the Government. Is not it a fact that the contract provides that the Postal Department has the right to curtail the service?

Mr. TABER. It does.

Mr. JENKINS. Suppose a contract has been entered into, such as the gentleman from Missouri [Mr. COCHRAN] stated. There has been much discussion here about some illegality in contracts. Suppose the Post Office Department has entered into a contract with an air mail contractor that is clearly illegal. Whose duty is it to abrogate that contract or to take steps to set it aside?

Mr. TABER. The Postmaster General, the Attorney General, the Comptroller General, or the President of the United States.

Mr. JENKINS. Any one of them can do it?

Mr. TABER. Any one can initiate this proceeding.

Mr. JENKINS. And the gentleman maintains if they do take those steps to abrogate those contracts as null and void, a contract that has been entered into that is illegal, then there will be no responsibility on the part of the Government? How could this proposition which the gentleman has been talking about throw responsibility on the Government if the contract were null and void ab initio?

Mr. TABER. It could not if the Government proceeded on the null and void theory; but if the Government goes to work to get rid of its contract in this way under this act—and the only cases they have referred to here they tell us are illegal—what inference can be drawn except that, if they get rid of them through this provision, it would make the Government liable? What is the use of this legislation unless there is something which we should get rid of that is legal? They have not called our attention to anything which they said was legal which they wanted to get rid of.

Mr. JENKINS. I am very much inclined to follow the gentleman on every subject, especially on this, but I cannot, for the love of me, see how, if a contract is null and void and the Government refuses to operate under it, the Government could be held responsible.

Mr. TABER. Suppose a contract were null and void in fact, but instead of the Government proceeding upon that theory in court, it proceeds upon the theory that it is valid, and under the provisions of this law abrogates it, that act, ipso facto, makes the Government liable in damages. That is where the trouble is. Let them proceed under the law as it is now, and get rid of them, without paying any damages, instead of going ahead and allowing them all kinds of speculative damages under such a provision as this.

Mr. JENKINS. If the Government is a party to a contract and stands by and permits the other party to go on and perform, then the Government ratifies all of it, and it should be responsible in damages. If the Government is going to renounce the contract, it should do it before the other party starts upon its performance.

Mr. TABER. That is true, unless there is fraud or illegality in connection with the initiation of the contract.

Mr. BRITTEN. Mr. Chairman, will the gentleman yield?

Mr. TABER. Yes.

Mr. BRITTEN. I am of the impression that every important contract entered into by the Government has a cancelation clause in it.

Mr. TABER. A great many of them do, but I would not say there was a cancelation clause in these two particular types of transportation contracts.

Mr. BUCHANAN. The air mail contract has a cancelation clause in it for willful neglect on the part of the contractor to perform his part of the contract, and that only.

Mr. TABER. I think that is correct.

Mr. BUCHANAN. Only for willful neglect to perform.

Mr. BRITTEN. Then the ones that I have in mind which usually occur in construction contracts do not apply in this instance. In most of the contracts that I have seen there is a distinct provision allowing the Government to cancel the contract if the best interests of the Government are thereby conserved, and then, of course, it settles damages thereafter.

Mr. BUCHANAN. In the foreign-mail contracts there is a clause that the Postmaster General or Congress can cancel them by paying 1 month's extra pay. For that service this legislation would not be needed.

Mr. BROOKS. Mr. Chairman, will the gentleman yield?

Mr. TABER. Yes.

Mr. BROOKS. For what length of period are these contracts?

Mr. TABER. Four or five years, as a general rule.

Mr. BUCHANAN. For the gentleman's information they are generally 10-year contracts, but under recent arrangements all of them expire in 1936. I refer to air mail contracts.

Mr. BROOKS. During that period, if conditions change and the Government can prove it is not necessary to have the airplane, does the gentleman think there will be any damages collected against the Government?

Mr. TABER. Certainly.

Mr. BROOKS. With a cancelation clause in the contract?

Mr. TABER. Certainly. With most of the rest of the provisions in the bill with reference to legislation, I am in accord. With reference to the provision permitting charges to be increased, I am afraid it is pretty broad. I think that should be done, so far as it relates to the Post Office Department, by legislation of a specific character. I think that with reference to such a thing as Government insurance or anything of that kind we ought not to attempt to monkey with it. With some minor provisions of an administrative character, where charges are not sufficient which the Government is receiving, I think we ought to go along.

Most of the rest of the provisions I am in accord with. I am not going to attempt to explain them, as I intended, because I ought not to take any more time. A large number of them include a limitation on flying pay and a provision for furloughing army officers, and applying the provisions of the Economy Act to places where it does not now apply.

Mr. MARTIN of Colorado. Mr. Chairman, will the gentleman yield?

Mr. TABER. Yes.

Mr. MARTIN of Colorado. Will the gentleman discuss section 8, the Civil Service retirement section?

Mr. TABER. Yes; I shall be glad to discuss it for a moment.

Mr. MARTIN of Colorado. Let me ask the gentleman a question to start him. I cannot find anything in the language of this section, the way in which it is drafted, to indicate that it contemplates any new, substantive law, in the way of Civil Service retirement.

If you will just permit me to boil the language down to a sentence, it reads as follows:

> Whenever any employee who has an aggregate period of service of at least 30 years is involuntarily separated from the service for reasons other than his misconduct, such employee shall be entitled to an annuity.

I understand it is under this language that the administration will be given all the power it has to involuntarily separate employees from the service; and if that is the case, why does it not say so?

Mr. TABER. No; that is not so. As I understand it, the Government has the power to separate them now. This is simply a provision which permits those who are separated from the service, if they have had over 30 years' service, to receive retirement pay. That is the sole object of paragraph (a) of section 8. I think it is perfectly clear that it does accomplish that. They are not entitled to receive this retirement pay now unless they have reached the age of retirement.

The CHAIRMAN. The time of the gentleman from New York [Mr. TABER] has again expired.

Mr. TABER. I yield myself 2 additional minutes in order to answer the gentleman's question.

Mr. MARTIN of Colorado. I am seeking information on a matter that requires a great deal of questioning. I understand from the gentleman's answer that a Civil Service employee can now be involuntarily separated from the service by administrative or Executive order without cause.

Mr. TABER. Provided it is required in order to bring the service within the appropriation or within the requirements of the Government. That is, if his services are not any longer needed, they can get rid of him now.

Mr. MARTIN of Colorado. That is the law now.

Mr. TABER. Yes.

Mr. MARTIN of Colorado. And section 8 is predicated upon the existence of that law at this time?

Mr. TABER. Yes. Section 8 is an item that is in the interest of the employee, because it does give to those who

have over 30 years' service, if the retirement happens to land on them, the opportunity of receiving the $1,200 a year retirement pay, less the 3½ percent which we take out.

Mr. MARTIN of Colorado. This was substituted for the arbitrary separation proposition?

Mr. TABER. Yes; it was. It makes it necessary for affirmative Executive action to get rid of any employee.

Mr. MARTIN of Colorado. But is not this the fact, in its actual operation, that it will be determined as a matter of favoritism rather than efficiency?

Mr. TABER. I hope not. I do not have any intimation of that character. [Applause.]

The CHAIRMAN. The time of the gentleman from New York [Mr. TABER] has again expired.

Mr. BOYLAN. Mr. Chairman, I yield 10 minutes to the gentleman from Virginia [Mr. BLAND].

Mr. BLAND. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and to include in the extension extracts from congressional reports and committee hearings and also some statements of former Presidents of the United States.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia [Mr. BLAND]?

There was no objection.

Mr. BLAND. Mr. Chairman and members of the Committee, I have asked for this time in order to discuss one of the particular features of the bill, to which the gentleman from New York [Mr. TABER] has directed your attention. It is one of the legislative provisions in the bill, which reads as follows:

> Whenever it shall appear to the President, in respect of any contract entered into by the United States prior to the date of enactment of this act for the transportation of persons and/or things, that the full performance of such contract is not required in the public interest, and that modification or cancelation of such contract will result in substantial savings to the United States, the President is hereby authorized, in his discretion, on or before April 30, 1935, to modify or cancel such contract.

The act then provides for just compensation in the event of cancelation. This language includes ocean mail contracts; and by reason of the position which I hold by courtesy of this House as chairman of the Committee on Merchant Marine, Radio, and Fisheries, and by reason of my service on that committee at the time the provision for ocean mail contracts was written into the law, I feel that some discussion of that subject should be in order.

Permit me to say that while I feel there are objections to this particular language, I am not going to undertake to point them out, because to point them out might be construed as interposing opposition to the provision. Notwithstanding the effect that this language might have, and some doubt as to its wisdom, if I can become reconciled to other provisions of the bill, I shall not permit this paragraph in the bill to cause me to vote against it.

There have been so many speeches made by gentlemen just as patriotic and just as devoted public servants as I should like to be, and perhaps more intelligent than I, that I feel I should bring to the attention of this committee some particular features with respect to these contracts.

Again and again we have heard that the ocean mail contract is a fraud, measured in the terms of the mail that is carried. I want to submit here and now that a consideration of the hearings before the committee in 1928, a consideration of the report that was filed with the bill at the time, and which came as a unanimous report from the Committee on Merchant Marine, Radio, and Fisheries, and in view of the hearings that were subsequently had, ocean mail was never intended to be measured in terms of mail carried. It was intended as one of the considerations for the transfer of Government lines to private operation, in order to carry out the purpose that was distinctly written into the Merchant Marine Act of 1920, and reaffirmed in the act of 1928, that America should have a merchant marine of the most modern type and the best equipped ships for the purpose of carrying the major portion of America's goods in the commerce of the world. [Applause.]

Let me remind my colleagues on the Democratic side of the aisle that it was under the masterly genius, the splendid inspiration, and the noble leadership of one of the greatest men of time, Woodrow Wilson, that an attempt was made to restore the American flag upon the seas. [Applause.]

The act of 1916 was written. Then came the World War. It is my solemn conviction, deliberately stated, that if America had possessed in 1916 an American merchant marine capable of conversion into armed cruisers or similar instrumentalities of war, the German Government would never have embarked upon its policy which eventually led this country into war. I believe we would have escaped that awful, awful struggle, with the price we paid in men, in money, and in economic depression in the world today. [Applause.]

Mr. HOEPPEL. Mr. Chairman, will the gentleman yield?

Mr. BLAND. I yield.

Mr. HOEPPEL. I wish to go on record as heartily in favor of what the gentleman has stated. May I ask him of what utility are ships without trained men?

Mr. BLAND. I quite agree with the gentleman, and that is the next step we must take.

[Here the gavel fell.]

Mr. BOLTON. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. BLAND. You men of the South felt the need of a merchant marine in 1914 when you were compelled to put on your campaign to buy a bale of cotton. What was the trouble? Ships of the belligerent powers were withdrawn from the seas. Your cotton was piled up on the docks. The terminals of this country were congested so that even in New York, with its splendid facilities, for miles and miles outside those yards commerce was accumulated and unable to go upon the water because America had no merchant marine to carry that commerce upon the seas.

You saw it again about 1924, when, by reason of conditions in the world, the ships of the foreign powers were withdrawn from our commerce. But America had the ships that she had built at an expenditure of $3,500,000,000, and she threw them into the trade. Then they were laid up. The testimony which came out before the committee was that those ships at that time saved to the American farmers of the Middle West, the grain men of the Middle West, $600,000,000. This saving came about by reason of their ability to take advantage of the opportunity to send their commerce upon the seas and reach the markets of the world at the most opportune time. Again in 1926, when the ships of foreign powers were not available to carry our goods, what did we do? We threw these ships out upon the seas and again two or three hundreds of millions of dollars were saved to the farmers of this country.

All these matters will be set forth fully in my extension of remarks.

It has been estimated and testified before our committee that the rates on the commerce actually carried from 1922 to 1931, freight sales plus passenger rates, aggregated about $900,000,000 annually, and because of the fact that America had a merchant marine ready to carry that commerce and did carry 30 percent of that commerce, the sum of $300,000,000 was saved annually to the United States to be expended in the United States. Otherwise this money would have gone abroad.

There was further testimony that freight rates in this country would have increased 20 percent if it had not been for the presence of the American merchant marine.

The point I make is that you cannot have an American merchant marine today without these aids. The committee which unanimously reported the Merchant Marine Act of 1928 providing ocean mail pay said:

> Your committee believes that in reporting this amendment they are responding to the desire of the American people. In our view there has been no time within three quarters of a century in which the country has been so interested in an American merchant marine, so anxious that the Congress should provide the ways and means for restoring to the American ship that prestige which was once the Nation's pride. Your committee offers this bill for your consideration in the confident belief that, if admin-

istered to the extent of the authority given and in accordance with its purpose, shipbuilding within the United States will be stimulated, new and modern ships flying our flag will appear upon the seas, interest in our ships will be stirred, a new loyalty will be aroused in American shippers, and we shall have accomplished much toward the restoration of American supremacy upon the seas. This report is not the thought of any party or any section of the country represented upon your committee. All members have striven to compose differences and to reach agreements.

Further in the report this statement is made:

It is further accepted as beyond doubt that the American people are ready and willing to pay such amounts as may be reasonably necessary to give to the United States the size and character of merchant marine required to meet these public expectations. This report, therefore, will contain no argument upon matters which we conceive to be generally understood and beyond dispute. It will be confined to a description of the bill itself and an estimate of the expenditures involved.

Let me read also the following statement:

The difficulty in the United States always has been the inadequacy of the payments authorized, a failure to aggressively and continuously adhere to the policy, and an unwillingness to make contracts for a substantial term of years. This latter consideration is of the very first importance. It is quite out of the question to expect the building of new and expensive ships unless there can be some surety given to the owner, under a contract for a term of years, that the vessel is to be used for mail purposes.

This title is basically a revision of the 1891 Mail Act. There is no departure in principle from that act, but it increases the classification of the ships and the compensation to be paid.

The first section of the title defines the ports between which it is intended that mails may be carried under contract. Generally speaking, it may be said that vessels moving between ports where competition by foreign flagships is lawful are eligible for contracts.

Then we conclude with the statement:

Your committee members have faith in the legislation presented to you. It gives to the American ship greater aids than have been provided by any legislation within three quarters of a century. We believe its enactment means the building of new vessels of greater speed than any now flying our flag; that it will revive the shipbuilding industry; that it will stimulate an increased use of American ships for American cargoes; that it will give us a larger measure of industrial and commercial independence; that it will provide us with naval auxiliaries for the day of stress; and that it will carry to all the world notice of our settled purpose to retain upon the seas that which we now have and of our determination in due process of time to build and maintain a merchant marine of a size and efficiency commensurate with our national interests and our national dignity.

Just let me make this one statement. Later investigation, as I will show in quotations from hearings before the Merchant Marine and Fisheries Committee, led to a statement by that distinguished gentleman, the former chairman of my committee, Mr. Davis, of Tennessee, than whom no more bitter opponent of monopolies existed in this Congress, to the effect that the purpose of this act and the direct mail contract was the disposition of our ships and the maintenance of essential trade routes.

Former Postmaster General Brown stated that in the administration of that act he had conceived that to be the purpose, and this splendid gentleman of whom I have spoken said, "I agree in that view." The quotation will be put in my extension of remarks.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. BLAND. I yield.

Mr. PATMAN. I understood the gentleman to say that by reason of the existence of the merchant marine the farmers are getting lower freight rates in the United States. I should like to know how the gentleman reconciles that statement with the fact that agricultural products only represent 10 percent of the volume of freight handled by the railroads and yet they pay 20 percent of the gross receipts of the railroads.

Mr. BLAND. I shall not undertake to deal in particulars or in any minutia with respect to that matter. I will say there have been times, and the time will come again, when the grain men of the West and the cotton producers of the South will have need to use our shipping, if they are not using it at the present time, and unless there is the strong arm of an American merchant marine there to control the rates you will see that the foreign nations of the world will be increasing rates.

Why, Mr. Chairman, when foreign nations are today entering into agreements, Great Britain with France, Great Britain with Argentina and with other nations, and with every foreign nation in the world entering into agreements that mean the curtailment of American business and a reduction of American commerce, are you willing to trust your commerce to the delivery wagons of these competitors? [Applause.]

This is the question that presents itself to us now.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield the gentleman from Virginia 2 additional minutes.

Mr. BRITTEN. Will the gentleman yield?

Mr. BLAND. I yield.

Mr. BRITTEN. The gentleman is making a very important speech and as I understand it, every word he has uttered so far would indicate a desire for a continuance of existing conditions for the protection of the American merchant marine.

Mr. BLAND. Yes; and I want to tell the gentleman this. I am going to put in my remarks the language of the patron saint of the Democracy of America, Thomas Jefferson, and the first President of the United States, George Washington, who, in their utterances, predicted the very condition that existed in 1916 and stated that unless we protected our navigation interests and protected our merchant marine we would be at the mercy of our foreign competitors. [Applause.]

Mr. BRITTEN. If the gentleman will yield further, I agree with the gentleman, and, with that in mind, does not the gentleman seriously believe that this language should be stricken from the bill?

Mr. BLAND. There has been much said about fraud. I do not believe that fraud or corruption enters into this matter. I think there have been mistakes, but, with all that, I have such an abiding faith in the honesty and the devotion and the courage and the patriotism of the present incumbent of the White House that I am going further than ordinarily I would go. [Applause.]

Exercising the privilege granted me of extending my remarks in the RECORD, I call attention to the following excerpt from the message of President Washington to Congress in December 1790:

We should not overlook the tendency of a war, and even of preparations for a war, among the nations most concerned in active commerce with this country, to abridge the means, and thereby at least enhance the price, of transporting its valuable productions to their proper markets. I recommend it to your serious reflections how far, and in what mode, it may be expedient to guard against embarrassments from these contingencies, by such encouragements to our own navigation, as will render our commerce and agriculture less dependent on foreign bottoms, which may fail us in the very moments most interesting to both of these great objects.

In 1793 Jefferson, referring to navigation, said:

Its value as a branch of industry is enhanced by the dependence of so many other branches on it. In times of general peace it multiplies competitors for employment in transportation, and so keeps that at its proper level, and in time of war, that is to say, when those nations who may be our principal carriers shall be at war with each other, if we have not within ourselves the means of transportation, our produce must be exported in belligerent vessels, at the increased expense of war freights and insurance, and the articles which will not bear that must perish on our hands.

In 1793 Jefferson said:

But it is as a resource of defense that our navigation will admit neither neglect nor forbearance. The position and circumstances of the United States leave them nothing to fear on their land board, and nothing to desire beyond their present rights. But on their seaboard they are open to injury, and they have there, too, a commerce which must be protected. This can only be done by possessing a respectable body of citizen seamen and of artists and establishments in readiness for shipbuilding.

Mr. Madison, in 1794, said:

To allow trade to regulate itself is not, therefore, to be admitted as a maxim universally sound. Our own experience has taught us that, in certain cases, it is the same thing with allowing one nation to regulate it for another. * * * A small burden only in foreign ports on American vessels, and a perfect equality of



foreign vessels with our own in our own ports, would gradually banish the latter altogether.

In 1809 Mr. Jefferson wrote:

It is essentially interesting for us to have shipping and seamen enough to carry our surplus produce to market; but beyond that I do not think we are bound to give it encouragement by drawbacks or other premiums.

Mr. Chairman, criticism is frequently directed at the small volume of mail carried, and the charge is made that the pay is out of proportion to the mail carried. The answer is that the mail pay was never predicated upon the volume of mail carried. It was never intended that ocean mail pay should be measured by the mail tonnage. It was intended as a means of establishing and maintaining essential trade routes in the interest of American commerce and of providing merchant ships as instrumentalities for defense of the Nation in time of war.

I shall not attempt now to discuss specific contracts. Time would not suffice; and in the objections that might be urged to a few contracts we should lose sight of the fundamentals.

The big question is, Shall America have a merchant marine, and how can it be secured and maintained? The answer given in 1928 was by the enactment of the so-called "Jones-White Act", and it has demonstrated its worth. That measure was nonpartisan. There were no political lines when the bill became law. After years of effort to provide an American merchant marine in private hands it was the only solution which the Congress could find for the problem. If it is to be abandoned, then we ask that its opponents submit to us a better solution. All interested in an American merchant marine will welcome any plan that may be submitted. Certainly the answer does not lie in Government ownership and operation. We have tried that, and the heavy burden on the American people led to the enactment of the Jones-White Act.

When the World War came, in August 1914, the American merchant marine had declined below Norway, below Italy, and below Japan. With a foreign trade more than one tenth of the world's business in a year we possessed a merchant marine capable of transporting 8.9 percent of it. We had registered for deep water only 810 steamers of 666,593 gross tons and 469 sailing vessels of 234,616 gross tons. At the outbreak of the war the steam tonnage of the world among the other principal nations stood as follows:

	Number of vessels	Gross tonnage
Great Britain	10,123	20,523,706
Germany	2,090	5,134,720
France	1,025	1,922,286
Italy	637	1,430,475
Japan	1,103	1,078,386
Austria-Hungary	433	1,052,346
Russia	747	851,949
Belgium	173	341,025

Many men here recall the dangerous days of the World War. The demand was ships, more ships, and then more ships—ships to bridge the seas. America answered. She had few ships. She was carrying but 8 or 9 percent of the world commerce. She had fallen to the lowest point in her history as a sea-faring nation. She had trusted her trade to foreign bottoms. Though she had 5,000 miles of seacoast and was entitled to a fair portion of the world's trade in her own interest and for her own defense, she carried in her own bottoms practically nothing. Her cargoes were carried to the markets of the world in foreign vessels. The American merchant trusted to competing nations to carry American goods in the delivery wagons of his competitors. American merchants did not have their own delivery wagons for more than an infinitesimal part of their own goods. Discriminations were practiced, and American salesmen found difficulty in effecting American deliveries, but we could do nothing about it.

We did not even have sufficient American bottoms to furnish necessary colliers, food ships, and other auxiliaries to accompany the battle fleet in its cruise around the world in the administration of former President Roosevelt. If anything had happened, these might have been marooned in some distant port for want of supply ships. We were subjected to the ignominious spectacle of a maritime Nation with a battle fleet flying the American flag accompanied by, and dependent upon, naval auxiliaries and supply ships flying foreign flags.

We did nothing about it. We held inquiries, and congressional committees held exhaustive investigations throughout the Nation, but no merchant ships were provided, and American goods still went abroad in foreign vessels—British, German, French, Austrian, Italian, Japanese, Norwegian ships; and those other countries carried our goods, and the grain farmers of the West, and the cotton farmers of the South, and the merchants and manufacturers throughout the Nation were dependent upon these carriers.

What happened? At the first sound of war these ships were recalled to other services, or driven from the seas, or freight rates rose to prohibitive heights. Is there a man here who has not heard of the urge throughout the land to "buy a bale of cotton" and save the farmers of the South? Our warehouses were overflowing; our docks were piled high with cargoes; our terminal yards were congested; and our railroad tracks for miles beyond these terminals were used for storage purposes, for the sole reason that there were no ships to carry these cargoes or rates were prohibitive. Throughout the world the demand for these goods existed, but the means of transportation was lacking.

The enormous and prohibitive freight rates tell the story. The figures recently quoted by Senator WHITE, of Maine, in one of the newspapers are appalling. It is said that cotton jumped from 35 cents per hundred pounds to $11; wheat from 8 cents a bushel to a maximum of $1.36; flour from 10 cents a hundred pounds to $1; and general cargo rates increased to 10 times their normal level.

Who paid the price? The farmer whose grain and cotton and other products could not be moved at reasonable rates, and whose sales even when made were much reduced in volume. The same was true of the manufacturers, and the merchants, the exporters and the importers.

There was never a truer statement than that made by former President Roosevelt in a message to Congress when he pointed out that for the spread of our trade in peace and for the defense of our flag in war a great and prosperous merchant marine is indispensable.

When the demand came for ships, we had a few shipyards, and we built ships, bought ships, confiscated ships, and established new yards at enormous cost. We built ships of wood, of steel, of concrete—anything that would float—good, bad, and indifferent. We spent $3,500,000,000 and the war closed with a fleet of 2,314 vessels of all types, constructed under the supervision of the Shipping Board. In addition, interned enemy vessels were seized, others were chartered, commandeered, purchased, or requisitioned, so that, at one time or another, the Board owned 2,546 vessels of 14,703,717 deadweight tons.

In order to accomplish this result, the Board had become the owner in whole or in part of 71 shipyards, repair yards, machine shops, and other industrial plants connected with shipbuilding.

At the close of the World War our merchant marine problem became one of getting these ships into private hands and relieving the Government of their operation.

Then came the Merchant Marine Act of 1920, when Congress declared:

That it is necessary for the national defense and for the proper growth of its foreign and domestic commerce that the United States shall have a merchant marine of the best-equipped and most suitable types of vessels sufficient to carry the greater portion of its commerce and serve as a naval or military auxiliary in time of war or national emergency, ultimately to be owned and operated privately by citizens of the United States; and it is hereby declared to be the policy of the United States to do whatever may be necessary to develop and encourage the maintenance of such a merchant marine, and, insofar as may not be inconsistent with the express provisions of this act, the United States Shipping Board shall, in the disposition of vessels and

shipping property as hereinafter provided, in the making of rules and regulations, and in the administration of the shipping laws keep always in view this purpose and object as the primary end to be obtained.

Provision was made for the sale of ships, and for the establishment of essential trade routes, the vessels to be operated by the Board if sale could not be made to private persons.

In providing for sales and to the end that all ports and communities should be equitably served it was provided that preference in the sale or assignment of vessels for operation on such steamship lines should be given to persons who are citizens of the United States who have the support, financial and otherwise, of the domestic communities primarily interested in such lines, if the Board was satisfied of the ability of such persons to maintain the service desired and proposed to be maintained, or to persons who were citizens of the United States who might be then maintaining a service from the port of the United States to or in the general direction of the world market port to which the Board had determined that such service should be established.

Provision was made for the creation out of sales of a construction loan fund for loans to aid private citizens in the construction of vessels of the best and most efficient type for the establishment or maintenance of service on lines deemed desirable by the Board. The loans were to be not more than two thirds of the cost.

Under the act of 1920, 38 services were established to various ports of the world, and they were operated under various agreements whereby the loss fell upon the Government, and appropriations for these losses amounted to 40 and 50 million dollars annually. The ships had been hastily constructed for winning the war, and were slow and inadequate to the purposes of world commerce. Practically no ships were constructed. Some sales were made, but with the increase of competition and depressed conditions payments were not completed. The American-borne trade declined from 51 percent in 1921 to 44 percent in 1923, 34 percent in 1927, and barely 32 percent in 1928.

In the meantime the American shipbuilding industry continued to decline to such extent that of 7,900,000 tons of sea-going vessels of 4,500 gross tons and over constructed in the world between January 1922 and August 1927, the United States built only 309,000 tons. By March 1928 only 2 percent of the world's construction was in our shipyards.

Great Britain and other maritime nations were building modern ships. Between 1922 and 1928 nearly 800 newly built foreign ships were put into our trade. The situation was that Great Britain alone had 1,034 ships of a speed of 12 knots and faster, while we had 180. She had 158 ships of 16 knots speed—we had 51. She had 37 of 18 knots speed, and we had 12. She had 16 of 20 knots speed, and we had 5.

Germany, despite her financial condition, had placed $12,000,000 at the disposal of German steamship companies as loans, which were to represent a 50-percent contribution toward the shipbuilding program of the individual shipowners.

France in 1924 guaranteed a loan of $10,000,000 for a 25-year period, the loan being at 7 percent, the 7 percent to be paid not to the Government but to purchasers of these debentures, and American bankers handled the loan.

The evidence before the Committee on Merchant Marine, when the hearings on the Jones-White Act were held, contained a statement to the effect that it was reported in the French press that the Government was drawing up a bill to be presented to the Chamber of Deputies providing for a system of subsidies to the French merchant marine in the form of loans at low rates of interest to companies laying down vessels in French shipyards.

The Netherlands in 1921 began advancing $400,000 per year to the Holland-South African Line for a period of 5 years, without interest, unless it should develop that the company earned a surplus.

The evidence before the committee showed that Japan since 1889 had paid construction and operating bounties which in 1910 reached the annual sum of $7,386,000, in spite of their cheap labor and cheap production, and was then proposing a $75,000,000 loan fund, one half for construction and one half for operation bounties, for vessels to run to the west coast of the United States. It was shown that in 1927 Japan loaned 30,000,000 yen to the Tokyo dockyards in order that they might have proper facilities for keeping their great trans-Pacific ships in first-class shape.

Among the lines so subsidized were the North American Line to Seattle, San Francisco, Los Angeles; South American east coast, with stops on homeward trip at New Orleans, Galveston, Cristobal, and Los Angeles; South American west coast, with stops at Los Angeles; Australian route, African East Coast Line, South Seas Java Line, and China coastal service.

The evidence was before the committee of the direct financial aids by Great Britain in the way of postal subventions, Admiralty subventions, and colonial subventions. The committee knew of the loan made in 1902, through the Admiralty, to the Cunard Line, for a period of 20 years, of all the money required to build the 25-knot ships the *Lusitania* and the *Mauretania*, amounting to $12,653,000, at 2¾ percent, and that in addition a 20-year naval subvention of $730,000 per year had been given them, to which the post office had added a 2-year mail contract for $300,000.

At the time of these hearings, Commissioner Plummer, of the Shipping Board, than whom no better-informed man on this subject lived in America, called attention to the fact that these payments for the *Lusitania* and the *Mauretania* were such that they would repay the loan and interest, and he said that if the *Lusitania* had not been sunk there would have been left a $5,000,000 profit to that line.

Information was given as to subsidies, subventions, bounties, or mail pay granted in many other cases by Great Britain, and that in 1921 Great Britain had begun its trade-facilities loans with $121,000,000, which had been increased until at the time of the hearing that fund was $365,000,000. It was shown that this fund was to be used primarily for the purpose of causing ships to be built in English yards, and that if a man came to the British yards and placed a contract for ships to be built there the Government would lend him 85 percent of what the vessel was to cost.

The hearings disclosed that under the Trade Facilities Act of 1921 the British treasury was authorized to guarantee, on such terms as it deemed best, the payment of the interest or principal, or both, of any loan negotiated by a government, a corporation, or a body of persons required as capital for the manufacture or purchase of articles which would permit employment in the United Kingdom, the total amount so guaranteed not to exceed £25,000,000.

It was shown that the British treasury guaranteed a loan of £2,300,000 for 7 years to the Royal Mail Steam Packet Co. for the construction of two fast steamers, a loan of £1,000,000 for 7 years to the Union Castle Mail Co. for mail steamers to South Africa, and £200,000 for 7 years each to the Lamport & Holt Line for ships to South America and to the Glenn Line for its Asiatic service.

It was shown that in further extension of its trade our British cousins had developed something rather unique in international trade, and yet in harmony with the Trade Facilities Acts. This was the "Export Credits Act", whereby the Government appropriated $126,000,000 so that if the English merchant was selling goods abroad he could raise money on his bills of lading so as to use his money over and over while he was giving the foreign buyer whatever long-time credit the buyer might need. It was shown that this was proving a very effective encouragement to British business.

The hearings disclosed that the British Government had for many years provided for a reserve force of officers and men to be available to meet the emergency of war, the number provided for in 1923–24 being 35,200, of various ranks and ratings, and appropriations for that purpose amounting to £572,800.

Evidence was introduced that Spain had changed in 1908 to construction bounties of $1,850,000 and navigation bounties of $500,000 per year; that in 1925 she had provided for replacement of her ships with modern tonnage

and that she had appropriated $11,254,000 per year in construction and navigation bounties to that end. It was shown that Spain's trans-Atlantic line of 35 steamers would receive $4,500,000 annually, and that this company agreed to build or purchase between 1928 and 1938 15 new steamers of between 7,000 and 8,000 tons gross.

Chile was shown to have passed a direct subsidy law, which went into effect in January 1928, whereby the President of the Republic was authorized to invest a sum of 2,000,000 pesos annually for subsidizing national navigation companies that had maintained regular services through the Panama Canal for more than 3 years.

The evidence disclosed that Italy granted construction bounties, tariff bounties, and construction, repair, and alteration bounties, with aids to useful lines and requiring vessels of certain speed to be used, so that a certain number of sailings should be maintained, and contracts to be for 5 to 10 years. "Useful lines" were those connecting Italy with the commercial centers of the world. "Indispensable lines" connected Italy with her islands and colonies, and they received a fixed subsidy for 20 years. In the budget of 1926–27 the amount fixed for these aids was $7,035,050 and for useful lines $3,725,425, which represented an increase of $2,659,965 over the appropriations for the year 1923–24.

The need for an American merchant marine, privately owned and operated, was considered most carefully, and it was shown that 4,085 foreign-flag vessels of 19,000,000 gross tons carried more than 66 percent of our foreign trade. More than 20 percent of these vessels had been built since 1921. At the same time 1,675 American-flag vessels, of 7,000,000 gross tons, carried less than 34 percent of our foreign trade, less than 4 percent having been built since 1921, and not a single common carrier for foreign trade having been built in this country since the war.

It was testified that at the end of 1927 Germany, Italy, Holland, France, Sweden, and Denmark, in addition to Great Britain, each in the order named, were building more tonnage than the United States, while the United States stood a poor eighth in ships under construction.

One witness, speaking of the American fleet as it existed then, said:

> The ships you have are virtually all practically of a type; there is not any use for them now in particular, because they are not diversified in design and type. Ships are just as different as people. In the dead-weight carriers you have a fleet, I might call them, of unskilled laborers; these ships carry dead-weight cargo. If you had enough cotton to carry out of the Southern ports, or enough coal to carry out of Virginia and Alabama ports, and enough wheat to carry to keep your whole outfit going, they might be utilized; but these ships are all of a type—pretty good ships but too many of a kind. It is just as if you were operating a railroad and had an overplus of coal cars but not enough passenger cars, baggage cars, and box cars.

The differential in construction costs and operating expenses were considered, and the necessity for mail pay aids in providing for the establishment of a merchant marine, the construction of new ships, the transfer of Government routes to private owners, and the conversion of existing ships into better ships more modern in type, with increased speed, better suited to meet the competition of foreign lines, and to furnish the auxiliaries needed for the Navy in time of emergency. The need for Government aid was conclusively shown, and the answer was ocean mail pay and construction loans at low rates of interest.

The background of the Jones-White Act shows beyond any peradventure that the mail pay provided in that act was intended to aid in the establishment and maintenance of essential trade routes, the construction of modern ships, and the permanence of a merchant marine. The hearings, the report, the debates, and all the facts demonstrate that this pay was not designed as compensation for mail carried.

The problem before the Congress involved the replacement of American ships. They were being operated at the enormous cost of approximately $40,000,000 annually, and were wearing out. The time was in sight when, after all this expense, this country would have no merchant marine. The bill which came from the Senate looked to replacements at Government expense, and the House committee substituted for that bill a bill that would provide for transfer of the American fleet to private hands and would secure permanency. Quotations already made from the committee report sustain this contention.

That the purpose of ocean mail contracts was to provide sales of established routes and the maintenance and permanency of the American merchant marine was further shown in hearings held before the House committee in January 1930, when the subject of ocean mail contracts was under consideration and Postmaster General Brown was on the stand. The Honorable Ewin L. Davis, former chairman of this committee, asked Mr. Brown his general views on the subject. Mr. Brown said:

> You see we have passed on every application for an ocean mail contract that has been placed on file since I have been in the Post Office Department; but there have been a number of routes, a number of lines, which the Shipping Board, I think, contemplate selling, some perhaps are in the process of sale, and those problems have not come up to us yet; because, of course, as you know, we do not consider the award of an ocean mail contract to anybody but the private operator. If this answers your question, we do not think *that the test of any route is whether or not any great amount of mail flows over it; we think the test is whether it is an essential trade route rather than an essential mail route.*
>
> Mr. DAVIS. *Well, I concur in that view myself.*

Italics mine. Again, when Secretary Lamont was on the stand, Mr. Davis said:

> Mr. Secretary, I assume that you were named on the interdepartmental committee, as Secretary of Commerce, because it was recognized that a very important feature of this matter was the carriage of our commerce.
>
> Mr. LAMONT. No doubt, Judge.
>
> Mr. DAVIS. *In other words, it was recognized that there was not involved solely the question of the transportation of our mail?*
>
> Mr. LAMONT. *No; I am sure it was the general problem of building up a merchant marine.*

Italics mine. Again—

> Mr. BRIGGS. *And unless those lines can be made attractive in some form or another, you cannot sell the lines to private purchasers; is not that true?*
>
> Mr. LAMONT. *That is true.*

Italics mine.

> Mr. BRIGGS. And one of your purposes in selling them is to get them in private hands and relieve the Government of the losses it is sustaining there.
>
> Mr. O'CONNOR (Chairman of the Shipping Board). Yes.
>
> Mr. BRIGGS. *But at the same time to make it possible for the purchasers to carry on those services and to carry them on with sufficient experience to make them profitable, enduring, and permanent; is not that true?*
>
> Mr. O'CONNOR. *Yes; and let them have a contract with the proviso that they will replace. That has gotten away from us in a couple of cases. That is probably off of the question, Mr. Chairman, but in practically every case except two, I believe, we have insisted on them building ships for replacement.*
>
> Mr. BRIGGS. In other words, that is carrying out the purposes of the Merchant Marine Act of 1928.
>
> Mr. O'CONNOR. That is the purpose.
>
> Mr. BRIGGS. *That contemplates the merchant marine should be kept up to date and modern.*
>
> Mr. O'CONNOR. Yes.
>
> Mr. BRIGGS. *And assure permanency.*
>
> Mr. O'CONNOR. *Yes.*

Italics mine. This testimony was in accord with the concluding paragraph of the report submitted with the bill in 1928, which has been inserted previously.

THE MERCHANT MARINE ACT OF 1928 SUCCESSFUL

As a result of this legislation, all trade routes with the exception of two or three have been sold to private owners. Forty-three contracts have been executed, resulting in the building of 42 new vessels—15 having been built under the 1920 act—and the reconditioning of at least 40 vessels. This has meant work during the past 3 years for 40,000 persons. The benefit to labor in this country will be seen when it is recalled that for every dollar spent 80 cents has gone to labor in the shipyards or allied interests. The benefits have gone to every State of the Union.

Not less than 200 major industries are involved in the manufacture of materials used in shipbuilding. In furnishing the raw materials and in the process of converting them into finished materials and equipment every State in the Union contributes. The expenditures made in the pro-

duction of these materials and equipment constitute approximately one half of the total cost of a ship. The labor expenditure in the construction of a ship constitutes at least 80 per cent of its total cost—half in the shipyards and half in the plants of allied industries.

When considering the importance of the American merchant marine to this country attention should also be called to the fact that just before the war our shipping was earning in ocean trade about $35,000,000 a year, and was spending for supplies, wages, and other purposes in this country about $26,000,000. In 1931—a very low, subnormal year—our shipping earned no less than $187,000,000 in freight carrying and spent about $141,000,000 in this country for supplies, wages, and other items of operation.

This act has meant the expenditure of $214,000,000 in round figures, of which private companies buying these ships and relying upon the good faith of the Government in granting mail pay and providing construction loans at low rates of interest have contributed out of private funds the sum of $66,250,000 in round figures. The United States has a first lien on all ships for the moneys loaned for their construction and may seize them upon default, but the moneys contributed by its own citizens will be lost.

The United States has in these ships an equity of approximately $160,000,000, the payment of which can only be secured by the continuance of existing contracts with the owners.

It has been demonstrated that all maritime nations of the world give aid in one form or another to their merchant marine. Certainly in America, with increased cost of construction and operation, the merchant marine cannot be maintained without Government aid. That subject was exhaustively investigated in 1927, and the Merchant Marine Act of 1928 was the answer.

OBLIGATIONS ASSUMED BY SHIPOWNERS

The mail pay provided in the act means more than the carriage of mail. It provided ocean mail service on essential trade routes for specified periods, with fixed sailings, and the replacement of ships with vessels of modern type.

What obligations were assumed by the shipowners in return for mail pay? These obligations were so tersely stated by Senator WHITE, of Maine, in an article recently written by him that I take the liberty of adopting the substance of his summary. They are:

First. That the ships under contract shall sail on the schedule specified carrying whatever mail offered.

Second. That the ships shall be American owned and American built.

Third. That they shall be maintained in the designated service for the life of the contract without deviation therefrom.

Fourth. That the contractor should build in American yards new tonnage as required by the contract.

Fifth. That those new ships shall be built on plans and specifications approved by the Navy Department.

Sixth. That the crews shall be two-thirds American.

Seventh. That these ships shall carry mail messengers for the Post Office Department without charge.

Eighth. That these ships may be taken over by the President in the event of national emergency at their then cost without any appreciation in value by reason of the emergency.

These obligations impose greater burdens upon the shipowner than would follow ordinary construction, but in return the Government has always a reservoir of ships for use in time of war. The ships are so constructed that they may be armed if need be and converted rapidly into instrumentalities of national defense.

The reduction in armed vessels for war makes of greater importance the possession of an adequate merchant marine. Today, if all the navies of the world were sunk the merchant marine of each country would constitute its navy, and the nation possessing the largest merchant marine would possess the biggest navy.

It is of the greatest importance to consider that while, under the Merchant Marine Acts of 1920 and 1928, we have built 57 ships and reconditioned and rebuilt 40, France has built 56, Japan 67, Germany 79, and Great Britain 601.

OCEAN MAIL PAY HAS SAVED MONEY FOR THE GOVERNMENT

Only by means of the ocean mail pay has the Government been able to dispose of its merchant ships. As shown in a recent editorial in Marine Age, the total expenditure for mail service for the fiscal year 1932 was $22,431,791, and the mail postage revenues from these vessels were $5,182,000, or a cost to the Government of $17,249,791, which after all was not a loss, for the operating expenses of the Government-owned ships from 1921 to 1926 had averaged $40,430,000 a year, so that by an expenditure of $17,000,000 in round figures the Government had saved $23,000,000 per year.

NO LOSSES TO THE AMERICAN PEOPLE

In 1924 a select committee was appointed to consider Shipping Board and Emergency Fleet operations, policies, and affairs. The majority report was written by Hon. Ewin L. Davis, former chairman of the House committee. He answered in the following language the claim that the sums spent for an American merchant marine constitute a loss to the American people:

As a matter of fact there have been no losses to either the Government or the American people when all the facts are properly considered. The advantages and benefits have far outweighed the expenses incurred in maintaining our important foreign trade routes, even though it is conceded that it might have been done more efficiently and more economically. This fact was graphically and cogently illustrated by the occurrence last year when the western grain farmers of the United States were unable to market their grain abroad for lack of available ocean tonnage. At that time a most serious situation confronted the agricultural interests of the United States, due to the fact that there was an exportable surplus of grain amounting to between two hundred and three hundred and fifty million bushels for which no market had up to that time been found and the presence of which in the United States operated to demoralize the domestic market and reduce the price of wheat to $1 a bushel and less—far below the cost of production.

It was apparent that when the demand for American wheat did arise, if the wheat could be delivered in foreign markets promptly, the result would be relief from depression and a rapid enhancement of price and increased returns to the American wheat grower. The problem was solved by utilizing Shipping Board vessels. And while it is estimated that the actual expense in operating such additional vessels amounted to something less than a million dollars, yet the price of grain by reason of such movement increased more than $650,000,000.

Mr. Davis said further:

This is but one of the many instances of the value of the American merchant marine. In fact, had it not been for the American merchant marine at the close of the World War, the United States would probably have paid out in increased ocean freight rates alone more than the total cost of the Government fleet. It was the Shipping Board which brought about, through the control of its tonnage, constant reductions in ocean freight rates which inured to the benefit of American producers, industries, and shippers. This tremendously important fact cannot and should not be overlooked in estimating what the American merchant marine is worth to the American people. The Government-owned fleet has, in fact, been a valuable asset rather than a millstone about the necks of the American people as some would have the Nation believe.

The select committee made recommendations as to the future disposition of the ships then owned by the Government, and the majority report written by Mr. Davis said:

So far as our existing trade routes and services are concerned, we favor a definite, unequivocal declaration that they will be maintained and vigorously operated either by the Government or by private American citizens. We favor a continued and permanent operation by the Government until such time as those ships and services can be sold to responsible American citizens under an unconditional guaranty of continued and unimpaired operation in the same services and under the American flag.

Italics mine. Constituting the majority who submitted the above report were four of the ablest Members this House has ever had, the Honorable Ewin L. Davis, of Tennessee; William B. Bankhead, of Alabama, at present with us; Tom Connally, now in the United States Senate from Texas; and Hon. Henry Allen Cooper, of Wisconsin, who served here with distinction until his death a few years past.

One of the last services rendered by the Honorable Clay Stone Briggs, of Texas, was when he appeared before the subcommittee in connection with this legislation. I miss

him more than words can express. He has left a void which cannot be filled, and his going has added to my burdens beyond measure. I went to him for counsel and advice, and he never failed me.

Mr. Briggs called attention to the indisputable fact that the average freight bill the United States pays out for ocean freight is $750,000,000 to $900,000,000 a year, and in the operation of American ships Americans have been getting about one third of that; that is, from $250,000,000 to $300,000,000 in payments here at home, used in support and maintenance of our enterprises at home and in the employment of labor.

The records of the Shipping Board show that from 1921 to 1930 the payments to American vessels for the carriage of our foreign water-borne trade averaged $300,000,000 per annum, or a total of $3,000,000,000 for the 10-year period. If we had not had American ships in which to carry American commerce this huge sum, about equaling the total war cost of the American merchant fleet, would have been paid by Americans to ships of foreign countries and the money would have been spent abroad instead of in the United States.

The possession of a large number of merchant ships under the American flag has resulted in a saving of ocean rates to American commerce, including not only in the movement of cotton, grain, and other agricultural, but also manufactured products as well, of at least $150,000,000 annually, averaged for each of the years since the close of the World War in 1918, or a total saving estimated by experts at approximately $2,000,000,000 for the period indicated.

In testimony before the Merchant Marine Committee, it was asserted that but for the possession and operation of the American ships an increase of at least 20 percent in ocean freight rates would have been levied by foreign lines upon American commerce.

When it is remembered that the producers, manufacturers, and shippers of the United States have been paying an ocean freight bill of approximately $900,000,000 a year since the World War, it is readily seen that a 20 percent increase or an added ocean freight bill of $180,000,000 a year would be no inconsequential or insignificant tribute upon American commerce.

CANCEL MAIL PAY AND WHAT FOLLOWS

Without Government aid at present the American merchant marine cannot survive. Foreign countries are sparing no effort to undermine and destroy the American merchant marine. They know that with its loss the existing fleet will return to the Government and that the Government will be compelled to pay out enormous sums for operation or will tie up the ships. Even if operated, replacements would not follow. When the ships should wear out, foreign countries would regain control of the seas and levy tribute at will. American commerce would be at their mercy.

As Mr. Briggs wisely said in his last appearance on this subject:

> If the American merchant marine should be abandoned, it would not only subject the farming and manufacturing interests of the United States to an enormous increase in ocean freight rates with destruction of our ability to carry our commerce to every port of the world, without regard to ships of other nations, and would not only deprive America of a revenue of ocean freight receipts of from $250,000,000 to $300,000,000 annually and our Navy of all auxiliary vessels, but would likewise result in the loss to the United States of loans upon new ships of approximately $150,000,000 and of many millions more in unpaid amounts of purchase money still due the United States in the sale of its lines to private interests.

The purchase money still due for lines sold aggregates $26,283,133.74, while the loans on ships rebuilt and reconstructed amount to $133,283,440.37, or a grand total of $159,566,574.11. These moneys are secured by a first lien on the ships, but if seized by the Government the contribution of $66,250,000 made out of private funds will be lost.

Among the other results which may flow from cancelation of ocean mail contracts are the following:

First. Foreign lines will immediately seize the opportunity of taking over the services from which lines are withdrawn or on which sailings are reduced, and this they will have no difficulty in doing with their large amount of idle tonnage.

Second. The shippers and merchants who have supported the American-flag services will feel that faith has been broken with them. Their good will may be considered as irretrievably lost, for, having been abandoned by their Government, they cannot be expected to turn again to the American flag. One of the greatest handicaps which the American merchant marine has suffered has been doubt in its permanence.

Third. The foreign lines will undoubtedly pursue a rate policy such as they have pursued in the past, which will give them the utmost benefit in revenue irrespective of the damage which that policy may mean to our foreign commerce, and such a policy will add many millions in freight charges which our foreign commerce will have to bear.

Fourth. Suspension or cancelation of services must necessarily result in the destruction of shipping agencies which have been built up during the past 14 years, both here and abroad, and which were so sadly lacking when our services were first established; the loss of this trained personnel may be considered as a deathblow to the American merchant marine.

Fifth. If the vessels are taken over by the Government and operated by it, the cost will far exceed the ocean mail pay.

Sixth. If the vessels are taken over by the Government and not operated, a considerable portion of the cost of the present ocean mail pay must be expended in placing them in lay-up, preserving the vessels and their equipment, and for repairs which will be inevitable before the vessels can be placed in operation again.

Seventh. The abandonment of our present services will stop the development of port facilities in the interest of the most economical movement of our foreign commerce such as is now being done under the declared policy of our Merchant Marine Act.

Eighth. The abandonment of these services will affect the livelihood of American seamen and their families; they will be thrown out of work with little chance for reemployment, as foreign lines employ crews of their own nationalities.

Ninth. The abandonment of these services will mean the loss of millions spent in this country for repairs, ship supplies, equipment, stores, and food; will demoralize all services and business established on the faith of continued service; will reduce by millions the buying power of the Nation; will create unemployment and distress in the home life of our licensed officers and other ship personnel, as well as the shore personnel; and will make it impossible for decades, if not for a century, to establish an American merchant marine.

Tenth. The suspension or cancelation of these services will remove the greatest and most beneficial factor in stabilizing freight rates. We are now in position to have a part in the fixing of these rates and to force reasonable rates through this Government's control over its own shipping. Moreover, under the Merchant Marine Acts of 1916, 1920, and 1928 we may prevent deferred rates, retaliations, discriminations, or unfair practices, and compel filing of reports, rates, and full memoranda of facts, all of which will be lost without an American merchant marine under our regulation. Retaliatory tariffs at present operating against American commerce would certainly not invite us to surrender existing instrumentalities for our defense, commercial or political.

AMERICAN MERCHANT MARINE AS MUCH ENTITLED TO PROTECTION AS ANY OTHER INDUSTRY

The American merchant marine is engaged in international business and is in direct competition with the world. If industries at home are entitled to protection, by all the more reason should the merchant marine which operates in direct competition with foreign ships be entitled to protection. We are extending relief to banks, railroads, insurance companies, industries of all kinds, agriculture, and almost every line of trade. By what process of reasoning then may we deny relief to the merchant marine and surrender in

these troubled times one of our greatest instruments of national defense?

The ocean mail contracts have a maximum life of 10 years only, and if renewed these contracts can be made for shorter terms and for smaller amounts. Some of the contracts do not cover so much as 10 years. According to most of these contracts new ships must be built and so the merchant marine will be kept modern.

If the merchant marine is assured of permanency, Americans will patronize it more freely, and with that patronage Government aid may be reduced.

Complaint is made by some foreign countries that Government-supported ships are taking from them business to which they are entitled. The claim is untenable. We are carrying now only thirty-odd percent of our own trade; that is, of our exports and imports. We declared in 1920, and reaffirmed that declaration in the Merchant Marine Act of 1928, that it was necessary for the national defense and for the proper growth of our foreign and domestic commerce, that the United States shall have a merchant marine of the best equipped and most suitable types of vessels sufficient to carry the greater portion of its commerce and serve as a naval or military auxiliary in time of war or national emergency, ultimately to be owned and operated privately by citizens of the United States. No fair-minded nation or individual can deny that such an objective is reasonable.

NATIONAL ADVANTAGES OF AN AMERICAN MERCHANT MARINE

First. By an adequate merchant marine our country is placed on a more equal footing to compete in the world's markets to enable us to expand our foreign trade.

Second. Our country may obtain a fair share in the revenues derived from the vast carrying trade. These revenues of American ships constitute an important item, among the so-called "invisible items", toward a balance of our international trade in our favor.

Third. An adequate merchant marine makes available ships necessary for national defense to serve as a naval or military auxiliary in time of war or national emergency at the minimum cost to the Nation.

Fourth. An adequate merchant marine enables the United States to be represented in international trade conferences and have a voice in the making and controlling of ocean freight rates, thereby protecting our foreign commerce from discrimination and combination which would impose onerous freight rates.

Fifth. An adequate merchant marine provides employment for American labor in an essential American industry by the building and repairing of ships in American shipyards—a specialized industry which requires the steady employment of skilled artisans to produce ships at the minimum cost, thereby making available a sufficient number of ship building and repair establishments with a trained personnel to meet a national emergency.

Sixth. An adequate merchant marine furnishes employment for American labor and establishes a nucleus for a trained sea-going personnel indispensable to our national defense.

The charges made in foreign countries against our merchant marine activities are without foundation in reason or fact. The United States, in its shipping activities during the last decade, has built less new merchant tonnage than any of the principal maritime nations, with the exception of one whose tonnage practically equals that of the United States, Great Britain outbuilding us 9 to 1 in tonnage and nearly 13 to 1 in number of new ships.

Although our ocean-going merchant marine is only one half the size of the British, and that part of our merchant marine which engages in international trade one sixth the size of the British, the United States has scrapped more in tons of ships during the last decade than has Great Britain or any other country.

American ships engaging in the foreign trade of the United States, in volume of tonnage carried, are matched by British-flag vessels.

Of vessels of 15,000 gross tons and over built by the six principal maritime nations during the past 10 years, out of a total of 95 ships of 2,209,000 tons, this Nation's share is 11 vessels of 226,000 tons.

Of vessels built for the same period of over 25,000 tons each the United States has not built, nor is building, any; while Great Britain, France, Italy, and Germany have built or are building 18 of nearly three quarters of a million tons, some of which have speeds up to 30 knots and are about 70,000 tons in size.

In 1922 the Washington Arms Conference resulted in the United States sacrificing naval supremacy. The United States scrapped 850,000 tons of vessels built and building, which constituted the cream of the Navy. We scrapped twice as much as the British and more than the British and Japanese combined. The Geneva Conference accomplished nothing, and at the London Conference the United States again made concessions.

We must not now scrap our merchant marine, but should continue building to a point commensurate with the position we now occupy as a world power. We have rights as a maritime nation, and we must maintain and preserve them.

Mr. WOODRUM. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. PATMAN].

FEDERAL TRADE COMMISSION

Mr. PATMAN. Mr. Chairman, in regard to the Federal Trade Commission appropriation, the last bill that was passed by Congress reduced the appropriation of the Federal Trade Commission almost one half million dollars under the present appropriation. It was thought at that time that the Federal Trade Commission was not performing its duties in compliance with the law creating the Commission.

The Federal Trade Commission was organized at the request and upon the insistence of President Wilson. He made a campaign in 1912 against trusts and monopolies. One of his statements was that private monopoly is indefensible and that a Federal Trade Commission should be organized, not for the purpose of encouraging and promoting monopolies or trusts, but for the purpose of destroying monopolies and trusts, and protecting the people against them.

CREATION OF FEDERAL TRADE COMMISSION

The original act creating the Federal Trade Commission was a good law. It was well-meaning and for a long time was carried out in a very satisfactory manner, but in 1925 the procedure of the Federal Trade Commission was entirely changed. Instead of its continuing to be a commission that would safeguard the interests of the public and protect the rights of the people against monopolies and trusts, it commenced a course of procedure which resulted in the organization of trusts and monopolies.

TRUST-ORGANIZING BODY

May I invite your attention to the fact that the Federal trade practice conference work that has been conducted by the Commission for the last 3 or 4 years is nothing more than a trust-organization work conducted by an agency of the United States Government.

On different occasions I have cited to the Members of the House specific instances where the Federal Trade Commission brought members of a group of one of the industries together and where they aided and assisted the members of this group in framing rules and regulations which had for their declared purpose the fixing of prices that the consumers of America must pay. This has been done in more than a hundred cases. This was done in the face of the fact that the Federal Trade Commission had no power on earth to prevent the charging of an unreasonable price. The public was not protected in any sense of the word.

COMMISSION VIOLATING LAW

I do not believe that any commission should have the right to do this. It is not legal work that they are conducting; it is illegal work they are conducting. I do not believe, as just one humble Member of this body, that our antitrust laws or our antimonopoly laws should be weakened in any sense of the word. [Applause.]

On the other hand, I believe they should be made more rigid, more strict, and should be more diligently enforced.

I do not care who composes a commission sitting here in the city of Washington, that commission cannot conduct the affairs of the people all over this Nation in a satisfactory manner and properly protect the rights of the people. It is not possible, and during the last 4 years we have witnessed a time when not one person in the United States has gone to jail for violating the antitrust laws or the antimonopoly laws; not one person has paid a fine because he violated these laws. If I am wrong about this, I want you to speak up. I have been watching the newspapers and the different reports, and yet I have been unable to find where one person has paid one dollar of fine or served one hour in jail during the last 4 years because he violated the antitrust or antimonopoly laws of this country. A few wrists have been very gently slapped with a very small velvet hammer.

Mr. GRIFFIN. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. GRIFFIN. Is not that circumstance due to the fact the Federal Trade Commission issues an order to desist to the corporation or combination that offends, and requires them to discontinue such practices?

Mr. PATMAN. It means the Federal Trade Commission has kept them out of the courts and has let them go ahead and violate the laws. The Federal Trade Commission has no more right to issue a cease-and-desist order and enforce it than I have, or the gentleman from New York.

The members of the Federal Trade Commission do not have the power and authority they claim to have. They have been exceeding their authority; have, in effect, been using the United States mails to defraud; and have been guilty of malfeasance in office. I hope the President makes a clean sweep in the reorganization of the Federal Trade Commission.

Mr. GRIFFIN. If they desisted, then there was no further mergers or violation.

STRONGER GRIP ON THROATS OF PEOPLE

Mr. PATMAN. They merely use the Commission to get a little stronger grip on the throats of the people. The Federal Trade Commission has hindered the enforcement of the antitrust and antimonopoly laws instead of assisting in their enforcement. This Commission has acted against the rights of the people instead of for their rights; it has cooperated with and assisted law violators instead of trying to prevent law violations. Big monopolies and trusts do not fear contests in the courts to determine if they are in or out of the twilight zone; they fear criminal prosecutions. If we really want honest-to-God enforcement, we must start with the criminal laws.

If you permit a merger you throw people out of work, and as you throw people out of work business loses customers; farmers cannot sell what they produce and factories cannot sell what they manufacture. Therefore, the farmers and wage earners lose buying power. The more mergers you have the more employees are out of a job, and the more customers you lose. You have got to restore buying power.

DEMOCRATIC PLATFORM OF 1932

Now, I want to call the attention of gentlemen to a plank in the Democratic platform of 1932. It reads:

> In this time of unprecedented economic and social distress the Democratic Party declares its conviction that the chief causes of this condition were the disastrous policies pursued by our Government since the World War, of economic isolation, fostering the merger of competitive business into monopolies, and encouraging the indefensible expansion and contraction of credit for private profit at the expense of the public.

May I suggest to my Democratic friends that if we do anything to encourage monopolies, mergers, combinations, or weaken the antitrust laws, I believe we will be going in contradiction to the promises of our platform of 1932.

Mr. McFARLANE. Will the gentleman read the Democratic plank on the antitrust law on the next page?

Mr. PATMAN. I have not that before me just now. Will the gentleman please find it for me in this book?

Mr. McFARLANE. I will find it for the gentleman.

Mr. PATMAN. Instead of making the laws weaker we should make them stronger; instead of enforcing them through a bureau, we ought to have the investigations conducted by a grand jury, and by those who have a right to take them into the courts of this country and put them before a jury, and if they are guilty send them to jail, the penitentiary, or fine them.

Now, what chance would the consumers in this country have if all the power was left to a board of five members in Washington? I can give you a specific instance.

Mr. McFARLANE. I have found the plank in the Democratic platform.

Mr. PATMAN. Here it is:

> We advocate the strengthening and impartial enforcement of the antitrust laws, to prevent monopoly and unfair trade practices, and revision thereof for the better protection of labor and the small producer and distributor.

HELP INDEPENDENT BUSINESS

In other words, we want to help out the independent business man. We want an individualistic system. We do not want monopolies. We do not want trusts. We want small business institutions in every town. Let us have competition; let us have the people at work. We want different small business concerns instead of having a few large monopolistic concerns doing the business of the country.

The ideal situation, we are told, would be to have one grocery system in each little town, one department store, one garage, one place where automobiles are sold, and one establishment only for the handling of each class of merchandise. But if you do that, you will destroy our country. You want to put the people to work—they are anxious to work—and when you do you will restore our buying power. If people do not have the buying power they cannot purchase. A few large bankers who use the credit of this Nation free are now in control of the large industries. Are we going to reward them for the substantial part they have contributed toward this panic by giving them a new, firmer, and more profitable grip upon the throats of the American people?

If mergers, monopolies, and trusts continue as they have the past 5 years, it will not be 5 years before practically all jobs will be dispensed and practically all capital invested under the supervision of a handful of men in New York City. They are running and ruining the country now; let us not legalize their wrongful acts and further encourage their greed. Let us give the plain folks a chance, the ones who build our country in time of peace and save it in time of war.

WHAT SHOULD BE DONE

I believe that the present antitrust and antimonopoly laws should not be in any sense of the word weakened or impaired; that said laws should be strengthened and rigidly enforced; that instead of continually investigating violators by commissions without power to punish, which stand in the way of proper enforcement and never result in more than a mild wrist-slapping, the Department of Justice and all United States attorneys throughout the Nation should be instructed to file and diligently prosecute both criminal and civil actions against all offenders; that we encourage an individualistic system for industry, including the operation of independent business establishments by the owners thereof; that trusts and monopolies be curbed by proper criminal laws rigidly and strictly enforced, to the end that small and independent producers and distributors may be permitted to pursue their business without destruction.

STRUGGLE OF 50 YEARS

Therefore, it is not in the interest of the general welfare; it is not in the interest of our country that we have further mergers or monopolies, or that we permit anything to be done that may weaken or in any way impair the Sherman or Clayton Acts.

Mr. LOZIER. Is it not true that the present antimonopoly laws are the fruitage of 50 years' struggle on the part of the American people against monopoly and unfair control of economic and business forces of this Nation?

Mr. PATMAN. The gentleman is correct, and I thank him for his contribution.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. TABER. Mr. Chairman, I yield the gentleman 5 minutes.

REDUCTIONS FOR VETERANS

Mr. PATMAN. Mr. Chairman, I want now to refer to the veterans' part of this bill. The largest reduction in this bill is for veterans. In fact all of it except $7,000,000 is on account of veterans—a reduction of $460,000,000. When the economy bill was passed, very few contemplated that the men having service-connected disabilities would receive much of a reduction. The gentleman from Virginia [Mr. WOODRUM] made a very fair and interesting statement this morning, but I think he left the impression that a large number of service-connected cases would receive substantial increases under the terms of this bill. I suggest that the number of increases will be very, very small. They will be the exception rather than the general rule. On the other hand, my investigation discloses that men who have service-connected disabilities, who will remain on the pension rolls, will continue to receive just about 50 percent of what they have received in the past.

Mr. KVALE. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. Yes.

Mr. KVALE. Carrying out what the gentleman says, the preliminary survey up to the point where it was reached last Monday at the Fort Snelling regional office revealed that the 470 cases reviewed received a compensation aggregating $16,000 in pensions; 78 were removed altogether, and the remaining three hundred and eighty-odd will receive a total of $6,000 as against the present $16,000. That bears out what the gentleman is saying.

Mr. PATMAN. I thank the gentleman. There are 365,000 service-connected cases. The gentleman from Virginia will take issue with me. He will say that some of these cases are not service-connected; but they are service-connected, because the Congress has heretofore said they are. After hearing the best medical testimony on that, this Congress said by solemn legislative act that those cases are service-connected disabilities, and told those men to cease and desist from further presenting proof of their service connection; that it would be wholly unnecessary in the future. After we told them that, and 8 long years have expired and the proof is no longer available or has been destroyed or the witnesses have died, we come along now with a legislative act and strike off 160,000 of them and solemnly declare again that their disabilities are in no way connected with their military service. Mr. Chairman, this is a very serious proposition; and I asked the gentleman this morning the question as to whether or not these cases would be reviewed by the administration by classes or groups or whether individual cases would be passed on. That is very important. The President has the power if he wants to, but I am sure that he will never exercise it—to pass on individual cases—he could not afford to do it; he could not pass on individual cases, and they will have to be passed on by classes and groups.

In the Economy Act that was passed, and under this act, the veterans that have been placed on the pension roll by private act, by special act of Congress, receiving compensation are reduced only 15 percent. The reason they are receiving the pension is because they did not come under the general laws. Some of them had dishonorable discharges, some of them had deserted from the Army, the Navy, or the Marine Corps during the time of the war and were not entitled to pensions or compensation, but Congress put them on the rolls anyway. They are allowed to stay on the rolls. Under the economy bill they were not touched, not one dime taken from them, and under this bill they are compelled to take a reduction of only 15 percent.

The CHAIRMAN. The time of the gentleman from Texas has again expired.

Mr. TABER. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. KELLY].

Mr. KELLY of Pennsylvania. Mr. Chairman, in this day of storm and stress something should remain firm and secure. The pledged word of the Government of the United States should be as solid as Gibraltar. Yet this bill carries at least six legislative provisions which will bring uncertainty and fear in great areas of employment and industry. I agree with every word stated by the gentleman from Virginia [Mr. BLAND]. He has made an eloquent and unanswerable plea for the merchant marine as a great American program for the public welfare. Having agreed to his argument, I feel it is impossible for me to support a measure which would have the effect of completely destroying our merchant marine if the powers it gives are exercised by the Executive.

Mr. ARNOLD. Mr. Chairman, will the gentleman yield?

Mr. KELLY of Pennsylvania. Not now. I go farther and state that when the Government contracts with an individual, the Government certainly must take on the same obligations as the individual. When the Government makes a contract it certainly should not plead its sovereign right and refuse to carry out the obligations which rest on the other party to the contract. When the American citizen makes a legal contract with the Government he ought to be assured that that express agreement will be carried out to the letter. The provision in this bill which completely nullifies that fundamental right on the part of the citizens is unjustifiable and should not have the approval of Congress.

I want to take up the air mail situation, which has been referred to by my friend from New York [Mr. TABER], the ranking member of the Subcommittee on Appropriations, having this bill in charge. The Congress of the United States during the last 8 years has established a policy, has written legislation, as to the method of encouraging commercial aviation through air mail contracts. Under the law contracts have been entered into by men who have invested millions to prove their good faith. We have built up a great, new industry in this land. Five hundred million dollars have been invested in aviation. There are 6,000 employees directly employed by the scheduled air transportation companies. Their average pay is $2,000 a year, which means a pay roll of $12,000,000 a year. There are 1,200 trained pilots ready for their place in national defense. If the Government had to maintain these pilots it would cost $6,000,000 a year. Mr. Chairman, the contracts which have led to these developments are more sacred than contracts between private individuals, because the Government is protected by many express restrictions in the contract itself.

We heard the gentleman from Texas [Mr. BUCHANAN] speak about there being only one reason for which these domestic air mail contracts can be canceled. The gentleman is vastly mistaken about that. We have hedged those contracts about in a dozen ways, and the contractor must meet them or the contract can be canceled.

I hold in my hand a contract made by the Post Office Department with air mail contractors. This is a route certificate granted under the law in return for the surrender of an original contract.

Mr. McFARLANE. Will the gentleman yield at that point?

Mr. KELLY of Pennsylvania. I hope the gentleman will let me finish my statement.

This is a route certificate which is given a contractor when he surrenders his original contract. That original contract was entered into first by competitive bidding. It was made for a 4-year period. It required certain fixed payments to the contractor. Then we passed an amendment to the Air Mail Act providing for certain changes, and providing that if the contractor would surrender voluntarily the contract that he held, a valid, written, and legal contract, we would issue him a route certificate, which would extend for a period not to exceed 10 years, including the 4-year term. The term of these route certificates will expire on the 6th day of April 1936. All contracts are now route certificates. The contracts have been transferred into the new contract known as a "route certificate." In that certificate, which is held by American citizens, investing in American airplanes and equipment, employing American workers, there are many express provisions as to how those

contracts must be carried out. For instance, it does not merely require that if the contractor willfully refuses to carry out the regulations of the Post Office Department, it shall be canceled, but it contains a provision like this:

Now, therefore, pursuant to the authority in me vested by the provisions of a law of Congress, ——— ——— shall have the right, so long as he complies with all the rules and regulations issued by the Postmaster General, for meeting the needs of the Postal Service and adjusting mail operations to advances in the art of flying and passenger transportation, to carry mail over the route hereinafter set out, or any modification thereof, at rates of compensation to be fixed herein.

Now, Mr. Chairman, if the contractor fails to come up to the modern requirements of the aviation industry, as specified by the Department, this contract may be canceled. If he refuses to carry out such rules or regulations laid down by the Postmaster General, he may have his contract canceled. If he refuses to accept the compensation provided, there is also provision for cancelation.

There is another provision in this contract signed by this contractor engaged in this new industry, as follows:

Upon 60 days' notice to the carrier, the Postmaster General, from time to time, may modify such route by extension or extensions, prescribe the schedule therein and stops thereon, and determine the mileage upon which compensation is to be based.

In other words, the Postmaster General can call in a contractor and change his contract, and in many instances this has been done. The transcontinental air mail line, known as "the Transcontinental & Western Air Express", held a valid contract requiring that 70 cents a mile be paid to them for the night mail service. They gave that up and took a rate of 35½ cents a mile, because the Postmaster General required them to make that reduction. As a result they were compelled to put on 57 percent more mileage on their route for less money than they received under their former contract. This company transports 750 pounds of air mail across the continent in 24 hours at 35½ cents a mile.

Still further, these contractors must furnish aircraft and equipment approved by the Post Office Department or lose their contracts. The contracts may be canceled if any third person was employed to solicit or obtain the contract. It may be canceled if its estimated rate included any commission or brokerage. It is clearly stated in the contract:

And it is understood that a breach of this condition shall constitute adequate cause for the cancelation of this certificate by the Postmaster General.

Mr. Chairman, under the laws as passed in Congress, and under bids that were accepted and contracts legally made, there is abundant opportunity to cancel every contract where there is any reason for it. I submit to you that if there is any contract where there has been fraud or corruption, it of course is void from the beginning, and all the Postmaster General has to do is prove there has been fraud or corruption in connection with the contract, and he will not have any difficulty in annulling it.

I have not heard anyone attempt to prove that any of these air mail contracts have been fraudulently made. I have heard it said that the last Postmaster General gave extensions which went over the appropriations provided by law. I helped to write into the law the provision that the Post Office Department could not obligate the Government for more than was appropriated by Congress. We had an appropriation for 1933 of $19,400,000. If the Postmaster General gave a contract which runs over that amount, then that contract can and should be discontinued at once. But to attempt to argue from that that all the contracts made for the $19,400,000 appropriation are therefore subject to cancelation is foolish and ridiculous.

The extensions costing over the amount appropriated cannot be upheld and they can easily be removed from the operation of the air mail system. However, every dollar of the actual appropriation is subject to obligation by the agent of the Government acting in compliance with the act of Congress. Any other decision is unthinkable.

Now, what is going to be the result of wholesale cancelations? Suppose the Postmaster General and the President indicate that they are considering the cancelation of these contracts. There are orders placed right now from these air mail operators for over $5,000,000 worth of airplanes and equipment. Do you believe, if this measure even passes the House, that those men will go ahead and make that investment in new equipment when they may lose contracts upon which they had built their plans?

What about the 1,200 pilots who have been trained at the expence of the air mail operators? What uncertainty will be their lot as they face the future?

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield the gentleman from Pennsylvania 5 additional minutes.

Mr. JOHNSON of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. KELLY of Pennsylvania. I yield.

Mr. JOHNSON of Oklahoma. I was interested in what the gentleman stated about extension of air mail contracts. Is it not true that all air mail contracts have been extended until 1936 and that such extensions were made shortly before close of the last administration?

Mr. KELLY of Pennsylvania. Those are the route certificates issued under the law. They expire April 6, 1936.

Mr. JOHNSON of Oklahoma. Is it not also true that the average cost to the Government is about 61 cents per mile?

Mr. KELLY of Pennsylvania. No; that is not quite true. It is about 50 cents on the basis of the entire mileage of the system. The pay at one time was even lower than that, but it is now about 50 cents. The law itself provides a maximum of $1.25 a mile.

Mr. JOHNSON of Oklahoma. May I make this statement, if the gentleman will permit: I was down to the Post Office Department a few days ago and secured what I thought was authentic information from officials in that Department. But assuming that 50 cents is correct, I am of the opinion that such a price is outrageous. For example, I have in mind a small, independent air line that has been operating in southwest Oklahoma very efficiently for the past 2 years. It has first-class equipment approved by the Department of Commerce. I think it might be of interest to the gentleman and to the country to know that this short air line has been unable to receive any consideration of its application to secure an air mail contract at 10 cents per mile.

Mr. KELLY of Pennsylvania. I understand; but let me say to the gentleman that if this provision goes through, no company will have an opportunity to get any kind of a new contract for carrying the air mail of the United States. Why? Because the purpose of this provision is to cancel existing contracts and to bring the cost down under a system which will be destructive of the present service, to say nothing of new service.

I may say to my friend that the Post Office Committee went into a thorough investigation of this matter. We formulated legislation that was introduced in the last session and is now pending in this session. We started hearings in this session. One object of this effort was to give independent operators who never have had a chance to get a contract, but who desire to carry the mail, an opportunity to do so, and at the same time produce revenue to pay the cost of the service. We provided that opportunity in the bill. After we had started the hearings we received word that we should delay the hearings on the proposed legislation until this provision in this bill could be brought in for action.

In other words, a fundamental plan for the air mail on a basis of mail carried per mile will produce every dollar of revenue that will be paid to the operators. We have the legislation now pending in committee. Why should we destroy all this constructive program by a provision in this bill to permit cancelation of all the contracts without any legislation to build the system on a better basis?

I say to you, Mr. Chairman, it is a foolish policy which would take a great industry which has been built up to an amazing point in a period of 8 years and throw into it utter uncertainty and chaos, with all the results that will flow from such unwise action.

Mr. ARNOLD. Mr. Chairman, will the gentleman yield?

Mr. KELLY of Pennsylvania. I yield.

Mr. ARNOLD. The gentleman has given his opinion of how domestic air mail contracts under the certificate plan may be modified under existing law. Is there anything under existing law that will permit a modification or cancelation of ocean mail contracts?

Mr. KELLY of Pennsylvania. Under the ocean mail contracts, in the contract itself, as was stated by the gentleman from New York, there are provisions by which they can be modified, curtailed, and, if necessary, canceled.

I may say to the gentleman there is no necessity for bringing in an abrogation clause here permitting the canceling of contracts and making the Government liable to damages as a result of such cancelation.

Mr. ARNOLD. By the terms of the ocean mail contracts they can only be modified or canceled by mutual agreement. There is nothing which permits the Government to cancel them.

Mr. KELLY of Pennsylvania. The gentleman from New York read the provision from the ocean mail contract. I have read provisions from the domestic air mail contracts.

The Government is hedged about with all kinds of protection. Congress has not been unmindful of proper safeguards for the Government. We have written into these contracts so many restrictions that it makes one wonder how the American citizen who becomes a contractor can carry out the contract at all. He gives bond to guarantee his performance, but there seems to be no guaranty that the Government will fulfill its agreement. However, to put in a direct cancelation provision makes the Government liable for full damages as a result of such cancelation. I cannot understand why it should be suggested that this Congress, after having laid down policies as to ocean mail and as to air mail and having persuaded Americans to invest millions of dollars in reliance upon the Government's good faith, that now, without any warning, we should permit cancelation of all these contracts. It is not fair. It is far better, I may say to the Committee, to use the powers now contained in these contracts. If any of them have been gained by illegal methods they are subject to immediate annulment. If the service is not needed, it may be curtailed.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield 2 additional minutes to the gentleman from Pennsylvania.

Mr. JOHNSON of Oklahoma. Mr. Chairman, will the gentleman again yield?

Mr. KELLY of Pennsylvania. I yield.

Mr. JOHNSON of Oklahoma. Will the gentleman kindly advise the committee what the deficit on air mail contracts was last year?

Mr. KELLY of Pennsylvania. I am glad the gentleman asked that question, although it opens out another angle. The actual deficit in the air mail last year, counting revenues of $9,000,000, which is the estimate that every person really acquainted with the subject agrees to, would be $10,400,000. The new legislation that we have proposed aims to deal with an appropriation of $15,000,000, which was granted in the last session of Congress, for the fiscal year 1934. Under that legislation I confidently believe the actual subsidy would be less than $5,000,000 for the year.

We can operate this Air Mail Service almost in its present entirety, under constructive legislation, at a cost of $5,000,000 a year above revenues received, and we can preserve the industry and in 5 years' time be paying not a single penny of subsidy.

Mr. JOHNSON of Oklahoma. Will the gentleman yield again?

Mr. KELLY of Pennsylvania. I am sorry, I cannot yield further.

I have pointed out what can be done by legislation which can be passed by the 1st of July. If there is a real desire to deal with the air mail system on a constructive basis, why should we not consider the legislation which has been under hearings in the Post Office Committee and enact it into law? The Postmaster General could use its provisions for eliminating unjustified extensions and bring the Service within the appropriation of the Congress. It would make possible a self-sustaining Air Mail Service.

This can be done and should be done. There cannot be constructive action from the operation of this cancelation clause in this bill, and it should be rejected. [Applause.]

Mr. WOODRUM. Mr. Chairman, I yield to the gentleman from Texas [Mr. JONES].

Mr. JONES. Mr. Chairman, for the information of the House, the Senate has just agreed to the conference report on the farm mortgage-currency expansion measure and has receded on amendment no. 33. This finally disposes of all legislative action necessary to the passage of the bill and sending it to the White House. In view of the importance of the measure, I desired to make this announcement to the House at this time. [Applause.]

This bill contains the currency feature.

I am convinced that a controlled expansion of the currency will not only materially increase farm prices but that it is essential to complete national recovery. The dollar is supposed to be a measure of value—a medium of exchange.

We often speak of using dollars to purchase commodities. That depends upon which side of the bargain the trader is located. One man uses money to purchase wheat. The farmer uses wheat to purchase money. When one borrows money to be repaid in the future it is essential to fairness that the value of that dollar remain substantially the same, measured in the terms of the general commodity price level.

Here is where the hitch comes. Translated into farm commodities, the dollar is worth twice what it was worth a few years ago. The private debts of America run into staggering billions. It is impossible to pay these debts with dollars of the increased value of today. Yet the obligation rests not only upon the farmer but upon other producers and upon manufacturers to pay these debts with greatly appreciated dollars. This is responsible for a great deal of the grief and stagnation from which the country has been suffering.

The strange part about this whole situation is that the debts we owe, we owe to each other. Not a dollar is owed abroad. Yet both agriculture and commerce have been chained and almost destroyed by the high-priced dollar.

The credit of the country has been so greatly contracted that the only practical way to offset it is through an adequate supply of money on a sound basis.

Currency and credit are like other commodities. When they are plentiful they are low in price. When they are scarce they are high in price.

Of course, no one wants printing-press money. On the other hand, no thinking person wants money so high priced that it becomes a hindrance rather than an aid to commerce and exchange.

Foreign countries have, by revaluing their unit of money on a lower basis, practically destroyed the market of the surplus farm products of America.

Any expansion should be properly controlled. Germany went to the extreme by increasing the volume of currency to such an extent as to practically cancel all debts. This was her deliberate purpose. For the last 3 years we have been going to the other extreme by contracting currency and credit to such an extent as to make payment of debts practically impossible. France, on the other hand, took the middle position, revaluing the franc on such a basis as to make payment of debts possible and yet at the same time increasing to a reasonable degree the farm and general commodity price level.

Through a reasonable increase in the volume of the currency, which can be kept on a sound basis, the prices of farm commodities can be materially increased, debts can be paid, and conditions restored.

Money is the lifeblood of the nation. One might have a perfect body, but if he had only half enough blood, he would suffer torture. On the other hand, if he had too much blood he might suffer from high blood pressure. If he has a sufficient amount of blood, his health conditions become ideal.

Properly controlled expansion of the currency merely means restoration to the normal flow of commerce and trade—a restoration of commodity prices to the point where they would be fair to everyone. Such a step is essential to the proper working out of the different steps in the President's program for national recovery.

For more than 2 years I have been urging action of this character as the way out of the tragedy. If this action had been taken earlier I feel that many other steps that have been taken in an effort to bolster up waning conditions would have been found unnecessary.

The action of the President in approving the amendment granting authority to restore the currency to a proper basis assures its passage and has already had a very fine effect on the general commodity price level. The Speaker designated me as head of the House conference committee to consider this currency amendment along with the other features of the bill. The conferees felt that action of this kind was necessary in this emergency. I believe the entire conference committee was in agreement on this subject. We therefore urged the adoption of a rule which provided that the House concur in the Senate amendment. This action was taken by the House.

This measure, embodying as it does the farm-mortgage refinancing provisions as well as the currency program, is generally considered to be the most important and far-reaching legislation ever presented to the American Congress. The Senate and House have now agreed on all of the provisions of the bill. It will be sent at once to the White House for Executive action thereon.

Mr. WOODRUM. Mr. Chairman, I yield 30 minutes to the gentleman from Texas [Mr. BUCHANAN].

Mr. BUCHANAN. Mr. Chairman, I discussed the other day, in the adoption of rule for this bill, the provision for the cancelation of transportation contracts. I am not going to say much more about that subject except to read from a domestic air mail contract that was actually executed. I shall read the provision with respect to the power of cancelation. This is section 15 of the contract:

> This certificate may be canceled by the Postmaster General at any time for willful neglect on the part of the holder to carry out any rule, regulation, or order made for its guidance, notice of such intended cancelation to be given in writing by the Postmaster General and 45 days allowed the holder in which to show cause why the certificate should not be canceled.

This settles beyond question that the only manner or method by which an air mail contract can be canceled is by willful neglect on the part of the contractor to carry out his duties under the contract.

Let me show you the situation that exists. I am not going into the legality or illegality of contracts entered into by Postmaster General Brown or the legality or illegality of his action in entering into these contracts, because I went into that yesterday, but here are the circumstances:

There are 23 of these contracts. When we passed the law providing for this service and intending to subsidize it—and we are subsidizing it—we passed it based upon the proposition that the only air mail routes that should be established were air mail routes that would ultimately become self-sustaining.

The purpose was to encourage and build up air navigation. Now, it is the opinion of the present Post Office Department that some of these routes that have been established will never become self-sustaining. If the Postmaster General says, "Here is a route that ought to have become self-sustaining, but experience has demonstrated it will never become self-sustaining", is there any use for us to go on and subsidize this route for 3 more years when it is evident that the route will never become self-sustaining?

Certainly, the Congress will not approve a policy of subsidizing an air mail route that will never become self-sustaining, because that would contemplate a continual subsidy for such a route.

This cancelation section merely gives the President the power to have these contracts reviewed, including a determination of which ones will become self-sustaining and which ones will not be self-sustaining, and to cancel or modify such contracts as he thinks best. Remember that these contracts extend for 3 more years.

There is another proposition involved. Twenty-three domestic air mail routes have been established. As originally established, they may have been 1,000 or 500 miles, but they have been extended from time to time and some of the extensions consist of much more mileage with more cost to the Government than the original contract route, and many of these extensions were unjustified and ought never to have been granted. The Postmaster General is now seeking to know his rights of cancelation over these extensions, but he comes up against the terms of the contract and the law.

The Postmaster General has submitted to the Comptroller General for decision the question as to whether he has the right to cancel extensions of an established route. The Comptroller General has had the question before him for more than 3 weeks and has not decided. This provision will clarify the matter.

Oh, gentlemen, I am talking to both sides of the House. Have you no confidence in the wisdom and the judgment and the fairness and the justice of the Post Office Department and the President of the United States? Can you not trust the judgment of the President of the United States and trust his honor and his integrity to deal intelligently with this question? I shall not go into this particular matter any further.

I am not going to discuss all of these 13 legislative provisions. I would be pleased to discuss any one or more of them that the Members are interested in or that they want to have explained. As I told you the other day, all of them are either for administrative efficiency or for the granting of authority in the saving of money to the taxpayers. While I am on the question of savings, the maximum approximation of the amount that the legislation on this bill can save is $165,000,000, and when I give this approximation, it is the maximum saving, in my judgment, that could be accomplished.

Under the 30-year retirement feature, which is set forth on this chart [indicating], there could be a saving of $30,000,000 a year if all the employees with 30 years or more service were retired and no one appointed to any of the vacancies.

Under the section providing for administrative furlough in the departments and authority to modify rural carriers' equipment allowance, a maximum of $20,000,000 might be saved.

There is a section which provides that the President may increase the charges for services rendered by and for things being sold by the Federal Government up to the actual cost to such services or articles to the Government. That might reach $100,000,000, including some of the charges in the Postal Service.

Take the Agricultural Department. We have a law which provides that the individual can procure the service of Government experts to certify to the class and soundness of perishable fruit and vegetables. So far the Government has lost 35 percent of the amount expended.

We have a law for the branding of meat for the benefit of the packers. We have been getting back only 55 percent of the amount expended on that service. We are providing the expert services of Government employees, and why should not those who get the service pay the actual cost of that service to the Government.

Now, as to the furlough of Army officers. If they furlough as many as 4,000, the amount saved will be $9,500,000. It saves two million and a half for each thousand men furloughed. I do not say they will go to the extreme, but any less than 4,000 will save a proportional amount.

Now, as to the modification and cancelation of transportation contracts. We have just been discussing that. We are appropriating $19,460,000 for this fiscal year, and more than that has been obligated under these domestic air mail contracts.

We are appropriating, for the next fiscal year, only $15,000,000. Something has to be done to permit the Department to hold the expenditure within the $15,000,000. This

provision gives the President the power to reduce or modify the contracts, and eliminate ones that he feels should not be continued.

Mr. BLANCHARD. Will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. BLANCHARD. Do not the contracts provide that on 60 days' notice the Postmaster General may increase, diminish, or modify the service above described and make such alteration in compensation of the carrier as he may deem proper? Is not that ample power?

Mr. BUCHANAN. No. That has been resorted to. The Postmaster General has requested it, and has received it from some and has not received it from others.

Mr. TERRELL. Will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. TERRELL. How much did the gentleman say the Government had lost from the inspection of fruits?

Mr. BUCHANAN. A loss of 35 percent of the amount expended.

Mr. TERRELL. We have a general inspection in our State by the Federal Government affiliated with the State. We pay the Federal Government $1 a car and we expect that covers the cost.

Mr. BUCHANAN. It lacks 35 percent of doing it.

Now, in reply to the gentleman from Wisconsin as to the power vested in the Postmaster General. It is like the power vested in the Interstate Commerce Commission to regulate freight and passenger rates. The courts have read the "rule of reason" into all these contracts. They have read the rule of reason into it, and hold that the rates cannot be reduced below the point where the contractor would have a reasonable profit upon his investment. You have 23 air mail contracts. You cannot maintain all of them and allow the carrier or the contractor a reasonable profit on his investment. What can you do? You must pick out those that will never become self-sustaining and compromise them or otherwise make adjustment as between the Government and the contractor and abrogate the contracts. Then you can by the exercise of this power make adjustment of rates and bring the expenditures within the appropriations.

Mr. GILCHRIST. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. Yes.

Mr. GILCHRIST. The contract providing that the Postmaster General may curtail the service by increasing, diminishing, or modifying the service; can the gentleman tell me the cases on which he relies when he says that the rule of reason must apply to the language of the contract?

Mr. BUCHANAN. The Supreme Court is full of them.

Mr. GILCHRIST. Can the gentleman tell one of them?

Mr. BUCHANAN. I do not recall the names.

Mr. GILCHRIST. I am asking in good faith.

Mr. BUCHANAN. The Supreme Court is full of them. They hold that the Interstate Commerce Commission cannot reduce freight rates below an amount where the carrier can make a reasonable profit on his investment.

Mr. GILCHRIST. Because that is the statute?

Mr. BUCHANAN. No; that is the Supreme Court.

Mr. TABER. But this is a contract, a contract reservation.

Mr. BUCHANAN. I understand it is a contract; but it is a public service, just like the carrying of freight and passengers. Why do you want to force in continuation for 3 more years air mail contracts that can never become self-sustaining at the expense of others that can become self-sustaining? It is contrary to the interest of real air transportation.

Mr. KELLY of Pennsylvania. Is the gentleman familiar with the legislation that the Post Office Committee, under the leadership of the gentleman from New York [Mr. MEAD], has worked out to do the thing that he is asking to have done here?

Mr. BUCHANAN. If the Post Office Committee has worked out a bill that will do the thing I am advocating, and if the gentleman will guarantee that the bill will pass both branches of Congress, then I would be willing to forego this legislation, so far as domestic air mail contracts are concerned. I am trying to help out the President's program. However, this cancelation authority covers ocean mail contracts and foreign air mail contracts that are not covered by the bill the gentleman refers to.

Mr. GLOVER. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. Yes.

Mr. GLOVER. I want to get some information with reference to the expenses of carrying on the Federal Trade Commission. The bill carries $920,000 for that Commission. From the gentleman's investigation of that activity, does he not believe that could be reduced by at least half, and yet leave the Commission where it can function just as well as it is doing now?

Mr. BUCHANAN. To be perfectly frank with the gentleman, my individual opinion is that $900,000 is entirely too much. I think it could not be cut in half; but I understand that there are some special investigations to be conducted, that the administration wants to have conducted, of highly important matters, and, therefore, very reluctantly I agreed to the $900,000 in deference to the administration.

Mr. GLOVER. Is not that the reason that has been assigned every time for keeping these amounts up?

Mr. BUCHANAN. I am not informed on what has happened every time, but I am telling the gentleman about this.

Mr. COLE. Mr. Chairman, I suggest that the new securities act imposes a great deal of work upon the Federal Trade Commission.

Mr. BUCHANAN. Yes.

Mr. JOHNSON of Texas. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. Yes.

Mr. JOHNSON of Texas. What about this efficiency rating as compared to the apportionment of various States? Has the gentleman discussed that yet, or is he going to discuss the question of discharging employees from different States?

Mr. BUCHANAN. Since the gentleman has brought it up, I shall discuss that now, and that will probably take the remainder of my time. The President requested the right to retire Government employees who had served 30 years or more under the terms of the Civil Service Retirement Act, and that will give them an average annuity for life of between $1,100 and $1,200. Nearly all of them are old. A survey has shown that in the service there are 22,000 employees who have served 30 years or more. The evidence before my committee showed that it is almost impossible that anyone who has served 30 years or more would ever be dismissed from the service by reason of a surplus of employees. Let me illustrate that. Here is an actual grade shown on this chart of 32 employees in the Civil Service Commission. The efficiency record has been placed in column 1 of this chart. When you come to separation from the service on this chart, you start from the bottom of the list; that is, the ones on the bottom must go first. That [pointing] is the efficiency rating alone. That shows you how the separation should be accomplished.

Here are four 30-year men down here. So far as married couples are concerned, where both husband and wife are in the service, under the Economy Act one must go. The "e's" represent those from States that have an overquota. That is the plan upon which separation from the service ought to be conducted. In other words, I am in favor of the apportionment law when it comes to appointment, but when it comes to separation from the service there ought to be but one test, and that is the capability and the efficiency of the employee, if you want economy and business methods in Government. Therefore, I favor this plan.

Here is the present system in the second column. You start from the bottom in the compulsory separations from the service. The 30-year are all at the top of the list and would be reached last. In fact, the hearings show that out of 100,000 employees only thirty-three 30-year men would be compulsorily separated from the service when separation became necessary.

Mr. TABER. Will the gentleman yield?

Mr. BUCHANAN. Yes.

Mr. TABER. That is, provided they use the same method of efficiency ratings that the regulations now call for, but not have the rating changed?

Mr. BUCHANAN. I am talking about the present regulations.

Mr. TABER. The present regulations the President can change, however.

Mr. BUCHANAN. I understand that. Now, this system grew up under an Executive order issued by President Coolidge. That order provided that in establishing ratings for separation from the service there should be longevity credits added to the efficiency ratings. For the first year of service an employee got one-tenth of a point for longevity added to the efficiency rating; for the second year two tenths; for the third year three tenths, and so on up to nine tenths, and then for the tenth year, one point; and for every year thereafter 1 point, until it reached a maximum of 25 points that could be added to the efficiency rating. That efficiency record is the actual efficiency record, and together with the donated longevity points, constitute the separation rating. That presents this sort of a case: Suppose you and I had two horses, and we wanted to test which one was the faster. I would say to my colleague [Mr. JOHNSON], "I will give you a quarter of a mile start. We will run a mile, and if I do not win, your horse is better."

Now, is that not ridiculous? What did that Executive order do? It stamped out the stimulus of ambition to excel in the heart of every Government employee who had not served 30 years. It crushed all hope that they could by efficient service gain a steadfast footing at every step and mount to a high station of importance unto themselves and service to the Government.

Mr. THOM. Will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. THOM. The gentleman assumes that everybody here has been in Congress, but that is not the fact. We would like to understand the present system. Let us have it explained.

Mr. BUCHANAN. Very well. This—column 1—is the actual efficiency rating based upon efficient service alone. In the present system—second column—there is carried forward the actual efficiency rating, plus 25 points donated for longevity, for every man who has served 30 years or more, which makes their separation rating, the rating on which separation from the service is based—119, 117, and so on.

Suppose an employee in the service who has served 9 years made a rating on actual efficiency in the discharge of his duty of 90, and suppose another employee who had made an actual efficiency rating in the discharge of his duty of only 70, or 20 points lower in his service record than the man who served 9 years. Who would go out of service under Mr. Coolidge's order and under the system now in force? The man whose efficiency rating was only 70 points would stay. Why? Because you add to his actual efficiency rating 25 points for longevity, giving him a separation rating of 95. The man who had a rating of 90 on his efficiency record would have 4½ points for longevity added for the 9 years' service and he would have a separation rating of 94.5. So the inefficient man would stay in the service and the efficient man would go out of the service.

The present separation system is a legally created monopoly in behalf of the man who has served 30 years or longer to perpetuate himself in service until he reaches 70 years of age, regardless of efficiency. I feel confident the Executive order granting these unjust credits for longevity will be abrogated so that real efficiency can prevail.

Mr. ROGERS of Oklahoma. Will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. ROGERS of Oklahoma. Is there any way we can make that new system apply to Congress?

Mr. BUCHANAN. Well, I am inclined to think the voters control that. [Laughter.]

Mr. ROGERS of Oklahoma. I think so, too.

Mr. BUCHANAN. And I am inclined to think they did control it in the last election.

I want to talk to you a little more about Government employees. This is the most complicated question before our committee, and it caused me to make an extensive research into the employment problem and the governmental problem that has arisen thereby.

Do you know that in 1932 the Federal Government had 1,102,000 employees, including the military services? Do you know that in 1912 that same Federal Government had only 375,000 employees, or an increase in 20 years of 300 percent? If the 375,000 do not include military personnel, the percentage of increase is in excess of 200 percent.

Do you know that in 1932 the number of employees in the States and local units of Government was 2,306,849, and that in 1912 there were only 555,000 such employees, an increase in public employees in States and local units of 1,756,000, or over 400 percent? Why?

I read in the United States Daily an estimate, which may not be entirely accurate, but it is substantially so, that there were in 1931 4,000,000 public employees in the Federal Government, State governments, and local units, with a pay roll of $5,000,000,000 annually. Let us analyze that. On the assumption that we have 120,000,000 people, divide 4,000,000 into that and it makes 30. One employee for every 30 people, including men, women, and children. Divide that 30 by 5, which constitutes the average family in this country, and it makes 6. One public employee in the United States on the backs of every 6 families in the United States. One Government employee. The average salary would be $1,200. One thousand two hundred dollars on the back of every 6 families in the United States. Divide the $1,200 by 6 and we have $200, a charge for the salary of employees as a tax burden upon every family. Can we stand it?

Mr. DONDERO. Mr. Chairman, will the gentleman yield for a short question?

Mr. BUCHANAN. I yield.

Mr. DONDERO. Can the gentleman explain why there has been this enormous increase in the number of Federal employees within this short period of time?

Mr. BUCHANAN. Oh, people blinded with prosperity, the philosophy that the resources of the country could afford it. Demands were made from every section of the country upon Congress for this service, that service, and the other service, until the Federal Government became the agency to render every character of service requested by all groups of the people.

Mr. HASTINGS. Mr. Chairman, will the chairman of my committee yield for a question?

Mr. BUCHANAN. I yield.

Mr. HASTINGS. I think the chairman made it clear that these were not all Federal Government employees, but included in the group were Federal, State, county, municipal, and employees of all forms of government.

Mr. BUCHANAN. The number of employees in the Federal Government increased between 200 and 300 percent.

Mr. MILLARD. While those in other forms of government in this country increased 400 percent?

Mr. BUCHANAN. Yes; they increased 400 percent.

Mr. HASTINGS. So it is not alone the Federal Government which has increased the number of its employees but every form of government has increased the number of employees.

Mr. BUCHANAN. The gentleman is correct.

Mr. JENKINS. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. JENKINS. I understood the gentleman to say that the number of Government employees had increased 300 percent in 20 years. It strikes me that the gentleman should comment on the fact that during that time we went through the World War, when the Government had three times as many employees as it has now.

Mr. BUCHANAN. Yes; but I am basing my statement upon the number of Government employees in 1932. We ought to have the courage to reduce the number of employees and get back upon a normal basis. That is what I am pleading for now, that we get back upon a normal basis.

Mr. JENKINS. Will the gentleman yield further?

Mr. BUCHANAN. I yield.

Mr. JENKINS. I am in thorough accord with the gentleman, but when the gentleman says we have increased the number of Government employees 300 percent in 20 years, does he not think he should comment on the fact we went through the World War when we had three times as many employees as we have now?

Mr. BUCHANAN. I concede the fact, but I have not time to comment on every factor that may be thought of.

Mr. JENKINS. Certainly not.

Mr. PARSONS. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. PARSONS. Has the gentleman the figures as to the number of employees at the close of the World War, not counting the personnel of the Army and Navy?

Mr. BUCHANAN. No; I have not those figures.

Mr. PARSONS. Has the gentleman the number we had in 1932?

Mr. BUCHANAN. I have given those.

Mr. PARSONS. I should like to make a further statement, that the cost to the Federal Government in 1915 was only about $700,000,000 a year as compared to a present cost of $4,000,000,000. So I think if the gentleman will investigate the figures he will find we have as many Federal employees today as we had at the close of the World War, not counting the personnel of the Army and Navy.

Mr. BUCHANAN. In reply to that question I may state to the gentleman that the salary roll of the Federal Government is about $1,042,000,000. In 1916, just before the war, the total revenue collected, including the Postal Service, was only $1,094,000,000 from all sources, and the total of all expenditures was $1,034,000,000.

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman, I yield 15 additional minutes to the gentleman from Texas.

Mr. BUCHANAN. It matters not whether these employees are Federal, State, municipal, county, or other public agency. They are a tax burden upon the American people that constitute these governments, and we should start a campaign to reduce the number of employees in the Federal Government at least 25 percent. It can be done without material injury to any legitimate function of the Federal Government. Thus we will set an example for the States, counties, and municipalities of the Nation.

Mr. DUNN. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. DUNN. Where will these employees go if the Government dismisses them?

Mr. BUCHANAN. They will go out into private industry and try to get jobs just like 12,000,000 unemployed people are now trying to get employment.

Mr. DUNN. Would not the effect of it be that many of them would be going on their knees to ask some charitable organization for assistance?

Mr. BUCHANAN. That might be the case for a while, but recollect that we are now beholding the dawning of a new day and prosperity is going to come to this country before 2 years go by.

Mr. DUNN. I cannot see that.

Mr. LANZETTA. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. LANZETTA. Does not the gentleman think it would be a better policy to advocate the dismissal of surplus Federal employees in better times rather than in times like these when there are 15,000,000 people out of work?

Mr. BUCHANAN. I think not. The gentleman asks if I think it would not be better to wait until we have prosperous times before dismissing employees. In the first place, you are not inclined to dismiss them when you are prosperous, because it was during those times that we took them on. In the second place, we are in such a tragic financial condition that industry will collapse, and bankruptcy will face us, if it does not overtake us, unless we start out now and inspire industry and business with the hope, with the reasonable hope, that we are going to curtail these public expenses, that city, State, and Nation are going to reduce taxation and ease the burden on their shoulders.

Mr. LANZETTA. Mr. Chairman, will the gentleman yield further?

Mr. BUCHANAN. I yield.

Mr. LANZETTA. Has it not been the policy of the Government in the past 2 or 3 years to advocate to private industry the employment of additional help in order to alleviate the situation? If that is so, does not the gentleman think the Government will set a bad example by dismissing all surplus Federal employees?

Mr. BUCHANAN. How in the world can industry prosper, how can it escape the bankruptcy now facing it, unless we decrease the burden upon it? How can this be done without reducing the number of employees and other expenses, a principle for which the President in the White House stands, and for which I hope and pray he will continue to stand until this Government gets upon a sound economic basis.

Mr. LANZETTA. Is it not a question of which is the lesser evil, whether it is best to increase unemployment by discharging these men now or whether the Government should sustain this additional expense a little longer until most of the 15,000,000 people now unemployed get back to work?

Mr. BUCHANAN. I think that the welfare of our country and its people is more important than jobs for a few thousand individuals, and that we should bend every effort and let no chance go by to bring about recovery in the entire Nation and not consider separately the welfare of a few individuals. This is one thing that is the matter with our country now. We refuse to sacrifice a little personal interest for the public good. [Applause.]

I have talked long enough, and I am going to conclude. I want to remind the historians of this House, however, of the French Revolution and what brought it on. The Crown had 15,000 retainers who were paid out of the public treasury. This character of employment increased and increased until the amount paid out of the public treasury amounted to one fourth of the income of the country. The rural or agricultural element revolted and brought on the French Revolution, and the streets of Paris were red with blood.

According to the statement of some national economic organizations and the United States Chamber of Commerce, the expenses of Federal, State, and local units of government in our country amount to $14,000,000,000. Multiply this by 4 and you have more than the present income of the United States. In other words, this total amounts to one fourth of the income of the American people, the same as it was in France at the time of the revolution.

Mr. PATMAN. Will the gentleman yield for a question?

Mr. BUCHANAN. Yes.

Mr. PATMAN. That statement, I believe, is incorrect, for the reason that a subcommittee of the Committee on Ways and Means, composed of the gentleman from Kentucky [Mr. VINSON], as chairman, and two other gentlemen, made an investigation and discovered that all the expenses of all the different governments, National, State, and local, aggregated less than $11,000,000,000 a year instead of $14,000,000,000, as the gentleman indicated.

Mr. BUCHANAN. That is refreshing, and I thank my colleague for the information, but assuming it is $11,000,000,000, if you will multiply that by 4 you still have about the amount of the income of the United States.

Mr. PARSONS. If the gentleman will yield, the income of the country is estimated at only $38,000,000,000 last year, and therefore $11,000,000,000 would be more than 25 percent of our total income.

Mr. BUCHANAN. I think that is somewhat high.

Mr. BUSBY. If the gentleman will permit, I may say that the latest estimate of the national income is from thirty-one to thirty-two billion dollars.

Mr. BUCHANAN. I beseech you gentlemen, on both the Democratic and Republican sides, to lose no opportunity to grant every request of the President for the necessary authority to enable him to administer the executive departments to bring about economy in Government. So far as our judgment approves, let us support every measure that

we think will bring relief to our country and bring us out of this depression; and when we emerge from the depression then it will be time enough to consider extending additional services to the people at the expense of the Government. This is what is the matter with us today. The people are demanding too much service of the Government. They have lost their initiative and have reversed the old principle that the people should support the Government and the Government should not be used to support a few of the people. [Applause.]

Mr. TABER. Mr. Chairman, I yield 20 minutes to the gentleman from New York [Mr. BACON].

Mr. BACON. Mr. Chairman, as a member of the committee that has had this bill under consideration, I wish to address myself to some of its legislative proposals, particularly the item to give the President the right to cancel contracts.

We of the minority believe this provision is unnecessary. I have examined most of the contracts, and under their terms we believe the Postmaster General has the right to modify any one of them and in any way he sees fit.

As far as abrogation or cancelation is concerned, if there is anything improper in any contract, the power is now reserved in him to cancel it. If there is anything fraudulent in any one of them, he can cancel it. However, as far as a contract made in good faith under the terms of an act of Congress is concerned—and I may say that the acts of Congress involved went through this House with the support of both parties on a nonpartisan basis—we believe that during this time of depression, uncertainty, and business nervousness it is unwise for the Congress to declare by law, and herald the fact throughout the country, that the President may cancel a contract made in good faith under the terms of an enactment of the Congress itself.

We believe that the future prosperity of this country must depend upon confidence, and there is nothing that shakes confidence so much or creates so much uncertainty, nervousness, and fear, as a provision of this kind that will be continually hovering over the heads of American citizens who have made a contract in good faith with their own Government.

Therefore, we are sorry to see this legislative proposal in this bill. I have discussed the matter with the Comptroller General, and I believe that if the Director of the Budget or the Postmaster General had consulted the Comptroller General, they would have also agreed that this provision is unnecessary.

I do not expect that any valid contract, made in good faith, is going to be canceled. I cannot believe that. I have faith in the President of the United States and am sure that he believes in our air mail development and our merchant marine development. I do not for one minute believe the President is going to cancel a valid contract made in good faith between the Government and one of its own citizens. I have confidence that the President will uphold our merchant marine policy and protect our merchant marine.

The able gentleman from Pennsylvania [Mr. KELLY] has discussed the air mail contracts. I do not believe there is a man in the United States who is more familiar with the development of the Air Mail Service than the gentleman from Pennsylvania. I had intended touching somewhat on the air mail situation, but after listening to his very able speech, I shall narrow my address to the question of the development of our merchant marine under the Merchant Marine Acts of 1916, 1920, and 1928. I want to emphasize some of the general background and the need for these contracts we are now discussing.

It is very interesting to note that of the first 11 acts passed by the Congress of the United States, 5 of them related to shipping and the development of shipping. We were then a maritime nation. Let me say here and now that our foreign trade, imports and exports, is the greatest prize to be sought after by those nations who have ships upon the sea.

In 1796 we carried 92 percent of our own trade. Between 1796 and the Civil War we carried 77 percent of our import and export trade. We were in those days a maritime nation.

The Civil War came on and destroyed our shipping. After the Civil War the people were interested in the development of the West, and shipping languished. So that after the Civil War, up to the time of the World War, we carried on an average only 10 percent of our foreign trade. The foreign ships carried the other 90 percent of our exports and imports.

Before the World War we had several warning signs of what the lack of merchant ships might mean. For example, during the Boer War, England, who carried the most of our exports and imports, withdrew her ships because of her troubles in South Africa. The result was that freight rates went sky-high. We had no means of keeping them down, and our farmers and manufacturers suffered because we had no ships.

In the Spanish War we had to buy foreign colliers and freighters to supply our own Navy and Army. When President Roosevelt sent the battleship fleet around the world in 1908 we had to go to Great Britain and charter colliers and freighters to furnish the fleet with coal and supplies. Think of it! Those were warning signs of what it meant to be without shipping. But we did not heed them.

Then came the World War. We had only 19 ships in the foreign trade of the United States. Every country withdrew its shipping from our trade routes. The ships that were carrying our export and import trade for us were used for war purposes. We had no ships to replace them, and the consequence was that the produce of the farm and the factory piled up in the ports of Boston, New York, Philadelphia, Baltimore, Newport News, Charleston, Savannah, the Gulf, and the Pacific, and was spoiled, rotted, or damaged on the docks, and our people suffered huge losses. Freight rates again rose to unprecedented heights. At the outbreak of the World War freight rates on American goods rose as follows:

Cotton per hundredweight, from 35 cents to $11.
Flour per hundredweight, from 10 cents to $1.
Wheat per bushel, from 8 cents to $1.36.
General average: Tenfold increase.

This resulted in a paralysis of our commerce, at disastrous loss, because we had no ships to handle it.

We had not learned the lessons of the period between the Civil War and the World War. The beginning of our merchant-marine policy is largely due to President Wilson. In his first message to Congress in 1914, realizing the situation, President Wilson said:

> How are we to build up a great trade if we have not the certain and constant means of transportation upon which all profitable and useful commerce depends? And how are we to get the ships if we wait for trade to develop without them? The Government must open these gates for trade, and open them wide; open them before it is altogether profitable to open them, or altogether reasonable to ask private capital to open them.

And again, in his message in 1915 he said:

> Moreover, we can develop no true or effective American policy without ships of our own—not ships of war but ships of peace, carrying goods and carrying much more: creating friendships and rendering indispensable services to all interests on this side of the water. They must move constantly back and forth between the Americas. They are the only shuttles that can weave the delicate fabric of sympathy, comprehension, confidence, and mutual dependence in which we wish to clothe our policy of America for Americans.

In 1916 the first Merchant Marine Act was passed. It was followed by the acts of 1920 and 1928. Of course, you all know the great cost of building ships during the war. I have no criticism to make of that act of the Democratic administration.

Three billion five hundred million dollars were spent for ships to supply our own army and our allies overseas. They were not ships that could compete after the war. They were built hurriedly for war purposes. If one ship made one round voyage, it was justified. If it could get across the seas and back with a cargo of food for our allies and ourselves, it was justified; but it cost us $3,500,000,000. If we had learned our lesson and had had a merchant marine, the war cost for additional ships would have been under $1,000,000,000.

Mr. PARSONS. Mr. Chairman, will the gentleman yield?

Mr. BACON. Yes.

Mr. PARSONS. Why is it that our American-operated ships cannot compete with the English and other foreign ships?

Mr. BACON. I intend to take that up, and I will answer briefly now and perhaps refer to it again. It is for three reasons. First of all, the American ships cost more to build, and, second, the American ships cost more to operate. Take, for example, an actual case, an American freighter of 8,000 tons and a British freighter of 8,000 tons, both boats built the same year. The American freighter cost $95 per deadweight ton, while the British freighter cost $57 per deadweight ton, or a capital difference in this case in favor of Great Britain of $317,680. The American ship in actual operation costs $81,000 more a year to operate than the similar British ship. Thirdly, in spite of that differential in favor of the foreign ship, almost every foreign country grants a subsidy to their shipping.

Mr. PARSONS. What is the reason for the difference in cost? Is that in the wages paid in the shipyard?

Mr. BACON. Absolutely; and let me say right there that we pay our workmen—and I am glad we do—a higher wage than do the British, not only in the shipyard but all the way back to the steel mill or wherever the material that goes into the ship comes from. I ought to say also that over 200 major industries are interested in the building of ships we build, in addition to the actual shipyard that puts the ship together. Approximately 90 cents out of every dollar spent in building ships goes to labor.

Mr. PARSONS. And I suppose the same causes may be given for the difference in operating cost.

Mr. BACON. The same is true. For example, under our wise laws, we require certain accommodations for the men on American boats, for the sailors and crew. This increases the cost of the vessel. On this same boat that I was talking about, it cost $271 a month more to feed the crew of the American ship than the crew of a similar British ship. As far as wages are concerned, it costs $1,758.32 a month more in wages for the American crew than for the British crew.

Mr. COCHRAN of Missouri. Mr. Chairman, will the gentleman yield?

Mr. BACON. Yes.

Mr. COCHRAN of Missouri. Is it not a fact that most foreign ships are now propelled by motor, while the United States continues to use steam, and that that increases the cost?

Mr. BACON. That is partially true and was one of the reasons for the Merchant Marine Act of 1928, since which we have built some modern Diesel ships.

Mr. EDMONDS. Mr. Chairman, will the gentleman yield?

Mr. BACON. I yield with pleasure to my old Chairman of the Committee on Merchant Marine and Fisheries.

Mr. EDMONDS. Notwithstanding the fact that we spent three and a half billion dollars in actual money on these ships, the profits made on the ships in carrying the merchandise for Americans were also spent. The total expenditure of the Shipping Board, in order to get out of the trouble that we were in at the time of the war, was over $5,000,000,000.

Mr. BACON. That is correct.

Mr. EDMONDS. I might add that the food is regulated by law.

Mr. McCORMACK. Has the gentleman stated the importance of our merchant marine as a part of our national defense?

Mr. BACON. Mr. Chairman, I am very glad the gentleman brought that out. On that very point I might say that under the Merchant Marine Act of 1928 the boats that are built that carry this subvention—and it is purely a subsidy and was so intended by Congress on both sides of the aisle when the bill was passed—cost more by reason of the very exacting requirements of the Navy Department when they are built. They are all built for auxiliary war purposes in case of trouble.

At the Washington Arms Conference in 1922 we agreed to surrender our naval supremacy in capital ships and scrapped 850,000 tons of naval vessels building and completed. From then on the competition for naval supremacy was transferred, so far as foreign countries were concerned, to the building of merchant marine tonnage suitable for auxiliary service. The World War had proven the value of fast merchant ships that could be converted into cruisers. Immediately after the arms conference in 1922 England, France, Germany, and Italy started the building of super liners of 25,000 tons and over, with high speeds, for the sole purpose of having them available for war-time cruisers. Sixteen of these superliners have been built and two are now building. These ships are not economical for peacetime trade purposes and must all be supported by heavy government subsidies. We have built none of these superliners and therefore are far behind European countries. Thus we have in effect further sacrificed our naval supremacy, whereas concealed foreign navies have been built under the disguise of merchant marine.

One of the primary reasons for the passage of the Merchant Marine Act of 1928 was to enable us to build useful merchant marine boats that could be used as naval auxiliaries in time of war. Though we have not built the fast superliners, we have built a number of boats that will be extremely useful to our Navy in time of trouble. So at least, as a result of this act, we will not again be put in the humiliating position of having to buy foreign freighters and colliers to supply our fleet as we did during the Spanish War, and we will not again have to charter British colliers and freighters to supply our Navy should it go on an extended cruise as was the case in 1908. Not only were these foreign colliers necessary but they carried foreign coal because in contracting for them it was also required that foreign coal be used, and we were placed in an extremely humiliating situation.

It must not be forgotten that overseas communication in time of war is as important as overland railways. We have had too many examples showing that dependence upon foreign merchantmen is ruinous to our trade and commerce in times of crisis. I have already referred to the predicament we were in during the Boer War, the Spanish War, and the World War. Let me cite another instance: Two years prior to the passage of the Merchant Marine Act of 1928, when we did not have an adequate merchant marine, there occurred in Great Britain the famous coal strike of 1926. British boats, upon whom we had depended to carry our foreign trade, were withdrawn from service and the freight rate on wheat, as an example, went up 100 percent because we were not in a position to fill the gap caused by the withdrawal of these British ships.

Not only is a merchant marine necessary to our Navy in times of national emergency but also the Americans who are trained in the merchant marine are a valuable adjunct to our Navy in time of war. As a result of the Merchant Marine Act of 1928 thousands of young Americans have gone down to the sea in ships. Many of the officers of our merchant marine service since 1928 have become Naval Reserve officers. Let me illustrate from our past history: In 1812, our merchantmen were supreme on the seas and we carried 90 percent of our import and export trade. Five hundred and seventeen American merchantmen were added as auxiliaries to our Navy and were known as privateers. They captured 1,300 prizes of a total value of over $39,000,000 and materially aided the success that we had on the seas during our war with Great Britain. It is essential that we train intelligent Americans in our merchant-marine service so that in time of trouble they may again be available for our national defense.

Mr. PARSONS. Just one more brief observation. I judge from the way the gentleman is reading from his notes that he has the figures with reference to the cost of American and British ships divided up into the various ele-





ments that go into the operations. I should be very glad if the gentleman would put that in the RECORD.

Mr. BACON. I shall be very glad to put them into the RECORD, and I ask unanimous consent to insert them as a part of my remarks at this point.

The CHAIRMAN. Is there objection?

There was no objection.

The material referred to is as follows:

Summary of capital and operating differentials against typical American freighter (coal) as compared with similar British freighter

American cost 8,360 dead-weight tons, at $95 per dead-weight ton $794,200
British cost 8,360 dead-weight tons, at $57 per dead-weight ton 476,520

Capital differential 317,680

Capital differential on $317,680 higher cost:

	Percent	First year	Eleventh year
Interest	6	$19,061	$9,530
Depreciation	5	15,884	15,884
Repairs	2	6,354	6,354
Insurance	5	15,884	7,942
Total	18	57,183	39,710
Wage differential, $1,758.82 per month		21,107	21,107
Subsistence differential, $271.80 per month		3,262	3,262
Total per annum		81,552	64,079

Average annual differential $72,825, or 9.17 percent of the amount American owner has invested in his vessel.

Summary of capital and operating differentials against typical American freighter (oil) as compared with similar British freighter

American cost 10,000 dead-weight tons at $125 per dead-weight ton $1,250,000
British cost 10,000 dead-weight tons at $80 per dead-weight ton 800,000

Capital differential 450,000

Capital differential on $450,000 higher cost:

	Percent	First year	Eleventh year
Interest	6	$27,000	$13,500
Depreciation	5	22,500	22,500
Repairs	2	9,000	9,000
Insurance	5	22,500	11,250
Total	18	81,000	56,250
Wage differential, $1,037 per month		12,444	12,444
Subsistence differential, $198 per month		2,376	2,376
Total per annum		95,820	71,070

Average annual differential $83,445, or 6.67 percent of the amount American owner has invested in his vessel.

Summary of capital and operating differentials against typical American freight steamer (oil burner) with speed of 9 to 11 knots as compared with similar British vessel

American cost, 8,800 dead-weight tons, at $95 per dead-weight ton $836,000
British cost, 8,800 dead-weight tons, at $57 per dead-weight ton 501,600

Capital differential 334,400

Capital differential on $334,400 higher cost:

	Percent	First year	Eleventh year
Interest	6	$20,064	$10,032
Depreciation	5	16,720	16,720
Repairs	2	6,688	6,688
Insurance	5	16,720	8,360
Total	18	60,192	41,800
Wage differential $1,376.40 per month		16,517	16,517
Subsistence differential $102.82 per month		1,234	1,234
Total per annum		77,943	59,551

Average annual differential, $68,747, or 8.22 percent of the amount American owner has invested in his vessel.

Summary of capital and operating differentials against combination freight and passenger (coal burner) as compared with similar British vessel

(United States vessel, 17,281 gross tons; British vessel, 21,700 gross tons)

American cost $6,750,000
British cost 4,500,000

Capital differential 2,250,000

Capital differential on $2,250,000 higher cost:

	Percent	First year	Eleventh year
Interest	6	$135,000	$67,500
Depreciation	5	112,500	112,500
Repairs	2	45,000	45,000
Insurance	5	112,500	56,250
Total	18	405,000	281,250
Wage differential, $2,291.29 per month		27,495	27,495
Subsistence differential, $958.34 per month		11,500	11,500
Total per annum		443,995	320,245

Average annual differential $382,120, or 5.66 percent of the amount American owner has invested in his vessel.

Summary of capital and operating differentials against typical American combination freight and passenger vessel (oil burner) as compared with similar British vessel

(United States vessel 11,900 gross tons; British vessel 11,600 gross tons)

American cost $3,375,000
British cost 2,250,000

Capital differential 1,125,000

Capital differential on $1,125,000 higher cost:

	Percent	First year	Eleventh year
Interest	6	$67,500	$33,750
Depreciation	5	56,250	56,250
Repairs	2	22,500	22,500
Insurance	5	56,250	28,125
Total	18	202,500	140,625
Wage differential, $1,926.35 per month		23,116	23,116
Subsistence differential, $789.41 per month		9,473	9,473
Total per annum		235,089	173,214

Average annual differential $204,152, or 6.05 percent of the amount American owner has invested in his vessel.

Summary of capital and operating differentials against typical American tanker (steam) as compared with similar British tanker

American cost, 10,387 dead-weight tons, at $100 per dead-weight ton $1,142,570
British cost, 10,387 dead-weight tons, at $73 per dead-weight ton 758,251

Capital differential 384,319

Capital differential on $384,319 higher cost:

	Percent	First year	Eleventh year
Interest	6	$23,059	$11,529
Depreciation	5	19,216	19,216
Repairs	2	7,686	7,686
Insurance	5	19,216	9,608
Total	18	69,177	48,039
Wage differential, $1,567.40 per month		18,809	18,809
Subsistence differential, $227.70 per month		2,732	2,732
Total per annum		90,718	69,580

Average annual differential $80,149, or 7.88 percent of the amount American owner has invested in his vessel.

Summary of capital and operating differentials against typical American tanker (Diesel) as compared with similar British tanker

American cost 10,144 dead-weight tons, at $130 dead-weight ton $1,318,720
British cost 10,144 dead-weight tons, at $86 dead-weight ton 862,384

Capital differential 456,336

Capital differential on $456,336 higher cost:

	Percent	First year	Eleventh year
Interest	6	$27,380	$13,690
Depreciation	5	22,817	22,817
Repairs	2	9,127	9,127
Insurance	5	22,817	11,408
Total	18	82,141	57,042
Wage differential, $1,444.30 per month		17,332	17,332
Subsistence differential, $300.60 per month		3,607	3,607
Total per annum		103,080	77,981

Average annual differential $90,350 or 6.85 percent of the amount American owner has invested in his vessel.

Summary of capital and operating differentials against typical American tanker (Diesel) as compared with similar German tanker

American cost, 10,144 dead-weight tons at $130 per dead-weight ton	$1,318,720
German cost, 10,144 dead-weight tons at $75 per dead-weight ton	760,800
Capital differential	557,920

Capital differential on $557,920 higher cost:

	Percent	First year	Eleventh year
Interest	6	$33,475.20	$16,737.60
Depreciation	5	27,896.00	27,896.00
Repairs	2	11,158.40	11,158.40
Insurance	5	27,896.00	13,948.00
Total	18	100,425.60	69,740.00
Wage differential, $1,621.30 per month		19,455.60	19,455.60
Subsistence differential, $216 per month		2,592.00	2,592.00
Total per annum		122,473.20	91,787.60

Average annual differential $107,130, or 8.12 percent of the amount American owner has invested in his vessel.

Mr. GLOVER. Mr. Chairman, will the gentleman yield?

Mr. BACON. Yes.

Mr. GLOVER. We have had much discussion about recent air mail contracts and merchant-marine mail contracts. Does the gentleman not believe that it is partly the fault of Congress that we have not safeguarded the importance of those contracts by requiring the approval of the President or the Department of Justice before the contracts are put into operation?

Mr. BACON. I am not as familiar with the air mail contracts as I am with the merchant-marine contracts. I have examined them, and as far as the merchant-marine contracts are concerned, they are checked by the Shipping Board as well as by the Post Office Department. No contract can be made by the Postmaster General that has not the approval of the Shipping Board first.

Mr. GLOVER. Ought it not to have the approval of the Department of Justice, which is capable of passing on such contracts?

Mr. BACON. I think you will find that the legal staff of the Government is used in the making of these contracts. I repeat, that under the very terms of the contract they may be modified. I will make this prediction, that even should this provision remain in the bill, if the Postmaster General wishes to cancel or modify any of the contracts, he will proceed under the terms of the contract itself rather than to take advantage of this provision, because this provision will result in a heavy charge to the Government in speculative damages. I prophesy now that if any contract is to be modified the Government will proceed under the original contracts rather than under the terms of this provision in the bill, because by so doing he will save the Treasury a large sum of money.

Mr. PARSONS. Will the gentleman yield?

Mr. BACON. I yield.

Mr. PARSONS. I am favorable to Government aid to our merchant marine not only as a matter of taking care of our trade in peace times but as a matter of national defense.

Mr. BACON. I am glad to hear the gentleman say that.

Mr. PARSONS. But does the gentleman not believe it would be better to handle it through some other agency, rather than have the subvention charged up to the Post Office Department, creating a deficit from year to year, which puts that Department in a bad light before the country?

Mr. BACON. I think there is a great deal in what the gentleman says. Of course, it is frankly a subsidy, without which we could not carry a portion of our trade in American ships. If we do not carry a reasonable share of our foreign commerce in American vessels, we will be at the mercy of foreigners as far as freight rates are concerned.

I want to further answer the gentleman from Illinois. The mail subvention was used because the Merchant Marine Act of 1928 was an extension of the Mail Act of 1891. The gentleman from Virginia [Mr. BLAND] has fully explained this today in his able speech. I quite agree with the gentleman that it might be well to frankly pay the subsidy without reference to the mail at all, but mail pay does form a convenient vehicle for doing it, and I suppose that was in the mind of Congress when it passed the bill.

Mr. KELLY of Pennsylvania. Will the gentleman yield?

Mr. BACON. I yield.

Mr. KELLY of Pennsylvania. In further answer to the gentleman from Illinois [Mr. PARSONS], by the act of June 6, 1930, this Congress provided that all costs for air mail above the amount paid for direct transportation should not be charged against the post-office deficit but set aside in the report of the Postmaster General.

Mr. BACON. I think that answers the question.

Now, may I proceed?

The CHAIRMAN. The time of the gentleman from New York [Mr. BACON] has expired.

Mr. TABER. I yield the gentleman 10 additional minutes, Mr. Chairman.

Mr. BACON. I do not believe I have to convince the American Congress of the need of controlling our own export and import trade. For example, in 1929, I found that 54 percent of our cotton was exported, 41 percent of our tobacco was exported, 33 percent of our lard, 18 percent of our wheat, 36 percent of our copper, 34 percent of our kerosene, 40 percent of our typewriters, and 25 percent of our sewing machines were exported in our foreign trade. One sixth of the entire products of American farms goes to overseas markets. Do we want to turn the carrying of that American freight over to foreigners? The reason why it is important not to was stated by Mr. Thomas Jefferson in this way:

> The marketing of our productions will be at the mercy of any nation which has possessed itself exclusively of the means of carrying them, and our politics may be influenced by those who command our commerce.

Thomas Jefferson warned the country, and it is a warning that is as apt today as it was then, and one we should heed.

It is of the utmost importance that the Members realize the relation of our merchant marine to our export trade and the importance of our merchant marine to our shippers, whether the shipments come from the farm or the factory. Our ships, flying the American flag, are our best salesmen in foreign ports. American ships carrying American goods will inevitably find new markets because it must be clear to all that foreign ships will always favor the goods of their own country in competition with American goods. The establishment of new trade routes to new ports always develops fresh markets and increases our export trade. I think therefore that the following table will demonstrate the truth of what I have just stated:

Comparison of American merchant marine in 1914 with 1927, showing increased sales

Trade	Number of ships engaged in—		Volume of commerce with	
	1914	1927	1914	1927
Africa	None	19	$47,000,000	$200,000,000
South America	5	89	347,000,000	1,000,000,000
Orient and Pacific coast	5	140	280,000,000	1,800,000,000

Percent of increase in trade between 1914 and 1927

Africa	325
South America	190
Orient and Pacific coast	380

Mr. EDMONDS. Will the gentleman yield?

Mr. BACON. Let me go on for a minute, please.

As I said, our foreign trade is the great prize to be contended for by the shipping nations of the world.

Mr. McFARLANE. Will the gentleman yield?

Mr. BACON. I cannot yield for the moment.

Forty-two nations are now bidding for our import and export trade. Forty-two nations! Of course, Great Britain is the principal nation. Great Britain carries today 30 percent of our import and export trade. We carry 30 percent of our import and export trade—or, to be absolutely accurate, it is 30½ percent. So today Great Britain and ourselves carry an equal amount of our import and export trade. Yet, not being satisfied with 30 percent of our trade, Great Britain is continually agitating for a greater percentage.

Mr. Walter Runciman, president of the board of trade, a cabinet position corresponding to our Secretary of Commerce, in February 1932 blamed the plight of the world shipping on the subsidized overbuilding of foreign countries, particularly the United States. Mr. Runciman said that the United States had three times as much tonnage as before the World War. He said:

> I have underestimated the extent of the American mercantile marine, but I was thinking of those ships that were fit for trade. [Laughter swept the hall at this remark.] If you count them all in, the Americans have nine times as much as in 1913, and a very costly luxury it has proven. I know in some quarters it is regarded as very dangerous to say anything about America at the present time. I hope I shall exercise my native caution in not going too far, but I believe that much of the misfortune which has befallen the cargo fleets of the world comes from overbuilding, and that those who went the farthest have done the most harm.

I deny that, as far as the United States is concerned. Attacks are being made in England against our merchant marine by others that I could quote. What is the record? From the end of the World War until 1927 foreign countries built and placed in the American trade 800 new ships. We built and put into our own trade exactly none. Who has been doing the overbuilding that Mr. Runciman talks about? During that same period 18 ships of 25,000 tons and over, running up to 30-knot speed, have been built or are building by the marine nations. Sixteen of them for the American trade. Those ships are uneconomical to run. They do not pay. They were built entirely for the purposes of the Navy, and Great Britain wants more of our trade to support her own naval auxiliaries. We have built no boats of 25,000 tons or over. We have built but two ships of about 20,000 tons, the *Washington* and the *Manhattan*. Both these ships are comfortable cabin ships of 21-knot speed and are economical to run.

So I again deny the charge that Mr. Runciman hurls at this country that we have been the cause of the depression in world shipping. On the contrary, I think England is more to blame for it that anyone else.

The life of a ship is 20 years. The surplus of shipping in the world today is about 14,000,000 tons. There are 14,000,000 tons of ships over 20 years of age. Therefore, if the old and worthless ships were scrapped, there would be no surplus of shipping. We have not one of these boats over 20 years of age. Most of the boats over 20 years of age were sold by Great Britain to smaller countries for practically nothing. Why did not Great Britain scrap them? Since 1921 we have scrapped more ships than we have built. How, therefore, could we have caused the existing surplus shipping?

Everything that Mr. Runciman says applies to England, and not one of the things he says applies to us.

Since 1921 Great Britain has outbuilt us 13 to 1, and mostly with boats to go into our trade. Today Great Britain carries 60 percent of her own trade, 45 percent of the world trade, and 30 percent of our trade. What more does she want?

Now, I want to show you why the nations wish to carry our export and import trade. In the first place, it is the largest trade in the world and in 1929 almost equaled $5,000,000,000. In the second place, we pay out annually in freight rates $900,000,000.

Mr. PARSONS. To foreign ships?

Mr. BACON. No; not all of that is paid to foreign ships. We pay $600,000,000 to foreign ships and we pay $300,000,000 to American ships—or did in 1929, 1930, and 1931. If we had only carried 10 percent of our commerce in our boats as we did before 1914, our share of the freight rate would have been $90,000,000 and the foreigners' share would have been $810,000,000. The money we pay to American ships comes back into this country and is spent here and means employment for our own citizens, whereas the two thirds which we pay to foreigners is money that goes abroad and does us no good at all.

Had we then remained at the pre-war level of our carrying trade, 10 percent of our commerce, we would have lost in shipping revenue the difference between $3,000,000,000 and $900,000,000, or $2,100,000,000 during the years 1921–30.

Mr. PARSONS. It helps by just that much to hurt our own shipping.

Mr. BACON. Even during this last year of depression we paid $200,000,000 in freight rates to our own people, which money stayed at home, and about $500,000,000 to foreigners.

I think we must be very careful and watchful to protect the merchant-marine policy of the United States.

Let me say in closing that it is not very expensive to pay $20,000,000 in subsidy if for this subsidy we get $200,000,000 in freight rates for Americans, money which is spent in our country and means employment of Americans.

If we do not continue these subsidies it means that our large freight bill will go abroad and that not 1 penny of it will return, because today there is not a single American line which can possibly exist without these mail contracts.

We have built up 38 trade routes from 60 American ports to 550 European ports. Because of the development of American shipping from Gulf States to the ports of the world, the freight rate on cotton has been cut 50 percent. Is not this subsidy to our merchant marine worth while, therefore, to the cotton growers of this country? They would have had to pay 50 percent more if it were not for our ocean mail contracts. [Applause.]

[Here the gavel fell.]

Mr. BACON. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and to include therein some tables and figures I got from official sources.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. WOODRUM. Mr. Chairman, I yield 3 minutes to the gentleman from Pennsylvania [Mr. DUNN].

Mr. DUNN. Mr. Chairman, I am a member of the Committee on Labor. For the past 2 weeks we have been listening to representatives of the various gigantic organizations in America. I wish to call to the attention of the House a very important question which I asked every witness who appeared before the Committee on Labor.

I asked these representatives of the various industries if they had an age limit. Practically every one of them informed the committee that they had an age limit and that the age limit was 45 years.

If this bill is enacted into law it will throw many men out of employment and there is not a line in the bill which states that these people who are to be deprived of employment will be aided by the Government. In other words, they will be compelled to go to supposed charitable agencies and ask for assistance. Mr. Chairman, this is not economy.

It is stated that our Government is in debt about $15,000,000,000. May I say to the Members of this House that this sum of money is, to me, very insignificant when compared with the total wealth of the United States. The United States is capitalized on the surface at $400,000,000,000. Yet

we say we have to economize because we are in debt $15,000,000,000!

May I also call to the attention of the members of this committee the fact that no man ever possessed sufficient intelligence to be able to estimate the value of our natural resources. I do not hesitate to say that our natural resources are worth not billions of dollars but trillions of dollars. Therefore there is no necessity for our Government to deprive men of work. It is not economy to say to our employees, especially the soldiers on whom this Nation has depended and must depend, that they must give up their jobs and go to some charitable organization for assistance. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman I yield 1 minute to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN of Missouri. Mr. Chairman, I am in disagreement with the committee as to the adequacy of the appropriation for the Federal Trade Commission.

If this House would carefully study the activities of the Federal Trade Commission and the results that Commission has obtained, there is no doubt in my mind but that a great majority of the Members would view this situation as I do and demand that a sufficient appropriation be made to permit the Commission to carry on the important investigations.

There are 42 pages covering the hearings on the appropriation for the Federal Trade Commission. The committee required the officials of the Commission to go into detail regarding their activities in the past and what they desired to do in the future; and if one will read the hearings, he will be convinced that this agency of the Congress has spent every dollar appropriated in a way that the public will benefit financially by its activities.

The amount carried in the bill will enable the Commission to complete some of its investigations that it has been working on for several years, but I want the House to know that the hearings show the appropriation will not enable the Commission to close the investigation of public utilities. Two hundred and thirty thousand dollars is allowed for this purpose, while the officials in charge say that it will cost $345,000 to complete the work which will include the report.

The Bureau of the Budget recommended $900,000 for the Commission, and the Committee includes this amount in the bill. The bill that was vetoed carried $1,081,500, over $500,000 having been added by the Senate after the House had reduced the appropriation to $500,000.

I know there are a number of Members who are not satisfied with the way the Commission has been carrying on, that is in reference to issuing complaints. I do not blame them, for I know of several cases where I feel the Commission has erred in this respect. I predict that in the cases I refer to the Commission will not be able to make a case, but it is costing my constituents thousands of dollars. In this phase of its work the Commission in recent years has been paying too much attention to the little fellow, who should be protected, rather than going after the big fellow. Regardless of that, however, I want the economic division to carry on its investigations.

Nine hundred thousand dollars is a reduction of $546,000 in comparison with the present appropriation. In the previous year the Commission suffered a reduction of $300,000. They are faced with a situation where they will not be able to properly carry out the laws Congress directs them to enforce. The reduction simply means a decrease not only in money but in efficiency.

In 1932 the Commission had 511 employees. In 1934 it will have 291, a reduction of 220 employees.

The most important investigation the Commission has ever made was the investigation of the power companies. The value of these utilities is estimated at $20,000,000,000. The Interstate Commerce Commission has been investigating the railroad companies for a period of 15 years. The railroad companies have a value of around $25,000,000,000. No less than $50,000,000 has been spent by the Interstate Commerce Commission in this work, while the Federal Trade Commission has completed its work, or is about to complete it, in 4 years at a cost of $1,225,000. Forty volumes have already been published. The investigation so far shows illegal and unfair practices, most of which have been discontinued and, as a result, millions saved to consumers.

Read what the Commission submits to the committee in regard to the investigation of utility corporations:

RESULTS TO DATE OF THE INVESTIGATION OF UTILITY CORPORATIONS

In this investigation the Commission has exposed the propaganda of the utility corporations through colleges, schools, governmental agencies, and the press. It has disclosed the use by many of the utility concerns of the most unreliable and inaccurate forms of accounting. It has shown an extensive padding of costs to operating companies through exorbitant fees charged for alleged services by holding companies, such fees amounting in some instances to 12 percent of the cost of all additions, improvements, and replacements, and giving to the holding companies profits of over 100 percent at a cost to the operating companies of millions of dollars. It has exposed capitalization of the earnings of subsidiary companies. It has shown the padding of earnings statements in order to promote the sale of securities. It has shown an inflation of capitalization by deliberate appreciation or write-up of assets of more than $1,500,000,000 in the concerns that to date have been put in the record, upon nearly all of which securities of some kind have been issued and sold to the investing public. These elements enter into the determination of the base upon which the rates which consumers pay are established. It has disclosed retention of control of a large number of operating companies by a small group through control of the common stock of holding companies and the issuance of nonvoting or preferred stock to the public.

As a direct result to date of the Commission's investigation many of the utility information bureaus in the States for the preparation and dissemination of propaganda have been abolished. The joint committee here in Washington, a national propaganda agency, has been whittled down to nearly nothing. The dissolution of the National Electric Light Association has been announced, as has also the intended abandonment of all propaganda activities. The Edison Electric Institute, newly organized, has announced a program of financial reform, which, according to the statement of those in authority, is a direct result of the Commission's inquiry, and if carried out will save the country hundreds of millions of dollars annually.

Many of the utility companies have already reversed numerous improper entries and practices and have largely reduced or abolished so-called "management and service fees." Many concerns have reduced substantially the amounts of appreciation or write-ups (watered stock). One concern upon which public hearings were recently held had, at the time the Commission analyzed its records in preparation for the public hearing, $102,000,000 of write-ups or appreciation. When the public hearing was held, this appreciation had been reduced to $30,000,000. In a large number of instances rates to consumers have been reduced following the Commission's investigation and exposure of the elements that had been incorporated into the base upon which the previous rates had been established. These changes have resulted in direct savings to the public of millions of dollars. One company has stated that $2,600,000 had been saved in 2 years by residential customers as a result of a reduction by it in rates after the Commission's investigation. The Commission's reports have been made the basis of rate investigations by numerous State commissions.

This investigation is one of the largest ever undertaken by any governmental agency. It involves investigation and study of the practices, organization, relationship, conduct, and management of gas and electric utility corporations throughout the United States. The organization, management, and relationship of many of these corporations are very complicated and complex. Some of the holding companies have as many as 250 to 600 subsidiaries and affiliates. In order to trace the growth, development, and relationship of these corporations, it is necessary to review their records for periods of from 10 to 20 years.

I want to see this investigation completed and the proper report filed. In speaking before the committee, Judge Bane said:

One reason for urging the continuance of this work is the fact that the Commission is receiving, I might say, almost daily, scores of letters from investors, from business houses, and from Members of Congress urging the Commission to investigate other utilities groups that they have not yet taken up, to determine whether there are any more Insulls or Forshays among them; and to prevent, particularly in the gas field, the development of the same kind of conditions that have been found to exist in the course of our investigation of utilities in the electric field.

The gas situation is a new thing; it is just beginning, and we have not yet been able to scratch that field. We find that very nearly the same groups that control the electric field are getting into control of the gas field. That means, first, the entire elimination of competition between gas and electricity in the generation of power; and, second, it means that if these men did this kind of what you might call "high financing"—if you want to use a generous term—if they did that in the electric field, that there is at least a fair possibility that they will engage in the same things in promoting gas companies.

One of our reasons for wanting to continue this, particularly in reference to gas, is to prevent the same kind of financing in the promotion of gas companies that we have found in connection with electricity.

Let me also call to the attention of the House the fact that in the course of this investigation the Commission found and disclosed tax evasions that are many times the total cost of the utility investigations to date. If nothing else was developed, I say the money has been well spent when it will bring to time those who would defraud the country and States of the taxes that should be imposed upon them.

The Commission can on its own motion start investigations. It needs money, however. Three such investigations have been suggested by the Commission. One of the resolutions adopted is as follows:

FINANCIAL PRACTICES OF CORPORATIONS

Resolved, That the Commission undertake as soon as present work and appropriations available permit an inquiry into (1) the facts regarding the form, adequacy, and accuracy of published financial reports made to stockholders and others by corporations engaged in interstate commerce, excluding banks, common carriers, and public utilities; (2) the effects of the financial practices of corporations prior to and since the stock-market collapse of 1929, including the volume and extent of corporation call loans; issuance of bonds and preferred stocks accompanied by stock-purchase warrants or rights to subscribe; profits and losses of corporations from operations in the stock and bond markets; stock and script dividend issues of corporations; overexpansion through reinvestment of earnings; officers' salaries and bonuses; participation of officers and directors in underwriting and syndicate operations in securities of their corporations; and purchases from and sales to their corporations of securities or other property; (3) the facts regarding concentration of the voting control of corporations through nonvoting and management stock and the effects thereof on the financial practices and methods of corporations; (4) all other financial practices or methods affecting the public, all with a view to determining whether the Commission shall recommend to the Congress any changes in or additions to existing laws.

This investigation in which millions of our citizens who lost billions in the stock crash are interested can be handled for less than $100,000. Did they get the money? No; it was not allowed by the committee nor the Director of the Budget. I note in the hearings where the gentleman from New York [Mr. BACON] said it would be a very important investigation and should be made. Then again the Commission desires to make a much-needed investigation into the effect of the antitrust laws on industries using natural resources primarily. It also desires to investigate into certain general competitive practices that the Commission is continually running into.

I do not blame the Appropriations Committee for staying within the Budget recommendations, but I do feel this is false economy. The value of this Commission cannot be underestimated. The benefits in dollars and cents that result from its work run into large figures. State commissions that cannot secure information from corporations operating within its boundaries have secured facts as a result of the utilities investigation that in many instances have resulted in reduction in the price of electric energy.

While the House does not seem to be awake to the value of this Commission, there are certain Members in the Senate who are, and who, I think and hope, will demand that adequate moneys be appropriated to carry on the important work the Commission is doing.

Mr. TABER. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS. Mr. Chairman, it is generally conceded that with the exception of the inauguration of Lincoln no Presidential inauguration was attended by so much tenseness as that of Mr. Franklin D. Roosevelt. His inauguration was also attended by probably the largest crowd that ever attended any inauguration. All thinking people among us felt that the signs of the times were ominous. Immediately following the inaugural ceremony the President called his Cabinet together. The inauguration was on Saturday. On the next day (Sunday), over the radio, he made his announcement that from Monday morning all the banks in the United States would be closed and all building-and-loan companies and insurance companies would be restricted in paying out money. On the following Thursday, while every bank in America was closed, while the people of the Nation were quietly, patiently, yet fearfully waiting some ray of hope, this Congress convened in special session at the call of the President. Without waiting for the organization of the Congress, and hardly waiting for the election of a Speaker, and without waiting for the naming of standing committees, the President sent up his first message to Congress. His message increased the tenseness of the times and challenged all to stand by and assist the chosen leader in the great battle against this dreaded enemy of the human race everywhere—depression. He said:

The Members of the new Congress will realize, I am confident, the grave responsibility which lies upon me and upon them.

He asked that his banking bill be passed immediately. The purpose of this bill, according to its title, was—

To provide relief in the existing national emergency in banking.

The bill further provided that—

Congress hereby declare that a serious national emergency exists and that it is imperatively necessary speedily to put into effect remedies of uniform national application.

The House, having only been partially organized a few minutes, and not having even appointed a Committee on Rules, upon the motion of Mr. BYRNES, the Democratic leader just selected, and with the sanction of Mr. SNELL, the Republic leader just selected, agreed unanimously to an immediate consideration of this banking bill previously prepared by the direction and according to the wishes of President Roosevelt. Mr. SNELL in his speech approving of this speedy action said:

The house is burning down and the President of the United States says this is the way to put out the fire.

Under the spell of a tenseness that pervaded the whole country and moved the whole people to thoughtfulness, and under a deep sense of trying to do their duty, the Members of the House unanimously, so far as the RECORD shows, voted in favor of the bill and gave the new President his first vote of confidence. The country approved this action, for again was established the fact that when the emergency presents itself it is promptly met by Congress and the people. Immediately following this passage of this bill by the House it was messaged to the Senate, where on the same day it was passed and became a law as soon as the President could sign it. All this was on Thursday. On Friday the President sent Congress another message. He thanked Congress for its prompt action upon his request of the day previous, and implored Congress to proceed with the same dispatch to pass another bill the title of which is as follows: "An act to maintain the credit of the United States Government." Immediately following the reading of the President's message the Democratic floor leader moved that the Speaker be empowered to appoint a committee of five to prepare and introduce a bill in line with the President's message. This committee was immediately appointed and immediately introduced a bill which had been prepared at the White House under the direction of the President. This bill, under the pressure of an emergency, was brought up for consideration the next day, Saturday. In order to bring it up in preference to other bills previously introduced, it was necessary for the House to take some affirmative action in that direction. To accomplish this the Democratic floor leader introduced the following resolution, which passed by a large vote:

Resolved, That immediately upon the adoption of this resolution the House shall proceed to the consideration of H.R. 2820, a bill to maintain the credit of the United States Government, and all points of order against said bill shall be considered as waived; that after general debate, which shall be confined to the bill and shall continue not to exceed 2 hours, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Economy, the previous question shall be considered as ordered on the bill to final passage.

It will be noted that this resolution bound the Congress to the consideration of this bill and nothing else; that the bill could not be debated except for 2 hours, and could not be amended or substituted in any way. The bill came on for passage before any copies were available and before none but a few who may have helped the President draw it knew its

provisions. Its title, "An act to maintain the credit of the United States Government", carried an appeal to the patriotism of all Congressmen. If it was a question of maintaining the financial integrity of the Nation, none would refuse to assist in its passage. With every bank in the United States closed, with the new President pleading for immediate action, with his statement that "the very stability of our Government itself is concerned", and with his promise to deal justly by all if given this great power, the Congress was moved to act and to pass this proposed legislation.

The President stated:

If the Congress chooses to vest me with this responsibility, it will be exercised in a spirit of justice to all, of sympathy to those who are in need, and of maintaining inviolate the basic welfare of the United States. I ask that this legislation go into effect at once.

Again he said:

Too often in recent history liberal governments have been wrecked on rocks of loose financial policy. We must avoid this danger. * * * We must move with direct and resolute purpose now. * * * I am not speaking to you in general terms. I am pointing out a definite road.

The President's friends claim that this message is one that will rank with the great state papers of American Presidents. Be that as it may, it was considered by the Members of Congress as a "cry in the wilderness", and out of a sense of patriotic duty the cry was heeded. Those Members of the committee appointed to report this bill who addressed the House, and who probably had had a chance to read it, sponsored it and pleaded for its passage. They no doubt were honest in their purpose, but subsequent events have shown that they were not clear in the presentation of the facts or else did not know all the facts or the intention of the President and those whom he expected to carry out the authority that was to be intrusted to him by that legislation. Few, if any, Congressmen will now claim that the reduction in veterans' compensation as provided in this bill are in line with the discussions of the bill on the day of its passage. Mr. McDUFFIE, the gentleman from Alabama, the chairman of the committee reporting the bill, than whom a more sincere speaker cannot be found among our Membership, said on that occasion:

This bill, if enacted, will not be an act on your part to take a dime from a single worthy ex-service man. You are simply placing the responsibility on a great man who is willing to assume it. Your vote for this bill simply shows your willingness and your desire to cooperate with him, believing, as I know you believe, that he meant what he said in his message when he said, "If the Congress chooses to vest me with this responsibility, it will be exercised in a spirit of justice to all"—

And so forth.

Mr. TABER, the ranking Republican member on this committee, who is always sincere in what he says, said:

I am going to first explain this bill a little bit so everybody who has not gone into it himself or had opportunity to do so will know something about what it is. In the first place, it makes no definite change in the provisions for veterans except that it wipes out some of the presumptions.

By way of justice to Mr. TABER, however, he proceeded further to state his position clearly and courageously, but one could not conclude from his eloquent address that even he thought that such a great portion of the reduction necessary to balance the Budget would come from the veterans. Mr. McGUGIN, another member of the committee, and a Member who always speaks his convictions clearly, evidently did not believe that the President would reduce the allowances to the veterans as this appropriation bill shows he intends to do, for in a colloquy with Mr. BROWNING, of Tennessee, the following appears in the RECORD:

Mr. BROWNING. Mr. Speaker, I am unwilling for this sweeping provision, that I consider a slaughter of the disabled service men of the United States, to pass without protest. The argument has been made that the President is going to be fair, and I am the last one in the world who would impugn his motives. There are several different classes adversely affected here that ought to have consideration. In the first place, this is going to wipe out every presumptive service connection, and this means that the presumptive tubercular boys are going to have to go. This means that those that are on $50 a month, who have had the patience to make the fight to reach an arrested condition and have hanging over them the sword of Damocles of reactivation, will have to go back to work and break themselves down again.

Mrs. NORTON. Will the gentleman yield?

Mr. BROWNING. I have just 4 minutes. This means these boys who undertook to make the fight alone, without any aid from the Government, until their witnesses were gone and their proof absolutely destroyed, and then came forward and asked the Government for $12 a month, are going to be cut off because they are under a disability allowance, and we need not fool ourselves about it. All the presumptive cases and all the disability-allowance cases are going to be discontinued at once. I think this is the meaning of the proposed law.

Mr. McDUFFIE. Will the gentleman yield? The gentleman does not want to indulge in a misstatement.

Mr. BROWNING. I think that is the meaning of the law.

Mr. McDUFFIE. That is not in the bill.

Mr. BROWNING. The power is there and the gentleman knows it is there. [Applause.]

Mr. McGUGIN. Does the gentleman think his President will do that?

Mr. BROWNING. I think the President will exercise all the power he has asked for in this bill. [Applause.] There would not be any need of his asking for it if he did not expect to exercise it.

Mr. WOODRUM, of Virginia, who at that time at least could be considered as the spokesman for the President and also a member of the committee appointed to report this bill, said on the day the bill was voted upon:

Let me ask this: Who has a right to say that Franklin D. Roosevelt will not deal kindly, gently, and sympathetically with the disabled soldier? In God's name, if a man ever lived, if a man ever occupied a place of authority who is in a position to have his big heart go out in sympathy to the men who are disabled and who are down and out, who have suffered and who are in trial and tribulation, it is the man who now sits in the White House. So far as I am concerned, I am willing to trust the President to deal kindly, gently, and justly with the veterans that I represent.

When the bill was under debate it was brought out that the maximum reduction from veterans' pensions and allowances and veterans' administration generally would be $275,000,000. Mr. RANKIN, of Mississippi, in his remarks says:

The gentleman from Alabama [Mr. McDUFFIE] brings up the old cry about balancing the Budget. Are you going to balance the Budget at the expense of the disabled veterans? I might as well tell you now that the limit of reductions for World War veterans alone under this scheme is $275,000,000. Some gentleman near me says $279,000,000.

I have recounted the various steps in the passage of this bill at the risk of being tedious, the better to show the temper of the House when the bill was voted upon. From proceedings one must conclude that it was the belief of the membership of the House that the veterans would be given justice. I think Mr. GRIFFIN, of New York, expresses the general opinion of the House membership when he said:

There is no danger to be anticipated to the men who really made sacrifices in defense of our flag. I believe their interests are really safer in the hands of the President than they have been in the Veterans' Bureau. Let us take the pathos out of this thing. This measure does not threaten the veteran who is disabled. It does not menace the widows or the children of veterans who have been disabled. It gives discretion to the President to modify, qualify, reduce, amend, and change methods of administration in connection with the pension laws that have worked so unsatisfactorily in the past. In other words, it will take the graft and unfair discrimination out of veteran allowances, rationalize the distribution of the benefits, and dispense even-handed justice to all who are entitled to consideration.

There is no question but that there was room for great economies in the administration of the various activities of the Government dealing with the veterans. The cost of maintaining the Veterans' Bureau was mounting to gigantic proportions, and the time for calling a halt had arrived. Many veterans were drawing disability pensions and at the same time holding positions with the Veterans' Bureau at large salaries, while their less fortunate and more disabled comrades were forced to beg on the streets from lack of employment and from failure to prove their claims for disability. The hospitals were overrun by veterans who were not as deserving as many who failed to get hospitalization for lack of funds or friends. Fraud and misrepresentation in some cases had also helped in erecting the mountain of expense that had reached to such proportions as to threaten the financial safety of the Nation. Preparation for war and the afterexpense of war was greater last year than the total

income of the Government. A reduction was inevitable. Just how to make it was a problem.

A maximum of economies desired might not be easily effected from the sources that I have just enumerated, but to this might have been added a percentage reduction and to which, if not too large and if applied scientifically, the veterans would not object seriously. I think this would have been as much as was intended by the Membership of the House when the bill was voted upon. When a pension is once granted it carries an implication that the Government recognizes the justice of the veteran's claim, and the veteran feels a relationship has been established between him and the Government that will continue while he lives. To withhold this pension is bound to strain this relationship. If the withdrawal reduces the veteran to a state of one who must seek charity, it is an act of far-reaching consequences. To compel them to contribute more than their share is as much of an injustice as it is for them to demand and receive more than their share. The veterans have been standing for greater economies in the administration of veterans' affairs by the Government. They have opposed fraud and misrepresentation in procuring pensions. They have favored adequate relief for the service-connected disabled in preference to all others. The Veterans' Bureau had recently effected many reductions in the pensions of World War soldiers, but this reduction was probably not scientific. No doubt a scientific plan of reduction could have been evolved that would have saved the Government millions of dollars and still would not have wrought havoc with the homelife of many veterans. This could have been done if the maximum amount to be saved would have been kept at $275,000,000. But when it was raised to the sum of $460,000,000 the difference of $185,000,000 would come mostly from the pensions of the veterans. The original estimate of $275,000,000 could have been largely saved from the overhead expenses and from the other sources heretofore mentioned by me. What could not thus have been reached might have been reached by a percentage reduction of all pensions now being paid. This would work many hardships, but it would not put complete discouragement into the lives of so many veterans. Many veterans have built the future course of their lives and the lives and welfare of their families upon the certainty of their pensions. They were taught to rely upon the certainty of their pension whether they had any contractual right to do so or not.

Those Congressman who voted to give the President the right to make reductions in Government expenditures had a right to expect that the President would do it justly and scientifically. The President, on the other hand, should feel that his authority to handle the situation is only commensurate with what was the evident intention of Congress when it voted him this authority. A too drastic reduction is bound to be accompanied by much distress. Economies effected at the expense of great distress to one group in order to furnish charity to another group requires the wisdom of a Solomon to know whether any advantage is gained by the change. I consider a pension as a testimonial of a thankful nation to its defenders and not as charity. But if a withdrawal of a pension will reduce one of the Nation's defenders to the status of one depending upon charity, then the Nation has shifted its obligation over onto the State and local communities and made a charity seeker out of one who theretofore had been proudly self-sustaining in part at least. This cannot be condoned by the establishment of reforestation camps. Under our system of government it was intended that the States and local communities should care for all matters of charity as they do all civic and State matters. The people are sovereign and the Government is the creature of the people. The people reserved to themselves the right and duty of looking after the home and local welfare of themselves and their neighbors. The care of the Nation's veterans is a national matter and is a legitimate function of the National Government. Before the National Government is expected to do charity for the people for whom the State and local governments are primarily responsible, it should see to it that it has not neglected those for whom it has responsibilities to keep from the charity lists. It was the duty of the President in these days of deficits and reduced Government revenues to cut the national expense to the limit. He received the unstinted support of the membership of the House of Representatives in his program. The limit reaches only to where justice ends and injustice begins. Justice ends when he takes from one to whom the Government has heretofore acknowledged an obligation and gives it to another who has a right to look to the State and local authorities. He has the duty to cut from any group for the best interest of the country, but when he makes a cut in the interest of economy and to balance the Budget, it requires an explanation, when before receiving the benefits of that cut he proceeds to add to the expenses of the Government by many new ventures and plans much more than he has saved on the first process. It is not real economy to save one dollar and spend two while the one is being saved.

Under the regulations issued by the President, or those upon whom he is depending for the carrying out of this pension reduction, it is very evident that the amount to be saved was the real object and that the manner of saving it was not given as much consideration. The fairness and the justice and the sympathy that the President was expected to exercise is not seen in this plan. The balancing of the Budget was the paramount object. There is a line of diminishing returns in dealing with human feelings and human misery, just as there is when dealing with income taxes or property rents. No doubt the President prefers to do justice than to do injustice. When the human misery occasioned outweighs the advantages derived from the money saved, then the saving should cease. It is quite as important that the Government be for the people as that it be of the people.

It was also unfortunate, if not unfair, to link a pension-reduction bill with a salary-reduction bill. There was no more reason for linking the reduction of pensions with a salary reduction than there would have been for linking the pension-reduction bill with the reduction in shipbuilding or with the reduction of any other governmental expense, unless it would have been of some advantage in bringing Members to the support of the bill, because many of them had indicated that they would be willing to vote a reduction in their own salary in an effort to balance the Budget. This was a factor in the passage of the bill, although I do not think it was as important a factor as the framers of the bill anticipated when they attached the salary-reduction bill to the pension-reduction bill. I am still hopeful that the President may yet issue such instructions for reductions as will be in line with the intention of Congress when the bill was passed. The Spanish-American War veterans are put to a great disadvantage in proving service-connected disability. The President recognizes this fact, for in regulation no. 12, issued by him after persuasion of those who had recognized the injustice that might be done to this class of veterans, he says:

> And whereas it is realized that veterans of the Spanish-American War, the Boxer rebellion, and the Philippine insurrection who have heretofore received a pension, having in mind the period of time which has elapsed since the cessation of hostilities, will be at a decided disadvantage in endeavoring to secure evidence showing that their injury or disease was incurred in line of duty in the active military or naval service.
>
> And whereas it is realized that those widows, children, or dependent parents of deceased veterans of the World War who have heretofore received compensation under the presumptive provisions of the World War Veterans' Act, 1924, as amended, will likewise be at a disadvantage in endeavoring to secure evidence to show that the injury or disease from which the veteran died was incurred in line of duty in the active military or naval service:
>
> Now, therefore, by virtue of the authority vested in me by said law, the following regulation is hereby promulgated: Veterans of the Spanish-American War, including the Boxer rebellion and the Philippine insurrection, and every widow, child, or children, dependent father or mother of a deceased World War veteran who were in receipt of pension or compensation at the date of enactment of Public, No. 2, Seventy-third Congress, shall be entitled to continue to receive a pension under this act at the rate being paid them on the date of enactment of Public, No. 2, Seventy-third Congress, it being presumed that the injury or disease causing the disability or death was incurred in the line of duty in the

active military or naval service during either the Spanish-American War, including the Boxer rebellion and Philippine insurrection, or the World War; but such presumption shall be rebuttable, and the Administrator of Veterans' Affairs is hereby authorized and directed to cause to be reviewed all such claims; and where on the basis of medical judgment or affirmative evidence it is determined that the injury or disease causing disability or death was not incurred in the line of duty in the active military or naval service to discontinue payment of pension as of the last day of the calendar month during which such determination is made.

If the Pension Department interprets this regulation 12 in the light of the intentions of the House and the Senate when the bill was under discussion, many veterans who now fear the consequences of a drastic cut in their pensions will rejoice when they find they will still be permitted to remain on the rolls for a good portion of their former pension. But if this regulation no. 12 proves to be a false hope, and if the Department places such an interpretation as will make it null and void, then the veterans will be justified in feeling that they have been trifled with. Personally, I want to see the Budget balanced and the credit of the Nation maintained and the greatest economy possible practiced. But I maintain that when the President requested this transfer of authority from the legislative to the executive branch of the Government he assumed it with the same responsibility to the people that the Congress owed, and with the responsibility of not carrying his Executive authority beyond the certain reasonable intention of the grantors of the authority. [Applause.]

Mr. WOODRUM. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. MEAD].

Mr. MEAD. Mr. Chairman, a few days ago I discussed briefly the subject of air mail contracts. Since that time I have had opportunity to look up the law and I want to make a few observations on the same subject today.

When the Watres Act, H.R. 9500, was reported to the House, the gentleman from Nebraska [Mr. MOREHEAD] and I objected to its passage. We pointed out in our minority report that—

Under the provisions of section 4 of this bill the Postmaster General is authorized to award contracts by negotiations without advertising or considering bids. This provision making the Postmaster General a law unto himself eliminates competition and is nothing more than an outright subsidy in the interest of this industry. While we favor and have in the past voted for liberal appropriations and liberal legislation in the interest of the development of aeronautics, we believe this legislation is a step in the wrong direction and some limitations and safeguards should be written into the bill before it becomes a law.

As a result of the stand we took at that time and as a result of the general opposition that developed in the House against the bill, it was returned to the committee. If you will take the time to look up the record, you will find that the then Chairman of the Committee on Appropriations, the late lamented Mr. Wood, of Indiana, condemned in no uncertain terms the demands of this bureaucrat seeking as he was dictatorial powers over this industry. The bill was recommitted to the committee and the suggestions contained in our minority report were written into the new bill and H.R. 11704 was then reported to the House and later enacted into law.

The difference between the two bills is that the bill which finally passed provided that the Postmaster General should not award contracts by negotiations without advertising for bids; that is, that specific section granting such power was omitted from the bill which we passed, and therefore there was at least a direction by the Congress that the Postmaster General advertise for bids.

This language was also contained in the bill that was passed:

"After July 1, 1931, the Postmaster General shall not enter into contracts for the transportation of air mail between points which have not heretofore had such service unless the contract air mail appropriation proposed to be obligated therewith is sufficient to care for such contracts and all other obligations against such appropriation without incurring a deficiency.

The Postmaster General only advertised for two contracts in all the services that were given out during his administration, and on March 2, with a deficiency inevitable, the Postmaster General extended many services without advertising for bids.

Mr. Chairman, it is my judgment that a number of the air mail contracts are illegal.

If I were writing this bill, in view of the embarrassment in which the present administration finds itself, I would direct the President to draw the line as of March 4 and analyze every contract entered into by the former Postmaster General. Those that would not stand the test would be eliminated, and aviation would have a real new deal.

Mr. KELLY of Pennsylvania. Will the gentleman yield there?

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. MEAD. I will be pleased to yield to the distinguished gentleman from Pennsylvania.

Mr. KELLY of Pennsylvania. I am sure my chairman will do me the courtesy of stating that I joined with him in the opposition to the original bill suggested by Postmaster General Brown, and suggested some of the amendments, and when we did finally pass the bill, it provided that contracts carrying amounts above the appropriation were illegal, and that this applied to those that went over the appropriation carried by the appropriation bill.

Mr. MEAD. That is true. I thank my colleague.

The Postmaster General had no business issuing contracts for any new services unless he was positive that there were appropriations sufficient to cover them. The Department is forced to cut the mail pay on every air mail line for the month of June to keep within the appropriations.

The gentleman from Pennsylvania has always taken the proper stand in these matters. The gentleman and I have worked shoulder to shoulder for honest air mail legislation for the past 4 years. We wrote the law, but Mr. Brown wrote the interpretations, and you could not recognize one by the other.

If you will take the time to read our report on the Air Mail Service and the bill introduced by the gentleman from Pennsylvania [Mr. KELLY], you will find in them a fair solution of this problem.

I am tired of hearing men talk about the sacred rights of contracts. Why should not they take a reduction at this time? The employees in the Federal service have been called upon to make a sacrifice. Some have been reduced as much as 25 percent. Why not cut the subsidies? Is there anything sacred about them?

Mr. WOODRUM. Will the gentleman yield?

Mr. MEAD. Yes; I yield.

Mr. WOODRUM. Is it not true that section 6, the legislative provision in the bill about which our friends complain so bitterly, gives the President of the United States the right and power to review those two classes of contracts and where he finds there has been fraud or whenever the full performance of the contract is not required in the public interest he has the right to cancel or modify the contract?

Mr. MEAD. That is correct.

Mr. WOODRUM. And the person who has a legitimate honest contract has no reason to fear or complain of the examination of his contract?

Mr. MEAD. In my judgment, anybody that has a legal contract that is for a service in the public interest will be for this bill and will have nothing to fear.

Now, I want to discuss the legislative proposals. On page 50, section 2, provides that the head of every bureau, agency, or independent establishment shall, unless in his discretion the interests of the Government will not permit—

Purchase or contract for articles of the growth, production, or manufacture of the United States—

And so forth.

That provision may be necessary because of the independent offices provided for in this bill. However, such a provision is already contained in title III of the Post Office

Appropriation Act and repeated again in the Revenue Act of 1932.

Page 52, section 4, provides that—

No part of the appropriations may be used to pay any increase in the salary of any officer or employee whose position has been reallocated to a higher grade since June 30, 1932, by the Personnel Classification Board or Civil Service Commission.

When the bill goes to the Senate this section should be amended and made more specific. As it is now written it may affect promotions recently made by Cabinet officers. The assignment of an employee to a more responsible position should not come within the scope of this section.

Section 5 provides that provisions of the last Economy Act requiring impoundment of appropriations shall not operate to require such impoundment under appropriations contained in this act. This is necessary because the Budget estimates were based on the saving which was made in the last appropriation, and the impounding feature does not apply to the Post Office Department, because that would result in a double reduction.

On page 52, section 6 authorizes the President, on or before April 30, 1935, to modify or cancel contracts for the transportation of persons and/or things whenever the full performance of the contract is not required in the public interest and modification or cancelation will result in a substantial saving.

Right at this time, under the present Post Office administration and for the first time in my experience, a real effort is being made to reduce the appropriations necessary for the various contract services. In the days to come, when we are restoring the salaries of our employees, this will have a very helpful effect; heretofore it had been the policy to reduce the employees, to make them stand all the burden, which was unfair. Contracts, subsidies, and leases are now being scaled down by the Department and millions are being saved.

The retirement feature of this bill has been criticized and commended. It is an improvement over existing law and an improvement over the plan which was suggested by the Director of the Budget. Under the bill as written by the committee we retire the employees at an annuity of $1,200 a year. Under existing law they might be retired at about $700 a year. The committee treated this question with a degree of liberality that deserves our commendation. They changed the so-called "compulsory retirement" to a selective retirement, and from the utterances of the Postmaster General and others in authority, I believe it will be administered in a humanitarian way and that no serious injury will result to the employees in the service. Forcing 20,000 employees out of the service would ruin the retirement law. It would provide no additional work opportunities, because of the injunction against the filling of vacancies. A 30-year optional retirement with a reduction in the age at which retirement is compulsory would be fair to the majority of our employees.

Mr. TABER. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. BRITTEN].

Mr. BRITTEN. Mr. Chairman, there is carried in this bill now pending before the House an appropriation of $800,000 for the expenses of the Tariff Commission. Something that happened yesterday in London, and has been whispered about on Capitol Hill for the past 48 hours, may make that appropriation unnecessary. Let me read a short extract from the news dispatches from London this morning:

Great Britain's acceptance of the American "tariff truce"—

That is a new title which has been adopted by the so-called "Young Turks" surrounding the campus up on the other end of Pennsylvania Avenue—

Great Britain's acceptance of the American "tariff truce" proposal was transmitted to Washington today, with word that all nations to attend the World Economic Conference will be asked by the League of Nations to join the armistice to make it effective at once.

Prime Minister MacDonald, addressing the House of Commons, disclosed not only the British Government's decision to cooperate with Washington on a tariff truce, but also revealed certain other negotiations, etc.

Then the dispatch goes on to something that has no relevancy here.

A little further down the dispatch refers to Norman H. Davis, the American ambassador at large. He is the American ambassador at large most of the time, and the rest of the time he is talking for J. Pierpont Morgan. Everybody knows that:

Norman H. Davis, the American Ambassador at large, tonight telegraphed Washington the text of the "tariff truce" proposal upon which he agreed with Walter Runciman, president of the Board of Trade of the British Cabinet.

Foreign Secretary Sir John Simon, who spoke in Commons on the necessity for such an agreement, will forward draft of the proposal to the organizing committee of the World Economic Conference which will meet Thursday to accept it formally.

For the past 48 hours there have been whisperings on Capitol Hill about a very, very important message that has just been prepared by Dr. Moley for the President. That message is on Capitol Hill now, and it applies to the very substance of this bill. The idea of the message, which was disclosed on yesterday, is that the President is going to request the Congress to give him authority to appoint a commissioner, a lord high executioner of the American protective tariff, to attend this economic conference in London.

Mr. WOODRUM. Mr. Chairman, will the gentleman yield?

Mr. BRITTEN. In a moment. Think of that, my friends from Ohio and Illinois and New York and other great manufacturing States. This commissioner is to be clothed with authority to make agreements with foreign nations for increasing or lowering American tariff rates without respect to the Constitution and without respect to the advice and consent of the Senate. I yield to the gentleman from Virginia.

Mr. WOODRUM. My friend doubtless has overlooked the fact that we are having general debate on an appropriation bill, and that the debate is to be confined to the bill.

Mr. BRITTEN. Oh, no.

Mr. WOODRUM. Oh, yes.

Mr. BRITTEN. But I am talking about the bill. The bill carries $800,000 for a Tariff Commission, and I am talking about the tariff.

Mr. WOODRUM. The gentleman is not debating this bill.

Mr. BRITTEN. I will leave that to the Chair.

Mr. WOODRUM. The gentleman is making a political speech, and if he continues I am going to make a point of order against it, although I do not want to do that.

Mr. BRITTEN. But if the gentleman will listen to my language attentively he will find I am confining myself exclusively to the tariff and any changes which may be made in our tariff structure.

Mr. WOODRUM. The only question on the tariff in this bill is the appropriation for the Tariff Commission.

Mr. BRITTEN. Of course.

Mr. WOODRUM. Let us not have any politics in this. We are trying to legislate for the good of the country. Let us wait until we get this behind us.

Mr. BRITTEN. I agree with the gentleman fully in everything he says, and I am talking solely about the tariff, which, with its flexible clause, comes directly under the Tariff Commission from time to time. There is an appropriation carried here for $800,000. If the gentleman is afraid of my disclosing something which Dr. Moley has written, I have no objection to his shutting me off.

Mr. WOODRUM. How much time has the gentleman?

Mr. BRITTEN. I only have 10 minutes, but I will be glad to conclude in 5, if the gentleman wants me to.

Mr. WOODRUM. Go ahead.

Mr. BRITTEN. The subject is tender to those gentlemen on the other side who are always jumping through the hoop at the snap of the whip at the other end of Pennsylvania Avenue. I appreciate that. [Laughter and applause.] With 150 new Members here who have not yet had a chance to make a speech or offer an amendment to anything that has transpired in this House for 2 months, because it is all done under gag rule or under direction from the White

House, there should be some opportunity to talk about the effect the coming economic conference may have upon our industries. No initiative can prevail on that side of the House because you are so curtailed, so hamstrung on every piece of important legislation which comes up. Surely the gentleman will not object to my talking about the Tariff Commission when $800,000 is carried in this bill for its continuance.

If the White House proposal is to be seriously made, and I am sure it is, I think the country ought to know that the present administration is intent upon clothing someone, call him what you please, with authority to go to London in attendance at this economic conference, and there, in collaboration with the representatives of other nations, revise the tariff rates for the United States of America. That is what this means. This has been whispered around Capitol Hill for 48 hours, and last night the "tariff truce" or trade armistice was flashed from London. It substantiates the Moley proposal which the President is going to sponsor. A distinguished southern Senator has the proposed Presidential message in his pocket right now.

Mr. KNUTSON. Will the gentleman yield?

Mr. BRITTEN. I yield.

Mr. KNUTSON. Does the gentleman want the House to understand that we must get our information as to what is transpiring down at the White House from London?

Mr. BRITTEN. Indirectly, yes; in this instance, because this special ambassador is a very superior and supreme person.

Mr. O'CONNOR. Will the gentleman yield?

Mr. BRITTEN. Yes. I always yield to my friend.

Mr. O'CONNOR. We get our information here via London via the gentleman from Illinois.

Mr. BRITTEN. I thought the gentleman was going to say "via London via Great BRITTEN." [Applause and laughter.] That is the only reason I yielded to the gentleman, and then he fell down on me. [Laughter.] Still they say the Irish are witty.

Now, I think the country ought to be apprised in advance of the presentation of this Presidential request, because the industries of Ohio, of Alabama, New York, and Indiana, and all the great manufacturing States, will suffer very severely, if not be completely annihilated, if we clothe any individual, I do not care who he may be, with authority to go to London and negotiate with governments treaties that affect our tariffs, up or down. If that is true, why do we need $800,000 in this bill to sustain the Tariff Commission? That is the duty of the Tariff Commission and of Congress.

Where a rate is to be changed within a 50-percent radius, the flexible clause of the tariff act provides that the Tariff Commission shall do that very thing. But if Norman Davis or some other representative of Pierpont Morgan or the President is going over there to make international agreements, or perhaps one of the college professors now playing around the campus at the White House [laughter], I do not think the Senate will ever agree to them.

Mr. KNUTSON. Perhaps he will send Ezekiel.

Mr. BRITTEN. No. He is too valuable. We will keep him here. But no matter who he sends over there, I do not think the Senate will agree.

The CHAIRMAN. The time of the gentleman from Illinois [Mr. BRITTEN] has expired.

Mr. BRITTEN. Will the gentleman from Virginia [Mr. WOODRUM] yield me 2 minutes? [Laughter.]

Mr. TABER. I yield the gentleman from Illinois 2 additional minutes.

Mr. BRITTEN. I am satisfied, my friends, that this message has been written and that it is on Capitol Hill; that it is being held in the other body for an opportune moment for its presentation. Yesterday or last night was the first information we had that the British had finally agreed to the tariff truce; but they have only agreed because they think they can do to us in a commercial direction what they have done to us in direction of the merchant marine—wipe us off the face of the earth. Ramsay MacDonald, Herriot, and the rest of them, who came here looking for bargains a few weeks ago, went away from here empty-handed, with all due credit to our President. They had nothing on him. They did not baffle him or frighten him or deceive him, because he knew diplomacy as it is practiced in the old world, and that is the reason they went away empty-handed. That is the reason there was some doubt about London accepting this so-called "truce." But the Senate will never approve that kind of legislation. However, the House will approve it.

I maintain that when that message comes from the President, and your great leader, the distinguished gentleman from Tennessee, JOE BYRNS, gets on the floor as he did yesterday and put across that resolution about which there was considerable argument—when he takes the floor and says the administration wants this, and he points his fingers at you fellows, you will jump through, every one of you. [Laughter and applause.]

The CHAIRMAN. The time of the gentleman from Illinois [Mr. BRITTEN] has again expired.

Mr. BRITTEN. Mr. Chairman, I ask unanimous consent to revise and extend my remarks; and I will promise not to bring in any politics.

Mr. O'CONNOR. Mr. Chairman, reserving the right to object, I hope the gentleman does not delete any of the colloquy I had with him.

Mr. BRITTEN. I never could; that was too good.

Mr. BOYLAN. Mr. Chairman, further reserving the right to object, I hope the gentleman will insert in his remarks the source of his authority for the message being on the way.

Mr. BRITTEN. Everything that comes here has a certain sauce attached to it. Most of it has come down from the White House. Is that what the gentleman means?

Mr. BOYLAN. No. The gentleman claimed to possess authentic information.

Mr. BRITTEN. Oh, the gentleman said "source." I thought he said "sauce." [Laughter and applause.]

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. TABER. Mr. Chairman, I yield 10 minutes to the gentleman from Connecticut [Mr. GOSS].

Mr. GOSS. Mr. Chairman, I shall address my remarks for a few minutes this afternoon in reference again to the matters contained in this appropriation bill affecting national defense.

The bill contains an item in reference to the maximum rate of flying pay. It has been set in the bill as $1,440 per annum.

The Military Affairs Committee, of which I have the honor to be a member, recently conducted rather exhaustive hearings at which the Chief of the Air Corps, General Foulois, was present. He gave his opinion on this very subject and presented this rather voluminous brief [indicating]. I want to call attention to what this may do to the Air Corps. General Foulois said:

> The phraseology is such that the maximum amount which can be received will be $1,301.67, so long as the administrative furloughs are continued, rather than the maximum of $1,440. The provision will affect 621 Air Corps officers, and in addition 101 Army officers out of the Air Corps.

The reduction of pay, he says, is applicable to 165 Army Air Corps first lieutenants, 329 Army Air Corps captains, and 127 in the higher grades of the Army Air Corps.

What is the reason for this flight pay? Exhibit I of this document shows the great number of fatal accidents in the Air Corps. Last year there were over 80. This exhibit gives the various kinds of accidents.

May I call attention to the fact that this plan has been talked of: Instead of increasing the aviation pay 50 percent, as is now the law, to have the Government itself carry the insurance for this extra hazard.

It was the opinion of our committee at least that it was more satisfactory from the standpoint of the Air Corps officer and of the Government itself to pay this 50 percent in addition to the base pay.

General Foulois practically told our committee that if this legislative provision were enacted into law it would practically destroy the efficiency of the Army Air Corps, and I have not heard his statement successfully disputed.

For a moment I wish to touch on a comparison of the average pay received by the Army officer, the Army pilot, as compared with the pay received by commercial pilots.

The average pay of Air Corps officers with flying status is $334.18 per month.

The lowest rate paid by commercial companies, that paid by the United States Airways, is $362.50 per month, and the pay of commercial pilots runs all the way up to $682 per month.

Mr. HASTINGS. How much is that per hour?

Mr. GOSS. I have not got the various rates per hour paid by commercial companies figured out.

Mr. HASTINGS. I mean in the Army.

Mr. GOSS. We have to have a total of at least 100 hours.

Mr. KNUTSON. One hundred hours a month?

Mr. GOSS. Yes; and that varies, I may say to the gentleman, depending on the amount of the appropriation.

Mr. HASTINGS. How does an officer qualify for Army flying pay?

Mr. GOSS. I do not know how this particular matter was calculated. I may say it was sent up from the War Department as an official document to the Committee on Military Affairs.

Mr. HOEPPEL. Mr. Chairman, will the gentleman yield?

Mr. GOSS. I yield.

Mr. HOEPPEL. I may state for the information of the gentleman that the usual procedure has been that they must have 4 hours in the air on 10 hops, but most of these men fly 40, 50, or 100 hours a month.

Mr. GOSS. This provision will affect every officer who flies, from the brigadier general right down to the second lieutenant.

Let me call attention to the fact that the officers of the Air Corps are risking their lives daily far beyond the risk taken by any commercial aviator. Men sitting on the floor of the House have seen these Army Air Corps maneuvers where pursuit planes go up and have their dog fights, the bombers' attack, and various kinds of planes maneuver. The commercial flier simply takes off the ground and goes in a straight direction. Commercial fliers are not required to fly in tight, close formation.

Let me further call attention to the fact that nearly 100 officers lost their lives last year in this risky business, yet today we are giving the right to abolish all flight pay. The maximum allowed is $1,440, or, as I said, a little over $1,300 actually with the furlough.

I think the members of the War Department subcommittee of the Appropriations Committee will agree that General Foulois has done a splendid job during the last 2 years in cutting down surplus flying and limiting flight pay to those entitled to it.

Now, we know that the Navy feels that a maximum of $1,440 is sufficient to keep their Air Corps in existence.

One of the reasons is that they have so many enlisted men and junior and senior lieutenants in the Navy flying whose base pay would not come up to $1,440, and, therefore, there are very few officers in the Navy affected by this flight pay, but I am willing to take the word of the Chief of the Air Corps of the Army when he says that this will destroy their efficiency.

Mr. DARDEN. If the gentleman will permit, the statements of the naval officers who appeared before the Naval Affairs Committee do not bear out the gentleman's statement in that respect.

Mr. GOSS. The hearings show they did not oppose the $1,440, which is what I have just said. I do not understand why that was unless it was because they have so many enlisted men and junior officers flying that they are not affected.

Mr. McFARLANE. I may say for the gentleman's information that in the hearings before the Naval Affairs Committee the naval fliers very seriously objected to that provision in the bill.

Mr. GOSS. Oh, yes; the fliers do object to it, but Admiral Upham is the man who does not seem to care about it. I was present at the hearings before the gentleman's committee and listened to what Admiral Upham said. Of course, the men in the service are not satisfied.

Mr. SUTPHIN. Do I understand that Admiral Upham is an Air Service officer and a flier?

Mr. GOSS. He is not an Air Service officer. He flies and draws Air Service pay, but, of course, he is not in the same situation as General Foulois, and I may say that there is a difference between the Air Service of the Army and the Air Service of the Navy, and a great difference.

Mr. TABER. Admiral Upham does not get flight pay. He refused it.

Mr. GOSS. Well, he is entitled to it.

Mr. HOEPPEL. Will the gentleman yield?

Mr. GOSS. Let me go along just a minute because I have a document in front of me which has not been published, which I want to refer to. I was hopeful that the document that I am going to speak of now might have been made available to the House while this bill was under discussion. It is a rather lengthy statement by the Chief of Staff of the United States Army, General MacArthur. We called him before the Military Affairs Committee in order to find out what effect certain provisions of this bill might have toward destroying or further reducing national defense, and, in my judgment it has already passed the irreducible minimum, and we are at a very dangerous point even without the adoption of these provisions.

I asked General MacArthur what would be the effect on the Army of reducing our officers by 500, 1,000, 2,000, and so on, up to 4,000.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. GOSS. I asked:

> In your opinion, what would happen if the Congress saw fit to reduce the number by 1,000 officers or more?

And General MacArthur's reply was this:

> I believe that we now have fewer officers than are needed, and to make myself clear, you will have to give me 5 or 10 minutes to go into the proper background to answer that question.

Then he goes on and mentions the 18,000 officers provided under the National Defense Act, and then the action of the Appropriations Committee cutting this number down to 14,000 and now to 12,000. He feels that the very last item of reduction in respect to the Army should be the Army officers. He very clearly pictures this in his statement; and, by the way, I may call attention to the fact that the Military Affairs Committee, as soon as it has the opportunity, is going to print this whole document, so it will be available to the Members and so they may know what is happening to national defense from these various attacks that we get in these bills that are coming before us.

Mr. MARTIN of Colorado. Will the gentleman yield for a question?

Mr. GOSS. Yes.

Mr. MARTIN of Colorado. How does this bill affect such services, under the National Defense Act, as the citizens' military training camps, the reserve officers' training camps, the federalized National Guard, and so forth?

Mr. GOSS. I am glad the gentleman has asked that question. General MacArthur told our committee that we now have 12,000 officers in the Regular Army, and if the President's program on reforestation is completed, this will require a maximum of 4,000 officers. This means 1,200 camps throughout the country with 3 officers per camp. This would mean that 4,000 Regular Army officers would be taken off of duty in this country and at foreign posts, and I want to point out to the gentleman that last year it was brought out very clearly, when the Army appropriation bill was before us, that even a reduction of 2,000 officers would paralyze the C.M.T.C. and the R.O.T.C., and also a lot of the

work that the National Guard is doing, especially where there are Regular Army officers on duty.

Eventually, with these provisions being carried out, the committee has not definite information about the effect. The Bureau of the Budget could not tell us, but, eventually, the United States Army in continental America will only be twice the size of the police force of New York City, where they have 21,000 policemen.

Mr. MARTIN of Colorado. If the gentleman will permit me again, I cannot tell from a reading of the bill or the report whether the Reserve Officers' Training Corps and the citizens' military training camp will be cut out or not.

Mr. GOSS. I will tell the gentleman how they can get at that. In the provision here there is the right accorded the President to furlough officers of the Army at half pay.

Mr. MARTIN of Colorado. Yes; I read that in the bill.

Mr. GOSS. And I have already quoted the Chief of Staff as saying that the 12,000 officers we have, outside of the officers required to do the work in connection with these reforestation camps, have been reduced to an irreducible minimum to carry on the activities of the Army as we have been doing in the past, which, of course, included a program for the citizens' military training camps and the Reserve Officers' Training Corps and the Organized Reserves. He is very clear on that point, as the gentleman will see from his statement.

Mr. TABER. Will the gentleman yield?

Mr. GOSS. Yes.

Mr. TABER. According to information received from some quarters, the President is prepared to cut down or cut out some of these activities.

Mr. MARTIN of Colorado. That is what I am trying to get at.

Mr. GOSS. For one, I am absolutely opposed to cutting down any more in the national defense. [Applause.] I want to go on record as saying that I would favor an increase instead of cutting down. This pinch-penny saving in time of depression may turn out to be a form of extravagance in case of war.

I want to quote what President Roosevelt said and what another very able gentlemen said who was Secretary of War under General Jackson.

Mr. Chairman, I ask unanimous consent to insert those quotations in my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

The matter referred to is as follows:

General MACARTHUR. Before I get through, let me say that night before last I read in local periodicals extracts from statements by two men who have bulked large in the history of this country. These statements are so pertinent to this discussion that I am going to ask you to bear with me while I read them. Each was written in the aftermath of a war, one in the aftermath of the Spanish-American War, the other in the aftermath of the War of 1812. The first one was by the President of the United States, President Roosevelt, and he said this:

"Again and again in the past our little Regular Army has rendered service literally vital to the country, and it may at any time have to do so in the future. Its standard of efficiency and instruction is higher now than ever in the past. But it is too small. There are not enough officers, and it is impossible to secure enough enlisted men. We should maintain in peace a fairly complete skeleton of a large army. In particular, it is essential that we shall possess a number of extra officers trained in peace to perform efficiently the duties urgently required upon the breaking out of war.

"For years prior to the Spanish War the Secretaries of War were praised chiefly if they practiced economy; which economy was directly responsible for most of the mismanagement that occurred in the war itself—and parenthetically be it observed that the very people who clamored for the misdirected economy in the first place were foremost to denounce the mismanagement, loss, and suffering which were primarily due to this same misdirected economy and to the lack of preparation it involved."

The other was a report by the Secretary of War, Mr. Eaton. This was nearly 100 years before Mr. Roosevelt made his statement.

The CHAIRMAN. Eaton was General Jackson's Secretary of War.

General MACARTHUR. Yes.

The CHAIRMAN. He was the husband of the famous Peggy.

General MACARTHUR. Yes. He said:

"It is not the policy of the country to retain, in time of peace, a large military establishment, particularly numerous soldiery; but it is of the utmost importance to educate and retain a body of officers sufficient for all the labors preparatory to war, capable of forming soldiers, of supplying them, and putting them in motion in the event of war * * *."

With reference to the War of 1812, he asserted:

"The voice of the whole country was for war, and we plunged into it without a proper organization of the Army, or any of those preparations which it was our duty to make, and which an ordinary degree of foresight must have demonstrated to be necessary and, having committed the blunder, we neglected the only means by which the disastrous results of our measures could have been averted.

"In place of calling forth the intelligent, well-instructed officers of the old corps, and employing them where their talents and acquirements would have been useful to the country, the higher ranks of the Army were filled, for the most part, by men selected rather for their political influence than their military fitness.

"The consequence was that we had no discipline or subordination in our corps, no accountability in the administrative departments, no well-digested plans for operations, no combination or concert in the movement of the different armies; but the strength and resources of the country were wasted in puny and unsuccessful efforts or objects, and presented the singular spectacle of a powerful nation invaded and defeated at all points."

The National Defense Act corrected those conditions. It has been in effect now about 13 years. With its passage the United States, for the first time, could look forward with assurance of success in the eventuality of war.

Mr. GOSS. When we came out of the last war we had 18,000 officers to carry out the national defense. We now have 12,000. We had 280,000 enlisted men and we now have 125,000, including 7,000 Philippine Scouts.

Can it be that men in this House who were here during the war have forgotten about the extravagance that took place in this country as the result of our unpreparedness? If there are any that were here under the Spanish War, can they forget that same thing? History repeats itself.

If it was not for the equipment and matériel of our allies in the World War, we could not have gone over there. Every man in the House knows the effect of undermining the national defense of our country. National defense is one of the most precious things that we have, and every man ought to be for its preservation. Without a national defense, and a strong arm back of it, we would have no country.

Mr. BLANTON. Will the gentleman yield for one question?

Mr. GOSS. I yield.

Mr. BLANTON. Shall we prepare to fight successfully a war here in our own country to repel attacks, or shall we prepare to fight a war in foreign countries across the seas?

Mr. GOSS. For my part, I would prepare adequately, in accordance with the best military tactics, to fight it here.

Mr. BLANTON. That is all right, but fighting it here is an entirely different thing from fighting it abroad.

Mr. GOSS. Yes; but I will say that we are not prepared to fight it here.

Mrs. ROGERS of Massachusetts. Will the gentleman yield?

Mr. GOSS. I yield.

Mrs. ROGERS of Massachusetts. Does not the gentleman think it is unfair that enlisted men of the Regular Service should be expected to train men in the reforestation camps?

Mr. GOSS. Yes.

Mrs. ROGERS of Massachusetts. And be paid for that at the rate of $17 a month, while the reforestation men are paid $30 a month. The Regular Army enlisted man is allowed 34 cents a day for food, whereas the reforestation man is allowed 54 cents a day for food.

Mr. GOSS. Absolutely.

Mrs. ROGERS of Massachusetts. Another thing manifestly unfair is that our disabled war veterans have been cut under the severe regulations to almost nothing, or have had their entire compensation taken away without even having a hearing, whereas these reforestation boys, if they are injured or sick, will be given a dollar a day, plus their maintenance, which is 54 cents a day, while ill, and if they become permanently ill or disabled and have to leave the service, they still come under the provisions of the Employees' Compensation Act and will be given a monthly pension which in some cases will be greater than the pen-

sion payment which is given for the same disability to regular soldiers of our peace-time service.

Mr. GOSS. Yes.

Mrs. ROGERS of Massachusetts. In some instances they will receive a higher rate of compensation than our disabled World War and Spanish War veterans who have battle scars and who have been reduced under the drastic cuts of the President's administrative regulations.

Mr. GOSS. Yes; and I am sure the gentlewoman remembers the address delivered here on the floor the other day by the gentleman from New York [Mr. WADSWORTH], when he brought that fact out in a letter from a sergeant.

Mrs. ROGERS of Massachusetts. Exactly. They have robbed Peter to pay Paul. They are going to pay Paul in some instances, but they have certainly robbed Peter. Mr. Chairman, I ask unanimous consent to insert in the RECORD at this point the rates of compensation that civil employees are paid under the United States Employees' Compensation Act.

The CHAIRMAN. Is there objection?

Mr. BLANTON. Mr. Chairman, I reserve the right to object, and I shall not, to ask our distinguished colleague from Massachusetts to put in her remarks whether she favors lowering the pay of the boys in the reforestation camps or raising the pay of the soldiers.

Mrs. ROGERS of Massachusetts. I think the soldiers' pay should be raised.

Mr. BLANTON. And would she do that permanently?

Mrs. ROGERS of Massachusetts. I think the pay ought to go back to the old rate.

Mr. GOSS. Before we talk about the pay of soldiers, let us get the soldiers.

Mr. BLANTON. When did the lady reach that conclusion?

Mrs. ROGERS of Massachusetts. I have thought that for a long time.

The CHAIRMAN. The gentlewoman from Massachusetts asks unanimous consent to extend her remarks in the manner indicated. Is there objection?

There was no objection.

Mrs. ROGERS of Massachusetts. Under permission to extend, I submit the following:

UNITED STATES EMPLOYEES' COMPENSATION COMMISSION,
Washington, May 4, 1933.

MY DEAR MRS. ROGERS: In accordance with your verbal request, I take pleasure in forwarding herewith a brief statement showing the benefits provided by the compensation law applicable to civil employees of the United States. I do not know whether this statement is in sufficient detail to serve your purpose, but if you desire further information concerning this law I will deem it a privilege to furnish it to you.

The compensation rates shown in the attached statement are those provided by law. However, the bill H.R. 5389, which includes the appropriation for the payment of compensation benefits during the fiscal year 1934, provides for a temporary reduction in compensation rates. It is proposed in this bill to reduce these benefits to the same extent as the reduction in the pay of officers and employees of the United States recently promulgated by the President. The effect of this temporary reduction will be to reduce the maximum compensation from $116.66 to $99.16 per month and the minimum rate from $58.33 to $49.58 per month.

Very truly yours,

WM. MCCAULEY, *Secretary.*

Hon. EDITH NOURSE ROGERS,
House of Representatives, Washington, D.C.

MONEY BENEFITS PAYABLE TO BENEFICIARIES UNDER THE EMPLOYEES' COMPENSATION ACT OF SEPTEMBER 7, 1916

Disability compensation

For total disability: 66⅔ percent of the monthly pay received at the time of injury, subject to a maximum compensation rate of $116.66 per month and a minimum rate of $58.33 per month, unless the monthly pay is less than $58.33, in which case the injured person is entitled to compensation at the same rate as the regular monthly pay received when working.

For partial disability: 66⅔ percent of the loss in wage-earning capacity due to the disability, but in no case to exceed maximum compensation of $116.66 per month. There is no minimum rate for partial disability.

Duration of payment: Disability compensation is payable during the continuance of disability causing a loss in wage-earning capacity.

Computation of monthly pay: Monthly pay includes, in addition to the cash wage at time of injury, the value of subsistence and quarters received from the employer as a part of the employee's remuneration, but overtime pay is not taken into account.

Death compensation

Allowance for dependents: To widow or wholly dependent widower, 35 percent of monthly pay of deceased employee until death or remarriage. And, in addition, for each child under 18, 10 percent of monthly pay until death, marriage, or reaching the age of 18.

To one child under 18, if there is no widow or dependent widower, 25 percent of monthly pay.

To each additional child under 18, 10 percent: To be divided among the children equally; to be paid until death, marriage, or reaching age of 18 to child's guardian.

If there is no widow or dependent widower or child under 18: To 1 parent, if wholly dependent, 25 percent; to 2 parents, if wholly dependent, each 20 percent; to parent or parents, if partly dependent, proportionate amounts, to be determined by the commission. To be paid for 8 years, or until death, marriage, or ending of dependency.

If there is a widow or dependent widower or child under 18, dependent parents will be paid so much of above percentage as added to payments to widow or widower and children will not exceed 66⅔ percent of monthly pay.

If there is no widow, widower, child, or dependent parent: Brothers, if wholly dependent on deceased, to 1 person, 20 percent of monthly pay; sisters, if wholly dependent on deceased, to 1 person, 20 percent of monthly pay; grandparents, if wholly dependent on deceased, to more than one person, 30 percent, share and share alike; grandchildren, if partly dependent on deceased, to 1 or more persons, 10 percent, share and share alike. To be paid for 8 years or until death, marriage, or reaching age of 18 or, as regards grandparents, until they cease to be dependent.

Computation of monthly pay: Monthly pay includes in addition to the cash wage at time of injury the value of subsistence and quarters received from the employer as a part of the employee's remuneration, but overtime pay is not taken into account. The deceased employee's monthly pay for computing this compensation shall be considered to be not more than $175 nor less than $87.50, but the total monthly compensation to all beneficiaries cannot exceed 66⅔ percent of the monthly pay unless the monthly pay is less than $87.50. In no case can the total monthly compensation exceed the monthly pay.

Medical service furnished in case of injuries: For all injuries sustained on or after September 7, 1916, while in the performance of duty, including diseases proximately caused by the conditions of employment, whether resulting in disability or not, reasonable medical, surgical, and hospital services and supplies, unless refused, and transportation to place of securing them if necessary. Services and supplies must be furnished by United States medical officers and hospitals if available; if such services are not available, then by private physicians designated by the Compensation Commission.

Burial expenses payable in case of death: Burial expenses not exceeding $200, and transportation of body of employee whose home is in the United States, dying away from home station, or outside of the United States, if relatives desire it.

Compare this amount with the $75 which is allowed to the World War veteran—

PAYMENT OF PENSION FOR DISABILITY OR DEATH INCURRED DURING PEACE-TIME SERVICE

I. (a) For disability resulting from personal injury or disease contracted in line of duty or for aggravation of a preexisting injury or disease contracted or suffered in line of duty when such disability was incurred in or aggravated by active military or naval service other than in a period of war service as provided in part I, the United States will pay to any person thus disabled and who was honorably discharged from such period of service in which such injury or disease was incurred, or preexisting injury or disease was aggravated, a pension as hereinafter provided, but no pension shall be paid if the disability is the result of the person's own misconduct.

(b) For the purposes of paragraph I (a) of part II hereof every person employed in the active military or naval service for 6 months or more shall be taken to have been in sound condition when examined, accepted, and enrolled for service, except as to defects, infirmities, or disorders noted at time of the examination, acceptance, and enrollment, or where evidence or medical judgment is such as to warrant a finding that the disease or injury existed prior to acceptance and enrollment.

II. For the purposes of part II, paragraph I (a), hereof, if the disability results from injury or disease—

(a) If and while the disability is rated 10 percent, the monthly pension shall be $6.

(b) If and while the disability is rated 25 percent, the monthly pension shall be $12.

(c) If and while the disability is rated 50 percent, the monthly pension shall be $18.

(d) If and while the disability is rated 75 percent, the monthly pension shall be $24.

(e) If and while the disability is rated as total, the monthly pension shall be $30.

(f) If the disabled person, as the result of service-incurred disability, has suffered the anatomical loss or the loss of the use of

only 1 foot, or 1 hand, or 1 eye, the rate of pension provided in part II, paragraph II, (a) to (d), shall be increased by $10 per month.

(g) If the disabled person, as the result of service-incurred disability, has suffered the anatomical loss of both hands, or of both feet, or of 1 hand and 1 foot, or is so helpless as to be in need of regular aid and attendance, the monthly pension shall be $50.

(h) If the disabled person, as the result of service-incurred disability, has suffered the anatomical loss of both hands and 1 foot, or of both feet and 1 hand, the monthly pension shall be $75.

(i) If the disabled person, as the result of service-incurred disability, is blind in both eyes, having only light perception, the monthly pension shall be $87.

(j) If the disabled person, as the result of service-incurred disability, is blind in both eyes, having only light perception, and has suffered the anatomical loss of 1 hand or of 1 foot, the monthly pension shall be $100.

(k) If the disabled person, as the result of service-incurred disability, has suffered the anatomical loss of both feet and both hands, or is blind in both eyes, having only light perception, and has also suffered the anatomical loss of both hands or of both feet or of 1 hand and 1 foot, the monthly pension shall be $125.

III. The surviving widow, child, or children, and/or dependent mother or father of any deceased person who died as a result of injury or disease incurred in or aggravated by active military or naval service as provided for in part II, paragraph I hereof shall be entitled to receive pension at the monthly rates specified next below:

Widow but no child	$22
Widow and one child	30
(With $4 for each additional child.)	
No widow but one child	15
No widow but two children (equally divided)	22
No widow but three children (equally divided)	30
(With $3 for each additional child; total amount to be equally divided.)	
Dependent mother or father	15
(Or both) each	11

The total pension payable under this paragraph shall not exceed $56. Where such benefits would otherwise exceed $56 the amount of $56 may be apportioned as the Administrator of Veterans' Affairs may prescribe.

Mr. Chairman, I do not see how I can vote for this independent offices appropriation bill, with its many injustices. I realize, of course, the Democrats, who are in control of the House, doubtless have the necessary votes to pass any piece of legislation which the President wishes to have become law. With that in mind, I sent to the President a letter on May 6, which is as follows:

HOUSE OF REPRESENTATIVES,
Washington, D.C., May 5, 1933.

The PRESIDENT,
The White House, Washington, D.C.

MY DEAR MR. PRESIDENT: Anticipating the enactment into law of the independent offices appropriation bill, now pending, I am taking the liberty of offering a suggestion with reference to the administration of section 8, subsection A, of the bill.

This section, as you know, indicates possible selective retirement of certain employees in the classified Federal Civil Service who shall have performed 30 allowable years in such service without regard for the age of such employees.

I feel that to retire such employees without due consideration of their efficiency and without regard for their domestic responsibilities and financial obligations would undoubtedly cause distress and embarrassment which may be avoided, in great measure, by your humane administration of the powers which have been entrusted to you.

Many organized groups have long advocated the enactment of a 30-year optional retirement amendment to the Civil Service Retirement Act. It is confidently felt that a considerable number of Federal employees would avail themselves of the opportunity of retirement, thereby retaining in the Federal service other employees whose retirement would be a hardship to their dependents and themselves, and which retirement would also embarrass them with regard to certain contracts assumed on the understanding, as provided in the law, that they would be retained until the stipulated automatic age.

I am pleased to suggest that before any general program may be put into effect all Federal employees who are desirous of being retired shall be accorded the privilege of so doing, having had 30 years or more of allowable service.

Your favorable consideration of my suggestion will be, I feel fully assured, a most satisfactory solution of the operation of the retirement problem, as it will accomplish the desired economies with a minimum of hardship and possible injustice.

Yours very sincerely,

EDITH NOURSE ROGERS.

Mr. WOODRUM. Mr. Chairman, I yield 7 minutes to the gentleman from New York [Mr. BOYLAN].

Mr. BOYLAN. Mr. Chairman, because of the wonderful explanation of the bill to the House by the chairman of the subcommittee, the gentleman from Virginia [Mr. WOODRUM], and by the chairman of the Committee on Appropriations, the distinguished gentleman from Texas [Mr. BUCHANAN], I shall not go into the details of the bill. I will not tire you, because I think you are as familiar with them as I am. I just want to take a few minutes of your time to speak of the highlights that occurred to me while sitting here listening to the debate. The always-entertaining gentleman from Illinois [Mr. BRITTEN] told us about some mysterious whisperings that emanated from the White House; and as he told us about those whisperings, my thoughts went back to another day when he proclaimed to the country, after an interview with the President at the White House, that the President would sign a beer bill. Later this was denied by the White House. I do not know where he got that information, but possibly it was from some mysterious Billy Patterson. And I am wondering whether his information about the mysterious whisperings about tariff revision is the same kind of information that he gave us about President Hoover signing a beer bill. Of course, you gentlemen know that we cannot appropriate on mere whisperings, we must have concrete propositions before us. We have to appropriate for the needs of the departments.

Mr. HOEPPEL. Mr. Chairman, will the gentleman yield?

Mr. BOYLAN. Yes.

Mr. HOEPPEL. I observe that we have been legislating here a good deal on imagination. [Laughter.]

Mr. BOYLAN. That might be due to the fact that the gentleman, from what I have seen of him, possesses a very vivid and fertile imagination, and gives it full play; but as I say, we have to appropriate on concrete matters, we cannot appropriate on whisperings. Of course we are always glad to be informed, instructed, or amused, no matter from what source the amusement or the instruction may come. I was greatly surprised when the ranking member of the subcommittee, the gentleman from New York [Mr. TABER], got up and commenced to be fearful about the validity of contracts. I have a warm personal affection and regard for him. I know he is one of the most staid, able, and conservative Members of the House, and really, I think, in making his speech, from what I know of him, he had his fingers crossed.

Mr. TABER. Oh, if the gentleman will yield, I never was more earnest in my life. I hate to see the administration getting into such a mess as it will with section 6 of this bill.

Mr. BOYLAN. Of course, we know that. We know the gentleman is generous, but at the same time we also know that he is trying to prepare a record for another day. [Laughter.] Then the distinguished gentleman from New York [Mr. BACON] got up and said that the American merchant marine is going to the bowwows, going to be destroyed, that everything that has been done in 20 years is going to be wiped out at once.

Mr. BACON. Mr. Chairman, will the gentleman yield?

Mr. BOYLAN. Oh, not now. After I finish my statement I will yield. Page 52 of the bill provides:

Whenever it shall appear to the President, in respect of any contract entered into by the United States prior to the date of enactment of this act for the transportation of persons and/or things, that the full performance of such contract is not required in the public interest, and that modification or cancelation of such contract will result in substantial savings to the United States, the President is hereby authorized, in his discretion, on or before April 30, 1935, to modify or cancel such contract.

What is there in that that gives the power to the President to destroy the merchant marine?

Mr. BACON. Will the gentleman yield?

Mr. BOYLAN. Yes.

Mr. BACON. The gentleman, in all fairness, knows that in my opening remarks I said that I had complete faith in the President of the United States that he would not destroy the merchant-marine policy of the United States.

Mr. BOYLAN. Oh, yes; but after that platitude the gentleman spoke about the British vessels, how they build so many more vessels than we do and how it costs them less to do it, together with a mass of statistics that would go to show that by the very passage of this bill the President of the United States would have the power to destroy our mer-

chant marine. How ridiculous a statement; how utterly inane, when the same President, who has been Assistant Secretary of the Navy, a man who has been tied up with ships all his life, a man who is a student of American history and American traditions, a man who comes from an illustrious line of American forbears, by the slightest word or innuendo, to attribute to that distinguished man, the mere thought of doing anything to harm the American merchant marine.

I now yield to the gentleman from New York.

Mr. BACON. I only wanted the gentleman to be fair with what I said. I have no expectation that the merchant-marine policy in any way is going to be destroyed by the President of the United States. I have every confidence in him.

Mr. BOYLAN. Then why the necessity of the gentleman's speech?

Mr. BACON. I simply wanted to give a history of the development of the merchant-marine policy and give full credit to President Wilson for starting it, and I think the gentleman will agree with me there is nothing partisan in anything I said.

Mr. BOYLAN. Well, what was the purpose of the gentleman's speech? The only deduction that could be made from it was that some hidden power in section 6 of this bill would give the President authority to cripple our merchant marine.

The CHAIRMAN. The time of the gentleman from New York [Mr. BOYLAN] has expired.

Mr. WOODRUM. I yield 3 additional minutes to the gentleman, Mr. Chairman.

Mr. BOYLAN. Of course, if the gentleman was just speaking for the RECORD, I have no objection to that. Of course, I know the party on that side of the House is woefully in want of something to put into the RECORD; and if it will comfort them in any little degree or give them any satisfaction, I have no objection to that, but I do not want it coupled up with the splendid bill that our committee has brought in here. We, as your stewards, have brought in this bill, in order to carry out the policy of our Government. We believe the bill does this.

Mr. BRITTEN. Will the gentleman yield?

Mr. BOYLAN. Yes; I yield.

Mr. BRITTEN. The gentleman, of course, knows that in the merchant marine two terms are used, "stewards" and "mess attendants." Which one was the gentleman? [Laughter.]

Br. BOYLAN. Well, I should like to be a steward.

Mr. BLANTON. If the gentleman were to attend the gentleman from Chicago [Mr. BRITTEN], he would have to be the latter, would he not?

Mr. BOYLAN. The gentleman from Chicago has the reputation of being an excellent host. [Laughter.]

Mr. KNUTSON. Mr. Chairman, I think we ought to go into executive session.

Mr. BOYLAN. But, Mr. Chairman, I am perfectly willing for the RECORD to give my distinguished friends on the left any little publicity they want, but do not say, "Oh, he is a fine fellow, a wonderful man, the best President we ever had, but he is going to destroy the merchant marine. He is going to put it back where it was 20 years ago." For, you know, our able and energetic President yields to no man in this country in devotion to and preservation of its best interests.

Now, we are faced with a serious problem. Our country needs our very best services. It needs every bit of power and intellect and judgment and discretion that we have to take us out of the condition in which we find ourselves. We are not going to get out of the depths; we are not going to reach the heights, unless we unite as one man behind the distinguished, able, and energetic President who has accomplished more for the good of the country in 8 weeks than has been done in the last 12 years. [Applause.]

The CHAIRMAN. The time of the gentleman from New York has again expired.

Mr. ANDREW of Massachusetts. Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Without objection it is so ordered.

There was no objection.

Mr. ANDREW of Massachusetts. Mr. Chairman, more than a dozen series of orders and regulations affecting changes in veteran payments have been issued by President Roosevelt under the authority given him by Congress, and it is no mean task to correlate and interpret them. Several months may elapse before we can clearly appraise the full scope of the cuts which they involve. It is already clear, however, that while many of the changes fall strictly within the declared purpose of the "act to maintain the credit of the United States Government", as the popularly known Economy Act was entitled, not a few of them go way beyond and are quite at variance with the pledges made by the President when he asked for this authority. The President promised "to provide substantial justice" to the veterans, and "to care for those who suffer in their country's defense, and for their widows and orphans." Those who stood by the President when he asked help in saving the Government from what he described as "the road to bankruptcy" never imagined that the authority he asked for would be used to cut down ruthlessly the benefits given to those who were actually disabled in the war. I do not believe that the President himself had any such thought in mind. He has a generous heart and understands from personal experience what physical handicaps mean. Since his orders do not take effect until July 1, I cannot but hope that he will see fit to revise some of the orders already promulgated.

So far as the World War veterans are concerned, not only are all permanently war-disabled cut 20 percent but the majority of them are subject to a still further cut through the grouping of all disabilities into five percentage groups, within which each veteran is to receive, in place of compensation proportioned to his disability, the minimum compensation of his group. This means for men actually wounded on the field of battle or whose health was irretrievably destroyed in the war a slash of from 30 to 50 percent in what the Government has hitherto provided for them. Some of the men who suffered amputation will find their compensation slashed by a third or a half, and I venture to say that the American people, when informed, will disapprove of such economies at the expense of the victims of the war. Such treatment is cruel and indefensible and does not accord with the President's assurances when he asked Congress to grant him power to make necessary economies.

As for the President's orders concerning the Spanish War veterans, without attempting to defend the general policy of paying pensions for non-service-incurred disabilities, the fact remains that for the greater part of a generation the Spanish War veterans have been receiving disability pensions regardless of whether or not the disability was attributable to war service. Today, thirty-odd years after the war ended, it is harsh of a sudden to require these veterans to furnish evidence that they were disabled as a result of their service in that war. Most of the doctors who treated them are dead. Many of their comrades who were familiar with the facts are also no longer living. Many of their records have been destroyed. I hope the President will also see his way clear to relieve the anxiety of these rapidly aging veterans, as the number concerned is relatively small and the total savings involved not very important.

Mr. TABER. Mr. Chairman, I yield such time as he may desire to the gentleman from Minnesota [Mr. KNUTSON].

Mr. KNUTSON. Mr. Chairman, on Friday, March 11, President Roosevelt sent to Congress a message on the state of the Union, wherein he called attention to the deplorable condition of the country's finances and the imperative need for bringing the Government's expenditures within its income. To do this he asked for extraordinary powers which he deemed necessary to meet the greatest emergency to confront the Republic since the dark days of the Civil War. It is only fair to say that many Members of Congress, Democrats and Republicans, were at heart against the granting of what amounted to almost dictatorial power, but realizing the gravity of the situation they reluctantly voted to vest President Roosevelt with the power he sought, for they realized that the welfare of the Republic was at stake.

Few, if any, are satisfied with the regulations issued under which all pensions and compensations are being reviewed.

I personally know of a considerable number of very worthy service-connected cases that have been stricken from the compensation rolls, which is clearly in violation of the assurances given us by the majority leaders, as well as by the President, that the act would be leniently administered; that no injustices would be done. I want to take this occasion to assure those affected that if these injustices are not corrected I shall introduce the necessary legislation to fully protect the interests of these worthy cases.

The Republic cannot afford to deal niggardly with those who have served it in times of stress, and at the same time I realize the necessity for greatly reducing the operating expenses of the Government. Since 1914 the increase in cost of government, national and local, has grown to such proportions that we are now paying about 30 percent of our income in taxes.

I have consistently fought unnecessary and excessive public expenditures, and in so doing have but lived up to pledges of economy that I have repeatedly made to those whom I represent. I shall continue that policy. I hold that all expenditures should be well within our income. To spend more would ultimately result in national bankruptcy. Since the depression set in the Federal Government has gone into the red approximately $5,000,000,000, which is about $5 for every minute since the dawn of the Christian era. With all our wealth and resources we cannot stand a thing like that indefinitely. It had to be stopped and stopped at the earliest possible date. Mr. Roosevelt took the only course that was open to him in asking Congress to pass the Economy Act. At that time we naturally assumed that it was the beginning of an economy program that would quickly result in balancing the Budget.

With agriculture and industry at low ebb, with 12,000,000 out of work, with local governments at the end of their resources, we cannot afford to spend a single dollar unwisely. The so-called "Farm Relief Act", which recently became law, changes the whole economic picture in that it definitely embarks us on a program of currency inflation. Under the provisions of that measure the President will be empowered to issue up to three billions in greenbacks. If that is to be done, then, I say, let us use that money in paying the veterans their bonus. I can think of no better way in which to get this money more quickly into active circulation. There have been a number of relief measures introduced in this and preceding Congresses, but none of them offer the opportunity to relieve suffering and want as does the paying of the bonus under present conditions. The money would be spent for food and clothing and to pay pressing debts. That in turn would stimulate business and raise the price levels as no other plan that has been proposed. It would also relieve the pressure on local relief organizations, which have about reached their limit. Heretofore I have opposed the payment of the bonus because I did not know where the money was coming from, but now that means have been provided for payment, it will give me genuine pleasure to vote to pay the veterans at this time, for I can think of nothing that will give a more equitable distribution of the new money and thereby afford relief that will be Nation-wide. I am sure that the House will agree with me that it would be much better to use the new currency for this purpose than to spend it on unnecessary projects, such as public buildings, Muscle Shoals, and Boulder Dam, which are purely local in their nature and the maintenance of which will constitute a perpetual charge upon the Federal Treasury.

Mr. TABER. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. BLANCHARD].

Mr. BLANCHARD. Mr. Chairman, as has been stated today, there will be a serious deficit for the fiscal year ending June 30, 1933, in the Postal Department as the result of excess contracts for air mail transportation. The appropriation amounted to $19,460,000, and it is estimated that the expenditures will exceed that by $1,500,000. For the year 1934 the appropriation is fixed at $15,000,000, and on the basis of present contracts and present operations the deficiency will amount to approximately $5,000,000. So the seriousness of the situation must be apparent to all, and quite naturally we must concede the necessity of curtailment of operations, or the cancelation of contracts or curtailment of pay. Any department of this Government which exceeds its appropriation as fixed by the Congress, except under most extraordinary circumstances, must meet with condemnation on the part of all American citizens. I do not hesitate to condemn the practice which has grown up in the past of exceeding by hundreds of thousands of dollars; yes, millions of dollars, appropriations set up by Congress.

I shall be just as free in my criticism of the present Department if the $15,000,000 appropriation is exceeded next year. In February and March of this year the Postmaster General, Mr. Brown, entered into some additional contracts. As a matter of general public policy, the letting of contracts by an official on the eve of his retirement from office must be condemned. In one of them my district happens to be vitally interested—the route across Lake Michigan from Milwaukee to Detroit. I am hopeful that the Department may see fit to continue this service, but may I say that if the Department in developing its policy, its necessary policy of curtailment, sees fit to cancel this contract the people of my district will be in perfect accord with that action despite the fact it will mean a serious handicap to the users of the Air Mail Service in Wisconsin.

Mr. WOODRUM. Mr. Chairman, will the gentleman yield?

Mr. BLANCHARD. I yield.

Mr. WOODRUM. I believe the particular contract to which the gentleman has alluded was under negotiation with the department for quite a long while before it was finally awarded.

Mr. BLANCHARD. Oh, the gentleman is entirely correct. On Monday the chairman of this committee read the law on the subject, and it was read again today by the distinguished gentleman from New York [Mr. MEAD]. It declares those contracts illegal where the specific appropriation has not been set up for the contract.

So we can group these contracts into two classes: One, illegal contracts, if they are illegal, and the distinguished chairman of the committee says they are; and, two, legal contracts.

The question arises as to whether or not this authority, this power grant, is necessary to give the right and the power to cancel these contracts. I wish to read the provisions of the air mail contract in question which I am reliably informed is common to all these contracts whether ocean mail service or air mail service. The language I speak of is contained in paragraph 7 of the contract and reads as follows:

> Upon 60 days' notice to the carrier the Postmaster General may increase, diminish, or modify the service above prescribed and make such adjustments in the compensation of the carrier as he may deem proper.

Now, let me proceed and read the language of the bill to show you how similar it is in some respects:

> Whenever it shall appear in respect of any contract entered into by the United States prior to the date of the enactment of this act for the transportation of persons and/or things that the full performance of such contract is not required in the public interest and the modification or cancelation of such contract will result in substantial savings to the United States, the President is hereby authorized in his discretion on or before April 30, 1935, to modify or cancel such contracts.

In other words, it is not intended as a clause providing merely for cancelation of a contract but a provision for modification as well, and in this connection I wish to refer again to the language that was used here by the chairman of the Committee on Appropriations when he stated that this provision of the contract could not be enforced because of the rule of reason laid down by the Supreme Court of the United States in the interstate-commerce cases.

May I call attention to the fact that this is a contract entered into between the United States, through the Postmaster General, on the one hand, and with the carrier on the other hand. Absolutely no rule of law, no rule of reason



can interfere with the changing and the modification of the service, the curtailment, or even the question of compensation. The fact of the matter is it has been done in the past and I think it will be done by the present Postmaster General in order to bring the expenditures of the Department during the fiscal year within the appropriation. He has the power and the authority, and I take it he will exercise the authority to place these contracts upon a pro-rata basis, as has been done in the past, or he may upon 60 days' notice curtail service in order to reduce expenditures to make them come within the appropriation.

Mr. McFARLANE. Mr. Chairman, will the gentleman yield?

Mr. BLANCHARD. I yield.

Mr. McFARLANE. In connection with the gentleman's statement may I say an aviation company I know of is interested in a short air line from Oklahoma City to Wichita Falls in my district, the Reed Air Line. They have submitted to the Department that they can carry this air mail across there for 10 cents a mile, and they have been in this service some 2 years. As I understand it, the average mileage cost for flying air mail is 61 cents. I believe this is correct. Why should we not cancel and modify these contracts if the Government is being euchred out of its money in any such fashion?

Mr. BLANCHARD. May I say with regard to the gentleman's question that different situations arise in different sections of the country.

Mr. McFARLANE. That is true.

Mr. BLANCHARD. I know there are places in the United States where a subsidy is not needed, but how continuous could our service be if it depended upon the power of the service itself to earn a profit? There could not be any continuity of service across the continent, and it must follow as night follows day that in some parts of the country the service naturally will not pay its way.

Mr. HOEPPEL. Mr. Chairman, will the gentleman yield?

Mr. BLANCHARD. I yield.

Mr. HOEPPEL. If the gentleman's contention is correct, I see no reason why we should not get Congressmen for $5,000 a year instead of $8,500.

Mr. BLANCHARD. Well, I do not want to take the time to answer that question.

Now, as I say, there are two classes of contracts, illegal contracts, as the chairman has designated them, and legal contracts.

My only objection to this provision is that the moment you put into effect a provision of this character there arises a state of uncertainty. Congress should above all things else establish a permanent policy with reference to its national defense and its Air Mail Service. If you cancel all or most of these contracts, what guarantee can we give with power of this kind granted for continuity of service or permanency of policy when new contracts are entered into?

I submit to you, in all fairness, that it is a serious question, a matter of fundamental policy, and a matter of the permanency of a policy, and this is my objection to a provision of this character—the uncertainty that must, of necessity, exist once you clothe any individual with such power.

I wish to say, in conclusion, that I have no fear about clothing the President with this power. I have voted him powers on many occasions since I have been in the Congress, so that no one need be disturbed about my argument against this provision on that score; but I submit that every time we grant a power of this character, whether it is granted to the President or to an administrative agency, there is bound to arise the uncertainty which may demoralize the service and prevent a healthy development of this important branch of our Government service. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman, I yield 7 minutes to the gentleman from Oklahoma [Mr. HASTINGS].

Mr. HASTINGS. Mr. Chairman, I want to discuss paragraph (b) of section 8 of the bill under consideration. Section 8 is known as the 30-year employees' retirement provision.

Paragraph (b) is as follows:

In making reductions of personnel due regard shall be given to the apportionment of appointments as provided in the Civil Service Act.

In this connection I invite your attention to the third paragraph of section 2 of the act of January 16, 1883, being "An act to regulate and improve the civil service of the United States." This third paragraph is as follows:

Third, appointments to the public service aforesaid in the Departments at Washington shall be apportioned among the several States and Territories and the District of Columbia upon the basis of population as ascertained at the last preceding census.

The report of the Civil Service Commission shows that there are approximately 33,000 Federal employees in the city of Washington. Of this number the District of Columbia, Virginia, Maryland, Iowa, and Vermont combined have a total of 16,033, or approximately one half of the entire number.

Delaware is entitled to 74 and has 74; New Hampshire is entitled to 145 and has 145. Each has its quota.

With the permission of the House I place these figures in the RECORD, which show the total number each State is entitled to and the number each has and the number in arrears:

Figures based on United States Civil Service Commission's late report on condition of the apportionment, 1933

States	Entitled to	Received	Excess appointments
QUOTAS IN EXCESS			
District of Columbia	132	10,776	10,644
Virginia	659	2,273	1,614
Maryland	444	2,112	1,668
Iowa	672	745	73
Vermont	98	125	27
Total	2,005	16,033	14,026
QUOTAS FILLED			
Delaware	74	74	
New Hampshire	145	145	

Present condition of the apportionment detailed by States

States	Entitled	Received	In arrears	Percent filled
Puerto Rico	482	24	458	5
Hawaii	115	13	102	11
California	1,544	342	1,202	22
Arizona	118	33	85	28
Alaska	18	5	13	27
Texas	1,584	433	1,151	27
Oklahoma	651	196	455	30
Michigan	1,317	442	875	33
Louisiana	571	207	364	36
Arkansas	504	180	324	36
New Jersey	1,099	408	691	37
Alabama	719	313	406	44
Mississippi	546	272	274	50
Georgia	791	384	407	48
South Carolina	473	228	245	48
Wisconsin	799	405	394	50
New Mexico	119	58	61	50
Ohio	1,807	925	882	51
Illinois	2,075	1,121	954	51
Oregon	259	125	134	48
Nevada	25	15	10	60
New York	3,423	1,868	1,555	54
Washington	425	240	185	56
North Carolina	862	485	377	56
North Dakota	185	130	55	70
Connecticut	437	254	183	58
Tennessee	711	438	273	61
Kentucky	711	481	230	68
Florida	399	276	123	69
Montana	146	90	56	61
Wyoming	61	41	20	67
Idaho	121	95	26	78
Colorado	282	215	67	76
Pennsylvania	2,619	1,976	643	75
Minnesota	697	543	154	77
Indiana	881	710	171	80
Nebraska	375	305	70	80
Missouri	987	780	207	79
South Dakota	188	160	28	85
Kansas	511	409	102	80
Utah	136	123	15	89
Rhode Island	187	173	14	92
Massachusetts	1,155	1,103	52	96
West Virginia	470	467	3	99
Maine	217	213	4	98

I call your attention to the fact that Virginia is entitled to 659 and has 2,273, or an excess of 1,614 appointments. Maryland is entitled to 444 and has received 2,112, or an excess of 1,668.

Examining the other States, I invite attention to the fact that Texas is entitled to 1,584, has received 433, and is in arrears 1,151, or has received only 27 percent of her quota. My State of Oklahoma is entitled to 651, has received 196, and is in arrears 455, or has only 30 percent of her quota.

Members of the House may examine the list and ascertain for themselves the discrimination against their respective States.

Mr. CARPENTER of Kansas. Does that include all States?

Mr. HASTINGS. It includes all the States.

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. HOEPPEL. Will the gentleman yield for a question?

Mr. HASTINGS. Yes.

Mr. HOEPPEL. Is it not possible to balance that apportionment with all these patronage jobs the Democrats are soon going to hand out?

Mr. HASTINGS. The gentleman from California is as well advised about patronage as I am.

You will note that the paragraph quoted from the Civil Service Act was approved January 16, 1883, more than 50 years ago. During all of this time an opportunity has been given to even up the Federal employees in the District of Columbia from the several States.

When it became known a few days ago that paragraph (b) of section 8 was reported in this bill it was severely criticized by the local press. By permission of the House, I am inserting an article from a recent issue of the Washington Post which clearly shows that paragraph (b) has teeth in it, and if it is finally retained in the bill it will be effective:

OVERQUOTA THREAT REMOVED FROM BILL—APPORTIONMENT CLAUSE NOT TO BE FACTOR IN MAKING FEDERAL DISMISSALS

By Robert C. Albright

The "apportionment clause" in the independent offices bill yesterday was rewritten to remove grave threat of dismissal of thousands of Federal employees from the District and overquota States it was authoritatively learned last night.

A redraft of the clause was prepared at a special meeting of the independent offices appropriations subcommittee, and will be presented to the full Appropriations Committee tomorrow before the measure is taken to the House.

As reworded, the clause places apportionment last in the list of considerations that would guide Civil Service Commission officials in making separations from the Government service. This was said virtually to nullify the effect of apportionment as a factor in dismissals.

With revision of the clause the subcommittee has removed virtually all of the "dynamite" from the bill, so far as it affects Federal workers.

Earlier the committee had rewritten the 30-year retirement provision, former center of the fight on the bill, so that it compels the retirement of nobody unless President Roosevelt issues orders setting aside existing seniority ratings.

At the same time they inserted a provision for "rotative furloughs", which amounts to mere continuation of the old law, aside from the fact that department heads will have the authority to discharge as well as furlough.

Yesterday's revision of the apportionment clause came at an extended session with officials of the Civil Service Commission.

The special subcommittee session followed disclosure in the Post that 10,582 Federal workers claiming District residence and hundreds from the overquota States of Virginia, Maryland, Iowa, and Vermont would be the first persons discharged under the new law.

As the clause is rewritten, subject to the approval of the full committee, efficiency, seniority, and marital status all must be considered first in making dismissals.

This means only when employees' ratings are identical, after considering efficiency, seniority, and whether both husband and wife are employed in the Government, would the apportionment rule be applied. And no case has been found yet where such ratings were identical in a given office.

Your attention is called to the fact that there was a reported revision or redraft of paragraph (b), which the above article from the Washington Post says would take all the teeth out of the law and therefore render it ineffective. I call your attention to it in order to emphasize the importance of not amending this provision but insisting upon its being finally retained in the bill as written.

It has been argued that there is a difference in selecting employees from the several States and in reducing them, and that apportionment should govern in the one case but that it should not govern in reducing the number of Government employees.

My opinion is that from every State of the Union the quota can be obtained and the Civil Service Commission and the heads of the various departments here in Washington should be required to see that the intent and purpose of the Civil Service law regarding apportionment among the States should be observed.

I urge upon the Members of the House not to be deceived by arguments that there may be difficulty in the administration of this act. Of course it can be done. The language of paragraph (b), section 8, is plain, and there is no difficulty in its interpretation. It is a clear command that—

In making reductions of personnel due regard shall be given to the apportionment of appointments as provided in the Civil Service Act.

This, of course, refers to the third paragraph of the act of January 16, 1883, above quoted.

There was a good reason for the apportionment of Federal employees among the States. It was not only to give them an opportunity for service to their Government, but to enable men and women from every section of the country to come to Washington and in that way come in close contact with their Government and be in a position to advise the people back home with reference to their Government, how it is administered, and how and why legislation is enacted for their benefit.

Mr. ROGERS of Oklahoma. Will the gentleman yield?

Mr. HASTINGS. I yield.

Mr. ROGERS of Oklahoma. The gentleman thinks the reduction should be made in accordance with that provision; in other words, the States that do not have a quota now should not lose as many as the States who have the full quota?

Mr. HASTINGS. That is correct, and that is what this paragraph (b) is intended to in part accomplish. It is a step in the right direction.

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman, I yield 5 minutes to the gentleman from Indiana [Mr. LUDLOW].

Mr. LUDLOW. Mr. Chairman, I have asked for this time in the latitude of general debate on the independent offices appropriation bill in order to make some brief observations on the proposed abolishment of the press service of one of the independent establishments—the Federal Radio Commission—and that I might have an opportunity to pay a merited tribute to an old friend of the fourth estate, G. Franklin Wisner, who organized that bureau and who has made it a very unusual instrumentality of public service.

I know I reflect the unanimous sentiment of the press gallery of Congress, where I served for 28 years, and of the National Press Club, of which I at one time had the honor to be president, and of many Members of Congress, also, when I say that the proposed outright abolishment of the press service is an evolution of government that passeth all understanding. I have no criticism of the Radio Commission, which undoubtedly is seeking to do its duty; but I cannot agree that the abolishment of its press bureau is necessary or advisable.

"Economy did it", says someone. Well, if that is the answer, I can only say that some very strange acts are performed in the name of economy. I am committed to the strictest economy, to cutting out useless agencies by the roots, and to the wholesale consolidation of agencies that overlap and waste money; but I can think of a thousand agencies that should be removed from the structure of government before the press service of the Radio Commission should be touched, if you ask my idea of the order of priority.

Why do I say this? Because radio is a new science; because it is a technical subject; because it is destined to be one of the biggest things in the world; because I know the might of publicity, and for these reasons it is highly impor-

tant to the future of radio, as well as for the convenience of the press and Members of Congress, that it shall have a press service that will be responsive to the national demand for information about radio and capable of giving out correct factual and interpretive information. Only on such a true and solid foundation can the future of radio be builded so that it will be firm and secure.

Radio owes a great deal to Mr. Wisner, who as its press and publicity promoter has accompanied it from its cradle into its swaddling clothes and through its short-trousers career to its present robust estate. As a former Washington correspondent of 14 newspapers, I know whereof I speak. Every hour of the day and night he has been at the service of the Washington correspondents. His exhaustive knowledge of radio has enabled him to answer all questions in terms of understandable English, shorn of technical obfuscations. He has been a mainstay of Members of Congress, who constantly call him over the telephone for information on an infinite variety of radio topics which is promptly and satisfactorily forthcoming. His office is a feeder of radio information to newspaper bureaus, press associations, news services, and radio magazines. It replies to queries received from all over America from individuals, companies, and groups large and small that want accurate information about radio. Specialized radio writers are continually visiting the bureau to secure information from Mr. Wisner, and he is constantly writing illuminating and informative articles for leading magazines, periodicals, and newspapers setting forth striking phases of the work of the Radio Commission, all as a day-by-day part of his public service and without extra compensation.

As a member of the press gallery, I served shoulder to shoulder with Mr. Wisner, and I know him to be an indefatigable worker and a splendid gentleman. Of course the fact that a man is an indefatigable worker and a splendid gentleman is no excuse in itself for keeping him in the public service if he is no longer needed, but I am sure I speak the sentiments of my fellow newspapermen when I say that it is their universal feeling that the demobilization of the Radio Commission's Press Bureau is a calamity to all of them. It is not entirely the loss of Mr. Wisner, much as they esteem him, but it is the loss of this very important and specialized service and all that it means to the newspapers and the public and to the future of radio. That is the real tragedy. Every Washington newspaper correspondent knows of numerous department and bureau press services that probably could be abolished and economies could thus be effected without injury to the public service and they do not understand why those bureaus should be spared and the one that many believe is the most important and useful of all, upon which the well-directed development of radio so largely depends, should be sacrificed on the altar of economy. It is not common sense, that is all.

Some of the Washington correspondents have placed in my hands a copy of a petition they are filing today with the Federal Radio Commission, and I conclude my remarks by quoting the text of that petition, as follows:

We, the undersigned, accredited members of the press galleries of Congress and the White House Correspondents Association, having learned of the proposed abolition of the press service of the Federal Radio Commission and the dismissal of its director, G. Franklin Wisner, protest that such action neither accords with so-called "economy plans" of the Commission nor with the best interests of efficiency.

Radio being so highly technical a subject, it has always been a great help to us to have one central source of information in the Federal Radio Commission. This has obviated the necessity of constant contacting of individual commissioners or members of the Commission staff. It has also operated to assure accuracy of the news emanating from the Radio Commission, which is one of the chief sources of news among the independent offices of the Government.

Some 100 newspapers are operators of broadcasting stations, while hundreds of others are vitally interested in radio developments. Moreover, the growing use of the short waves, particularly by Press Wireless, Inc., means that newspapers must continue to keep well apprised of the developments in radio. To have hundreds of correspondents occupying the time of individual commissioners to secure authentic information would mean a loss of time to them that would greatly impair the efficiency of the Commission.

Mr. Wisner has been of inestimable aid to us almost since the Commission's inception. He is an experienced former Washington newspaperman, whose appointment to his present post we originally urged. We now urge his retention and the continuance of the press service as formerly.

This is signed by George Holmes, manager of the Washington bureau of the International News Service; Raymond Clapper, head of the local United Press bureau; Kenneth Clark, head of the Universal Service here; and nearly 100 leading correspondents, including George Durno, president of the White House Correspondents Association; Raymond P. Brandt, president of the National Press Club; Charles G. Ross, president of the Gridiron Club; Theodore Alford, Kansas City Star; Theodore C. Wallen, New York Herald-Tribune; Robert D. Heinl, Washington Post; Martin Codel, editor Broadcasting Magazine; Sol Taishoff, Consolidated Press; George Manning, General Press Association; James P. Hornaday, Indianapolis News; Harry G. Gauss, Chicago Daily News; Fred W. Perkins, Washington Daily News; Russell Kent, Birmingham News; Paul Wooton, New Orleans Times Picayune; and scores of others, all of whom are very much concerned over the proposed abolishment of the Radio Press Service. [Applause.]

Mr. TABER. Mr. Chairman, I yield 5 minutes to the gentleman from North Dakota [Mr. SINCLAIR].

Mr. SINCLAIR. Mr. Chairman, ladies and gentlemen of the Committee, I think it is apparent to everyone here that this bill has some very important legislative provisions which do not properly belong in an appropriation bill. I want to call the attention of the new Members of the House to the fact that this should not be taken as a precedent to be followed by the Appropriations Committee hereafter. All of the legislative sections in the bill should have been thoroughly considered and approved by the appropriate legislative committee and recommended to the House.

Certain of these provisions are going to destroy—it is within the possibility—some of the best features of our Government service. I have in mind the Postal Service, which more than any other governmental agency reaches the home of every citizen and is practically self-sustaining. Under the provisions of the pending measure it is contemplated that the major economies shall be effected at the expense of the Postal Service and the veterans.

In section 9 (a) the President is authorized to suspend or reduce the allowance to rural mail carriers for equipment maintenance. I want to say to you it costs each rural carrier approximately $400 annually to operate and maintain his equipment. These carriers have already taken, under the Economy Act, a substantial cut in the equipment allowance. A survey conducted by the Post Office Department a couple of years ago disclosed that the equipment allowance paid at that time fell short by about 2 cents per mile of meeting actual operating costs. In some sections of the country costs have been slightly reduced by improvement in roads, but these have been scattered and for the most part on through highways. Other expenses, wear and tear, have been about the same.

Now it is proposed that the entire equipment allowance may be suspended at the option of the President. Surely that would impose hardship and injustice on the 40,000 rural carriers of this country, a burden greater than any other Government employees are asked to bear. If given an opportunity, I will move to have the word "suspended" taken out of the bill. I cannot believe, despite the seriousness of the depression, that this great Government is going to require these carriers to pay a bonus for the privilege of carrying the mail.

There is another item pertaining to postal matters which I wish to call to the attention of the House. On postal legislation, I usually follow the distinguished gentleman from New York [Mr. MEAD] or the distinguished gentleman from Pennsylvania [Mr. KELLY], both of whom are highly informed on postal problems and sympathetic to all branches of the service. During my service here they have usually agreed on postal legislation. I regret that in the present instance they are not in accord.

I want to touch briefly on the section of the bill relating to air mail contracts. One of these contracts happens to be in my State, North Dakota. I refer to the Bismarck-Billings route. This is the only section of the United States which has had no air mail service heretofore.

Every other part of the United States has had some air mail service. North Dakota and Montana are traversed by four transcontinental railroads, but have not had air mail service. It is true that feeders have been sent up from Omaha and Salt Lake City into part of this territory, but those feeders do not carry along the regular channels of trade. We want service with the Twin Cities, which is the natural trade center for all of that country. A contract extending the St. Paul-Bismarck air mail line to Billings was entered into on March 2 last. That air mail contract was approved by the Postmaster General largely due to the efforts of the late distinguished Senator from Montana, Mr. Walsh. Senators Walsh, Nye, and Shipstead, together with Representatives from these three States had been working on this proposal for some time, and one of the last official contacts had by Senator Walsh before his resignation as Senator was with the Postmaster General on this matter.

This contract is of great importance to the people of this territory, and I think it should not be abrogated. The House would have had all this information, would have had other information on the legislative features of this bill if the matter had come from the appropriate legislative committee in a position to give study to the subject. The committee would come in then and recommend proper legislation. I do not wish in any way to take prestige from the Committee on Appropriations, for I have the honor but recently of becoming a member of it; but I do say that it would be much better for the legislation, and for the proper functioning of this House if the Committee on Appropriations would confine its efforts strictly to matters of appropriations, and leave the field of legislation to the committees charged with that duty.

Mr. ALLGOOD. Mr. Chairman, will the gentleman yield?

Mr. SINCLAIR. Yes.

Mr. ALLGOOD. Speaking about the equipment of the rural carriers, there are three kinds of roads in the United States—the macadam road, the hard-surface road, and the country road. As I understand it the rural carriers get their pay by mileage, on the same basis.

Mr. SINCLAIR. Yes.

Mr. ALLGOOD. Is it not a fact that a rural carrier on a paved road will possibly make 75 miles and get paid for 75 miles a day, when the man on a bad road can make only 25 miles?

Mr. SINCLAIR. I agree with the gentleman.

Mr. ALLGOOD. And the equipment of the man on the bad road wears out much more quickly.

Mr. SINCLAIR. That is why the matter should be studied in the Committee on the Post Office and Post Roads. I know that the gentleman from Alabama is in sympathy with the rural carriers and is anxious to see justice done them. Therefore, I am sure he will agree with me as to the desirability of reference of the question to the Post Office Committee.

In the northern part of the United States, during the last year, we have had 5 months of winter weather, and at times the roads have been almost impassable. It has cost the rural carriers close to 15 cents a mile to operate. I earnestly urge that before any further reductions are forced upon rural carriers a careful study by actual investigations in the field be made, to the end that these loyal workers of the Government are fairly treated.

The CHAIRMAN. The time of the gentleman from North Dakota has expired.

Mr. TABER. Mr. Chairman, I yield 5 minutes to the Resident Commissioner from Puerto Rico [Mr. IGLESIAS].

Mr. IGLESIAS. Mr. Chairman, the several national problems confronted in this bill that are subject to debate are great and important to defense, commerce, economy, and human needs, but I feel it is my duty to convey to you some information which interests Puerto Rico. Indeed, you are now discussing complicated national problems that are of tremendous interest to many millions of people; the veterans' situation is one of these complicated problems, in view of the economies imposed by this bill. And in regard to this question, I desire to state that the veterans of Puerto Rico hope to receive the same treatment and care just as the distinguished gentleman [Mr. WOODRUM] has announced this morning will be given to all veterans of the Nation.

Reference is made in section 13, page 57, of this measure to the "economic bill", "to maintain the credit of the United States Government", to extend its provisions to Puerto Rico and imposing the 15 percent reduction in the salaries upon all officials in Puerto Rico, whose salaries are fixed by an act of Congress.

The organic law of Puerto Rico, approved by Congress on March 2, 1917, fixes the salaries of the Governor, attorney general, commissioner of education, auditor, and others, as well as those of the five justices of the supreme court, which are appointed by the President. The salaries of all officials of the island appointed by the President are paid out of the revenues of Puerto Rico in the same way as the salaries of all insular officials not appointed by the President as shall from time to time be directed by the legislature. If the legislature should fail to make an appropriation for such salaries, then the salaries fixed shall be paid without necessity of further appropriations.

As I said before, section 13 of this H.R. 5389 proposes the extension of the 15 percent reduction in the compensation to all officers and employees of the insular possessions, which is now fixed by acts of Congress and which is not subject to reduction under the provisions of title II of the act entitled "An act to maintain the credit of the United States", approved March 20, 1933.

The Legislature of Puerto Rico has not the power to make reductions in the salaries of the officials, which have been fixed by the organic law, approved by Congress. This act not only fixes the salaries of the officials but the way in which such salaries should be paid. The salaries which are going to be affected by virtue of this section 13 are as follows:

The Governor, $10,000; heads of the executive departments, attorney general, treasurer, interior, labor, agriculture, health, and auditor, each receive $6,000; the executive secretary, $5,000; the public service commissioner, $6,000. Besides these officials of the insular government, there are: The chief justice of the supreme court who receives $10,500, and the four associate justices who get $10,000 each. The Federal Government has also several other officials whose salaries are fixed by the organic law—the judge of the District Court of the United States, the district attorney, and the marshal—all appointed by the President.

In connection with this section 13, I have to mention the fact that the Legislature of Puerto Rico, for the last 3 years, has made reductions affecting almost 6,000 officials and employees of the insular government, including 4,000 teachers and 800 policemen. These reductions have ranged from 5 to over 25 percent. Some injustices and sufferings have been imposed upon many families for this.

The Governor of Puerto Rico, exercising the authority that is given to him by the organic law, and invoking new interpretations rendered by the attorney general of Puerto Rico, has reduced the budget outside of the legislature over $1,000,000 in the salaries of the employees and service of the insular government. Such reductions of salaries, as I say, have reached the proportion of over 25 percent in some instances, with the natural protests on the part of those who suffered the consequences.

But the Governor and the legislature have no power to reduce the salaries of the officials fixed by our organic law, approved by Congress.

Of course, I should like to have this section 13 amended in such a way that it would grant power to the Legislature of Puerto Rico to fix the reduction of salaries of these insular officials in the same way as the other officials and employees of the insular government of Puerto Rico, in view of the fact that all of them are paid from the revenues of Puerto Rico.

I know, and I have been advised by the chairman of the committee, that this cannot be done in this appropriation bill.

It is my duty, and I desire to inform you that before the presentation of this act the officials of the insular government, to which I have referred, and whose salaries are fixed by Congress through our organic act, had requested the governor—and, I think, he himself has suggested—that their salaries should be reduced as it was done with the salaries of other insular officials.

As I say, I should prefer, and the people of the island would desire, to have these salaries of the officials reduced through the authority and power granted to the legislature and the Governor.

From other sources I have received the suggestion that these salaries of the high officials of Puerto Rico should not be reduced, because small salaries will diminish the opportunity to have the best talent and capable officials employed in the service of the island and its people. That may be true, especially if we consider that some of the corporations in the island pay to their local managers and lawyers salaries that range from fifteen to thirty thousand dollars a year, and more than that.

Permit me to inform you that the Annual Report of the Governor of Puerto Rico for 1932 states that the appropriation act approved by the insular legislature has reduced the salaries and wages of the insular officials and employees to the extent from 10 to 15 percent, and was again reduced $1,000,000 by the Governor in the exercise of the power conferred upon him by the organic law, and reduced again by the Legislature of Puerto Rico in 1933, all this without having the authority and possibility of reducing the salaries of the officials fixed by Congress. In accordance with the same report the Governor says, as follows:

> The financial condition of the insular treasury at the close of the fiscal year was satisfactory, beyond all expectations.

Unfortunately, while the financial condition of the insular treasury is satisfactory and thousands of dollars of taxes were canceled or condoned, we have yet over 200,000 children of school age without accommodation. This bill contains a clause that helps the vocational education in the mainland, the Territories, and Puerto Rico.

The insular government is composed at present of the following officials and employees engaged in the public service, including the Governor, the legislature, and the departments, who receive the following compensation: About 6,011 Puerto Rican-American employees, $6,579,748, and about 233 employees continental Americans, $400,585.75. Of this total employees, over 4,000 are school teachers and over 800 police.

And before I finish this statement, let me say this: In reducing the public services of the government of Puerto Rico, we are losing opportunities to increase our schools, that need rooms and teachers for over 200,000 children, and also the services of health, sanitation, labor, and the fostering of agriculture and industry.

The most vital problem requiring immediate attention and assistance of Puerto Rico, as in the mainland, are our financial and economic conditions, education, and unemployment, prevailing among the thousands of the suffering producers of Puerto Rico, which are very critical, not only due to the world-wide and national economic depression but especially to the recent floods and hurricanes that badly injured the poor masses of the people as well as the business in general.

The great relief and economic rehabilitation program set forth by the President in behalf of the people of the mainland should be extended fully to Puerto Rico.

Nothing, I believe, would stimulate more the building of a sounder, healthier, and happier community of American citizens in the Caribbean than to extend your entire relief and rehabilitation program to the people of the island, whose increasing welfare would insure a constantly growing market with every prospect of enlarged incomes for American business and further revenues for both the insular and Federal Governments. [Applause.]

Mr. TABER. Mr. Chairman, I yield the balance of my time, 5 minutes, to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman, I have been watching the procession of speakers this afternoon, and with each succeeding speaker I have noticed there has been a diminution in the number who remained in attendance. I recall a state occasion where there were a lot of extra-fine speakers, and when they got down to the next to the last speaker there was only one man remaining in the audience. Everybody else had gone. The speaker turned to him and said, "Kind sir, I want to thank you for your patience and fortitude in remaining here to listen to my speech." He said, "Hell, man, don't thank me. I am the next speaker." [Laughter and applause.]

Anyway, I am going to thank all of the 39 Members, less than 9 percent of the total Membership of the House, who have remained here faithfully on duty to listen to the discussion of the various component elements that go to make up this appropriation bill, involving over $500,000,000.

Mr. BOILEAU. Will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. BOILEAU. If the gentleman should like a larger audience, I will make a point of no quorum.

Mr. DIRKSEN. No, thank you.

Mr. KVALE. Will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. KVALE. It might be as one of the other speakers described his audience as being "large and enthusiastic", one as being large and the other as being enthusiastic.

Mr. DIRKSEN. I thank the gentleman from Minnesota. I do not believe in that kind of hypocrisy.

Now, I am going to leave with you one thought tonight, and I want to preface it by reading from the remarks of the gentleman from Virginia [Mr. WOODRUM] on the economy bill, on page 177 of the first bound copy of the RECORD:

> Let me ask this: Who has a right to say that Franklin D. Roosevelt will not deal kindly, gently, and sympathetically with the disabled soldier? In God's name, if a man ever lived, if a man ever occupied a place of authority who is in a position to have his big heart go out in sympathy to the men who are disabled and who are down and out, who have suffered and who are in trial and tribulation, it is the man who now sits in the White House. So far as I am concerned, I am willing to trust the President to deal kindly, gently, and justly with the veterans that I represent.

Now, I will subscribe to that. I think the man in the White House, who is strapped with iron braces, and who has known every kind of physical anguish and pain, would give the veterans a better deal than they will get under this bill, the supplement to the economy bill. But the fact is that Mr. Roosevelt does not know what is in the bill or in the regulations. [Applause.] He does not have time to find out, as a matter of fact.

Now, do you think you will get any sympathy from General Hines; from Mr. Hiller, his assistant; from Mr. Douglas, Director of the Budget; and from Mr. Roberts, who helped write the economy bill and some of these other veteran provisions? Certainly not. You will get as much sympathy out of an iceberg as you will out of those gentlemen, because their traditional policy has been to set themselves up against the veteran. [Applause.]

Let me leave this thought with you: Look in the Executive regulations of the economy bill, and you will find that on a rating of 10 to 24 percent disability a man gets a 10 percent rating, or $8 a month. Is any Member of Congress willing to surrender 24 percent of his physical fitness for a paltry $8 a month? Ask yourselves that question. Yet that is what you are asking the veterans to do. Would you surrender 49 percent of your physical fitness for $20 a month? Or 74 percent of your physical fitness for $40 a month? Or 99 percent of your fitness for $50 a month? Ask yourselves that question. It is a very personal matter. Now, go back and examine the Presidential regulations and see how drastic they are. There was a presumption of fitness on the part of a soldier when he went into the Army.

It does not make any difference whether he had incipient T.B., halitosis, or flat feet, or anything else; if it was not noted in the record when he enlisted, the presumption is that he was physically fit, and you know that in the hysteria that went with the World War many men were incapable of military service at the time they enlisted and yet managed to enter the Army. Disabilities were not noted in their records. Such disabilities were aggravated in the service, yet they were presumed to be physically fit according to the new regulations and are precluded from all benefits. Why, even men who were color blind got by the examining boards. You have all had experience. Yet, presumed to be fit. So that presumption is set up against him.

So far as the non-service-connected ratings are concerned, look at the regulations. It provides for $20 only when a man has been permanently disabled or is totally disabled. Examine the rest of it, and you will see the same thing. I will elaborate on that tomorrow when we read the bill for amendment, because there is something vital here that should be brought to the attention of the House.

The CHAIRMAN. The time of the gentleman from Illinois [Mr. DIRKSEN] has expired.

The CHAIRMAN. The time allotted for general debate having expired, the Clerk will read the bill for amendment.

The Clerk read the first paragraph of the bill.

Mr. WOODRUM. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore [Mr. BULWINKLE] having resumed the chair, Mr. MCCLINTIC, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H.R. 5389, the independent offices appropriation bill, had come to no resolution thereon.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed, without amendment, a concurrent resolution of the House of the following title:

H.Con.Res. 18. Concurrent resolution authorizing the Clerk of the House, in the enrollment of H.R. 3835, to strike out the word " basic " where it appears in subsection (3) of section 8.

The message also announced that the Senate had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 3835) entitled "An act to relieve the existing national economic emergency by increasing agricultural purchasing power ", and recedes from its amendment numbered 83, excepted to by the House of Representatives.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 5081) entitled "An act to provide for the common defense; to aid interstate commerce by navigation; to provide flood control; to promote the general welfare by creating the Tennessee Valley Authority; to operate the Muscle Shoals properties; and to encourage agricultural, industrial, and economic development ", disagreed to by the House, agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. SMITH, Mr. KENDRICK, Mr. WHEELER, Mr. NORRIS, and Mr. MCNARY to be the conferees on the part of the Senate.

REGIONAL AGRICULTURAL CREDIT CORPORATION

Mr. WHITE. Mr. Speaker, I ask unanimous consent to place two letters in the RECORD, in order that the Members may have information of the methods and operations of the Regional Agricultural Credit Corporation in the State of Idaho, one from Chase Kearl, agricultural extension agent of Franklin County, and the letter of E. R. Underhill, secretary-treasurer of the Corporation at Salt Lake City.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Idaho?

There was no objection.

The letters are as follows:

COOPERATIVE EXTENSION SERVICE IN AGRICULTURE AND HOME ECONOMICS, STATE OF IDAHO,
Preston, Idaho, May 6, 1933.

COMPTON WHITE,
United States Representative, Washington, D.C.

DEAR SIR: I am enclosing, herewith, a copy of a letter received by one of our farmers relative to a loan on livestock contemplated by the Regional Agricultural Credit Corporation. I might say that in January I assisted this man in making his application, in which he asked for $260 and offered as security 6 head of good dairy cows, and 2 yearling heifers.

It is possible, of course, that the security offered is inadequate, and I am not presuming to say what shall or shall not be the policy of the loan organization set up by the Government and designed to assist farmers, which organization is failing miserably to meet the purpose for which it was created.

I contend that if the property offered is inadequate, the man should have been so instructed; and that to require, first, a mortgage on all livestock and feeds on hand; second, a crop mortgage on all crops to be grown in 1933; third, an agreement affecting your pasture and grazing land, to secure a loan of a miserable $260, is an insult to any intelligent, self-respecting man.

My attention, today, is called to another letter received by an applicant who wanted a loan of $550 and offered, by way of security, 15 first-class dairy cows and 20 head of 2-year-old steers and heifers. In order to get the loan the man has been asked to offer as security 20 head of dairy cows, 30 head of 2-year-old steers and heifers, 15 head of yearlings and calves, 40 head of sheep, all feeds now on hand, and a mortgage on feeds to be grown during 1933 and a waiver on his reserve right.

It occurs to me that the institution is not actually designed to relieve any bad situation among the livestock men, nor do I believe that it is functioning to that end. The requirements for obtaining money from the institution are more severe than those of the average banker ever were, and the delay and trouble incurred in securing the loan more than offsets any value realized from the lower rate of interest.

I am transmitting this information to you because I believe you will be interested in knowing just how this emergency institution is functioning or failing to function in relieving livestock owners under the present depressed conditions.

Very truly yours,

CHASE KEARL,
Agricultural Extension Agent.

REGIONAL AGRICULTURAL CREDIT CORPORATION OF SALT LAKE CITY, UTAH,
Salt Lake City, Utah, March 23, 1933.

Mr. DON P. WHITTLE,
Preston, Idaho.

DEAR MR. WHITTLE: Your application for a loan of $260 for 1 year at 6½ percent interest has been approved by our loan committee for the amount requested, with the following conditions:

1. A first mortgage on all your cattle and the hay and other feed now on hand.
2. A crop mortgage on all your crops grown in 1933.
3. An agreement affecting your pasture and grazing land.

Kindly indicate on the enclosed copy of this letter whether or not you wish to accept the loan and return your answer to this office as soon as possible.

Very truly yours,

E. R. UNDERHILL,
Secretary and Treasurer.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including a letter I wrote the President of the United States upon this bill on May 5 last.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

INTELLIGENT NATIONAL PLANNING—A NEW POLITICAL ALINEMENT BY THE ORGANIZATION OF FARMERS, WORKERS, AND VETERANS

Mr. LUNDEEN. Mr. Speaker, I ask unanimous consent to extend my remarks by including some remarks of Howard Y. Williams on questions of the day.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. LUNDEEN. Mr. Speaker, ladies and gentlemen of the House, under permission granted to extend my remarks I am including a portion of the address delivered by Howard Y. Williams, national director of the League for Independent Political Action, before the Central Labor Union of Marion, Ohio, April 12, 1933.

Our national election of 1932 constituted in many ways a revolution in American politics. That over 6,000,000 voters in a 4-year period should change their allegiance from the Republican

Party to the Democratic was an unheard of event. It was meant to be a vote to the left for more radical action. If the leaders of the Democratic Party believe that it was a vote for them, they are greatly mistaken. Most of these voters cast their ballot with their tongues in their cheeks. They were certain that they did not want more of the Republican administration. They were not sure that the Democratic administration would do the necessary job, but they were willing to give it a trial. If the Democratic Party fails in this crisis, I believe that it will pass out of the picture within 10 years as a factor in national politics. A new united Farmer-Labor or People's Party will result, and the conservatives will be forced to unite probably with the Republican Party, which is essentially the conservative stronghold.

What do the progressive voters of this country want? It has been my privilege within the past few weeks to attend a number of State and national conventions of rank and file progressive groups. I believe that you could bring leaders of such gatherings together anywhere in the United States and the program adopted would be much the same. Liberals over the country are practically united on what they regard as necessary to get us out of this depression. What they need is organization.

A SUPREME PLANNING COUNCIL

Our industrial order is breaking down. No amount of patching will save it. "Rugged individualism" and rampant competition must go. They are the marks of a horse-and-buggy age. A nationally planned economy must take their place. Some form of a supreme planning council must be adopted to control production, capitalization, credit, and the distribution of national income. The experience of a city like Detroit must not be repeated. It has the darkest future of any large city in the Nation. It is built around the automobile industry, which is at least three times overcapitalized. There is an investment in machinery and buildings for which the country has no use, but upon which it must try to pay dividends. No wonder automobile companies in that area have been paying their workers 10 and 15 cents an hour. Ignorant of this overcapitalization, Detroit overbuilt itself, extending sewers, water mains, and pavement into territory for which under the present system it now has no possible use, but upon whose improvements the city must pay heavy interest charges. Thousands have moved away, leaving their homes for sale and their investment worth very little. What is true of Detroit and automobiles is equally true of other cities and radios, shoes, and most of our other industries, overcapitalized from 2 to 10 times.

We need a supreme planning council to prevent such crazy unplanned development. Progressives do not want private planning, industrial planning, or the Swope type of plan, which means the building up of huge cartels of industry which would become more powerful than the Government itself. We want social planning. Upon any planning council must sit not only the industrialists but the farmers, workers, and consumers. Any planning that is done must be in the interest of the many and not the few.

The second great need of America is for a more equitable distribution of our national income. In these last years, through the control of land, machines, government, and credit, a few individuals have acquired such wealth as kings never dreamed of. While the Mellon family alone has over $12,000,000,000, over 17,000,000 men and women walk our streets penniless looking for jobs.

STOP SLOW STARVATION

In this emergency we must bring about this more equitable distribution of income by adequate relief. We must stop this slow starvation business in America. In Marion, Ohio, I recently found the unemployed getting 1 day's work a week, 6 hours at 35 cents each, or $2.10 upon which a family of five must live for a week. At Zanesville, Ohio, an unemployed family of 3 gets $1.25 a week, grading up to $2.98 for a family of 12. Imagine such a family sitting around a meal where the food costs slightly over 1 cent a person. Such conditions exist all over America. We ought to have $3,000,000,000 this year from the Federal Government to give adequate relief, including rent, electricity, gas, heat, and incidentals—not as charity, but as justice, that which government owes its citizens.

WAR AGAINST POVERTY

But what the people really want is not relief, but work. Private industry is unable to furnish jobs. The Government becomes responsible. Not less than $8,000,000,000 will adequately meet the emergency. The only cure for unemployment is employment. We must put several million jobless at work on roads, river drainage, reforestation, and especially upon slum clearance to rid our large cities of their awful tenements. These workers would spend their wages for food, shelter, clothes, automobiles, etc. Other people would get jobs, and we would get out of the deep ditch in which we find ourselves. Let us not say this is impossible. If our Government could raise over $25,000,000,000 in Liberty-bond sales during the war and spend over $50,000,000,000 in a war to make democracy safe in Europe, surely it can spend $8,000,000,000 in a war against poverty at home. The war sums went for destruction. An expenditure for public works would be a constructive investment which would bring returns. Three billion dollars would have done the task 2 years ago. It will not make much of a ripple today. We must have at least $8,000,000,000 for public works.

Unemployment insurance must be won at this time. If the need is not seen now, when will it be? Any government that really means to serve the people will inaugurate such protection at once.

Adequate old-age pensions would take almost 2,000,000 aged persons from the employment field. No expenditure that we could make would be as economical as this.

We must take the 2,000,000 children now in industry out of the factories and mines where their whole lives are being stunted and shriveled by this premature experience at hard work and put them into schools. This would be another step to relieve adult unemployment.

The 30-hour week with no reduction in the weekly wage must come. Machinery is displacing man. If today we were to attain the maximum production of 1929 at the former schedule of hours, there would be an army of over 5,000,000 permanently unemployed. Technological development demands the reduction of hours per day and days per week, so that jobs can be given to all.

The soldiers' bonus should be paid at once to all unemployed veterans and those having financial difficulties on the farms. This must be a part of the general plan to meet unemployment.

CHANGE THE DIRECTION OF WEALTH

Revenue to meet such a program should not come from any form of sales tax. A sales tax is a tax on poverty. It compels the overburdened poor to care for the poor. If the concentration of wealth in the hands of the few, which was one of the prime factors in causing the depression, is to cease, then such projects must be financed by higher income and inheritance taxes on wealth in the higher brackets and resort to a levy on capital wealth if necessary. The direction of wealth would be changed and it would flow back again into the pockets of the many where it would furnish purchasing power and build permanent prosperity.

After getting wealth into the hands of the unemployed our other task is to build larger incomes for those who do work. One of the tragedies of the depression has been the ruthless slashing of wages. The progress of 50 years has been destroyed. Women are forced to work in sweatshops at $1.80 and $2.10 a week. A social worker in southern Illinois told me her community gave an average of 40 cents a week per person for relief. When I asked why they did not do better, she replied that if they paid more, families would get more from relief than by working. Even before 1929 great numbers, if not a majority of the American workers, were receiving an insufficient income. They could not purchase in sufficient quantities what they produced, and the economic crisis was the result. Trade unionism cannot protect the workers with this army of unemployed present. The Government must regulate wages and hours of labor. It will either do this, or slavery of a new type will appear in America.

JUSTICE TO FARMERS

Farmers must also get a better share of the wealth which they produce. Slavery is that form of society in which men work for nothing. Many farmers have been worse off than slaves. They have actually paid for the privilege of working, borrowing to pay taxes and overhead. Farm income has been reduced almost 50 percent in 10 years, while farm taxes in that same period have increased over 250 percent and farm bank failures over 470 percent. We must lower this unjust burden of taxation by a replacement income tax. We should radically reduce the tariff to enlarge the world market upon which the farmer sells and give him a better price for his product, at the same time lowering the price of the manufactured article he purchases. The high protective tariff is nothing but a means of exploitation for the few. No longer does it maintain the American standard of living. No outstanding economist will defend it. It should go.

We must give farmers added assistance in the development of cooperative marketing and purchasing agencies. Too much goes to middlemen. In Michigan farmers have been receiving less than 2 cents a quart for milk, while the consumers pay 8 and 9 cents a quart. Farmers should get the cost of production, about 4 cents, and the consumers should not pay more than twice that amount. We will probably have to make milk a public utility to protect farmers and consumers. The Frazier bill for refinancing farm mortgages is necessary to stop foreclosures and evictions.

PUBLIC OWNERSHIP OF MONOPOLIES

If we are to prevent future panics, we must nationalize the banks and extend the public ownership and operation of all the means of public transportation and communication, of public utilities and natural resources. It has been the control of these huge monopolies that has made possible the concentration of wealth in the hands of the few. The electrical utilities alone stole over $500,000,000 from the American people last year through extortionate rates and unfair charges. Next to the banks they constitute the greatest racket in this country. The bootleggers are amateurs compared to this crowd. A friend of mine in Tacoma, Wash., which is under public ownership, used 2,249 kilowatt-hours of electricity at a cost of $16.55. On Long Island, N.Y., that same amount under private ownership costs $114.45. Adding 3 mills a kilowatt-hour to the Tacoma bill because it uses water power, while Long Island uses steam for generation, there would still be a difference of $91.15, which the Long Island company stole from its consumer. It means that millions of homes in America are deprived of this servant for washing, ironing, refrigeration, etc., because it costs too much. Think of what cheap electricity would mean in happiness to our people. The same is true of telephones, railroads, and other utilities. The incentive for huge profits is too great to trust banks and public utilities in private hands. Their determination to hold on to these monopolies is one of the greatest sources of corruption in government. As long as the private company does the public's work, there is

bound to be corruption. Put banks and public utilities into the control of the public, and corruption in government to a large extent would almost immediately disappear.

A UNITED FARMER-LABOR PARTY

All these measures, however, will prove of little value unless we can substitute for the present system of greed and profit a new order—a united Farmer-Labor Party—based upon human welfare. It is this kind of use of government in which our Minnesota Farmer-Labor Party and the League for Independent Political Action (with its headquarters at 112 East Nineteenth Street, New York City) are interested. We should be glad to see the Democratic administration forget patches and poultices and undertake the building of this new society based upon the principles of cooperation, public ownership, and democratic management, in which politics would be used in a creative and constructive way to secure for everyone a fair share of the good things of life. We feel that President Roosevelt has his face in the right direction. We question whether the conservative groups that control the Democratic machine in so many States will permit any such program. We do not believe that those who have power and wealth will yield except under pressure. We believe that that pressure must come by the organization of workers, farmers, and veterans on the industrial and political plane. We are determined to apply that pressure in a democratic fashion by means of a united Peoples or Farmer-Labor Party that will see to it that no individual sits down at the table of prosperity and has a second helping until every man, woman, and child has had a first helping to the good things of life.

30-HOUR WEEK BILL

Mr. CONNERY. Mr. Speaker, I ask unanimous consent that I may have until midnight tonight to file a report from the Committee on Labor on the 5-day 30-hour week bill.

Mr. GOSS. Mr. Speaker, reserving the right to object, are there any minority views?

Mr. CONNERY. None that I know of.

Mr. GOSS. Will the gentleman amend his request to include the filing of minority views at the same time?

Mr. CONNERY. Mr. Speaker, I ask that my request be amended in that way.

Mr. TABER. Mr. Speaker, reserving the right to object, is there any intention of bringing the bill up this week?

Mr. CONNERY. If I have anything to say about the matter, it will be brought up as soon as possible. I know nothing about that whatever. I am going to report it to the House and then see what the leadership wants to do with it.

Mr. TABER. It seems to me the bill ought to be before the House and the House should have an opportunity to go very carefully into the report before the bill is acted on. If it is intended to bring it up before Monday, I shall object to the report being filed as late in the day as this.

Mr. CONNERY. I may say to the gentleman that so far as I am concerned I have no particular desire for it to come up tomorrow. It could not come up tomorrow, in any event.

Mr. TABER. We may be through with the independent offices bill by 3 o'clock, and if we are, it could come up.

Mr. WOODRUM. I can assure the gentleman it will not come up tomorrow.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. Goss, for 2 days, on account of death in his family.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 555. An act to authorize the acquisition by the United States of the land upon which the Seneca Indian School, Wyandotte, Okla., is located; to the Committee on Indian Affairs.

S. 727. An act for the relief of Francis N. Dominick; to the Committee on Military Affairs.

S. 1256. An act granting the consent of Congress to compacts or agreements between the States of Kansas and Missouri for the acquisition, maintenance, and operation of a toll bridge across the Missouri River near Kansas City, Kans., for the construction and maintenance of connections with established highways, for the incorporation of such bridge in the highway systems of said States, and for other purposes; to the Committee on Interstate and Foreign Commerce.

S. 1425. An act to amend the act entitled "An act to provide relief in the existing national emergency in banking, and for other purposes", approved March 9, 1933; to the Committee on Banking and Currency.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

H.R. 48. An act to extend the time for completing the construction of a bridge across the Missouri River at or near Kansas City, Kans.;

H.R. 1596. An act to extend the times for commencing and completing the construction of a bridge across the Pee Dee River and a bridge across the Waccamaw River, both at or near Georgetown, S.C.;

H.R. 4127. An act to extend the times for commencing and completing the construction of a bridge across the Waccamaw River near Conway, S.C.; and

H.R. 4491. An act to extend the times for commencing and completing the construction of an overhead viaduct across the Mahoning River at Struthers, Mahoning County, Ohio.

ADJOURNMENT

Mr. WOODRUM. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 20 minutes p.m.) the House adjourned until tomorrow, Thursday, May 11, 1933, at 12 o'clock noon.

COMMITTEE HEARING

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Thursday, May 11, 10 a.m.)

Continuation of the hearings on the Emergency Transportation Act, 1933, H.R. 5500. Labor organizations will be heard.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. PEAVEY: Committee on Indian Affairs. H.R. 4494. A bill authorizing a per capita payment of $100 to the members of the Menominee Tribe of Indians of Wisconsin from funds on deposit to their credit in the Treasury of the United States; with amendment (Rept. No. 120). Referred to the Committee of the Whole House on the state of the Union.

Mr. PARKER of New York: Committee on Interstate and Foreign Commerce. H.R. 5329. A bill creating the St. Lawrence Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Lawrence River at or near Ogdensburg, N.Y.; without amendment (Rept. No. 121). Referred to the House Calendar.

Mr. STEAGALL: Committee on Banking and Currency. S. 1415. An act to amend sections 5200 and 5202 of the Revised Statutes, as amended, to remove the limitations on national banks in certain cases; without amendment (Rept. No. 122). Referred to the House Calendar.

Mr. CHAVEZ: Committee on Indian Affairs. H.R. 4014. A bill to authorize appropriations to pay in part the liability of the United States to the Indian pueblos herein named, under the terms of the act of June 7, 1924, and the liability of the United States to non-Indian claimants on Indian pueblo grants whose claims, extinguished under the act of June 7, 1924, have been found by the Pueblo Lands Board to have been claims in good faith; to authorize the expenditure by the Secretary of the Interior of the sums herein authorized and of sums heretofore appropriated, in conformity with the act of June 7, 1924, for the purchase of needed lands and water rights and the creation of other permanent economic improvements as contemplated by said act; to provide for the protection of the watershed within the Carson

National Forest for the Pueblo de Taos Indians of New Mexico and others interested, and to authorize the Secretary of Agriculture to contract relating thereto and to amend the act approved June 7, 1924, in certain respects; without amendment (Rept. No. 123). Referred to the Committee of the Whole House on the state of the Union.

Mr. CONNERY: Committee on Labor. S. 158. An act to prevent interstate commerce in certain commodities and articles produced or manufactured in industrial activities in which persons are employed more than 5 days per week or 6 hours per day; with amendment (Rept. No. 124). Referred to the House Calendar.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H.R. 5532) for the relief of Kittie R. Miller; Committee on Invalid Pensions discharged, and referred to the Committee on War Claims.

A bill (H.R. 5546) for the relief of M. M. Twichel; Committee on Indian Affairs discharged, and referred to the Committee on Claims.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CANNON of Missouri: A bill (H.R. 5589) granting the consent of Congress to the city of Washington, Mo., to construct, maintain, and operate a toll bridge across the Missouri River at or near Washington, Mo.; to the Committee on Interstate and Foreign Commerce.

By Mr. BLACK: A bill (H.R. 5590) to amend the Code of Laws for the District of Columbia in relation to providing assistance against old-age want; to the Committee on the District of Columbia.

By Mr. JENKINS (by request): A bill (H.R. 5591) to provide credit relief by authorizing the issuance of certain bonds and the issuance of additional national-bank notes; to the Committee on Ways and Means.

By Mr. CHRISTIANSON: A bill (H.R. 5592) to amend an act approved May 14, 1926 (44 Stat. 555), entitled "An act authorizing the Chippewa Indians of Minnesota to submit claims to the Court of Claims"; to the Committee on Indian Affairs.

By Mr. RANKIN: A bill (H.R. 5593) to provide adjusted-service credit allowance to provisional commissioned officers; to the Committee on Ways and Means.

By Mr. SCHULTE: A bill (H.R. 5594) to stay foreclosure proceedings on small homes; to the Committee on Banking and Currency.

By Mr. HOWARD (by departmental request): A bill (H.R. 5595) to amend section 3 of the act entitled "An act to extend the period of restriction in lands of certain members of the Five Civilized Tribes, and for other purposes", approved May 10, 1928 (45 Stat.L. 496), as amended by the act of February 14, 1931 (46 Stat.L. 1108); to the Committee on Indian Affairs.

Also, a bill (H.R. 5596) to amend the act of March 3, 1885, entitled "An act providing for allotment of lands in severalty to the Indians residing upon the Umatilla Reservation, in the State of Oregon, and granting patents therefor, and for other purposes"; to the Committee on Indian Affairs.

By Mr. MOTT: A bill (H.R. 5597) to afford permanent protection to the watershed and water supply of the city of Coquille, Coos County, Oreg.; to the Committee on the Public Lands.

By Mr. STEAGALL: A bill (H.R. 5598) to provide for the safer and more effective use of the assets of Federal Reserve banks and of national banking associations, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, to provide for the insurance of deposits in banks, and for other purposes; to the Committee on Banking and Currency.

By Mr. MANSFIELD: Resolution (H.Res. 140) to authorize the printing of communications from the Secretary of War transmitting letters of the Chief of Engineers submitting reports on the examination and survey of certain waterways in the United States; to the Committee on Printing.

By Mr. MARTIN of Colorado: Resolution (H.Res. 141) authorizing the delegates to the International Conference to work unceasingly for the remonetization of silver on the basis of 16 to 1; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ALLEN: A bill (H.R. 5599) granting an increase of pension to Ernestine Singer; to the Committee on Invalid Pensions.

By Mr. DUNCAN of Missouri: A bill (H.R. 5600) granting an increase of pension to Nannie Blades; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5601) granting an increase in pension to Maria Berghoff; to the Committee on Invalid Pensions.

By Mr. KLEBERG: A bill (H.R. 5602) for the relief of Rene Hooge, a minor; to the Committee on Claims.

By Mr. O'BRIEN: A bill (H.R. 5603) granting a pension to Sophie M. Peterson; to the Committee on Pensions.

By Mr. TRAEGER: A bill (H.R. 5604) granting an increase of pension to Mary E. Wald; to the Committee on Invalid Pensions.

By Mr. WILCOX: A bill (H.R. 5605) authorizing Lieut. Jack C. Hodgson, United States Army, to accept the decoration of the Cuban Order of Military Merit; to the Committee on Foreign Affairs.

Also, a bill (H.R. 5606) for the relief of W. R. McLeod; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

984. By Mr. BUCK: Petition of the Legislature of the State of California, urging that the President of the United States be respectfully requested to adopt the John Muir Trail as a unit in the program under Emergency Unemployment Relief Act, and cause said project, together with extensions and incidental facilities necessary to the safety and protection of the users thereof, to be completed during the current calendar year; to the Committee on Labor.

985. Also, petition of the Legislature of the State of California, memoralizing the Congress of the United States to enact legislation imposing a tariff on rubber and to include in the Government supply bills a requirement that rubber purchased be grown in the United States; to the Committee on Ways and Means.

986. By Mr. COCHRAN of Missouri: Memorial of the Grand Lodge, Progressive Order of the West, St. Louis, Mo., Morris Shapiro, grand secretary, protesting against the unjust persecution of Jews in Germany, and urging action that will result in the discontinuance of discrimination against the Jews; to the Committee on Foreign Affairs.

987. Also, memorial of the Baron Hirsh Lodge, No. 108, P.O.W., I. Rudman, president, M. Silberman, secretary, St. Louis, Mo., protesting against the unjust persecution of Jews in Germany, and urging action by the United States with a view to the termination of the discrimination against the Jews; to the Committee on Foreign Affairs.

988. By Mr. ELTSE of California: Joint Resolution No. 19 of the California Senate, relative to approval by the President of the United States of a project for the completion of the John Muir Trail under the provisions of act of Congress approved March 31, 1933; to the Committee on Roads.

989. Also, Joint Resolution No. 18 of the California Senate, relative to memorializing the Congress of the United States to adopt legislation protecting and fostering the rubber industry of the United States; to the Committee on Ways and Means.

990. By Mr. GIBSON: Petition of Burlington Post, No. 2, American Legion, Department of Vermont, urging adequate national defense; to the Committee on Military Affairs.

991. By Mr. HOEPPEL: Petition of the City Council of San Gabriel, Calif., protesting against the proposed reduction in personnel of the Army and Navy which will aggravate the present distressing unemployment situation; to the Committee on Military Affairs.

992. Also, petition of Leland A. Cupp Post, No. 341, of the American Legion, and American Legion Auxiliary Unit, No. 341, Pico, Calif., urging the maintenance of adequate national defense at all times, and protesting against the reduction of same for the purpose of any so-called "economical program"; to the Committee on Economy.

993. By Mr. LINDSAY: Petition of the Independent Theatre Owners Association, Harry Brandt, president, New York City, favoring the Sirovich Resolution No. 95; to the Committee on Interstate and Foreign Commerce.

994. By Mr. MARTIN of Colorado: Senate Joint Memorial No. 7 of the General Assembly of Colorado; to the Committee on Irrigation and Reclamation.

995. By Mr. PARKER of Georgia: Resolution presented by Congregation B. B. Jacob, of Savannah, Ga., urging Government action to oppose the outrages of the Germans against the Jewish people; to the Committee on Foreign Affairs.

996. By Mr. RUDD: Petition of Edward T. Lee, of Chicago, Ill., favoring legislation for the abolition of railroad grade crossings; to the Committee on Interstate and Foreign Commerce.

997. Also, petition of Harry Brandt, president Independent Theatre Owners Association of New York City, favoring the passage of the Sirovich resolution; to the Committee on Interstate and Foreign Commerce.

998. By Mr. WIGGLESWORTH: Petition of Massachusetts Department, Veterans of Foreign Wars, Boston, Mass., urging the repeal of Public Law No. 2, Seventy-third Congress; to the Committee on Economy.

SENATE

THURSDAY, MAY 11, 1933

(Legislative day of Monday, May 1, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar days of May 4, 8, 9, and 10 was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Keyes	Reynolds
Ashurst	Couzens	King	Robinson, Ark.
Austin	Cutting	La Follette	Robinson, Ind.
Bachman	Dale	Lewis	Russell
Bailey	Dickinson	Logan	Schall
Bankhead	Dieterich	Lonergan	Sheppard
Barbour	Dill	Long	Shipstead
Barkley	Duffy	McAdoo	Smith
Black	Erickson	McCarran	Steiwer
Bone	Fess	McGill	Stephens
Borah	Fletcher	McKellar	Thomas, Okla.
Bratton	Frazier	McNary	Thomas, Utah
Brown	George	Metcalf	Townsend
Bulkley	Glass	Murphy	Trammell
Bulow	Goldsborough	Neely	Tydings
Byrd	Gore	Norbeck	Vandenberg
Byrnes	Hale	Norris	Van Nuys
Capper	Harrison	Nye	Wagner
Caraway	Hatfield	Overton	Walsh
Carey	Hayden	Patterson	Wheeler
Clark	Johnson	Pittman	White
Connally	Kean	Pope	
Coolidge	Kendrick	Reed	

Mr. KENDRICK. I wish to announce that the senior Senator from New York [Mr. COPELAND] is necessarily detained from the Senate.

The VICE PRESIDENT. Ninety Senators have answered to their names. A quorum is present.

APPROPRIATION PROVISIONS PERTAINING TO VARIOUS DEPARTMENTS

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting a supplemental estimate of appropriation for the War Department, for the fiscal year 1933, amounting to $21,000; a proposed authorization for expenditure from Indian tribal funds, amounting to $10,000, together with drafts of proposed provisions pertaining to existing appropriations under several departments, which, with the accompanying papers, was referred to the Committee on Appropriations.

FUNCTIONS OF THE FEDERAL TRADE COMMISSION (S.DOC. NO. 59)

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Federal Trade Commission, submitting, pursuant to Senate Resolution 351, Seventy-second Congress, information relating to the various functions, annual costs and personnel, etc., of the Commission, which was ordered to lie on the table and to be printed.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution adopted by Johnson-Brown Post, No. 1736, Veterans of Foreign Wars of the United States, Alexandria, La., protesting against reductions in appropriations for military projects or any action tending to impair the national defense, which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution adopted by the Council of the City of Cleveland, Ohio, requesting that the Reconstruction Finance Corporation make all reasonable haste in approving applications for loans to be made for the purpose of slum-clearance projects and the providing of housing for the low-income group, etc., which was referred to the Committee on Banking and Currency.

He also laid before the Senate the petition of John Karachon, of Newark, N.J., praying for certain relief on account of injuries sustained while working with the Lidgerwood Manufacturing Co., of Newark, N.J., which was referred to the Committee on Claims.

He also laid before the Senate resolutions adopted by the county judge and precinct commissioners of San Jacinto County, and the commissioners court of Tarrant County, in the State of Texas, endorsing the program of President Roosevelt and urging the inauguration of a public-works program to provide highway construction in the State of Texas, which were referred to the Committee on Education and Labor.

He also laid before the Senate the petition of the Veterans' Expeditionary Force, signed by George Alman, commander, for the Veterans' Expeditionary Force Committee, New York City, N.Y., praying for the passage of legislation providing for immediate cash payment of adjusted-service certificates (bonus) of ex-service men; the restoration of disability compensations, allowances, and pensions; the immediate remedial relief of the unemployed and farmers, and the making of an appropriation for adequate shelter and food for the veterans while in Washington on a march, which was referred to the Committee on Finance.

He also laid before the Senate resolutions adopted by the Forty-first Associate Council, National Society, United States Daughters of 1812, at Washington, D.C., opposing the recognition of the Soviet Government of Russia, which were referred to the Committee on Foreign Relations.

He also laid before the Senate a memorial of sundry citizens of Plaucheville, La., endorsing Hon. HUEY P. LONG, a Senator from the State of Louisiana, condemning attacks made upon him, and remonstrating against a senatorial investigation of his alleged acts and conduct, which was referred to the Committee on the Judiciary.

Mr. WALSH presented resolutions adopted by the Massachusetts State Union of Women's Clubs, comprising 1,600 women, in convention assembled at Haverhill, Mass., protesting against all injustices to the Negro race, denouncing the treatment and trial of the so-called "Scottsboro boys" in Alabama, denouncing the Ku-Klux Klan and the alleged segregation of over 350 Negro employees in various departments of the Government, etc., which were referred to the Committee on the Judiciary.

He also presented a resolution adopted by the City Council of Cambridge, Mass., favoring the passage of legislation directing the Postmaster General to issue a special series of postage stamps of the denomination of 3 cents commemorative of the one hundred and fiftieth anniversary of the naturalization as an American citizen and appointment as brevet brigadier general of the Continental Army on October 13, 1783, of Thaddeus Kosciusko, which was referred to the Committee on Post Offices and Post Roads.

TREATMENT OF JEWS IN GERMANY

Mr. WALSH presented resolutions adopted by the City Council of Cambridge, Mass., condemning the persecution of, and alleged atrocities committed against, members of the Jewish faith in Germany, which were referred to the Committee on Foreign Relations.

He also presented memorials of sundry citizens of Boston, Roxbury, and Worcester, in the State of Massachusetts, remonstrating against the persecution of Jews in Germany, which were referred to the Committee on Foreign Relations.

Mr. WALSH. Mr. President, I also present a number of telegrams which I have received from various organizations in Pittsfield, Mass., namely: Troop 13, Boy Scouts of America; Pittsfield Zionist Organization; Young Women's Hebrew Association of Pittsfield; Branch of Pittsfield Jewish Congress; Hebrew Alliance of Pittsfield; Junior Hadassah of Pittsfield; Jewish Working Men's Circle of Pittsfield; Young Men's Hebrew Association of Pittsfield; Talmud Torah of Pittsfield; Hebrew Ladies' Aid Society; Pittsfield Chapter of Senior Hadassah; Zionist Organization of Pittsfield; and Pittsfield Mazrachi Organization; also, from the Jewish National Workers' Alliance, Branch No. 170, and Women's Branch No. 39, Fall River, Mass.; and from the Greater Boston Women's Association of American Jewish Congress, Boston, Mass., protesting against the atrocities committed against the Semitic race in Germany. I ask that these telegrams may be appropriately referred.

The VICE PRESIDENT. The telegrams will be received and referred to the Committee on Foreign Relations.

Mr. ROBINSON of Indiana. Mr. President, I have here a telegram from the Indianapolis Chapter of Hadassah, signed by Mrs. Louis B. Goulden, its president, protesting against the treatment of the Jews in Germany, which I ask may be incorporated in the RECORD and appropriately referred.

There being no objection, the telegram was referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

INDIANAPOLIS, IND., *May 8, 1933.*

Senator ARTHUR ROBINSON,
Washington, D.C.:

We earnestly request you in the name of liberty and justice to urge the United States Government to protest to Germany in the name of the American people against the outrages and cruel discrimination being perpetrated against the Jews in Germany.

INDIANAPOLIS CHAPTER OF HADASSAH,
MRS. LOUIS B. GOULDEN, *President.*

ALLEGED CONSPIRACY RELATIVE TO SMUGGLING OF WATCHES

Mr. WALSH presented a letter from the president of the Waltham Watch Co., of Waltham, Mass., relative to investigations made by former Commissioner of Customs Eble and special agents of the Customs Bureau in connection with the entering of watches into the United States, which was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

WALTHAM WATCH CO.,
Waltham, May 1, 1933.

Senator DAVID I. WALSH,
United States Senate, Washington, D.C.

MY DEAR SENATOR: We call your attention to a situation important to the watch manufacturers of the United States. There are about 10,000 unemployed men and women in this industry.

Investigations by former Commissioner of Customs Eble, by special agents through Nathaniel G. Van Doren and John W. Roberts, have been going on for several years.

These investigations have repeatedly disclosed an organized conspiracy between Swiss watch manufacturers and their agents in the United States and Canada and confirm the suspicions of American watch manufacturers and customs officials, resulting in many convictions.

For instance:

Evidence of collusion on the part of Government employees at the appraisers' stores in New York City.

Undervaluations, as in the case of Bulova Watch Co., $45,000 fine, and Benrus Watch Co., $100,000 fine, both of New York City. (1933.)

Smuggling of Swiss watches into the United States from Canada found through seizures made at Rouses Point, October 1930.

Three thousand Swiss watches smuggled in stationery in August 1932.

Swiss watch movements, smuggled in cases marked "Chocolates", August 1932.

Approximately 25,000 Swiss watch movements smuggled in bales of rabbit skins, October 1932.

Swiss watch movements smuggled in various other ways. For example, Paul Rabkin, July 1930.

Bootlegging of watches and their parts from Switzerland amounts to a loss of revenue to the United States Government, estimated at from $2,000,000 to $5,000,000 a year, and it is estimated this vicious practice prevents the yearly sale of from 1,000,000 to 2,000,000 American-made watches.

In Switzerland the industry is subsidized by the support of efficient horological schools and by loans of very considerable amounts of money.

The policy of the Government to sell at auction watches seized by the Customs is tending to break down the American industry, for they seldom bring at auction a sum equal to the duty they should pay and their destruction would prevent flooding this market and thereby supply employment to our workmen.

If the Customs could be permitted to compel all watches be numbered and certificates required, showing each watch imported had paid the proper duty, it would protect the buyer as well as the American producer.

The collusion said to exist between the Swiss makers and their domestic distributors might well be a fit subject of conversation between the Swiss Minister and the Department of State.

This appeal is made to you, even in these busy days, because of its great importance to a concern, long existing in your district, and, as you know, capable of employing many thousands of people.

With assurance of high regard, sincerely yours,

F. C. DUMAINE, *President.*

REPORTS OF COMMITTEES

Mr. STEPHENS, from the Committee on Commerce, to which was referred the bill (S. 1129) to amend sections 361, 392, 406, 407, 408, 409, 410, 411, and 412 of title 46 of the United States Code, relating to the construction and inspection of boilers, unfired pressure vessels, and the appurtenances thereof, reported it without amendment and submitted a report (No. 61) thereon.

Mr. BRATTON, from the Committee on the Judiciary, to which was referred the bill (S. 1518) providing for waiver of prosecution by indictment in certain criminal proceedings, reported it without amendment and submitted a report (No. 62) thereon.

Mr. WALSH, from the Committee on Education and Labor, to which was referred the bill (S. 510) to provide for the establishment of a national employment system and for cooperation with the States in the promotion of such system, and for other purposes, reported it with amendments and submitted a report (No. 63) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. FLETCHER:

A bill (S. 1634) to provide for the redemption of national-bank notes, Federal Reserve bank notes, and Federal Reserve notes which cannot be identified as to the bank of issue; to the Committee on Banking and Currency.

By Mr. DICKINSON:

A bill (S. 1635) for the relief of Robert McFarland; to the Committee on Military Affairs.

A bill (S. 1636) granting a pension to Bridget Wagner;

A bill (S. 1637) granting a pension to Pearl F. Warren; and

A bill (S. 1638) granting an increase of pension to Lizzie Wilford; to the Committee on Pensions.

(Mr. SHEPPARD introduced Senate bills 1639, 1640, and 1641, which were referred to the Committee on Banking and Currency, and appear under separate headings.)

By Mr. SHEPPARD:

A bill (S. 1642) for the relief of the Southern Products Co.; to the Committee on Claims.

A bill (S. 1643) to amend section 3477, Revised Statutes of the United States (U.S.C., title 31, sec. 203); to the Committee on the Judiciary.

By Mr. SHIPSTEAD:

A bill (S. 1644) to authorize owners or representatives of the owner of resort property to secure from the home-loan banks loans secured by mortgages and to authorize such banks to lend to members on the security of such mortgages; to the Committee on Banking and Currency.

A bill (S. 1645) for the relief of Henry R. Harris; and

A bill (S. 1646) for the relief of John C. Seebach; to the Committee on Claims.

A bill (S. 1647) relating to annual leave of employees in the Government Printing Office; to the Committee on Printing.

By Mr. BULKLEY:

A bill (S. 1648) to amend the Reconstruction Finance Corporation Act, as amended, to provide for loans to closed building-and-loan associations; to the Committee on Banking and Currency.

By Mr. KING:

A bill (S. 1649) to amend section 23 of the Revenue Act of 1932; to the Committee on Finance.

By Mr. LONERGAN:

A bill (S. 1650) amending section 74 of the Judicial Code (U.S.C., Annotated, title 28, sec. 147); to the Committee on the Judiciary.

By Mr. SCHALL:

A bill (S. 1651) for the relief of the estate of Anton W. Fischer; to the Committee on Claims.

FEDERAL CREDIT UNION SYSTEM

Mr. SHEPPARD. Mr. President, I desire to introduce a bill to establish a Federal credit union system. I present a statement in explanation of the bill which I have prepared and ask that the statement may be printed in the RECORD at this point and referred to the Committee on Banking and Currency with the bill.

The VICE PRESIDENT. Without objection, it is so ordered.

The bill (S. 1639) to establish a Federal credit union system, to establish a further market for securities of the United States and to make more available to people of small means credit for provident purposes through a national system of cooperative credit, thereby helping to stabilize the credit structure of the United States, was read twice by its title and referred to the Committee on Banking and Currency.

The statement presented by Mr. SHEPPARD and ordered to be printed in the RECORD and referred to the Committee on Banking and Currency, with the bill, is as follows:

STATEMENT TO ACCOMPANY A BILL TO AUTHORIZE THE ORGANIZATION OF FEDERAL CREDIT UNIONS AND FEDERAL CENTRAL CREDIT UNIONS

Definition: A credit union is a cooperative bank organized within and in each case limited to a specific group of people, self-managed by officers chosen by and from the specific group in meetings in which each member has a single vote, operating under as strict supervision as do other forms of banking, supplying its members with (1) an excellent system for accumulating savings which enables them (2) with their own money and under their own management to care for their own short-term credit problems at normal interest rates, with all of the resultant earnings reverting to the members as dividends on their savings in the credit union and as surplus. No one outside the specific group can have anything to do with the specific credit union directly or indirectly.

History: The first credit union was organized at Flammersfeld, in Germany, in 1848. The plan spread rapidly from Germany throughout the world. In 1909 Massachusetts enacted the first credit union law in the United States. Since then 37 States have enacted similar laws. In 1932 Congress (Public, No. 190, 72d Cong.) enacted a similar law for the District of Columbia. There are approximately 2,000 credit unions in the United States, with over 300,000 members and resources of better than $50,000,000. There is nothing new, strange, or experimental about the credit union.

Record during depression: While these credit unions all operate subject to annual examination by State banking departments (in the District of Columbia under the supervision of the Comptroller of the Currency) and are managed by the working people and small farmers who compose them, they have come through 3 years of extreme depression with practically no failures, establishing the finest record ever established by any form of banking in times of similar stress.

Samples: There are, for example, over 300 credit unions composed of postal employees in as many post offices; there are 28 credit unions of employees of the Rock Island Railroad, and credit unions on over 30 other systems; the Municipal Employees' Credit Union of the City of New York has over 14,000 members and resources of $2,000,000, with a perfect banking record for 15 years; there are 16,000 employees of the New England Telephone & Telegraph Co. who have over $2,000,000 in their eight credit unions; members of the American Farm Bureau, the National Grange, the Farmers' Union, the American Legion, etc., are organizing successful credit unions. There are many fine credit unions operating within church parishes, etc.

The bill provides that credit unions of the sort carefully developed by much experience with the administration of the State laws may be organized anywhere in the United States under Federal supervision. The first part of the bill follows closely the method of credit-union organization and operation provided for the District of Columbia by Public No. 190, Seventy-second Congress. There is nothing in this part of the bill which develops any new form of practice or procedure. Its importance is that it would enable a rapid credit-union development at a time when as never before in our history the need for such development is very great. Part II of the bill, also following good credit-union procedure, provides for the possible organization in each State of one central credit union under Federal jurisdiction. This would accomplish two purposes: (1) It would supply credit unions with a central depository under their own control and operating under good credit-union practices which would constitute a further and important safeguard for credit unions now often curtailed in their opportunity for service by the failure of their banks of deposit. The central credit unions provided by this bill would be so restricted that they would avoid automatically many of the banking practices which have resulted in bank failures. Further, it many times happens that a large credit union accumulates greater resources than needed for its small loans demand while another credit union in good condition in the State has a larger demand than it has resources. The Federal central credit union would make it possible to keep all credit-union funds operating for the credit relief of credit-union members. This bill is offered as a substantial contribution to a better banking system for average city workers and farmers. It would greatly stimulate the spread of a form of cooperative banking which has met every test of the depression successfully.

AMENDMENT TO FEDERAL RESERVE ACT

Mr. SHEPPARD. I also introduce a bill to amend section 13 of the Federal Reserve Act. I desire to have printed in the RECORD at this point and referred to the Committee on Banking and Currency with the bill an explanation of the bill which I have prepared.

The VICE PRESIDENT. Without objection, it is so ordered.

The bill (S. 1640) to amend section 13 of the Federal Reserve Act by authorizing Federal Reserve banks to receive deposits from credit unions was read twice by its title and referred to the Committee on Banking and Currency.

The statement presented by Mr. SHEPPARD and ordered to be printed in the RECORD and referred to the Committee on Banking and Currency with the bill is as follows:

STATEMENT TO ACCOMPANY A BILL WHICH SEEKS TO AMEND THE FEDERAL RESERVE ACT IN SUCH FASHION AS TO PERMIT CREDIT UNIONS TO DEPOSIT IN FEDERAL RESERVE BANKS AND UNDER CERTAIN CONDITIONS TO BORROW FROM FEDERAL RESERVE BANKS

In 37 States of the United States, under the supervision of State banking departments, and in the District of Columbia, under the jurisdiction of the Comptroller of the Currency, credit unions operate in accordance with State laws and an act of Congress. Each credit union is a cooperative society organized within a specific group of people, self-managed, functioning under the same rules as State banks, supplying its members with (1) an excellent system for saving money, which enables them (2) with their own money and under their own management to take care of their own short-term credit problems at normal interest rates. The need for such service among the working people and small farmers, who compose the credit unions, is, particularly in this time of great stress, obvious. There are approximately 2,000 credit unions, well spread throughout the United States, and their number is rapidly growing; they have over 300,000 members and resources of better than $50,000,000. While self-managed and composed of men and women hard hit by the depression and operating under the examination of State banking departments, they have come through the depression to date with practically no failures, establishing an unexcelled and rarely equalled record for honest and efficient management. Each credit union does its banking business through a bank of deposit, and during the depression the credit unions have had to absorb serious losses due to the failure of banks. This bill seeks to give credit unions the protection which would be incidental to the right to deposit in the Federal Reserve banks; it also seeks to give a credit union a right to borrow from a Federal Reserve bank to the amount of its

deposit in said bank plus the par value of securities of the United States, which it may hold and offer as security for its loan together with an assignment of its deposit. The enactment of this bill will assist a great many credit unions, which are now seriously disturbed by the condition and curtailment of service of the banks with which they have done business.

AMENDMENT TO THE POSTAL SAVINGS SYSTEM ACT

Mr. SHEPPARD. Further, I introduce a bill to amend section 4 of the Postal Savings System Act, and I ask that a brief explanation of the bill which I have prepared may be printed in the RECORD at this point and referred to the Committee on Banking and Currency with the bill.

The VICE PRESIDENT. Without objection, it is so ordered.

The bill (S. 1641) to amend section 4 of the act approved June 25, 1910, authorizing the Postal Savings System, and for other purposes, was read twice by its title and referred to the Committee on Banking and Currency.

The statement presented by Mr. SHEPPARD and ordered to be printed in the RECORD and referred to the Committee on Banking and Currency with the bill is as follows:

STATEMENT TO ACCOMPANY A BILL WHICH SEEKS TO AMEND THE POSTAL SAVINGS SYSTEM ACT IN SUCH FASHION AS TO ENABLE POSTAL SAVINGS BANKS TO ACCEPT DEPOSITS FROM CREDIT UNIONS

Credit unions are accumulations of the small savings of working people. The Postal Savings System was created to afford a method whereby small savings could be effectively protected. During the depression it has many times developed that a credit union has greatly needed a safe depository in order to be able to carry on its normal business. This bill extends the use of the Postal Savings System to credit unions for that purpose.

GASOLINE-TAX BILL—AMENDMENTS

Mr. GORE and Mr. LONG each submitted an amendment and Mr. TRAMMELL submitted three amendments intended to be proposed by them, respectively, to the bill (H.R. 5040) to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes, which were severally ordered to lie on the table and to be printed.

SIGNING OF ENROLLED BILLS

Mr. ROBINSON of Arkansas. Mr. President, I ask unanimous consent for the present consideration of the resolution which I send to the desk.

The VICE PRESIDENT. The resolution will be read.

The resolution (S.Res. 77) was read, as follows:

Resolved, That the President of the Senate and the President pro tempore be, and they are hereby, authorized to sign enrolled bills of the Senate or House of Representatives during recesses or adjournments of the Senate during the first session of the Seventy-third Congress.

Mr. McNARY. Mr. President, as I understand, this resolution is similar in language to the one that we adopted each year.

Mr. ROBINSON of Arkansas. Yes. We have heretofore had similar resolutions. The purpose of the resolution is to make it unnecessary for the Senate to remain in session from time to time, when it has no other business to transact, in order to enable the Vice President or the President pro tempore to sign bills.

The VICE PRESIDENT. The question is on agreeing to the resolution.

The resolution was agreed to.

ADJUSTMENT OF VETERANS' COMPENSATION

Mr. DUFFY. Mr. President, I ask unanimous consent to have printed in the RECORD at this point a statement issued at the White House and published in the Washington Post of May 11, 1933, setting forth some modifications of the rules which are going to be put into effect with reference to veterans' compensation.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

As a result of conferences between the President, the national commander of the American Legion, Louis Johnson, and the Director of the Budget, the following conclusions have been reached.

As a result of the application of the veterans' regulations, it now seems that the cut in compensation of service-connected World War veterans with specific injuries has been deeper than was originally intended. The regulation and schedules in this respect will, therefore, be reviewed so as to effect more equitable levels of payment. Careful study also will be made of the other regulations and their effects.

By reason of the burden incident to rerating, and in order that undue hardship will not be imposed upon veterans in their application for adjudication of their cases, regional offices of the Veterans' Administration will not be closed, as has been reported, except where it has been clearly demonstrated that regional facilities are not necessary.

It is not contemplated that Government hospitals will be closed pending a careful, studious survey of the entire hospital situation. This, of necessity, will require considerable time.

These conclusions are in line with the President's original statement that the regulations and schedules would be drafted so as to effect the most humane possible treatment of veterans truly disabled in war service.

STEPHEN EARLY.

ADDRESS BY SENATOR THOMAS OF UTAH BEFORE AMERICAN SOCIETY OF INTERNATIONAL LAW

Mr. BRATTON. Mr. President, on Saturday evening, April 29, the Senator from Utah [Mr. THOMAS] delivered an address before the American Society of International Law at the Willard Hotel. The Senator from Utah was introduced by Mr. Scott, president of that society. I ask unanimous consent to have printed in the RECORD the address delivered by the Senator from Utah and also the introductory remarks of President Scott.

There being no objection, the address and the introductory remarks were ordered to be printed in the RECORD, as follows:

INTRODUCTORY REMARKS OF PRESIDENT SCOTT

President SCOTT. The second speaker of the evening, ladies and gentlemen, was to have been Senator PITTMAN, Chairman of the Senate Committee on Foreign Relations. We thought we would have a symposium of the treaty-making powers, the power that negotiates, the Secretary of State, may I say, who proposes, and the chairman of the Senate committee or the body under his direction, but we are distressed to hear that Senator PITTMAN was called away. You have had the pleasure of hearing the Chairman of the House Committee on Foreign Affairs, which, if not a coordinate body, a treaty-making power, nevertheless holds the purse strings so that if the House be not satisfied with the terms of the treaty, the money to execute the agreement is not forthcoming.

We had thought that we would learn here tonight from practical people the way the affairs of the Nation should be conducted, and we have real concern, however, that the Chairman of the Foreign Relations Committee of the Senate could not be with us.

Senator THOMAS of Utah, a newcomer to the upper branch of the Legislature, is with us, and while he will not replace the Chairman of the Foreign Relations Committee of the Senate, he will speak in his behalf. Senator THOMAS makes a very special appeal to us. He is one of our very oldest—I cannot say exactly he was cradled in the Society of International Law but I can say, however, that he has been for years past a regular member, regular in his attendance, and on various occasions he has been present at the meetings of the conferences of teachers of international law and related subjects. He is a member of the executive council of the American Society of International Law, and more than that, a member of the executive committee. So I think I have made my claims clear that he is really one of our own, and that you may see what one of our own really looks like when he lives at a distance from the Capital of his country and grows up with the growing far West. I have the pleasure of introducing to you Senator THOMAS of Utah. [Applause.]

ADDRESS OF HON. ELBERT D. THOMAS, UNITED STATES SENATOR FROM THE STATE OF UTAH

Senator THOMAS. Dr. Scott and ladies and gentlemen, I am in no sense worthy of a place on this program tonight, and in about 2½ minutes I shall prove to you that I am ill-prepared for such a place. I am glad that Dr. Scott did not introduce me as an outright substitute. I have been a substitute so many times in my life that I am frightened whenever anyone suggests it, for I have even gone through the experience of having a chairman announce: "I am sorry to have to present to you tonight as the speaker, ELBERT THOMAS."

President SCOTT. We are happy to hear you.

Senator THOMAS. As a substitute I must confess to you that I was never the first thought of anyone. Both my mother and my father thought in terms of a girl, and then when I got down to the time of marriage I am sure I was not the first thought of my wife, but I am happy to report to you that I was accepted as her last thought, and trust that I may remain that—but I suppose I had better not dwell on that subject.

I am going to talk to you from a text for a moment or two. In your readings from Oppenheim's International Law you will remember that he sets out several morals of history which he accepts as canons in the development of international law. In his fifth moral he says something like this, that "a progress in the development of international law wants time to ripen."

It is that thought which I would leave with you tonight. The question as to how things are going to ripen is extremely im-

portant to us who are dealing with international-law concepts. Shall the law develop in the spirit of its letter? that is, in a spirit of litigation, of contest; or shall it develop or be developed in a spirit of growth, recognizing its constant evolution? It is, of course, the latter spirit that we all hope to see recognized, and for its ultimate consummation we may wait. In the accomplishment of a real genuine growth of that sort may I not add something to what has been said tonight about neighborliness. The countries of the world are now, from force of circumstances, whether we wish it or not, neighborly both in time and space. Shall we not accept neighborliness of spirit also? We are neighbors in fact; can we not be neighbors in attitude? I like this concept of neighborliness, and we, I am sure, want to follow President Roosevelt's lead and be good neighbors. This may be accomplished in reality if we recognize the advantages of true neighborliness. To recognize the existence of a neighbor is one thing; to fight or persecute a neighbor is still another thing; to forbear with him is a thing quite different; and to tolerate him is still something else; but to appreciate him means real neighborliness and a very, very much greater thing.

If I could hope to become prophetic, I would pray for the time when, as a result of the nationalistic spirit that has grown up in the world, we may through generation after generation of international law develop an attitude and a spirit which may be called the spirit of appreciation, because much of progress depends upon this fundamental attitude. It is the way that we are going which counts quite as much as the place at which we arrive; and, surely, in all of these nations of the world, we must be able to find somewhere among every people an honest striving and an earnest determination to attain that thing for which we ourselves are striving.

I am sure, Mr. President, that no one has a more genuine feeling for you and for our aim than that which I may designate tonight as a spirit of true neighborliness through appreciation of our neighbors. I may illustrate this point by quoting to you a Japanese poem: "There are many trails which lead to the top of the mountain, but when once the summit is gained the same moon is seen." Are there not in other nations and in other countries those who are climbing up their various trails, attempting to attain the heights of true appreciation who will meet with us at the top and enjoy with us the attainment of a view of our accomplishment? Surely, we will find when we gain the summit of this mountain of international law that many others traveling different trails will view the same moon of our desire. [Applause.]

President SCOTT. Ladies and gentlemen, you can see what may happen to a far westerner if he joins early the American Society of International Law—he speaks with an unclouded dignity and grace, and clothes, if you please, his after-dinner remarks with such names as Oppenheim and his 10 resolutions, only laying before us, fortunately, one of the same, instead of the Ten Commandments.

I think, however, while your commendation is a refutation of his modesty, I nevertheless feel that he has been in a way unfair to your presiding officer of the evening. He seemed to intimate that he was the forgotten man, discovered on the mere occasion of the absence of the regular speaker on the program. Ladies and gentlemen, this is not so. I had prepared for you what I hoped would be the surprise of the evening, if not that of your lives; that is, after the regular program had been exhausted, that he should be called upon inadvertently as the child wonder of the American Society of International Law, an illustration of what may be made of a Utah man if he be caught young and if he limit himself to one wife, even though he is not accompanied by her on this occasion.

IMPROVEMENT OF BUSINESS CONDITIONS

Mr. BYRNES. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial appearing in the New York Times of May 10, entitled "Recovery in the Markets", together with a survey by the Associated Press indicating the revival of industry and showing the response by industry to the request of the President for increase in the wages of the American workingman.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

[From the New York Times, May 10, 1933]

RECOVERY IN THE MARKETS

No doubt it will be disputed hereafter whether the turn for the better in trade and prices was primarily a result of "inflation talk." Speculators have admittedly been busy, since Congressional debate on the inflation bill, in bidding up prices, on the ostensible theory that flat-money issues would quickly follow the gold embargo. But prices were already rising for other reasons. Whatever the dominant cause, the fact of emphatic recovery is beyond dispute. Dun's index of commodity prices makes the rise in the average during April 4¼ percent, the largest monthly advance in a dozen years or more, and the average works out about 1 percent higher than a year ago. Wheat has not only risen 30½ cents a bushel from the year's low price and cotton $43 a bale, but both commodities are selling substantially higher than a year ago. The Times's stock market "averages" have advanced 26 points from the low figure of March 2, and are now one third higher than a year ago.

These are largely the indications of the speculative markets, and in the matter of staple prices our impending wheat crop shortage has been a potent influence. But the indexes of actual trade have pointed in the same direction. Yesterday the Iron and Steel Institute reported April's steel production in the United States to have reached not only the highest monthly total in a year, but for the first time since the depression began, to have exceeded the output of a year ago. Thus far in May it has increased further, although steel production usually slackens at this time. Even more to the purpose is the fact that loadings of freight on the railways, which in the 4 past months had decreased 14½ percent from 1932, show for the closing week of April a decrease of less than 3½ percent.

The initiative for better business must have occurred before the talk of currency-tinkering began. The movement of recovery which began in the middle of March, has reflected the confidence restored by the Government's effective measures to surmount the banking crisis. Yet the numerous directions in which the present showing is better even than that of a year ago give reason for belief that, apart from the removal of immediate apprehension, a new spirit of confidence is beginning to prevail.

There were signs that a turn for the better was at hand even before the shock of the banking "moratorium" brought everything to a halt. The recovery which started last June, which affected primarily the course of commodity prices and the stock exchange and which continued longer than any similar movement since the depression period began, was sufficiently emphatic to show that "deflation" was spending its force. We can now see that the check to that recovery last autumn resulted from misgiving over the bank position. Insofar as that fear has been removed, this season's resumption of the recuperative movement would be natural.

If the business community thought that the wilder inflationist proposals would be adopted, such a resumption of the upward turn would have been improbable—except perhaps for the activities of speculators. The program outlined in some of the congressional speeches would wreck any industrial system. Even now much will necessarily depend on the manner in which the sweeping administrative powers over the currency are exercised. Despite the present evidences of better feeling in the industrial domain, there is a sufficiently trying period still ahead of us. But the inference reasonably to be drawn is that we have seen the worst of the reactionary movement, as has usually been the case in the fourth year of our major economic depressions.

[By the Associated Press, May 10, 1933]

American workmen marched back to their jobs by the hundreds yesterday—and many of them read notices at the door that wages were up 10 percent.

Encouraged by orders piling up and by price advances for their products, many employers decided to share the profits with their employees.

One company, Planter's Nut & Chocolate of Suffolk, Va., announced pay envelopes for lower-paid employees would be padded by 20 percent effective today.

There were several dozen other firms that added 5 or 10 percent to wages, or else planned doing so as they called back hundreds of employees dropped as long as 2 years ago, reinstated night shifts, or reopened long-closed departments.

Steel mills, barrel factories, automobile plants, rubber companies, clothing manufacturers—all of them were among firms that greeted pick-ups with screaming whistles that called men back to work.

Among the concerns that boosted wages: Supreme Shirt Co. of Philadelphia, 10 percent; Armstrong Rubber Co., 10 percent.

Monday E. L. Cord announced a 5-percent increase for his companies and the Norfolk Tire & Rubber Co. a bonus of 5 percent on weekly wages.

Many of the employers referred in announcing pay roll increases to President Roosevelt's admonitions in that respect and to the $3,000,000,000 public construction plan to revive business as completed by his advisors.

Here are some of the firms adding employees:

Commerce (Ga.) National Manufacturing Co. called back several hundred and began operating its mills at night; two barrel stave factories at Barbourville, Ky., added night shifts; the Briggs & Stratton Corporation increased operations from 3 to 5 days a week; the Magazine Ceramic Industry of Chicago estimated 10,000 men went back to work in glass, porcelain, enamel, pottery, and allied industries since April 1.

The A. C. Spark Plug Co. of Detroit added 200 men to help catch up with orders; the Washington Mill at Lawrence, Mass., of the American Woolen Co., reopened after being idle a year; tobacco companies at Richmond, Va., announced they had recalled 150 men, and small wood mills at Tonahawk and Muscoda, Wis., opened after being long closed.

From across the sea came reports that England's unemployment decreased 80,000 persons in April. Building, tailoring, and road building were some of the industries accelerated.

Increased operations in the steel industry—considered one of the most reliable of business barometers—provided good cheer in a dozen industrial sections of America. Automobile manufacturers were ordering steel and a publication of the industry predicted "a buying panic" was possible.

GREENVILLE, May 8.—More than 9,000 employees in 20 Piedmont South Carolina textile mills were given 10 percent wage increases today, reflecting better business conditions and "appreciation of the loyalty" of the workers.

Mills here and in Greenwood, Ninety-six, Woodruff, Renfrew, Liberty, Simpsonville, Easley, and Fountain Inn were affected by the increases.

Meanwhile, other mill officials were adding workers to the factory rolls while still others contemplated "wage adjustments."

Over the week-end the Greenwood, Mathews, Papola No. 1, and Grendel mills at Greenwood and the 96 mills at Ninety-six announced the increase effective today.

Today the additional announcements were made by the Brandon Corporation here for the Brandon and Poinsett mills here; the Renfrew at Renfrew; and the Brandon Corporation plant at Woodruff. The Woodside mills, with plants here, in Simpsonville, and Fountain Inn and the Easley mills, with 2 plants at Liberty and 1 at Easley, also jumped their employees' pay.

ORDERS PILING UP

Late today officials of the Victor Monoghan mills said their five plants would immediately increase wages of employees, but the amount of the increase was not specified.

The Woodside and Easley officials, in announcing the increase, said:

"This increase is not based so much on earnings but to show our appreciation for the loyalty of our help. They stood by us without a murmur, and we planned to remember them as soon as we could do so. We are doing that now, and on the prospect of better times we can announce this wage increase."

Officials of the Judson mills here said a number of employees had been recalled to work during the last few days and that orders were piling up.

W. J. Bailey, of the Clinton mills, said, when asked about wages in his mills: "We will have to wait and see how long this prosperity lasts. We only hope that it is not a flash in the pan. It looks like the genuine thing, but only time will tell."

Mill managements in other sections said business is improving.

[By United Press]

30,000 GET RAISES

For the first time since 1929 announcements of wage increases today dominated the business news.

Half a score of concerns employing a total of 30,000 to 40,000 men have notified their employees in the last 24 hours of increases ranging from 5 to 10 percent. The announcements were made almost immediately following President Roosevelt's address of Sunday night in which he appealed for the cooperation of industry to increase purchasing power.

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5 PERCENT BONUS

NORWALK, CONN., May 8.—Employees of the Norwalk Tire & Rubber Co. were notified today that they will receive a 5 percent bonus on their weekly wages. The company's announcement said:

"The Norwalk Tire & Rubber Co. announces a plan with a view to aiding the President's program of increasing purchasing power, whereby they will pay their workmen a bonus of 5 percent on their weekly earnings. This plan becomes operative simultaneously with the recent 5 percent advance in tire prices."

PAY UP 20 PERCENT

NORFOLK, May 8.—More than 2,000 men will have their wages increased by from 10 to 20 percent in the 26 mills of the Colombian Peanut Co., it was announced today.

The increase, inspired by President Roosevelt's appeal for higher pay in industry, was made effective as of May 1 and restores employees of the company to predepression salary and wage levels.

RAISED IN DELAWARE

WILMINGTON, DEL., May 8.—A general wage increase of 7 percent, effective next week, will be given 500 employees of the Standard Kid Co., it was announced today.

The company, a division of the Allied Kid Co., last January divided a $10,000 bonus among its employees.

BOOST AT DETROIT

DETROIT, May 8.—Officials of the American Store Equipment Co., with branches and subsidiaries in Detroit, Muskegon, and New York, announced today that all employees are to be given a 10 percent increase in pay.

BROKERS HOIST WAGE

NEW YORK, May 8.—J. S. Bache & Co., New York brokers, informed employees today that they will receive a 10 percent pay increase.

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410 EMPLOYEES RAISED

UNIONTOWN, PA., May 8.—A 5 percent wage increase for the 410 employees of the Berkowits shirt factory will go into effect immediately, officials announced today.

SHIRT FIRM PAYS MORE

ALBANY, N.Y., May 8.—More than 2,000 employees of the Artistic Shirt Co. are to receive 10 percent pay increases, effective today, it was announced by company officials.

The firm has plants in Albany, Troy, Kingston, and New York City.

[From the New York Times, May 11, 1933]

Unfilled orders of the United States Steel Corporation increased 23,572 tons last month to 1,864,574 tons on April 30, it was announced yesterday. It was the first gain reported by the company since October 1932.

Since the company's backlog is traditionally one of the most important barometers of trade, the rise was regarded in Wall Street as one of the most convincing indications of the improvement in the economic situation in the country in the last month.

In view of the sharp expansion in production last month, the rise in unfilled orders was gratifying to steel authorities. The entire steel industry increased its output to more than 24 percent of capacity, compared with about 15 percent in March. The United States Steel Corporation's rate of output was somewhat less than the average for the entire industry, but its gain was extremely rapid in the month, steel experts believe.

[From the New York Times, May 10, 1933]

JOB REVIVAL SITUATION

By the Associated Press

American workmen marched back to their jobs by hundreds yesterday, and many of them read notices at the door that wages were up 10 percent.

The magazine Ceramic Industry, of Chicago, estimated that 10,000 men had gone back to work in glass, porcelain enamel, pottery, and allied industries since April 1. The A. C. Spark Plug Co., of Detroit, added 200 men to help catch up with orders; the Washington mill of the American Woolen Co., at Lawrence, Mass., reopened after being idle a year; tobacco companies at Richmond announced they had recalled 150 men, and small wood mills at Tomahawk and Muscoda, Wis., opened after being long closed.

Increased operations in the steel industry—considered one of the most reliable of business barometers—provided good cheer in a dozen industrial sections.

SHOE PLANT ON FULL TIME

BINGHAMTON, N.Y., May 9, 1933.—George F. Johnson, an executive of the Endicott-Johnson Shoe Co., told the Binghamton Press today that unfilled orders would put all factories of the corporation in Binghamton, Endicott, and Johnson City on full time and capacity production schedule for the better part of the summer.

TIRE WORKERS TO GET 10 PERCENT MORE

WEST HAVEN, CONN., May 9.—A 10 percent rise in all wages and salaries, with the prospect of more, was announced today by the Armstrong Rubber Co., tire manufacturers. James A. Walsh, the president, said the concern was working 24 hours a day to fill orders.

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5 PERCENT BY DRESS CONCERN

PHILADELPHIA, May 9.—Biberman Bros., Inc., dress manufacturers, announced a 5 percent wage increase today for the concern's 600 employees.

STAVE PLANTS ADD NIGHT SHIFTS

BARBOURVILLE, KY., May 9.—Night shifts have been added by two barrel-stave manufacturing plants here to keep up with orders for beer-barrel staves.

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350 GET JOBS AT LAUREL, MISS.

LAUREL, MISS., May 9.—The Masonite lumber byproduct plant here started operating at full capacity today after partial operations during the past week and following several weeks of complete idleness.

12½ PERCENT RISE AT AKRON

AKRON, OHIO, May 9.—P. W. Litchfield, president of the Goodyear Tire & Rubber Co., said today that salaried employees in the general offices, who were cut 12½ percent when working hours were shortened sometime ago, were being restored to their former pay basis.

The Seiberling Rubber Co. announced that the factory was working at capacity 24 hours 7 days a week.

The General Tire & Rubber Co. last week went on capacity schedule.

AUTO ACCESSORY PLANT EXPANDS

MILWAUKEE, WIS., May 9.—S. F. Briggs, president of the Briggs & Stratton Corporation, manufacturers of automobile accessories and motors, announced today the concern had increased its operations from a 3-day to a 5-day week basis, in line with the greater output in the automobile industry.

[From the News, Washington, D.C., May 9, 1933]

CHICAGO, ILL., May 9.—Effective tomorrow, all employees of the 11 companies controlled by the Cord Corporation will receive a straight 5 percent increase in wages, E. L. Cord announced today. The wage increase applies to 10,000 workers in 25 States.

In his announcement of a new program of expansion, Cord declared that President Roosevelt's recovery program "is well on its way toward its goal."

The increased wage compensation will affect the employees of the American Airways, Aviation Corporation, Auburn Automobile Co., Lycoming Manufacturing Co., Stinson Aircraft Corporation, Duesenberg, Inc., Spencer Heating Co., L. G. S. Devices Corporation, Columbia Axle Co., Central Manufacturing Co., and Limousine Body Corporation.

UNIONTOWN, PA., May 9.—A 5 percent increase in wages was placed in effect at the plant of the Berkowitz Shirt Co. here today, less than 2 weeks after striking employees had won cancelation of an order inflicting a 10 percent wage reduction.

BURGETTSTOWN, PA., May 9.—Resumption of mining activities in the Avella district collieries today called 900 coal miners back to their jobs.

[From the Journal of Commerce, May 11, 1933]

BUSINESS INDICES SHOW UPTURN

The general level of business activity, as reflected in leading indices, will again show an improvement over the corresponding week in 1932, preliminary indications show.

Electric power output for the first week of May was one half of 1 percent above last year. Car loadings remain somewhat below the 1932 level, as coal operations have not yet caught up, but the drop for the first week of May may be less than 2 percent.

On the other hand, such indices as steel production are showing a decided expansion, which will tend to place the level of general activity well above that of last year.

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ADVANCE IN STEEL ORDERS

The rise of 22,752 tons in unfilled orders of the United States Steel Corporation is significant. It represents the first rise in such orders since last October. In the second place, it has been usual in recent years for a substantial drop to be shown in the total of unfilled steel orders during April, incident to higher operations and a seasonal decline in the placing of new commitments.

Further expansion of steel operations this month reflects a continued inflow of new orders to date. Another rise in unfilled orders for May is doubtful, however, because of the rapid rise in the rate of operations and seasonal influences. Rail orders could change the situation.

NEW PURCHASING POWER

Concrete evidences of the creation of new purchasing power as a result of recent price advances and expansion of industrial operations continue to come to hand daily.

Current compilations place the indicated increase in the purchasing power of the farmer, resulting from recent price advances, at approximately $1,000,000,000. This would be outside any additional funds that might reach the agricultural population as a result of the application of the farm bill.

Increase in steel operations of about 100 percent from the levels of several weeks ago will provide a corresponding expansion of income to workers in the steel plants. In many other industries reports of increase in working hours, advance in pay rates of employment of new workers point to increased buying power.

"THE GREAT GAME OF POLITICS", ARTICLE BY FRANK R. KENT

Mr. FESS. Mr. President, in this morning's Baltimore Sun is a very readable article entitled "The Great Game of Politics—the Last Ace", dealing with the emergency and especially the legislative program now before the Congress. I ask that the article from the pen of Frank R. Kent may be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Baltimore Sun, May 11, 1933]

THE GREAT GAME OF POLITICS—THE LAST ACE

By Frank R. Kent

WASHINGTON, May 10.—Since Mr. Roosevelt's speech, the reassuring financial note of which was very well forecast by those observers in close White House touch, interest centers upon the bill for industrial regulation, which is scheduled to be presented with administration support in a day or so.

With this measure, it is said, the full Roosevelt legislative program will have been revealed. No further general legislation is to be presented at this session. The professors will rest their massive minds. Having covered the fields of finance, agriculture, transportation, and industry with bills embodying their theories for the remaking of our national life, they have little to do now save oversee the proper execution of their plans and await results. And whatever the trepidation among others, this, it may be said, they do with the utmost confidence.

It is quite clear that when—which will be shortly—the administration proposals are finally through Congress we will be launched upon a new era.

The legislative body will have transferred to the executive branch unrestricted and practically unlimited power to operate the country, and it will have enacted laws extending Federal supervision and control over every form of human activity outside of the professional classes. In effect, our system of government will have been largely remade and the national direction greatly changed. When the entire program is grasped it is an astounding picture, one which no man visualized 2 months ago, and of which there was scarcely a hint in either the Democratic platform or the Democratic campaign.

There is sound ground for asserting that while some of the things, such as the original farm relief bill and the grandiose Muscle Shoals-Tennessee Valley scheme, were in mind before inauguration, neither the President nor his professional advisers had any notion of the extent to which we would be carried when he took office. It was the bank crisis that presented the opportunity, made it all possible, and, perhaps, rendered it necessary. Such, at any rate, is the argument. The elevator was on the bottom. The country and Congress were badly scared. It was a chance in a thousand for the enactment of a program, and no one will contend that the chance has not been fully seized. The interesting part is that it has been achieved with the enthusiastic, if not wholly comprehending, support of the people, and a minimum of criticism. Only in a few isolated instances has a statesman or a newspaper had the hardihood to speak out clearly in opposition. Public sentiment has been and is behind the President, and so are the professors.

And now, the last card for the grand-slam bid is about to be dealt in the form of the industrial regulation bill. It was at first called the Wagner bill, and able Senator WAGNER, of New York, was its sponsor, but the professors and a good many others have now aided in its preparation and it is greatly expanded. The 30-hour week Black bill is to be sidetracked to make way for this far more comprehensive measure, the trend of which is toward a true socialization of industry, by which private ownership and operation will be retained, but Federal supervision and planning established. The provisions of the bill have not yet been disclosed, but those best posted say it is designed to encourage industry to organize, regiment, and regulate itself under governmental supervision, as to production, wages, and hours of work.

It is regarded by some as a companion piece to the farm relief bill and is held to be equal to that measure in its scope and potentialities. The action of industry toward self-regulation is to be voluntary, but it will be made very much to its self-interest not to be recalcitrant. To put the plan in full operation, it is said, will require a good many years, but once launched upon this experiment there can be no retracing of steps until it has been fully made. Mr. Roosevelt meant this proposal when, on Sunday night, he spoke of the Government's seeking not control but a "partnership" in business. It is the last card in the new deal—but it is an ace.

CARE OF VETERANS

Mr. ROBINSON of Indiana. Mr. President, I should like to have incorporated in the RECORD an article from the Dayton Journal of May 7, 1933. It contains a picture of a disabled veteran discharged from the Dayton Hospital in his underwear. The clothing which he had been wearing in the hospital had been taken from him. I will read just one short paragraph from the veteran's statement:

Next, the Government told me I would have to turn in the only clothes that I have in the world. I told them in there [pointing to the quartermaster's building] that if I did I would have to go home in my underwear, and they told me that they could not help that—that "orders is orders."

I ask that the entire article may be incorporated in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Dayton Journal, May 7, 1933]

VETERAN TURNS IN SUIT UNDER NEW UNITED STATES RULING—LEAVES SOLDIERS' HOME SANS OUTER GARMENTS, THUS COMPLYING WITH LETTER OF THE LAW

"Orders is orders. You will have to take them off," and off they came, as can be seen in the above photograph taken at the National Military Home Thursday afternoon. The picture shows P. M. Long, 3214 Courtland Avenue, as he appeared after turning in his suit of clothes given him by the Government when a resident of the home.

"So this is the 'new deal' we heard so much about", he commented bitterly as he posed reluctantly for a picture.

"Well, I was one of those who demanded a change, and I got it—I ought to be satisfied," he added.

"First, the Government notifies me that my $24-a-month pension for 75 percent disability was cut to $12 a month, and then I was notified that I would receive my last pension check of any kind on the last day of May.

"Next, the Government told me I would have to turn in the only clothes that I have in the world. I told them in there [pointing to the quartermaster's building] that if I did I would



have to go home in my underwear, and they told me that they could not help that—that "orders is orders.'"

With that, he summoned what dignity he could and walked through the drives past Government buildings until he neared the Anderson gate, where a sympathetic motorist stopped and offered to take him home. Otherwise, he had planned to continue walking through the city.

As he walked, he held his head high, never glancing to the right or to the left, nor did he seem to hear the few comments made in his passing. One resident of the home shouted:

"I'll never do that. The Government will never get this suit from me." But Long, in his underwear, shirt tails flying in the breeze, strode on without answering.

For some time there have been reports that the officials of the home were requiring discharged residents to turn in their clothing, and that in several instances these men had left the home grounds in their underwear.

Col. Fred Runkle, governor of the home, said that the order was issued by the Veterans' Bureau at Washington in compliance with the provisions of the National Economy Act, which order stipulates that any man not entitled to residence at the home must turn in all clothing issued him by the Government.

"I do not know anything about any men going out of here without their clothes," he said, "for I know that they are given a reasonable length of time to look around and get relief from some other source, but the clothing must be turned in in all such cases."

It was a more elaborated statement of the curt "orders is orders" statement given Long by the employee in the quartermasters building.

PROVISIONS OF LAW

The law provides that any man eligible for the home either as a resident or as a "sleeper out" who gets $6 a month or more is not entitled to clothing and must turn in what clothes he has issued him by the Government, the governor said.

In Long's case, he is still classed as getting $12 a month, although he draws his last check May 30. It is presumed that because he drew $12 on April 30 he should have been able to provide himself with clothing.

"How can you do it with a wife and three children and not enough to eat?" he asked this writer. "I can't pay rent and have not done so since last fall. If it was not for the good nature of my landlord, I would have been out in the street before now."

Mr. BYRNES subsequently said: Mr President, this morning the Senator from Indiana [Mr. ROBINSON] had inserted in the RECORD an item from the Dayton (Ohio) Journal making certain statements with reference to the management of the military home at that place causing a veteran there to leave the home in his underwear. The newspaper story, with the picture of the soldier, justified the statement of the Senator from Indiana. It impressed me as rather unusual that a photographer should be on hand to take the picture of the soldier, and so I made inquiry of General Hines' office as to the story. I learned that the Veterans' Administration had investigated the case and I now ask unanimous consent that, immediately following the publication of the newspaper story submitted by the Senator from Indiana, there may be printed the report submitted after investigation by the manager of the home at Dayton, Ohio, and also the report of General Wadsworth, who has been in charge of the homes for a number of years. These reports set forth the facts with reference to the manner in which the veteran left the home.

The PRESIDING OFFICER. Is there objection?

Mr. REED. Mr. President, will the Senator from South Carolina state, in a word, just what the facts are?

Mr. BYRNES. I am very glad to say that the Veterans' Administration reports that this ex-service man went into a clothing store and stated:

That he wanted to turn in some clothes. Some newspaper cameramen—

According to the report which I am reading—

were standing near the clothing store and had been waiting approximately 20 minutes. Long went into the clothing store and turned in his clothes. The clothing clerk who works behind the counter did not note that Long did not have on any trousers because he could not see below the counter and had no reason to believe that he was in this condition. Long did make some statement that he was going to turn in his shoes and did not have any others and the clothing clerk told him he would not accept shoes from a member and let him go out without shoes. He immediately left and as soon as he stepped outside of the clothing store his picture was taken. He walked down through the camp for some distance and it is understood that his picture was taken twice more; whereupon he was picked up by an automobile and taken out of camp.

The report goes on to state that the bulletin which is attached and the regulations provide that no soldier shall be allowed to leave the home without clothes if he is in need, but that this man did not ask any official of the home for clothes and the cameramen who had been waiting for some time for his arrival at the store left with him after his picture was taken, and the story was published in the Dayton Journal of last Saturday. General Wadsworth's statement and the statement of Mr. F. C. Runkle, who is in charge of the home, are quite plain, and I think will satisfy every person who reads them, that there was no justification for the story which was published in the newspaper.

The PRESIDING OFFICER. Is there objection to the request of the Senator from South Carolina? The Chair hears none, and it is so ordered.

The matter referred to is as follows:

UNITED STATES VETERANS BUREAU,
Dayton, Ohio, May 9, 1933.

From: Manager, V. A. Facility, Dayton, Ohio.
To: Director, National Homes' Service.
Subject: Member Perry M. Long turning in clothing.

This has reference to the case of Perry M. Long, a sleep-out member of this home, who turned in his clothing and whose picture appeared in the Dayton Sunday Journal of May 7 sans outer garments.

Immediately after this happened it was thoroughly investigated, and it was found that Perry M. Long, according to our records, receives an income of $24 per month disability allowance. He is a sleep-out member and is still a member of the home and has not yet been examined to determine his eligibility under the new law. On Thursday, May 4, Long went to the company commander and asked him for his roster card, stating that he wanted to turn in some clothes. Some newspaper cameramen were standing near the clothing store and had been waiting approximately 20 minutes. Long went into the clothing store and turned in his clothes. The clothing clerk, who works behind the counter, did not note that Long did not have on any trousers, because he could not see below the counter and had no reason to believe that he was in this condition. Long did make some statement that he was going to turn in his shoes and did not have any others, and the clothing clerk told him he would not accept shoes from a member and let him go out without shoes. He immediately left, and as soon as he stepped outside of the clothing store his picture was taken. He walked down through camp for some distance, and it is understood that his picture was taken twice more, whereupon he was picked up by an automobile and taken out of camp.

It is very apparent, since the photographers were standing by waiting, that the whole affair was planned beforehand for publicity purposes. Attached is a bulletin issued at this station on April 22 explaining the new regulations concerning clothing for members of the home. It will be noted in this bulletin that it plainly shows that a man may have clothing when necessary for the protection of his health, or for sanitary reasons, or because of special need in any case. Long made no appeal to the company commander or any of the officials of the home. It was also pointed out in the attached bulletin that if a member wants to keep his clothing he must fill out form P-11 and submit it to the adjutant, who will make a check of the records and submit it to the manager for his approval or disapproval. Long did not comply with these instructions in any manner. He made no effort to retain his clothing, but simply turned them in of his own volition.

The statement attributed to the manager in the Sunday paper is misquoted and misleading, in that the manager explained the conditions of the new law but pointed out that in no case would a member be caused to leave the home without sufficient clothing. We have adopted the policy at this station that a member of the home either comes within a new law or the old law, and that in either case he would be allowed to retain clothing when it was a special need. As stated above, this particular case has been investigated thoroughly, and it was apparently done for no other purpose except for publicity.

Unsubstantiated rumors come to us that others are going to do likewise, but so far this is the only case that has developed, except one man who went to the mess hall without shoes, although he had shoes in his locker, and stated he was doing it to help out the Government economy program.

F. C. RUNKLE, *Manager.*

VETERANS' ADMINISTRATION FACILITY,
Dayton, Ohio, April 22, 1933.
(Bulletin No. 22)

CLOTHING FOR MEMBERS OF THE HOME

The manager is in receipt of instructions as to the new regulations governing the issue of clothing to members who are eligible to be members under the law. They are published for the information of all concerned.

Clothing will be furnished beneficiaries in Veterans' Administration facilities only under the following conditions:

(a) When necessary for the protection of health or for sanitary reasons.

(b) When the beneficiary is in receipt of less than $6 per month from any source; or when the manager of the facility personally authorizes the furnishing of clothing because of special need in any case.

Clothing can be issued only under the above conditions. Those members who do not come within the foregoing regulations and who have clothing in their possession must turn them in to the clothing storehouse. Captains of companies will make arrangements with the clothing clerk so that this procedure will be carried out promptly.

All of those members who have clothing and come within the foregoing regulation must fill out form P-11 if they want to retain the clothing now in their possession. Captains of companies and hospital stewards have been supplied with these forms. They will furnish members of their companies or hospitals with these forms if they want to retain their clothing. Captains of companies or stewards must stamp or write the number of their company or the name of their hospital on each form. After the form has been filled out, it will be forwarded to the adjutant, who will check the records and submit to the manager for his approval or disapproval. They will then be returned to the company or the hospital, who will take them to the clothing clerk as the authority for the member retaining the clothing. After the clothing clerk has made notations on his cards as to the date of approval for the issue, the forms will be sent to the adjutant's office for file in the member's jacket. The captains of the companies and the stewards in the hospitals will complete this work by May 15, 1933.

Any member who does not now have clothing, who comes under the foregoing regulation, and who desires to draw clothing, must fill out one of the forms mentioned above and then the procedure will be the same as outlined above.

F. C. RUNKLE, *Manager.*

MAY 10, 1933.

From: Director of National Homes.
To: Assistant Administrator.
Subject: Conditions at V. A. Home, Dayton, Ohio.

Recent newspaper publication concerning the depriving member P. M. Long of clothing, stated that this member had been required to give up his clothing; that he had been taken to the storehouse and stripped of his outer garments, and there was published his picture in underclothing.

When this matter was brought to attention, I wired the manager, as follows:

"Wire immediately full details concerning taking in clothing of P. M. Long, covered in Sunday's Herald, especially the matter quoted as your statement concerning turning in of clothing. Are you giving careful consideration to needs of the individuals and allowing them to take clothing under paragraph 145 H.R.

WADSWORTH NATIONAL HOMES."

Have just received report which reads as follows:

"Re radio May 9. P. M. Long, a sleep-out member with income of $24 per month per our record, voluntarily turned in his clothing without contacting his company commander or anyone else concerning retaining it. Statement in newspaper misquoted. Careful consideration is being given to needs of the individual and allowing them to take clothing under paragraph 145 H.R. Long is still a member. Letter follows.

RUNKLE."

From Captain Salisbury, commissary of subsistence at the Dayton Home, who came here yesterday on special duty, I have obtained further information concerning this incident.

It was a carefully staged publicity stunt. This member, on his own volition, went to the storehouse and hastily cast off his outer garments and left the building. A newspaper photographer was stationed outside and took his picture. The member, in the newspaperman's car, then proceeded to the home gate where additional pictures were taken and the extravagant publications followed.

The survey of members is being carried out in accordance with instructions, giving members affected due notice and giving a liberal interpretation to paragraph 145 H.R., which allows the manager to permit needy members being discharged to take away clothing.

C. W. WADSWORTH.

EXTENSION OF GASOLINE TAX

Mr. HARRISON. I move that the Senate proceed to the consideration of House bill 5040.

The VICE PRESIDENT. The question is on the motion of the Senator from Mississippi.

The motion was agreed to; and the Senate proceeded to consider the bill (H.R. 5040) to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes, which had been reported from the Committee on Finance, with amendments.

Mr. HARRISON. Mr. President, I desire to make a brief explanation of the bill now pending before the Senate. I trust that Senators who desire to listen to the explanation will withhold any questions until I shall have concluded my explanation, and then, if I can do so, I shall be glad to explain further any parts of it that may be desired.

It will be noted that the first part of the bill pertains to the gasoline tax which was imposed in the 1932 act at the rate of 1 cent per gallon. That tax would expire on June 30, 1933. The committee provides in the first section of the bill an extension of that tax for another year. It is to be hoped that by that time the Federal Government can withdraw from participation in the tax on gasoline.

Section 2 of the bill deals with changes in the postal laws. It fixes the rate on drop letters for the fiscal year 1934 and provides that the present rate of 3 cents shall be reduced to 2 cents. That is not optional with the President. That is fixed by the mandate of the Congress.

As to other powers that are granted in that section of the bill, the President is given authority, after survey and investigation, either to reduce or to increase postal rates, having in view economies and a balancing of postal receipts and disbursements. There are only two limitations upon those powers. One is that he may not fix a rate below 2 cents on first-class mail matter and the other is that the 2-cent rate as fixed shall apply to drop letters.

As to the other provisions of the bill, it was found in the application of the gasoline tax of 1932 that certain dealers were discriminated against and that sometimes a tax was unjustifiably imposed upon them. Upon recommendation of the Treasury Department we have cured such defects in the act. We made the tax applicable to all those things embodied in the manufacturer's so-called "limited sales tax." For instance, where a dealer buys from a manufacturer and the tax is passed on from the manufacturer to the dealer, the dealer will not now have to pay the tax where he sells the gasoline to another manufacturer, but the second manufacturer will pay it. I would not have Senators get the impression that there are two taxes to be imposed. It is only imposed in the last instance.

The bill changes also the application of the tax so that political subdivisions, States, counties, highway commissions, and so forth, are made exempt from the payment of the 1-cent gasoline tax. It was found in certain cases that a manufacturer had sold gasoline to a dealer, and when the dealer had sold it to some political subdivision, a State or county, or municipality, they had paid the tax and there was no recourse for the political subdivision to obtain a refund. We have incorporated in the bill a provision that enables the dealer, where the tax has been passed on to him and he sells the gasoline to a political subdivision of a State, to apply for and obtain a refund of such tax.

These are the administrative changes recommended in order to eliminate any discrimination in collecting the tax. There is another provision incorporated in the bill that affects lubricating oil, which is put in the same classification as gasoline in the matter of the elimination of the discriminatory provisions of the law in the collection of the tax.

There is also a provision that deals with fuel oils and ship's stores and sea stores. It was found that many of the vessels which carry on the foreign trade heretofore had bought their fuel oil in this country, but since the passage of the tax act they have changed their practice and are filling their tanks abroad in the ports of foreign countries, and we are losing that trade. A provision is recommended by the committee that in the case of fuel oil, ship's stores, and so forth, as involved in this class of foreign trade, the tax shall not be imposed. It will be seen from a reading of the bill that it does not apply to coastwise vessels at all, but only to those engaged in foreign trade.

Mr. President, the last provision of the bill deals with the electric-energy tax. It will be recalled that when the bill was before the House to extend the gasoline tax for another year an amendment was offered upon the floor of the House and was adopted by a very large vote, changing the method of taxing electric energy. I am telling Senators nothing new when I remind them that we had a fight here in 1932 over the imposition of this tax. The Senate imposed a

3-percent electric-energy tax, and it was finally adopted, to be collected from the consumer of electric energy. We applied that only on domestic and commercial energy; that is, electric energy used in stores and dwellings that are classified as commercial and domestic. There was no tax in the 1932 act imposed upon energy employed in industry.

The House adopted an amendment that took the payment of the 3-percent tax from the consumer and placed it upon the power companies, or at the source, so to speak. The committee had a great deal of discussion over that amendment. It was a very difficult problem to solve because many power companies appeared before us by their representatives and said they would be put out of business if such a provision were incorporated in the bill. A subcommittee was appointed to study the matter and report. The subcommittee reported to the full committee and we discussed it several days and finally have adopted and recommended to the Senate a provision for a tax of 2 percent on commercial and domestic energy, to be collected at the source from the power companies, reducing the House proposal in that respect from 3 percent to 2 percent. Then we have recommended an industrial electric-energy tax of 1 percent to be collected from the consumer. The Treasury estimates that there will be very little loss, if any, in revenue from the adoption of this procedure. We felt that such a provision was fair.

Again, we approve and recommend an amendment which makes the tax operative on September 1 of this year. The new tax will go into effect at that time. It was believed by the Committee on Finance, in the case of some of the smaller companies which said they would be driven out of business by virtue of a 2-percent tax upon them, that it should be provided that they might appear before the public service commission of their respective States and let the commission pass upon the question of whether the tax should be passed on to the consumer. The law will not go into effect, under the recommendations of the committee, until September 1.

That is a brief explanation of what the bill contains; and I shall now be very glad to answer any question any Senator may desire to propound.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Idaho?

Mr. HARRISON. Certainly.

Mr. BORAH. As I understand, the tax on electric energy will not go into effect until September 1?

Mr. HARRISON. Yes.

Mr. BORAH. In the meantime the companies may apply to the State commission to have that tax transmitted to the consumer?

Mr. HARRISON. Yes; or for an increase in their rates, as they may be advised.

Mr. BORAH. What changes were made in the House text with reference to that provision?

Mr. HARRISON. The House bill put a 3-percent tax on commercial and domestic energy, payable by the power companies and to take effect at once. The change has been made as I have previously pointed out.

Mr. ROBINSON of Indiana. Mr. President——

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Indiana?

Mr. HARRISON. Certainly.

Mr. ROBINSON of Indiana. As I remember it, last year, when this question was before the Senate, the Senate voted to impose a 3-percent tax on electric energy and charge it to the producer and not to the consumer. Then the matter went to conference and the Senate conferees, in spite of what the Senate had done, agreed to let the consumer pay it. I presume they felt that they had reason for doing that, although the responsibility was finally laid at the door of some Member of the House, and so the tax was to be charged to the consumer. Some of us believed then that it should have been charged to the power companies. A large majority of the Senate believed that. Evidently the House has rectified that provision to a certain extent and now proposes to charge the tax to the producer.

I understand the Senator to say that the Senate Committee on Finance has reduced the 3 percent to 2 percent?

Mr. HARRISON. On commercial and domestic energy.

Mr. ROBINSON of Indiana. And the charge will now be levied against the producer rather than the consumer?

Mr. HARRISON. That is true.

Mr. ROBINSON of Indiana. One percent will be charged the consumer of industrial energy?

Mr. HARRISON. Yes. In that connection may I say that there was no tax on industrial energy in the 1932 act?

Mr. ROBINSON of Indiana. There was none?

Mr. HARRISON. No; there was none.

Mr. ROBINSON of Indiana. I am asking the Senator for information because I know he is very familiar with the subject. I have had a number of inquiries with reference to a 1-percent tax to be assessed against electric railways. Does the Senator call that industrial energy?

Mr. HARRISON. Yes; I think that is industrial energy.

Mr. FESS. Mr. President——

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Ohio?

Mr. HARRISON. I yield.

Mr. FESS. I did not get the purport of the delegation of power to the President with reference to postal rates. Does that cover second-, third-, and fourth-class rates?

Mr. HARRISON. That is covered by section 2 of the bill.

Mr. FESS. Does it extend to all classes of mail matter except first class?

Mr. HARRISON. To all classes of mail. He had the power during the fiscal year 1932 to increase or reduce, with the limitations which I pointed out.

Mr. FESS. The rates put into effect would cease at the end of the fiscal year 1934?

Mr. HARRISON. The law would expire on June 30, 1934.

Mr. BORAH. Mr. President, going back to the question of the tax on electric energy——

Mr. HARRISON. Did the Senator from Ohio want to ask another question?

Mr. FESS. I will wait until the Senator from Idaho concludes. He may ask the question which I have in mind.

Mr. BORAH. As I understand, the bill provides that the entire tax on electric energy may be charged to the consumer?

Mr. HARRISON. No.

Mr. BORAH. Why not?

Mr. HARRISON. I say it may not. After the law goes into effect, before the 1st of September, and even after the 1st of September, if some power company should apply in the Senator's State or in my State to the public service commission, and that commission thinks it should be passed on to the consumer, they would have the power to order or permit that to be done.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator a question? The proposed legislation does not deal with that subject at all?

Mr. HARRISON. Not at all.

Mr. ROBINSON of Arkansas. It imposes the tax of 2 percent on the power companies?

Mr. HARRISON. Yes.

Mr. BORAH. I understand that; and then it postpones the time of operation in order to give the power companies an opportunity to be heard before the Commission as to passing it on.

Mr. HARRISON. That was the reason for fixing the date as September 1, may I say.

Mr. FESS. Is any power given to the President here to increase the rate of the gasoline tax?

Mr. HARRISON. None at all; oh, no. We just extend the present 1-cent gasoline tax for another year. That is all that is done with that matter, except that we have cured some of the discriminatory provisions, as I pointed out to the Senator.

Mr. FESS. Then the impression that we are continuing the 3-percent tax is incorrect; it is reduced from 3 to 2 percent on domestic use and 1 percent on industrial use?

Mr. HARRISON. We are reducing the tax on commercial and industrial energy from 3 percent to 2 percent and putting it upon the power company.

Mr. FESS. And adding 1 percent——

Mr. HARRISON. And adding 1 percent on industrial energy, to be collected from the user or consumer.

Mr. WHITE. Mr. President, will the Senator recur to section 630? That section relates to a tax imposed upon fuel supplies, ships' stores, sea stores, and so forth, and provides that this tax shall not be collected on such stores used on war vessels either of the United States or of a foreign country. That is right; is it not?

Mr. HARRISON. Yes.

Mr. WHITE. Then it goes on and refers to these stores and supplies used upon vessels employed in the fisheries or in the whaling business, and so forth. I take it this exempts from the tax only those stores used on American ships.

Mr. HARRISON. The Senator from Pennsylvania [Mr. REED] offered this amendment, and I should like to hear his interpretation of that.

Mr. REED. Mr. President, the idea is this:

At the present time, ships under the American flag or foreign flags, engaged in the various services mentioned here, all have opportunity to buy their fuel oil at foreign ports, and since we have put a tax on that oil they have all been doing it. At the present time we are not getting any revenue out of vessels engaged in these services. We will not get any revenue out of them if this section passes; but Americans will get the business of selling to them, which at present is prevented by the imposition of the tax.

Mr. WHITE. To repeat my question, are foreign vessels employed in the fisheries or in the whaling business exempted from the tax on the use of these articles?

Mr. REED. I think they would be, and they ought to be, because at present they are buying their supplies abroad; and not only do we get no tax, but American suppliers do not get any of the business.

Mr. WHITE. Of course there are no foreign vessels engaged in trade between the Atlantic and Pacific ports of the United States.

Mr. REED. That is true.

Mr. WHITE. The inclusion of that clause led me to believe that perhaps this second portion applied only to American ships.

Mr. REED. No; I should not so construe it. The reason for putting in ships plying between the Atlantic and Pacific ports of the United States is that those ships touch, or can touch, at foreign ports, and can there pick up foreign oil tax-free.

Mr. WHITE. May I ask the Senator the origin of this suggestion?

Mr. REED. The origin was with some of the oil companies. Having received the suggestion from these companies, and feeling unable myself to detect any "joker" that might be in it, I submitted it first to the experts of the Joint Committee on Internal Revenue Taxation, and next to the Treasury Department, and was told by both of those authorities that the amendment seemed to them to be a proper one, and they saw no defect in it.

Mr. WHITE. Was it submitted to anyone having a special interest in the shipping of the United States? Was it submitted to the Shipping Board?

Mr. REED. No; I do not think it was, so far as I know; but I should think they would be very anxious to have it adopted. At the present time the trans-Atlantic liners which used to buy all their fuel oil in New York and other American ports are buying European oil in European ports, enough to carry them on the round trip. We are not only getting no tax out of those vessels but we are getting no business out of them.

Mr. WHITE. That relates to vessels in the North Atlantic trade.

Mr. REED. That is right.

Mr. WHITE. But what about other vessels?

Mr. REED. I am told by one of the Senators from California that this will be very helpful to them in enabling them to sell to the trans-Pacific trade.

Mr. WHITE. Of course, it is an entirely new suggestion so far as I am concerned, and I do not know that I have any very definite notions about it. I am just suspicious about it; that is all.

Mr. REED. What suspicion has the Senator?

Mr. WHITE. I am not sure that I like to see foreign ships and American ships put on precisely the same plane respecting this matter.

Mr. REED. Well, at the present time neither of them is buying any American oil. We want to get that business.

Mr. WHITE. Is that an entirely accurate statement?

Mr. REED. No; I think that is probably too sweeping. I should say that the vast bulk of the business has been lost. There may be exceptions.

Mr. FLETCHER. Mr. President, may I ask the Senator whether this provision imposes any additional tax on American shipping?

Mr. REED. No, Mr. President; it does not.

Mr. FLETCHER. I do not see how they could object, if it does not impose any additional tax on them.

Mr. REED. I do not see where they could have any objection.

Mr. CONNALLY. Mr. President, I desire to ask the Senator from Pennsylvania a question. Why should vessels engaged in whaling and the fisheries be exempt? They do not necessarily touch at foreign ports; do they?

Mr. REED. Because they can very easily do so.

Mr. CONNALLY. Where?

Mr. REED. Take a ship that goes whaling to the south Pacific Ocean: It can pick up its oil in a hundred places.

Mr. CONNALLY. I see no reason for exempting all the fishing industry and the whaling vessels when we make our coastwise vessels engaged in commercial pursuits pay this tax. I see no reason why a vessel doing business between the Atlantic and the Pacific, going through the Panama Canal, all of which is our territory, should be exempt from this tax.

Mr. REED. Oh, no; on the contrary, the whole Caribbean Sea is not our territory by any means.

Mr. CONNALLY. The Panama Canal is under our control.

Mr. REED. The Panama Canal is; but those vessels are in a position to pick up foreign oil, and we want to get the business for American producers.

Mr. CONNALLY. I am not quarreling with the part with reference to foreign commerce; but I do not see any reason why we should exempt the fishing people and the whaling people from the payment of the tax.

Mr. REED. The whalers, I think, clearly ought to be exempted, because all of them go into foreign waters. The fishing ships may or may not.

Mr. CONNALLY. Where would they buy oil if they were going into the South Polar or Antarctic region? There are no oil stations there.

Mr. REED. They pass a hundred ports at which tankers from Persia could fill them up, and in which tankers are situated that would be glad to have the business.

RELIEF OF AGRICULTURE—PERSONAL STATEMENT

Mr. SMITH. Mr. President, when the farm relief bill was first introduced in the preceding Congress and also in this Congress, I strenuously objected to and voted against what was known as "the allotment plan", because it provided that the processing tax which should be levied for the purpose of raising the price of agricultural products should be automatically added to whatever tariff was existing on those articles. I said then that I believed it was a false principle, for I have always stood against a high protective tariff as interfering with reasonable commerce between this country and other countries.

When the bill came up in the present Congress, I opposed that provision because it was endorsing the Smoot-Hawley tariff and adding to it a greater tariff, in that it imposed on

top of that tariff the processing tax. I never have voted for such a proposal, and I did not vote for this bill for that specific reason—that I did not believe it was in accord with the best interests of this country, and certainly not in accord with the Democratic principles that I have been taught and believe to be the correct principles of our Government.

This morning I find that I am vindicated in my Democratic stand, if the reports in the newspapers are correct. I read:

ROOSEVELT AGAINST IMPORT FARM TAX—PRESIDENT THINKS UNITED STATES SHOULD PRACTICE TARIFF TRUCE AS WELL AS PREACH

Keeping to the spirit of his proposed world tariff truce, President Roosevelt believes the United States should forego for the present the levying of an import tax on major agricultural products as provided in the new farm relief bill.

This was made plain yesterday at the White House, where it was also said the President did not believe it would be necessary to apply the import taxes before June 12, when the truce would expire.

America's first move at the world economic conference meeting on that date, it was made clear, will be to propose a new tariff truce to last as long as the conference itself.

The President's stand against using the power in the farm bill to increase the tariff while the preliminary truce is on ended considerable uncertainty.

Import taxes under the bill would be levied in an amount equal to the processing taxes provided on domestic wheat, cotton, corn, hogs, rice, tobacco, and dairy products. The processing tax is intended to give the farmer a greater return for his produce.

Here is the vindication:

The President's attitude was seen as indicating that the United States will "lean over backward" in avoiding any increase in the barriers to world trade.

Mr. President, I stood on this floor and pled with my Democratic colleagues not to forswear their righteous and ancient doctrine and endorse the Smoot-Hawley tariff bill, which everyone here who went on the hustings during the last campaign vigorously protested against, and then come here and vote to endorse that bill and add twice the existing amounts to it. As a Democrat, I would not vote for the farm relief bill in spite of the fact that it had excellent provisions in it—2 of them par excellence; 1 my own, which was, of course, the greatest, and the other was the inflation provision. Yet I was perfectly willing to cast my vote even against these provisions, because they had embedded in them the spirit of destruction which has led us to our present situation.

Now, thank God, we have a President who sees the danger of this selfish attitude on the part of a great Nation like ours—the danger involved in erecting barriers between America and the rest of the world, and shutting out the trade of the world, and leaving us here with our great exports without a market, leading to reprisals on the part of all the other nations of the earth.

Now, there is to be a conference, to get the great sisterhood of nations together, to bring about that amity in trade relations which will make it possible for the United States to deal with the other nations of the earth on the basis of justice and international righteousness. Yet we here voted to include in the farm relief bill a provision under which—in order to help the farmer, for whom I have stood for 24 long years in this body, in an effort to aid them—we were going to invoke domestically the very principle against which from time immemorial the Democratic Party had fought.

Mr. President, I am glad to see that the position I have taken has been vindicated by the very logic of circumstances. We have called the nations of the earth together in order to bring about an agreement that will make the relations of the nations more amicable. Intolerable and inexcusable has been the tariff barrier that has been erected. Now the President, after the bill is passed, and is now ready for him to sign, recognizes, as every true Democrat recognizes, that we cannot live alone, and we dare not declare, at the behest of the great corporations, and those who can fix their prices and mulct the American people, that these corporations shall be left the lords of the destiny of the masses of the American people.

Mr. President, I want to reiterate that I was in favor of the farm relief bill, but I was not going to take the splendid sugar coating around that poisonous thing and swallow it, and I did not, and as long as I am a member of this body I will never vote for a high protective tariff. A man's loyalty to principle is shown by his willingness to make a sacrifice for it; and if he is not willing to make a sacrifice for it, he has no principle, political, or otherwise.

I am glad to see that we are now in the very dawn of an era which undoubtedly will witness the turn of the tide. A new era has come. The spirits of the people are already uplifted because they believe the dawn of a new day has come, and in the very first streaks of that dawn is a recurrence of the old Democratic principle that we shall not have a tariff embargo as between this country and other countries. I am glad that my democracy is vindicated.

EXTENSION OF GASOLINE TAX

The Senate resumed the consideration of the bill (H.R. 5040) to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes.

Mr. JOHNSON. Mr. President, may I ask the indulgence of the Senator from Mississippi for a moment? There is one provision of the pending bill in which I am intensely interested; that is, the portion relating to the tax on electrical energy for domestic or commercial consumption. May I ask the Senator has the mode of the payment of the tax been changed by this particular measure?

Mr. HARRISON. It has been.

Mr. JOHNSON. I ask these questions merely that we may get the facts straight, because ultimately, not immediately, we doubtless will argue the proposition here.

As I follow subdivision (a), in line 12, on page 6, a tax of 2 percent is levied upon all producers of electrical energy.

Mr. HARRISON. A 2-percent tax is levied on the producers, so far as domestic and commercial energy is concerned, not as to industrial energy.

Mr. JOHNSON. I should have added that, so far as domestic and commercial consumption is concerned, 2 percent is levied upon all producers. Subsequently, in subdivision (a), on page 7, line 5, a tax of 1 percent is levied upon the users——

Mr. HARRISON. Of industrial energy alone.

Mr. JOHNSON. Upon energy used in other than domestic or commercial activities, a tax of 1 percent is levied.

Mr. HARRISON. Yes.

Mr. JOHNSON. Historically, because I know the Senator's familiarity with the facts, I want to get of record exactly what has transpired in the past.

The Senate has gone on record in the past emphatically in favor of what we termed the Howell amendment, by which a 3-percent tax was sought to be levied upon privately owned electrical companies. That is correct, is it not?

Mr. HARRISON. I think that is correct.

Mr. JOHNSON. Subsequently, when the conference was held upon the bill, that provision of the measure was stricken out.

Mr. HARRISON. That is true. In conference the tax was imposed upon the consumer and not upon the producer. That was in 1932.

Mr. JOHNSON. The Senator recalls that in the original amendment presented by the late Senator Howell, and adopted by the Senate, privately owned companies were the ones charged with the payment of the tax.

Mr. HARRISON. Yes. The Howell amendment, in its original form, as I recall it now, imposed the tax on the producers, but they only made them pay it where there was a net profit. That provision, at the suggestion of the Senator from Michigan, was stricken out, and the tax was put upon gross receipts, without respect to net profits.

Mr. JOHNSON. I wanted the facts straight, because during the day unquestionably we will have for argument the provisions which are here presented.

Mr. HARRISON. I think the Senator has stated the facts of history.

Mr. RUSSELL. Mr. President——

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Georgia?

Mr. HARRISON. I yield.

Mr. RUSSELL. Under subsection (a) on page 7, the tax is levied on the users of electrical energy for industrial purposes, as I understand it.

Mr. HARRISON. Yes.

Mr. RUSSELL. That tax applies only to such energy as is sold. I was wondering whether that provision went far enough to levy a tax on industrial energy used by the producer, such as a producer of electrical energy which is operating a street-railway system and using large quantities of electricity. That power would not be sold, and I was wondering how the tax would be collected on that energy.

Mr. CONNALLY. Mr. President, will the Senator from Mississippi yield to me?

Mr. HARRISON. I yield.

Mr. CONNALLY. Allow me to say to the Senator from Georgia that I have an amendment, which I shall offer, to tax the use of electricity by those who produce it at the same rate as though they bought it.

Mr. RUSSELL. I see no other way whereby we can avoid discrimination against a purchaser who is not a producer.

Mr. HARRISON. May I say to the Senator that there was a good deal of discussion of that point in the committee.

The VICE PRESIDENT. The clerk will state the first amendment of the committee.

Mr. NORRIS. Mr. President, I want to offer an amendment. I have been detained from the Senate in attendance on a meeting of a conference committee and have not been here this morning, so I am not sure that I am offering the amendment at the right place, but I am going to offer the amendment and let it be on the table.

As I understand, the committee would strike out subsection (a) on page 5 of the bill. I do not understand that the amendment added afterward applies to that subsection alone. It applies to some other language. I am wondering whether I cannot offer a substitute for subsection (a) of section 5, on page 5, reading as follows:

> There is hereby imposed upon energy sold by privately owned operating electrical power companies a tax equivalent to 3 percent of the price for which so sold, payable from net income, but not otherwise.

That is the language of the amendment offered by my late colleague, Senator Howell, as I understand it, at the time we had up for consideration the last revenue bill. It went into the bill in that form, as I understand it.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. COUZENS. The former colleague of the Senator from Nebraska offered the amendment in the form in which the Senator from Nebraska now states it. The carrying out of that provision would have meant adding a 9- or 10-percent profit tax above the 13¾-percent tax that is now being paid, or was then being paid, above any other corporate net income. On the floor of the Senate it was amended so that the 3-percent tax was a gross tax, regardless of net income, and that was the way the Senate finally passed it.

Mr. NORRIS. The words "payable from net income, but not otherwise" were stricken out?

Mr. COUZENS. Yes.

Mr. NORRIS. I want to get it in the exact form in which the Senate adopted it and put it into the measure. Will I get it that way if I leave out the words "payable from net income, but not otherwise"?

Mr. COUZENS. I think so; but may I make a suggestion?

Mr. NORRIS. Certainly.

Mr. COUZENS. I think the Senator's purpose would be accomplished if the Senate should disagree to the committee amendment.

Mr. NORRIS. No; as I understand it, the House text applies to municipally owned plants as well as to privately owned plants. The language in which Senator Howell offered the amendment, and the language which I think was left in the bill as we agreed to it on a roll-call vote, 61 yeas to 19 nays, applied only to privately owned plants.

Mr. COUZENS. I am not sure of that; but there is no change in this measure as it passed the House from the bill that was passed by the last Congress, except that it transfers the payment from the consumer to the producer. That is my understanding.

Mr. HARRISON. Mr. President, will the Senator permit me a moment?

Mr. NORRIS. In just a moment.

Mr. HARRISON. I can give the Senator the exact language of the amendment as offered by the late Senator from Nebraska, Senator Howell.

Mr. NORRIS. I want to offer the language as it was finally agreed to and put into the bill.

Mr. HARRISON. If the Senator has not the language before him, I have it here and can read it.

Mr. NORRIS. Will not the Senator read it?

Mr. HARRISON. The original language of the Howell amendment was as follows:

> There is hereby imposed upon energy sold by privately owned operating electrical-power companies a tax equivalent to 3 percent of the price for which so sold, payable from net income but not otherwise.

As the Senate adopted it, the amendment read:

> There is hereby imposed upon energy sold by privately owned operating electrical-power companies a tax equivalent to 3 percent of the price for which so sold.

Mr. NORRIS. In other words, the only change made was to strike out the words "payable from net income but not otherwise"?

Mr. HARRISON. Yes.

Mr. NORRIS. That is the form in which I want to offer it. As I understand the bill from the study I have been able to give it in the limited time since I have been on the floor here, that is different from the House text. The House text would impose the tax upon all electrical energy, whether sold by private companies or municipally owned companies.

Mr. HARRISON. That is quite true.

Mr. NORRIS. Then I think I can accomplish what I want to accomplish by offering an amendment to the House text. As I understand it, it is in order to amend the House text which the Senate committee undertakes to strike out.

The VICE PRESIDENT. May the Chair suggest to the Senator that the first amendment, on page 2, seems to be a clerical amendment?

Mr. NORRIS. Then my amendment would not be in order at this time?

The VICE PRESIDENT. No.

Mr. NORRIS. I am going to be compelled to be absent this afternoon on account of the meeting of a very important conference committee, from which I cannot possibly absent myself.

The VICE PRESIDENT. The clerk will state the first amendment of the committee.

The first amendment of the committee was, on page 2, line 20, after the word "that", to strike out the words "for experimental purposes" and the comma, so as to read:

> SEC. 3. (a) Section 1001 (a) of the Revenue Act of 1932 is amended by striking out the period at the end thereof and inserting a colon and the following: *"Provided*, That such additional rate shall not apply on or after July 1, 1933, to first-class matter mailed for local delivery."

The amendment was agreed to.

Mr. NORRIS. Mr. President, as an amendment to the House text—I think it will come in on page 5, after line 7, after the word "sold"—I will move to insert "by privately owned operating electrical power companies", so that it will read:

> There is hereby imposed on electrical energy sold by privately owned operating electrical power companies.

Mr. COUZENS. I think the Senator does not need to put those words in.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. NORRIS. Yes.

Mr. CONNALLY. If the Senator offers his amendment to the committee amendment, on page 7, his purposes will be served, I think.

Mr. NORRIS. We have a right to amend the House text before we vote on the committee amendment; and if the House text should be amended and we wanted to keep it in the bill, we would vote down the committee amendment.

Mr. HARRISON. Mr. President, may I state to the Senator that I cannot see any objection to offering the amendment on page 6 to section 615½, which begins about the middle of the page; and, to avoid any confusion, I ask unanimous consent that it may be offered to that part of the amendment recommended by the Senate committee.

Mr. BORAH. It does not seem to me that it would make sense there. Where is it the Senator proposes to insert the words?

Mr. HARRISON. The Senator will find the place on page 6, in the amendment reported by the committee, reading:

There is hereby imposed upon electrical energy sold on or after September 1, 1933, for domestic or commercial consumption—

And so forth.

That is the provision which, I think, the Senator from Nebraska desires to amend.

Mr. COUZENS. Mr. President, will the Senator yield at that point?

Mr. NORRIS. I yield to the Senator from Michigan.

Mr. COUZENS. I think the Senator from Mississippi is in error, because if the amendment should be placed there it would be practically equivalent to adopting the committee amendment fixing the rate, respectively, at 2 percent and 1 percent. That is the part that I want to protest against the Senate adopting. So if the Senator from Nebraska wants to offer the amendment, I think he has indicated the proper place, where it will not be confused with the committee amendment.

Mr. HARRISON. I think the Senator from Michigan misunderstood me. I thought the Senator from Nebraska was offering the amendment as a substitute for the entire amendment reported by the Senate committee. Of course, the committee amendment divides the proposition into two parts. If the Senator from Nebraska offers the amendment to the committee amendment, it will be as a substitute for that amendment.

Mr. NORRIS. Let me ask the Senator from Mississippi a question. I am just a little bit in doubt as to whether there is one committee amendment or several. If I can offer my amendment as a substitute for the entire committee amendment on this subject, I should like to do it.

Mr. HARRISON. The committee amendment pertaining to the tax on electrical energy runs from page 6, line 12, down to the end of the bill.

Mr. NORRIS. I have just been handed by the Senator from Washington [Mr. DILL] an amendment. I do not know whether he has offered it.

Mr. DILL. I have not as yet offered it.

Mr. NORRIS. If the Senator wants to offer the amendment, and it will accomplish the purpose, I am perfectly willing to let it go that way and to have it offered as a substitute for the entire committee amendment. However, I think it would accomplish the purpose if I offer the language I have read here in lieu of the committee amendment. So as a substitute for the committee amendment I offer this language:

There is hereby imposed upon energy sold by privately owned operating electrical power companies a tax equivalent to 3 percent of the price for which so sold.

I believe that will meet it.

Mr. REED. Mr. President, will the Senator limit his amendment so as to make it a substitute for that part of the committee amendment which deals with electrical energy? The first portion of the committee amendment deals with the sale of ship supplies, and has nothing whatever to do with electrical energy.

Mr. JOHNSON. The Senator from Nebraska proposes to amend the provision having to do with electrical energy, on page 6.

Mr. REED. If that is understood, very well.

Mr. JOHNSON. That is the portion of the bill to which the amendment applies.

Mr. REED. As the Senator from Nebraska stated his amendment I did not so understand.

Mr. BARKLEY and Mr. KING addressed the Chair.

The VICE PRESIDENT. Does the Senator from Nebraska yield; and if so, to whom?

Mr. NORRIS. I will yield the floor, if desired.

Mr. BARKLEY. I should like to ask the Senator from Nebraska a question.

Mr. NORRIS. Very well.

Mr. BARKLEY. I presume, regardless of whether the 3-percent tax is paid on electrical energy used for commercial and domestic purposes, or whether it is divided, 2 percent on electricity used for those purposes and 1 percent on electricity used by industry, what the Senator is trying to drive at is to limit the tax to energy produced by privately owned companies?

Mr. NORRIS. Sold by privately owned companies.

Mr. BARKLEY. So that it makes no real difference so far as the Senator's purpose is concerned, whether we put his amendment in the provision as to 2 and 1 percent or as to 3 percent, as proposed by the House.

Mr. NORRIS. I am offering it as a suggestion—and the suggestion seemed to me to be a good one—as a substitute for the committee amendment if it can be agreed to as a substitute.

Mr. BARKLEY. That changes the set-up of the amendment. The Senator will understand that the committee proposes for the House language a substitute, which is the same as his amendment, except for a little difference in language. Instead of a 3-percent tax on electrical energy we have divided it so as to provide a 2-percent tax, payable by the producer of energy in cases where it is used commercially and domestically, and 1-percent tax when used industrially, the tax to be paid by the consumer.

Mr. NORRIS. I want to strike them both out.

Mr. BARKLEY. Does the Senator object to that?

Mr. NORRIS. My amendment, if agreed to, as I understand, would strike out both of those provisions. Is not that right?

Mr. BARKLEY. It would strike both of those provisions out; it would eliminate them, put the entire tax upon commercial and domestic users, and leave industrial users free of taxes. Is that what the Senator wants to do?

Mr. NORRIS. No; I wish to strike that out also; and that is in the committee amendment, as I understand.

Mr. HARRISON. Mr. President, I understand this is the difference: The committee has made certain recommendations. A tax of 2 percent on commercial electrical energy to be paid by the producer and a tax of 1 percent upon industrial electrical energy to be paid by the consumer. The Senator offers in lieu of that a substitute putting a 3-percent tax on commercial, domestic, and industrial energy sold by privately owned institutions.

Mr. NORRIS. Yes, sir.

Mr. COUZENS. And to be paid by the producer.

Mr. NORRIS. Yes. That would have the effect of putting in the bill the exact language, word for word, which the Senate put in the bill which was passed a year ago.

Mr. COUZENS. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Michigan?

Mr. NORRIS. I yield.

Mr. COUZENS. May I suggest that when we passed the act of 1932 it did not include manufacturing use? If the Senator means what he just said, he wants to extend the field from private, domestic, and commercial use to manufacturing use. I do not think the Senator intends to extend the field, and if he does intend to extend the field I shall have to object, as I objected in the committee to imposing this tax upon manufacturing plants for the reason that it brings about an unfair competitive condition which the Treasury and the Finance Committee have always tried to prevent. In other words, it places a tax on the little

fellow who is compelled to buy electrical energy, while the large companies which produce their own electrical energy are exempted. The Senator, I am sure, does not want to accomplish that.

Mr. NORRIS. Does the Senator think that the provision which the Senate adopted last year was wrong in any particular?

Mr. COUZENS. No; I think it was exactly right.

Mr. NORRIS. That is what I am trying to bring about—to insert the same language in the pending measure which the Senate inserted in the bill pending a year ago.

Mr. COUZENS. I think Senators on the other side are confusing the issue, because they want the Senator to offer his amendment to the committee amendment, while the committee amendment takes off the 3-percent tax and makes it 2 percent on electrical energy used commercially and privately, the tax payable by the producer, and imposes a tax of 1 percent on energy used industrially, the tax to be paid by the consumer.

Mr. NORRIS. I propose to strike that out.

Mr. COUZENS. That is what I want the Senator to do, but the Senator from Mississippi wants the Senator to offer the amendment to the committee amendment.

Mr. HARRISON. Mr. President, I do not think it fair for the Senator to say that we want to do what he has indicated. I merely made a suggestion to the Senator.

Mr. NORRIS. I thank the Senator for the suggestion, and I am not criticizing him at all.

Mr. HARRISON. The Senator wants to get the issue before the Senate so that he can move to strike out section 6 beginning on page 6, line 10, and running to the end of the bill, and inserting his amendment.

Mr. NORRIS. That is what I want to do. I seek to strike out the committee amendment and insert the language that we put in the bill of last year. It seems to me that would accomplish what we want, and we will then have in the law, if it remains in that form, the same provision that we had in the bill which we passed last year and sent to the House, but which went out in conference.

Mr. GLASS and Mr. KING addressed the Chair.

The VICE PRESIDENT. Does the Senator from Nebraska yield, and if so, to whom?

Mr. NORRIS. I yield first to the Senator from Virginia, if he wants to ask me a question. I am ready to yield the floor, if the Senator wants the floor.

Mr. GLASS. I simply want to ask for information, and either the Senator from Nebraska or the Senator from Mississippi may be able to give it to me. What is there in the proposed bill that requires the payment of this proposed tax by the producer rather than by the consumer? The Senator will recall that when the revenue bill in 1932 was before the Senate, the Senate adopted an amendment providing that the tax should be paid by the producer, but the bill was altered so as to provide that the tax should be paid by the consumer; and the Senate conferees yielded that point, although the Senate overwhelmingly voted to require the tax to be paid by the producer. I recall very distinctly, as perhaps the Senator from Nebraska does, that the Chairman of the Finance Committee stated textually—I have sent for the RECORD to verify my recollection of it—that under the provisions of the bill it would be impossible for the producer to pass the tax on to the consumer. As a matter of fact, that is exactly what the producer has done, and it has cost the consumers of this country $60,000,000 to pay the tax.

Mr. NORRIS. I think the Senator is mistaken in the narration of what actually occurred. As I remember, this is what happened: The Senate put on the bill that had come from the House—there was nothing of the kind originally in the bill—but the Senate put on the bill the so-called "Howell amendment", which I have now offered as a substitute. That amendment went to the House, together with all other amendments adopted by the Senate, and was sent to conference. The conferees brought back the provision that is now in the law. The House acted on it only in the conference report, and the law now specifically provides that the tax shall be paid by the consumer. That is what I am trying to get away from by this amendment.

Mr. GLASS. Yes; and that is what I should like to get away from.

Mr. NORRIS. I think the adoption of my substitute will bring that about.

Mr. COUZENS. Mr. President, will the Senator from Nebraska yield?

Mr. NORRIS. I yield.

Mr. COUZENS. I should like to correct an error I made in the colloquy with the Senator from Nebraska. I stated that when the Senate originally adopted the electrical energy tax in 1932 it did not include energy used for manufacturing, for the reason, as I thought at the time, that such a tax would create an unfair competitive condition. However, I find I was in error; that as the Senate adopted the amendment it included all electric energy, whether used for manufacturing or for commercial or domestic purposes. The conferees, and I think properly so, eliminated the tax on electrical energy consumed in manufacturing.

Mr. NORRIS. The conferees eliminated it all.

Mr. COUZENS. I mean they eliminated that feature of the tax; they eliminated the tax on electrical energy sold to manufacturing plants and left the tax on electricity used commercially, that is by stores and on electricity used for domestic purposes, and placed it, as the Senator knows, on the consumer.

Mr. NORRIS. Yes.

Mr. COUZENS. I made the statement a while ago that I should like to see the same provision adopted that was approved by the Senate in 1932; but I made an error in that, because it included a tax on electrical energy used in manufacturing, which was an imposition on the little producer who cannot install his own plant because it would exempt the big producer who has his own power plant and therefore would pay no tax.

Mr. NORRIS. I do not know that I get the Senator's point, but he can reach it very easily by adding a proviso to the amendment that the tax shall not apply to the particular kind of energy that he wants to exempt.

Mr. COUZENS. That is true. I should like to point out to the Senator the way the conferees last year framed the language with respect to the use to which the energy was to be put. In section 616 of the act as it was finally agreed to in conference it is provided:

> There is hereby imposed a tax equivalent to 3 percent of the amount paid on or after the fifteenth day after the date of the enactment of this act, for electrical energy for domestic or commercial consumption furnished after such date and before July 1, 1934.

That was set forth, the character of electrical energy to which the tax was to apply, and it was to be collected from the consumer. It will be observed that it did not include manufacturing purposes. So I should like to see the Senator, if he could, draft this amendment in that way.

Mr. NORRIS. I did not understand the last remark of the Senator.

Mr. COUZENS. I think the Senator would meet the objection I have if he would adopt the language of the conferees so far as the industries to which it is to be applied are concerned.

Mr. NORRIS. As I understand it now, though I may not understand it correctly, if I adopt the language agreed to by the conferees I would put the tax where it is now, on the consumer instead of the producer or manufacturer.

Mr. COUZENS. I did not make myself understood. I referred only to the uses to which it is to be put, and not to who is to pay the tax.

Mr. NORRIS. Would it meet the Senator's objection to the language I have offered if I should add "*Provided*, That this tax shall not apply to electric energy sold for manufacturing purposes"?

Mr. COUZENS. Yes.

Mr. NORRIS. Then I will add that in order to satisfy the Senator. I will add to the language which I have offered as a substitute the following proviso:

Provided, That this tax shall not apply to the sale of electric energy sold for manufacturing purposes.

Mr. WHEELER. Mr. President, the Senator would then eliminate all manufacturers from the payment of any tax on electric energy.

Mr. COUZENS. They do not pay it now.

Mr. WHEELER. They do not?

Mr. NORRIS. Oh, no; they do not pay it now.

The VICE PRESIDENT. The clerk will report the amendment offered by the Senator from Nebraska, as modified.

The LEGISLATIVE CLERK. The Senator from Nebraska proposes the following amendment:

There is hereby imposed upon energy sold by privately owned, operating electrical power companies a tax equivalent to 3 percent of the price for which so sold: *Provided*, That this tax shall not apply to the sale of electrical energy sold for manufacturing purposes.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Nebraska as modified.

Mr. BORAH. Mr. President, I think I am in favor of the amendment, but I should like to ask if it is certain that the amendment would lodge the tax upon the producer? Is that the way it was adopted last year?

Mr. NORRIS. That is the way it was adopted. It is the identical language.

Mr. REED. Mr. President, let me say just a word about the effect of the amendment now offered by the Senator from Nebraska. What the committee has done has been to take the tax entirely off the backs of the domestic and commercial consumer. What the Senator from Nebraska now proposes is to increase the committee rate from 2 to 3 percent, to be paid by the producers, but to exempt all manufacturing concerns and to exempt all public-operated concerns. The result will be—if the Senator is as successful as he seems to have been in putting the United States into the electric-light business at Muscle Shoals—that a tax of 3 percent on the gross receipts of the competitors of that institution will be levied and paid into the Federal Treasury, which supports this governmentally owned electric-light institution at Muscle Shoals. In other words, we are taxing one competitor to raise funds to be used for the support of the other competitor.

In the farm-relief bill we tax the consumer to pay the producer, but in the amendment of the Senator from Nebraska we are going farther and taxing the private competitor to raise money for the Treasury that is to support the public competitor. The committee takes the burden off of the consumer—there is no question about that desire being attained—but the amendment of the Senator from Nebraska would impose a further penalty upon the private producer of electric light which in the long run and on the average would amount to a surtax on their present income tax of an additional 9 percent. By the amendment of the Senator from Nebraska we would in effect provide that whereas the corporation income tax of all corporations shall be 13¾ percent, as it is now, yet the electric-light companies' corporation income tax shall be 22¾ percent. I do not believe the Senate means to do any such unjust thing as that.

Furthermore, the Senator's amendment would exempt manufacturing concerns if they buy industrial current but does not exempt the trolley lines which are now in receivership or on the verge of it. The Senator from Nebraska does not exempt railroad companies which are having a bad time now. Many manufacturing concerns are far better able to pay the 3 percent tax than are the railroad companies and the trolley lines which will find themselves taxed under it. It is a wholly unjust discrimination.

Say what we will, in the long run it is the consumer who pays the tax under any phraseology, because it is the consumer's payment to the electric companies that furnishes the only means out of which any tax can be paid. If we levy this tax under the amendment of the Senator from Nebraska or any other amendment, in the long run it will come out of the consumer's dollar, and we do not need to blind ourselves to that fact.

Mr. KING. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Utah?

Mr. REED. Certainly.

Mr. KING. Does the Senator understand that the amendment offered by the Senator from Nebraska would exempt from payment of the tax municipal plants which have gone into what might be termed private or proprietary activity?

Mr. REED. Oh, absolutely. The Senator from Nebraska would tax only privately owned companies. Here is an example of the result. In Los Angeles there are two kinds of plants, one owned by the city and one owned by the Southern California Edison Co. I have not, nor have any of my friends so far as I know, any vestige of interest in the privately owned company. The municipal plant will sell absolutely tax free. The privately owned plant would be subjected to the 3-percent gross tax, which is equivalent to 9 percent of its net. The stockholders of the Southern California Edison Co., I am told, are mostly owners of a very few shares each, being people who live in that community. Except for the form of ownership, it is almost as publicly owned as is the city plant, and yet we tax one and exempt the other. I see no fairness in that.

Mr. KING. Mr. President, I should like to ask the Senator from Nebraska if it is his thought that municipalities should be exempt from the tax; and the Government, itself engaged in the manufacture and sale of electricity when it becomes the proprietor, the same as a private corporation, shall be exempt from the tax, and only private corporations shall pay the tax?

Mr. NORRIS. Let us take Los Angeles, or Tacoma or Seattle, Wash., or Springfield, Ill., for example. I concede that it would be an outrageous thing for the Government of the United States to tax a subdivision of government, and that is what we are going to do unless we have this exemption. I doubt very much whether it is constitutional to try to levy a tax on Los Angeles. If the Supreme Court was right when it said that the power to tax is the power to destroy, we can put the city of Los Angeles off the map by this method. We can prevent it from manufacturing electricity for its own people. We can do that with Tacoma and with any other municipally owned plant in the United States. In other words, one branch of the Government would be levying a tax upon another.

Mr. KING. Mr. President, will the Senator yield?

Mr. NORRIS. Certainly.

Mr. KING. Does not the Senator recognize that there is a distinction between Government functions and private or proprietary functions? Suppose the city of Springfield should erect a plant for the purpose of manufacturing pig iron. Certainly that is not a governmental function. Obviously it seems to me it ought to pay a tax as other owners pay taxes who are operating pig-iron plants, a tax not only to the city but to the county and the State. If municipalities are to engage in all sorts of proprietary undertakings absolutely free from what might be conceived to be legitimate governmental functions, it seems to me that pretty soon we would drive out of business all privately owned institutions. I am merely asking the view of the Senator.

Mr. NORRIS. Mr. President, the Senator has imagined a condition that everybody knows will never materialize. The manufacture of electricity or the distribution of gas or the operation of a street railway is an entirely different thing from the manufacture of shoes. It is necessarily of itself a monopoly. People disagree as to whether there should be any such thing as a municipally operated electric-light plant, but evidently if a city wants to manufacture electricity and supply its own people with electricity, it is conceded, I think, that it is a proper function of municipal government. Nobody has tried to prevent it except in an

election, when an effort was made to prevent the issuing of bonds or something of that kind, which is a very fair way to test it. I am not finding fault with those who oppose it.

If the city of Los Angeles wants to supply its people with electricity, it is conceded everywhere, I think, that it has a right to do it. Are we going to tax that city for doing something for its own people? The people have a right to have a plant to manufacture and sell electricity to the people within the city limits. In the city of Tacoma, Wash., there is no competition. The city itself maintains a monopoly of the business. As a matter of fact, it pays more taxes to the city than a private company would pay if it owned the same facilities. It pays 7½ percent of its income, as I remember, in lieu of taxation. The Senator from Washington [Mr. BONE] will correct me if I am in error. There are dozens of other cities where there will be no tax whatever for municipal purposes, but the city will collect instead a percentage of the income from electric light and gas that they supply to their own people. In reality, it is a tax either way. They really take it out of one pocket and put it into another pocket.

But here comes the Federal Government and says to this municipality, "We are going to tax you if you supply your own people with electricity." I suppose there might be an instance where a city would go into the manufacture of boots and shoes. If they did, I do not think we ought to tax them. I am not in favor of doing anything of that kind, and I do not know that anybody else is. The question the Senator propounds, it seems to me, has no practical application to the consideration of the amendment.

Mr. VANDENBERG. Mr. President, may I ask the Senator from Nebraska a question?

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Michigan?

Mr. NORRIS. I yield.

Mr. VANDENBERG. The Senator was discussing the Constitutional phase of the matter. May I ask if my memory is wrong that the Supreme Court has differentiated between the types of municipal services in determining what municipal salaries are subject to the Federal income tax?

Mr. NORRIS. I think they have. I think they have held that the salaries of these municipally-owned plants are subject to income tax; that the tax can be levied on them.

Mr. VANDENBERG. I was wondering whether that discrimination would probably follow through in respect to this question.

Mr. NORRIS. I do not know. As I look at it, that has not anything to do with this matter, although there may be a question—there has been in the past—as to whether an income tax levied by the Federal Government applies to employees of municipally owned plants, and I think the Supreme Court have held that it does apply.

If I had my way—that is a different subject, of course—I would amend the Constitution so that an income tax would apply to everybody's salary, whether he is a governor or a member of a legislature or a member of a court. I think it ought to apply. My own idea is that not an unreasonable but a little more liberal construction of the present Constitution would admit that. I am not arguing that question, because I admit that it is settled. The courts have settled it the other way.

Mr. SHIPSTEAD. Mr. President, I desire to ask the Senator from Nebraska a question. As I understood him, this amendment reenacts exactly the so-called "Howell amendment" with a modification as to manufacture.

Mr. NORRIS. Yes.

Mr. SHIPSTEAD. As the amendment was read by the clerk at the desk, I find that a certain part of the Howell amendment was left out. The words in line 4 of the Howell amendment are "payable from net income but not otherwise."

Mr. NORRIS. That is not in my amendment. I left that out because the Senate last year, when it adopted the so-called "Howell amendment" and made it part of the law, itself omitted those words. They were not in the law. The Howell amendment was amended to that effect before it was agreed to. I wanted to offer the amendment in the same form in which we had adopted it before.

Mr. BARKLEY. Mr. President, I always find myself embarrassed when I am compelled to differ from any view expressed by the Senator from Nebraska [Mr. NORRIS], because I am usually in sympathy with him on propositions of this sort; but I do find myself in disagreement with him on this amendment, and I desire very briefly to explain why I do.

I wish to say to the Senate that the Finance Committee found this tax the hardest nut to crack that it has had to deal with in a long time. I dare say that, considering the amount of revenue involved and its isolation as a tax item, the committee gave more consideration and more discussion to it than any one item that had been before the committee in a long time, finally resulting in the appointment of a subcommittee composed of the Senator from Pennsylvania, Mr. REED, the Senator from Michigan, Mr. COUZENS, and myself; and we tried to explore every possible substitute for the tax, because none of us liked it in any form.

Personally, I should like to lift the tax altogether, because there is no way in which it can be assessed that will not result in injustice to somebody; but the Treasury Department convinced us that they could not dispense with this $32,000,000 in revenue. It is one of the important items that go to make up a balanced Budget, and the committee was confronted with the duty of trying to adjust and shift this tax in such a way as to result in just as little injustice to any large group of people as was possible.

A year ago, when we had this bill up, as we all recall, the then Senator from Nebraska, Mr. Howell, offered this amendment on the floor of the Senate, and it was adopted. We all realize here how easy it is to adopt any amendment that taxes power companies. The very mention of the word "power" is a sort of an obnoxious reference here, and we take fright and vote according to our fears sometimes; and I am as guilty as anybody else. The amendment was adopted by the Senate, putting the 3-percent tax on the producer. I dare say that the average Member of the Senate had very little information before him at the time he voted as to the effect that tax would have on a large number of companies in this country.

The bill went to the House with that amendment in it and was sent to conference. In conference the tax was left at 3 percent, but it was provided that the consumer should pay it. It was added to the electric-light bill every month; and I have been paying my tax, as almost everybody else has upon whom it was levied.

Personally I will say that I have had no complaint from anybody in my State with reference to this tax. I think it was recognized as an undesirable, obnoxious tax, but one of the many obnoxious taxes made necessary in order to try to balance the Budget. So far as I am concerned, I will say frankly that if I were sure this tax would not be extended beyond July 1, 1934, I should be willing to vote here to leave it as it is, because I do not think it has operated unjustly upon anybody; but in the House this amendment was added on the floor when the bill was under consideration there. The Ways and Means Committee considered it, and took no action with reference to it; but on the floor of the House an amendment was adopted transferring the 3-percent tax to the producer.

The Finance Committee held a hearing on this measure, and I think they were convinced that the transfer of this 3-percent tax to the producer will undoubtedly work a hardship on many small electric-light companies. I have in my office what I regard as indisputable evidence of the fact that that will be the case out in Illinois, and the statement is backed up by the Federal judge who appointed receivers for some of the companies. I know, of course, that anybody who mentions the name "Insull" here is tarred with the same pitch, psychologically, that tars Mr. Insull; but the Federal judge out in Chicago who appointed Mr. Edward N. Hurley, whom we all know and respect, as one of the receivers of some of those companies, stated that after assuming the duties of receivers they have brought about all the economies

that are possible; they have used a meat ax, and have reduced expenses to the very bone; and that many of the small companies which he represents as receiver cannot stand a 3-percent increase in their operating expenses.

Let us take a company that we will say produces $100,000 worth of energy a year, upon which this 3-percent tax is levied. Many of them are already "in the red", as we know. Many of them are on the verge of receivership; but let us assume that any given company selling $100,000 worth of electrical energy without the tax would make $3,000 net in any year. Now we come along and slap on this 3 percent tax, which amounts to $3,000, and we take that $3,000 of net income in a tax, and in that case it amounts to a 100-percent levy upon net income. There is no way to escape it.

Let us assume that it is a larger company and sells $1,000,000 worth of energy per year. The 3-percent tax amounts to $30,000; and in some cases that $30,000 may represent 50 percent of the net income, or it may represent all of it, or it may be taken in such a fashion as to add to an already-existing deficit in that company. Now, what are we going to do about it?

Mr. KING. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield to the Senator from Utah.

Mr. KING. The Senator will remember that several representatives from Iowa, as I recall, who represented independent companies, not connected at all with the large companies, in their testimony before the committee indicated that many of these small companies were either "in the red" or ready for receivership, or that their income was so small that the 3-percent tax would confiscate the entire revenue. Those are the smaller companies, the independent companies, a great number of them in Iowa and in some of those Mississippi Valley States.

Mr. BARKLEY. And the testimony also showed that the ownership of these companies is not in any holding company.

Mr. KING. Exactly.

Mr. BARKLEY. It is not in Wall Street. It is not in any great city. The testimony showed that in the main these small companies in the State of Iowa—and I take them as typical—are owned by the community, by small stockholders in the neighborhood, serving a village or a county seat or a small town.

When we consider that a 3-percent gross tax may amount to more than 9 percent on net income, as the Senator from Pennsylvania [Mr. REED] has indicated, but if it amounts to only 9 percent on net income, it increases the income tax to that particular type of corporation from 13¾ percent to twenty-two and a fraction percent, I think as a matter of justice we ought to consider whether it is desirable to single out any one type of corporation upon which we will increase the income tax by 9 percent, assuming that that is a fair average of the increase which would result.

Mr. BONE. Mr. President, may I ask the Senator a question?

The PRESIDING OFFICER (Mr. LONG in the Chair). Does the Senator from Kentucky yield to the Senator from Washington?

Mr. BARKLEY. Yes.

Mr. BONE. Can the Senator tell us what percentage of the gross revenues of the electrical business in this country is realized from the little companies to which he refers?

Mr. BARKLEY. I cannot.

Mr. BONE. Would it exceed 5 percent?

Mr. BARKLEY. The total gross sales income of the companies supplying domestic and commercial energy is about two and a quarter billion dollars. I cannot give the Senator the proportion.

Mr. BONE. My impression is that it would not reach 5 percent of the total, perhaps not to exceed 3 percent of the total.

Mr. BARKLEY. I am not in a position to answer the Senator's question. I do not know what percentage it may amount to, whether it amounts to 5 or 10 percent; but, anyhow, it is a substantial amount.

The subcommittee and the Finance Committee, in dealing with this hard situation, undertook to compromise between the consumer and the producer so as to work as little hardship on both as is possible. Recognizing, as I think the committee recognized, the impossibility of passing this tax on to anybody without working a hardship on somebody, it figured out that it probably would be possible for most of the companies to stand for a 2-percent gross tax—that is, those that are supplying domestic and commercial energy—and whereas there had been no tax levied upon the consumption or the production of energy for industrial purposes, in order to raise the other one third of the revenue necessary to make up the amount now received, the committee decided to put a tax of 1 percent on the gross sales of electric energy used for industrial purposes, to be paid by the consumer.

I take it for granted that the reason why this tax was not levied on industrial energy in the first instance was because of the difficulty in which our manufacturers found themselves. We were in the midst of a depression. Labor was largely unemployed. Many manufacturing companies found it difficult to go along. Many of them were closed; and we did not desire to make it more difficult for manufacturing concerns to continue in business and employ labor. Therefore we eliminated them from the payment of this tax.

I think the amendment which has been brought in here by the Finance Committee is the fairest division that can be made of this tax. There are some 6 or 7 States in which there is no great amount of regulation of utility companies; there is no public-utility commission; and in those States, of course, it will be an easy matter for the light company or the power company to pass this tax on to the consumer.

Mr. FESS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Ohio?

Mr. BARKLEY. I do.

Mr. FESS. Would the tax on industrial energy be paid if a manufacturer were producing energy for his own consumption and not for sale?

Mr. BARKLEY. It would not. There is no basis upon which a percentage tax can be levied on that energy. The manufacturing establishment does not sell it. It produces it in its own plant, by its own power, and consumes it there.

There is, therefore, no basis upon which we could levy a tax of 1 or any other percent, and the only way in which we could tax that sort of a concern would be to tax the use of electrical energy or impose a tax per kilowatt-hour, or thousand or million kilowatt-hours, and if we undertook to invade that field we would find ourselves under the necessity of requiring that a meter be put in every little electrical plant, every Delco lighting system, every unit for the generation of power on a farm or in a store or anywhere else, and we would find ourselves in a labyrinth of insurmountable difficulties which would make it impossible to administer such a law.

Mr. FESS. If an industry of that sort shows any profit from the use of electrical energy, it would be subject to taxation under the income-tax law.

Mr. BARKLEY. They would be subject to the same tax they would pay upon any other profit they made from any other enterprise or any branch of their business.

Mr. President, we postpone the transfer of this tax to the producer until the 1st of September in order that the companies which cannot bear the increase may have an opportunity to go before their State regulatory bodies and make such showing as they can upon applications for increases in their rates presumably sufficient, and only sufficient, to absorb the tax itself.

If we may assume—and I think we may assume—that some of the companies would be able to make a showing that would entitle them to an increase in rate, it seems inconceivable to me that we must assume here in the Senate of the United States that all of the 40 or 41 State regulatory bodies have not performed their duty in keeping electric-light rates down as low as possible.

If they have allowed the companies in their States to charge the public a rate high enough to absorb a 3-percent gross tax, then they have not been performing their duty,

They have not compelled a sufficient reduction in the rates of public-utility companies if they have allowed them to charge rates high enough to absorb a 3-percent gross tax, which, in many cases, will amount to a tax of 20 or 25 or even 50, and in some cases as high as 100-percent upon their incomes. I think it would be entirely out of line for us to assume here that these public commissions in the forty-odd States where such commissions exist have been derelict in the performance of their duty.

Mr. President, I know how easy it is for men to charge in public addresses that public-utility bodies, the commissions in the States, have not performed their duties, that they have permitted the charging of rates which were too high; but to make that wholesale charge in the Senate of the United States is equal to making a charge that the people themselves are incompetent to govern themselves, or to select honest men to administer the laws with reference to the regulation of the charges of public-utility corporations.

Mr. FESS. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. FESS. If the companies were given opportunity to go before the public-utility commissions for increases, it would only open the way to do what has been done before, place the tax upon the consumer, rather than on the producer.

Mr. BARKLEY. I was coming to that. If we may assume that any number of State regulatory bodies, after hearing and showing by a company, would allow them to increase the rate high enough to absorb the tax, then the consumer would pay it, and we would not benefit the consumer by shifting it from him to the corporation, but we might damage him by making it possible for such corporations, using the increase allowed to absorb a 3-percent tax, to increase the rate even higher. My experience and observation have been that whenever any public regulatory body allows a private industry to increase its rates to the people enough to absorb a tax, they go just as far beyond that as is possible in the collection of the toll from the public.

Mr. FESS. Mr. President, will the Senator yield again?

Mr. BARKLEY. I yield.

Mr. FESS. Why should we exempt the payment of taxes by a municipal corporation that is in the power business?

Mr. BARKLEY. I think that we have to divide that power into two classes. The power which is generated and used for purely public purposes, like the lighting of streets, I do not think ought to be taxed, but where a municipality engages in the manufacture of power for profit and charges private consumers for the use of that power for private profit, I cannot see where we have any right to discriminate as between it and a private corporation doing the same thing in the same community.

Mr. FESS. That is my view exactly.

Mr. BARKLEY. I do not think we ought to tax any municipally owned plant on any public function it performs.

Mr. GLASS. Mr. President, may I ask a question for information?

Mr. BARKLEY. I yield.

Mr. GLASS. Is the tax proposed by the committee now upon the producer or upon the consumer of the electricity?

Mr. BARKLEY. The tax as proposed by the committee, beginning on the 1st of September, so far as energy for domestic and commercial purposes is concerned, is imposed on the producer. The 1-percent tax which we levy upon industrial electrical energy, as proposed by the committee, is to be paid by the consumer. The whole tax now, as the Senator knows, is paid by the consumer.

Mr. GLASS. I know, and I have reviewed the controversy which ensued in the Senate at the time the former bill was before us. The Senate adopted an amendment offered by the Senator from Nebraska, the late Mr. Howell, and instructed its conferees to insist upon that amendment, which imposed a tax on the producer and not on the consumer, and the Senate conferees were bitterly reproached for abandoning that position to the House. I wanted to be certain whether the tax this time is to be paid by the consumer or is to be paid by the producer.

Mr. BARKLEY. Mr. President, the tax on domestic and commercial energy is to be paid by the producer. As the Senator knows, there is now no tax on industrial energy produced by electricity.

Mr. President, I think I have said about all I can say about this proposition. I have no interest in it one way or another. It so happens that in my State there is no public body authorized to regulate electric-light rates, and I am quite satisfied that if this tax is put on the producer it will be added to the light bills of the consumer, so that so far as my State is concerned the people will receive no benefit from the amendment offered by the Senator from Nebraska or the proposal of the Senate committee itself, because I have every reason to suppose that, if it is necessary, the companies will pass it on to the consumer.

Regardless of that fact, however, regardless of how we conceive notions with reference to misconduct on the part of power and electric companies, it seems to me that there is an element of justice of which we cannot lose sight, in view of the conditions which now exist, and the testimony which has been brought before the Committee on Finance with reference to many of these companies, which may represent a small proportion, I will say to my friend from Washington, in the amount of energy produced, but represent a much larger proportion in the number of companies that will be involved, because we cannot compare a hundred small electric-light companies in small towns, privately owned, which produce only enough energy to light the homes and probably the streets of the villages or small towns, with the great, giant corporation, which controls, as a holding company or otherwise, the distribution of large units of electrical power in commerce or in industry in the United States. While the proportion of money involved in the sale of the energy may be small, the proportion that is used and the territory which it covers are large, and we ought to consider that.

Mr. GLASS. Mr. President, I should like to know whether the committee had any accurate information as to the number of small privately owned power companies.

Mr. BARKLEY. I do not believe the committee got that information. It may be in the hearings. I think we asked some witness to put in a statement with reference to that, but we have been so busy on other matters that I have not had a chance to read the hearings since they were printed. I doubt whether the hearings contain that information.

Mr. GLASS. Mr. President, if I may judge other States by my own, there are comparatively few, because most every one of the electric plants in Virginia has been gobbled up by the great and powerful corporations of which the Senator speaks.

Mr. HARRISON. Mr. President, will the Senator from Kentucky yield to me?

Mr. BARKLEY. I yield.

Mr. HARRISON. I think there were only a few, perhaps, but there were at least 3 witnesses who appeared before the committee, 1 a gentleman from Iowa, and 2 from New England, who stated that the smaller companies would be affected very much; but I do not think there were any facts put in as to the proportion who would be affected.

Mr. BARKLEY. Mr. President, as far as the straight 3-percent gross tax upon the distribution of industrial power affecting industry is concerned, under the amendment offered by the Senator from Nebraska, if there was any virtue in the argument made a year ago that this tax ought not to be levied on industry because it would make it more difficult for industry to carry on during the depression, and employ the men it was able to employ, it would be even more true with a 3-percent gross tax upon electrical energy. The committee felt that a 1-percent tax upon the distribution of industrial electric power was sufficient, that we were making it easier for the smaller companies by reducing the 3 percent carried in the bill as it passed the House to 2 percent, giving them until the 1st of September to make whatever showing they can make before public-utilities bodies, in order that they might secure, wherever necessary, an increase in rates which might be essential to absorb the tax.

Mr. HARRISON. Mr. President, before the Senator concludes, merely for the RECORD, I should like to present some figures which have been handed me with reference to the income-tax returns of these companies. In 1930—and evidently it is worse now—there were 679 companies engaged in the production of electrical energy showing net incomes and 291 companies which showed deficits.

Mr. BARKLEY. That was for 1930?

Mr. HARRISON. That was for 1930. The 291 companies which showed deficits were evidently the small companies.

Mr. BARKLEY. The facts as to commercial activities show that there has been a decline since 1930 up to within the last week or two. There has been a slight increase in the United States as a whole during the last week, and, I think, the week before, in the use of electrical power. In other words, for week before last the decline in the use of electrical power was smaller than it had been for the week before and for the same week a year ago. Last week there was a slight increase over the week before of one half of 1 percent in the use of electrical power. But, taking it as a whole, I am quite sure that in 1932, and in all likelihood for the part of 1933 that has already elapsed, the conditions have been even worse than those referred to by the Senator from Mississippi, which shows that a considerable portion of the number of these companies, without regard to their size, were in the red in 1930, and I do not think that it can be claimed there has been any substantial improvement since that time.

Mr. President, for the reasons I have given, I hope that the Senate Finance Committee amendment will be agreed to, because I believe it is the fairest compromise between the two proposals, either one of which would work hardship on somebody, and we cannot claim that ours will not work hardship upon a large number of people in this country.

INVESTIGATION OF STOCK-MARKET ACTIVITIES

Mr. NORBECK. Mr. President, I desire to address the Senate for a few minutes on the stock-market investigation and the securities bill. I should not break into the debate at this time except for the fact that I am compelled to leave the city for a few days.

I take this opportunity to make a few remarks in connection with the so-called "securities bill", S. 875, which has passed both Houses and is now in conference. The bill is aimed to put a stop to certain fraudulent practices, so common in the past, by which investors lost billions of dollars.

The United States is the only great industrial and commercial nation on earth which lacks a national code of law dealing with the creation and business conduct of corporations selling their securities generally to the public. In consequence, the Federal Government is without legal means to safeguard the American investor.

In the pending bill the authority of the Government rests largely on the fact that the mails are used in the transaction of this business and that it is, therefore, subject to certain regulations. Briefly, the high points in this bill are three:

First. That a sworn statement must be filed with the Federal Trade Commission before securities can be offered for sale, and substantial penalties are connected with any violation of the act.

Second. This legislation goes farther than to prevent misrepresentation; it makes it mandatory that the whole truth be told in a signed statement and also in advertisements or any publicity in connection with the sale of securities. It recognizes the fact that a half truth is a falsehood. This will be a new thing in American corporation law; it is in fact copied after the British law.

Third. The directors, underwriters, and issuing houses of the corporation provided for are personally responsible for misrepresentation and may have to answer in court for such misrepresentation.

STOCK-EXCHANGE INVESTIGATION

The Senate Committee on Banking and Currency started its investigation during the last Congress largely on the theory that the bears were breaking down the market. The committee did not find much basis for that, but did find much improper conduct on the part of those who had been trying to boost the market rather than on the part of those who had been trying to break it. The bear operations had long since passed.

NEW YORK STOCK EXCHANGE

As the committee proceeded with its investigation it became more and more evident that the iniquities connected with the sales of stocks and bonds could not be limited to the New York Stock Exchange. The exchange was simply a place where the business was transacted. Its rules were lax and its management was often indifferent. Violations of its rules and of the New York State laws were of daily occurrence. The only penalty for the most flagrant violation, however, was that the speculator was denied the use of the exchange. There was no redress for the victim. In all fairness it must be said there has been a gradual improvement in the rules and practices of the exchange. But the changes have been only those forced by public opinion or by the New York State laws. Their rules seemed to be aimed toward providing for what they consider square dealing between the members of the exchange and to make sure of the solvency of members so that their obligations will not be unpaid. While strict rules have prevailed as to the conduct of members toward each other, only recently have they discovered that the public is also a party to stock-market transactions and has interests which should be protected. It seems to be a new idea to think first of protecting the investor in the stock market. Until recently they had been operating with the idea that the "buyer should beware", but this bill proposes also to place responsibility on the one who sells.

The pending bill does not in any way deal with the stock exchange. That matter has been left for subsequent and much-needed legislation. All the trouble, however, is not in the New York Stock Exchange, which is probably the best-regulated exchange in the country. This may not be saying much, but it means something by comparison. The New York Curb Exchange is now under investigation by the authorities of New York State.

Millions of shares are admitted to trading privileges on various exchanges throughout the country without any adequate examination of the companies which issue them or without imposing any responsibility upon the exchanges to keep currently advised of their condition. The New York Curb is notoriously guilty of this practice. When stock is listed on an exchange, a financial statement is required of the corporation, but even this is not required when stocks are "admitted to trading." It is generally done on motion of an interested broker who is a member of the curb or exchange.

Our first witness was Mr. Richard Whitney, president of the New York Stock Exchange, but we did not learn much from him. He denied categorically all bad practices and violations of their rules; he would not admit the possibility of anything wrong. He employed his technical knowledge to dodge issues and confuse the committee. The committee was compelled to depend on other witnesses to learn something about the practices and weaknesses of the New York Stock Exchange.

It has been a common saying among the wise ones that markets never go up; they are put up. "Rigging the market" is well understood among the traders but not by the public. Pools for the purpose of sending the market up or down are common, but we could not get much evidence from the president of the exchange on that subject.

STOCK-EXCHANGE PRACTICES

Mr. President, I have a report here from Mr. William A. Gray, who served as counsel for the committee during 1932. I ask that the portions of the report which I have marked may be printed in the RECORD. The report reviews the cases handled during the period of Mr. Gray's service.

The PRESIDING OFFICER. Without objection, it is so ordered.

The excerpts referred to are as follows:

PERCY A. ROCKEFELLER

Percy A. Rockefeller admitted his connection with certain syndicates or pools and his testimony developed the fact that among those who would engage in these pool operations were members of the brokerage firms which constituted the New York Stock Exchange, these brokers being in the position to obtain inside information regarding the operations on the stock exchange in the particular stock in which the pools were interested. These pools were managed mostly by brokers, and among those who would be interested in the pools were those who were either officers or directors of the corporations whose stocks were made the subject of the pool transactions.

Mr. Rockefeller also stated that he, himself, had engaged in the practice of selling stock against the box; in other words, the selling of stock he did own but did not deliver, but which he would borrow for the purpose of delivery in the same manner as would be done in the case of an ordinary short sale. The vice of this practice, as will be shown in some of the concrete instances hereafter referred to, is that it is usually done in another name or in such a manner as to prevent the public from knowing that an officer or director in a certain corporation is disposing of his stock; and inasmuch as he naturally has more definite information as to the value of the stock than the public in general, this is to his advantage and very often to the detriment of the public who buys the stock which he sells without having an opportunity to obtain the knowledge which he posseses. This may or may not be an improper practice, but it is undoubtedly a decided disadvantage to the public who purchase stocks to buy the same from one who is selling it with information which the public cannot obtain. It might be likened very well to the playing of a game of cards with marked cards.

MATTHEW BRUSH

Mr. Brush, who classified himself as an individual trader, though he admitted having, at times, an interest in certain pools, gave some enlightening information to the committee. He stated that in his belief stocks could be manipulated; that heavy short selling in a declining market influences the market; and that short sellers will add to their short interests in a declining market, although at times the short interests increase with a rising market when the short seller is taking his position. He gave illustrations of how stocks might be put up just before the closing of the market (vol. I, p. 303).

He stated he believed, however, that the prohibition of short selling would bring a terrific swing in the market because those who wished to purchase would be limited in their buying to the purchase from someone who actually owned the stock. He acknowledged the existence of the pegging of the market and the practice of large operators to operate in other names in order that the activity of the trader might be kept secret.

THOMAS E. BRAGG

Mr. Bragg was a member of the brokerage firm of W. E. Hutton & Co. from some time in 1928 until October 1930.

He acknowledged his operations in a number of pools or syndicates, notably those that were conducted in Anaconda Copper and Radio stocks. The circumstances under which these pools were operated and the details thereof shall be referred to hereafter.

RADIO POOL

On March 7, 1929, M. J. Meehan & Co., a brokerage firm and a member of the New York Stock Exchange, sent out to certain persons a communication marked "private and confidential" and headed "Radio Corporation of America Common Stock Syndicate (new stock)." The communication contained a statement that the firm of M. J. Meehan & Co. was forming a syndicate to trade in the stock of Radio Corporation of America, and that it had reserved for the person to whom the communication was addressed a certain number of shares. The commitment of the syndicate was not to exceed 1,000,000 shares, "either long or short." The communication also indicated that the managers were to receive 10 percent of the net profits of the syndicate. The managers were to be Thomas E. Bragg and Bradford Ellsworth. Participation in this syndicate was composed of two groups—one formed through the brokerage firm of M. J. Meehan & Co. and the other through the brokerage firm of W. E. Hutton & Co. The participators in the pool through the firm of M. J. Meehan & Co. will be found in volume II, pages 468, 469, of the record; and among other significant names of the participators were Mrs. M. J. Meehan, wife of M. J. Meehan, and Mrs. D. Sarnoff, wife of the president of Radio Corporation of America.

The list of participators through W. E. Hutton & Co. will be found in volume II, pages 469, 470, 471, of the record; and among those who participated through this firm are G. D. Smith, wife of Bernard E. Smith; Vera Bragg, wife of Thomas E. Bragg; and Cliffwood Corporation, a corporation owned and controlled by Thomas E. Bragg.

The pool started to operate on March 12, 1929, and concluded its operations on March 19, 1929, during which time those who participated through the firm of M. J. Meehan & Co. made a profit of $3,217,570.03, and those who participated through the firm of W. E. Hutton & Co. made a profit of $1,502,310.68. There was also a participation in this pool by certain persons through the firm of Block-Maloney Co., another brokerage firm, which brought the entire profit through these three firms arising from the pool operations to $4,924,076.27. During the course of the operations 1,493,400 shares of stock were purchased and sold at a gross profit of $5,563,198.48, from which were deducted the management fees and certain other payments, leaving a net balance as heretofore stated. These other payments, amounting to $92,000, will be found in volume II, page 475, of the record, and could not be explained by any of the witnesses who were called, though the persons to whom these payments were made were not participators in the pool.

During the time this pool operated the stock rose approximately from a close of 91¾ on March 12 to a close of 109¼ on March 16, receding on March 18 to a close of 101, and on March 19 to 96¼, the last 2 days representing the closing of the operations of the pool when they were disposing of a small balance of their holdings. Thereafter the stock continued to decline for several days, reaching a closing price of 87¼ on March 23 (vol. II, p. 473).

The prices which are referred to and which appear in volume II, page 473, of the record, are therein indicated as the high prices of the stocks for the dates mentioned.

On August 24, 1932, Mr. Richard Whitney, president of the New York Stock Exchange, made a statement to the governing committee and the members of the exchange regarding the investigation which was being conducted by your committee; and on pages 14 and 15 of his printed statement he calls attention to the fact that these prices were not the high prices on the days mentioned, and that in some instances the differences between the actual high prices and the figures given to the committee by its counsel were substantial. He set out these differences in detail.

The statement of Mr. Whitney having come to the attention of counsel, he immediately investigated the situation to determine what the actual facts were. The information, of course, was furnished originally to counsel by one of his investigators. It was found that the prices stated were not the high prices for the day, but were the closing prices for the day; and though it may have been that counsel inadvertently stated them as being the high prices of the day, it would have required but little investigation by Mr. Whitney to determine that as a matter of fact they represented the closing prices and not the high prices of the day, though the differences do not affect the picture that was presented to the committee, but show plainly the effect of the operations of the pool on the market prices.

It will be noted in connection with Mr. Whitney's criticism of the data furnished to the committee regarding the prices of Radio that he directs attention to the fact that after the pool stopped its operations and the price of Radio had returned to approximately 87, it again rose on March 26 to 95, on March 27 to 100½, on March 28 to 109, or within three quarters of a point of the high price reached during any time during the operations of the pool. Though this is a correct statement of the prices, counsel was reliably informed, but had not the time to make a proper investigation to present the facts to the committee, that after the pool which was investigated ceased its operations another pool was formed, which again brought about a rise of prices to those mentioned by Mr. Whitney. Upon this, however, counsel does not desire to make a definite statement, because of the lack of opportunity to make a proper investigation. Undoubtedly the prices of this stock rose and fell at times when the pool operations were not in existence; but, as has hereinbefore been stated, one cannot read the picture of the operations as presented to the committee without coming to the conclusion that something more must have been done than simply sitting idly by waiting for a natural rise in the price to occur in order that the stock purchased might be sold at a profit. The mere fact that during the operation of the pool, covering a period of approximately 1 week, 1,493,400 shares were purchased and then sold indicates the immense volume of transactions engaged in by the pool operators, which must have been managed in such a way as to influence the market prices of the stock.

A few brief illustrations of the publicity given to Radio during the time immediately preceding the activity of the pool interest in that stock and while the operations of the pool were continuing will be found in volume II, pages 517, 518, 519 of the record.

A significant fact developed by the testimony presented to the committee is that Esmonde F. O'Brien, a member of the firm of M. J. Meehan & Co., was, at the time of the operations of the pool, a specialist on the floor of the stock exchange, dealing in the stock of Radio Corporation of America. He was called as a witness, and though he denied that his inside knowledge, which he possessed by reason of his acting as a specialist in the purchase and sale of that stock, was used by the firm in its market transactions, one cannot help believing that the firm of M. J. Meehan & Co. was enabled to act with considerable more intelligence in its dealings in this stock by reason of the fact that a member of its firm was a specialist therein than had the situation been otherwise. Indeed, the New York Stock Exchange, by the adoption of a rule hereinafter referred to, since this pool operation was made public through the facts presented before your committee, has recognized and endeavored to correct the evil existing through the connection of the specialist with the firm operating in the stock in question; and one cannot read the story of the operations of this pool without coming to the conclusion that steps must have been taken by the experienced persons who were managing and controlling the pool which helped to manipulate the market and guide the prices in such a manner as would bring large profits to those interested in the pool.

Another evil which the existence of this pool brought to light is the trading by brokers on their own accounts, which trading may be and frequently is contrary to the interests of the clients

whom they represent. This evil has been recognized by the stock exchange by the adoption of a rule, which will be referred to hereafter, since the presentation of the testimony on this subject before your committee.

GENERAL ASPHALT

The pool which was operated in General Asphalt is an illustration of several vices which existed in connection with certain stock-exchange transactions. The word "existed" is used because, after the production of evidence showing this and other transactions, certain of the vices were corrected by the stock exchange by the adoption of rules affecting them and prohibiting such occurrences thereafter.

The vices shown by the operation of this pool were the engaging in such transactions by the brokers themselves on their own account, some members of the brokerage firm in this particular instance, together with others who were interested in the pool, being officers and directors of the company in whose stock the pool operated, and having specifically, in this instance, knowledge of what the company intended to do with respect to declaration of dividends, which information was, of course, not available to the general public.

This pool lost money, but this was only because its operations were conducted up to the point of time when the stock market crashed in the year 1929 and thereafter, but the facts developed showed a decided advantage which the officers and directors of the corporation, by the declaration of dividends, gave to those interested in the pool.

The pool was formed by the firm of Luke, Banks & Weeks, a member of the New York Stock Exchange. Mr. Weeks, a member of that firm, was on the board of directors of the General Asphalt Co., and in May 1929 a pool to deal in the stock of that company was formed. The syndicate agreement authorized the managers to operate on either the long or short side of the market. The syndicate agreement will be found in volume II, pages 532, 533, of the record.

The pool was managed by Mr. Weeks; and among the participators were M. J. Meehan & Co., a brokerage firm; Jessup & Lamont, another brokerage firm; J. G. Mayer & Co., another brokerage firm; Horatio G. Lloyd, a partner in the banking firm of Drexel & Co., in Philadelphia, and the chairman of the executive committee of the General Asphalt Co.; Thomas Cochrane, a member of the banking house of J. P. Morgan; together with several trading corporations, among which was Lu-Ba-Wee Corporation, which was a combination of the firm of Luke, Banks & Weeks.

At the time the pool was formed, General Asphalt Co. was paying no dividends.

On August 27, 1929, the company sent out a letter to its stockholders indicating that consideration had been given to the question of dividends on the common stock and that certain changes were to be made in the financial set-up of the company. In November 1929 an initial dividend of $1, being based on a dividend of $4 a year, was declared.

The pool operated from May 17, 1929, until May 15, 1931, and during that time dealt in 500,000 shares of stock, winding up by a distribution of the stock remaining on hand.

In the year 1930 the General Asphalt Co., in which this pool held a very large interest and in which, as has been indicated, Mr. Weeks, the manager of the pool, was a director, and Mr. Lloyd was chairman of the executive committee, paid out $1,549,292 in dividends, whereas their net income for the year was $1,006,796. Of this amount paid out in dividends in the year 1930, the pool received $448,950 in dividends, which represents nearly one third of the amount paid out in dividends and nearly one half of the entire net income of the General Asphalt Co. during that year. In the year 1931, while Mr. Weeks was still on the board and still managing the pool, though the company itself showed a deficit in earning of 41 cents per share on the common stock, dividends were still declared, from which the pool received $108,600.

All this Mr. Weeks characterized as a pure coincidence, but one cannot help drawing the conclusion that the existence of the pool and the personal advantage to those who were managing it and at the same time handling the affairs of the General Asphalt Co. had a great deal to do with the diversion of part of the surplus, if not part of the capital, of the General Asphalt Co. into the dividend channel.

The testimony produced with respect to the pool operations in this case also indicated another interesting thing.

Block, Maloney & Co., another brokerage firm, had an option to purchase from the syndicate a certain number of shares of General Asphalt Co. stock at a price which, when the option was exercised, was considerably below the then market price. This was explained on the ground that the option had been given verbally some time before and that the syndicate of necessity was compelled to make delivery of the stock at the price mentioned, notwithstanding the increased market value. But the significance of the transaction is to be found in an exchange of correspondence between the firm of Luke, Banks & Weeks and the firm of Block, Maloney & Co. The letter giving the option will be found in volume II, page 546, and the letter accepting the same will be found in volume II, page 544, which letter uses this language:

"Hoping that you will give us whatever assistance you can marketwise and assuring you that we will do our utmost for a successful culmination, we remain, very truly yours."

Though it was denied by Mr. Weeks that this transaction was one whereby the stock was transferred to Block, Maloney & Co. in order that the two brokerage firms in cooperation might engage in transactions for the purpose of manipulating the stock and "stabilizing" the prices, the language contained in the letter of Block, Maloney & Co. is certainly capable of that interpretation and is probably inexplainable except on that theory; and market manipulation by the persons interested in this pool and by cooperation between two brokerage firms, members of the New York Stock Exchange, is a practice which should be, and probably now is, by the adoption of a rule since the conducting of this investigation by the New York Stock Exchange made impossible.

KOLSTER RADIO

The testimony offered with regard to a certain operation conducted in Kolster Radio stock shows the conduct of an operation under an option to purchase, and the testimony of George F. Breen, who conducted this operation, gives the committee some very interesting information as to how such operation was conducted and as to several other practices which take place in stock-market transactions.

Mr. Breen was a very frank witness. He stated his business as a dealer in securities. He handled stocks alone and did not have a seat on the New York Stock Exchange. He stated it to be the general practice of those who were in control of the affairs of corporations whose stocks were traded in on the New York Stock Exchange to give men like himself an authority up to a certain point to buy those stocks to support the market and that he had been doing that for a period of twenty-odd years past. He stated that when these corporations felt that a sustaining of their securities was necessary they would give him a trading account with power to purchase a limited number of shares at some specified price, with power to redistribute those shares as he could; that the corporations would put up the money for him and that he was absolutely guaranteed against loss. Should the stocks decline, it was the company's loss. Should he be able to sustain the market and create a market, the profits belonged to him and his associates. He acknowledged that very frequently stocks could be guided by him on the New York Stock Exchange; that stocks could be put up and that stocks could be put down. This has been frequently asserted and generally believed, and it is refreshing to get an admission that it is true from one whose business it is to do that very thing and who has evidently been doing it successfully for some years past. One is brought to a realization of the very unsafe and insecure position in which the public stands when this can be successfully accomplished.

Mr. Breen obtained from Rudolph Spreckels certain options on Kolster Radio stock, and in the course of his dealings in that stock he first took a short position in the market for a certain quantity of shares; and, though he stated that it was not his practice to do so, he admitted that should the stock decline in price he was in a position to cover his short selling in the open market and to decline to exercise his option and thus assure himself of a profit, whereas, of course, if the stock rose in price he would exercise his option and in that way accomplish the same results. He was under no legal obligation to exercise the option at all. After the options were secured and his position was assumed in the market, Mr. Breen evidently instituted an active campaign to produce profitable results. A statement of his purchases and sales of this stock will be found in volume II, page 559 of the record. Altogether he sold, between the end of October and the early part of December, 456,900 shares of stock and bought 206,900 shares, putting him in a position to balance his account by the exercise of his various options, which were for the purchase of 250,000 shares. The profit made by the operation, divided among Mr. Breen and his associates, was $1,351,152.50.

GOLDMAN-SACHS TRADING CORPORATION

The Goldman-Sachs Trading Corporation was, as its name implies, a corporation formed for the purpose of trading in stocks by the firm of Goldman, Sachs & Co., brokers and members of the New York Stock Exchange. Ninety percent of the stock of the corporation was sold to the public, the firm of Goldman, Sachs & Co. retaining a 10-percent interest therein.

The particular transaction which was investigated concerned a deal which was made by the Goldman-Sachs Trading Corporation and the Postum Co., afterward known as the General Foods Corporation, for the purchase of the stock in a company known as the General Foods Co. The stock in the General Foods Co. was represented by an investment of $1,750,000 and its only asset which was claimed to be of any serious value was a patent right in connection with a process for the freezing of foods. For the purpose of purchasing the stock of the General Foods Co., the Postum Co. and the Goldman-Sachs Trading Corporation organized and controlled a corporation known as the Frosted Foods Co., which company in turn was used to acquire the assets of the General Foods Co. The mechanics by which this was done prove very interesting reading.

In the first place, Postum Co. had an agreement with the committee of stockholders of the General Foods Co. to buy all its stock, for which they were to pay the sum of $23,500,000; that is, the stock of this corporation, which had an entire investment of $1,750,000 and the patent. The Postum Co. then issued 150,000 shares of additional Postum Co. stock, which they sold to the Goldman-Sachs Trading Corporation for $10,750,000. This amount paid by Goldman-Sachs Trading Corporation to the Postum Co. for Postum Co. stock, together with $12,750,000 in addition thereto put up by the Goldman-Sachs Trading Corporation, was paid for the acquisition of the stock of the General Foods Co. through Frosted Foods Co. Thus it will be seen that the Goldman-Sachs Trading Corporation put up the entire $23,500,000, for which it acquired 150,000 shares of Postum Co. stock and an interest in the acquired

stock of the General Foods Co.; but under an agreement between the Goldman-Sachs Trading Corporation and the Postum Co., the Goldman-Sachs Corporation acquired only 49 percent of the stock for their $12,750,000; whereas the Postum Co. acquired 51 percent of the stock for their $10,750,000, and in addition thereto secured under the agreement with the Goldman-Sachs Trading Corporation preference with respect to the payment of dividends and certain other preferences should the corporation be liquidated or dissolved.

In addition to this the Goldman-Sachs Trading Corporation put up $1,500,000 for the purpose of furnishing the corporation with working capital. This transaction took place in June of 1929. The stock of the Postum Co., which was acquired in this transaction by the Goldman-Sachs Trading Corporation for the sum of $10,750,000, was sold by the Goldman-Sachs Trading Corporation at a loss of $230,000; and the stock in the Frosted Foods Co., for which Goldman-Sachs Trading Corporation paid $12,750,000 in June 1929, was charged off at the end of the year 1930 on their books as being worth only $1, and at the end of the year 1931 was turned over to the General Foods Corporation, successor to the Postum Co., for 30,000 shares of Postum Co. stock, which was then selling on the market for $30 a share and represented something worth $900,000, for which they gave up something that cost them $12,750,000.

There is certainly something wrong when those who are managing a corporation such as Goldman-Sachs Trading Corporation, in which the public has invested its money to the extent of 90 percent of the full capitalization of the company, can, in June of 1929, make an investment of $25,000,000, on which they will take a loss in the several succeeding years of more than 50 percent which is not due in any way to a depression in market values but is due to the fact that they paid $12,750,000 of that amount of money for a 49-percent interest in a stock of a corporation whose total investment was represented by $1,750,000 and whose principal asset was a patent of undetermined value.

But this transaction was investigated for still other reasons.

In the first place, the method which was followed to complete the transaction and to make the payments for the stock purchased was in itself a suspicious factor which naturally demanded an investigation when it was brought to our attention, and because of the fact that the method of payment also indicated tax avoidance if not a tax evasion.

As before stated, a corporation known as the Frosted Foods Co., Inc., was formed and the stock of the General Foods Co. was not purchased directly by Postum Co. and Goldman-Sachs Trading Corporation, but was purchased by the Frosted Foods Co., whose stock in turn was owned by the Postum Co. and Goldman-Sachs Trading Corporation; but instead of having Frosted Foods Co. buy the stock directly from those who owned and controlled it, there was another Canadian corporation known as the "United Foods, Inc.", and another company formed under the laws of the State of Delaware and called the "United Foods Co." The checks which were paid by the Goldman-Sachs Trading Co. for the purchase of Frosted Foods Co. stock (copies of which checks will be found in vol. II, p. 574 of the record) show that they passed through the hands of Frosted Foods Co. and the United Foods, Inc., and were deposited in the Royal Bank of Canada to the credit of United Foods, Inc. Ultimately they were paid to the United Foods Co. of Delaware, a corporation which was formed to represent the interests of the stockholders who were selling their stock in General Foods Co. Time did not permit a complete tracing of these funds, so that it might be determined who reaped the ultimate benefit of these transactions. It might, therefore, be said that the picture is incomplete, though undoubtedly it serves to show what those in control of the public's funds in investment or trading corporations can do with the same when they feel so inclined; and it must be borne in mind that this trading corporation was a corporation whose stock was sold on the New York Stock Exchange and was organized and managed and controlled by the brokerage house of Goldman, Sachs & Co.

The question of whether there was any tax evasion involved in the transaction was given consideration and it was not believed, from the facts so far developed, that there is any justification for the United States Government to recover any taxes from anyone involved in the transaction up to the time which the evidence covers, but undoubtedly there was a tax avoidance and a proper study of this problem may determine the remedy by appropriate legislation to prevent such a tax avoidance or evasion. This problem, of course, is not one with which the stock exchange has anything to do.

INDIAN MOTO CYCLE CO.

Three witnesses were called and examined with reference to certain transactions in the stock of the Indian Moto Cycle Co. These witnesses were Howard F. Hansell, Jr., independent operator, formerly a member of the brokerage firm of Redmond & Co.; Norman T. Bolles, who was president of the Indian Moto Cycle Co.; and Harry Content, a member of the brokerage firm of H. Content & Co.

The testimony of these witnesses showed that Howard F. Hansell, Jr., arranged to purchase 40,000 shares of Indian Moto Cycle Co. stock from the company, a large part of which was sold through the brokerage firm of H. Content & Co. Options on the stock were given to 20 or 30 people. Thereafter the witness Hansell purchased 60,000 shares additional, all of which shares were marketed to the public, according to his own admission, at prices ranging from $4 to $12 a share. In some of these transactions, Harry Content, of H. Content & Co., had an interest. Trading operations in this stock were conducted which caused the price to rise as high as $17 a share; whereas it was apparently well known that the company was in a temporarily impaired financial condition due to a decrease in working capital.

Thereafter a promoter named Lawrence Wilder was given 50,000 shares of stock in the Indian Moto Cycle Co. by the company to purchase in England certain patents on an airplane motor; a large part of this stock which was given to Wilder for the purpose of purchasing these patents being retained by him and distributed in the operations of Messrs. Hansell and Content to the public.

The vices in these transactions are shown first in the testimony of Mr. Content, who admitted that his market transactions were so conducted as to control the price (vol. II, p. 600 of the record) and the fact that a publicity man was employed for the purpose of disseminating information to aid the parties in their market manipulations. Though it was denied by the witnesses that the publicity man, whose name was Plummer, was employed for that purpose, it was admitted that he received large sums of money and that a suit which was instituted to recover a balance claimed to be due him was settled. Independent proof of the employment of Plummer and the payment to him of large sums of money by these witnesses and others was offered to the committee by Hon. F. H. LaGuardia, a Member of the House of Representatives from New York State, whose testimony will be found to contain in detail an extensive statement of the publicity operations of Mr. Plummer. Congressman LaGuardia's testimony on the Indian Moto Cycle Co. will be found in volume II, pages 459, 460, and 461 of the record. Congressman LaGuardia testified (vol. II, p. 463 of the record) that Mr. Plummer had paid out for publicity on behalf of his various employers the sum of $286,279.

JOHN J. LEAVENSON

The testimony of John J. Leavenson and R. J. Cornell is illustrative of another flagrant instance of the employment of a publicity writer, and in which instance a member of a New York brokerage firm, which firm was a member of the New York Stock Exchange, was interested.

Mr. R. J. Cornell had formerly been connected with the bureau of securities of the department of law in the State of New York, and in the course of his duties he made an investigation of certain transactions which Mr. J. J. Leavenson had with Mr. Raleigh T. Curtis.

Mr. Curtis was an individual who wrote a financial column in the New York Daily News and signed himself "The Trader." Mr. Leavenson described himself as a free-lance trader who, during the year 1929 and part of 1930 conducted certain operations through the brokerage firm of Burnham, Herman & Co., by which transactions he made a profit of approximately $1,136,000. During that time, by the purchase and sale of stocks on behalf of Raleigh T. Curtis, he made for Mr. Curtis approximately $19,000 between May 3, 1929, and March 1, 1930. During this time Mr. Curtis was writing the column in the New York Daily News under the name of "The Trader", and the testimony of Mr. Cornell shows that he was constantly boosting the stock in which Mr. Leavenson was trading and in which he was given, without the deposit of a single cent of money, a profit of $19,000. Mr. Leavenson stated that this was done out of pure friendship, and denied that his motive was to pay him for publicity. Mr. Curtis could not be found to be questioned on the subject.

Each one of the transactions in which Mr. Leavenson was engaged, the interest of Mr. Curtis therein, and the boosting of the stock by "The Trader" will be found in detail in Mr. Cornell's testimony.

Aside from the vice of paid publicity, of which this case is a strong illustration, Leavenson admitted (record, vol. II, p. 619) that one of the persons interested in his operations was a man named Rodney, who was a partner in the brokerage firm of Burnham, Herman & Co., through which Mr. Leavenson conducted his operations.

As will be noted hereafter, the New York Stock Exchange has since adopted rules to correct the vices shown to exist in this matter.

DAVID M. LION

Another illustration of the publicity which was paid for (and it may be safely assumed that when publicity is paid for the publicity will be in aid of the market manipulations in which those who make the payments are interested) will be found in the testimony of David M. Lion.

When asked his business, he stated that it was "financial publicity", and, without covering his testimony in detail, he admitted (vol. II, p. 675 of the record) that his articles would be published for the purpose of interesting the public in the stock in which he and those who employed him were interested for the purpose of causing a rise in the market value of the stock, and for this work he was paid by calls and options.

He went to the extent of employing a man to talk on the radio. This man was introduced as an economist and the president of a financial research institution, which was only the name of a business conducted by the individual in the case. He conducted over 30 such operations at one time; was employed by pool operators and individual traders and among those names he mentioned were some who were members of the New York Stock Exchange. His operations and earnings were detailed and it seems unnecessary in this report to analyze such earnings, and again it may be said that the conduct of business in this manner has since been prohibited by a rule adopted by the New York Stock Exchange.



ELECTRIC AUTO-LITE CO.

Evidence was offered to the committee of several different instances which clearly illustrate the operation of traders under an option to purchase.

One of these instances is to be found in the operations conducted by George F. Breen in the Kolster Radio stock. In this instance, however, the options were exercised and the market stabilized by purchases and sales.

The committee's attention was called to the fact that when options were taken the person who held the options immediately pursued the policy of selling short a certain amount of stock so that, in the event of a declining market, his position would be protected, the price at which the stock was sold usually being approximately the price at which it could be bought under the option. If the market rose, the option was exercised, with a resulting profit; but should the market drop, the operator was in a position to refrain from exercising his options and covering his short sales at a profitable figure.

As an illustration of an operation in which this was done, there was submitted to the committee (vol. II, pp. 522, 523) a transaction in Electric Auto-Lite Co. stock, operated under an account known as account no. 815 with M. J. Meehan & Co.

Joseph E. Higgins, a member of the firm of M. J. Meehan & Co., whose testimony appears in volume II, page 750 of the record, conducted this operation. An option was given to him to purchase all or any part of 25,000 shares of Electric Auto-Lite Co. stock at $70 a share, and all or any part of another 25,000 shares at $75 a share. (Vol. II, p. 751.) This option was never exercised. Discretion was left with M. J. Meehan to handle the account as he pleased. With the protection of the option in approximately a month and a half some 94,000 shares were dealt in, the operators practically at all times maintaining a short position in the stock, with an ultimate profit to themselves.

WARNER BROS. PICTURES

The transactions which took place in the stock of Warner Bros. Pictures, as they were conducted by Harry M. Warner on behalf of himself and his brothers and through accounts which were kept in various names, show what can be done by persons in control of a corporation who have inside knowledge of the affairs of a corporation in dealing in their own stock.

Summarizing the situation, the Warner Bros. started in January 1930 to sell a large quantity of stock in Warner Bros. Pictures which were owned and controlled by them, but these sellings were not made so that the public could in any way know that their holdings would be disposed of, but through accounts and in such manner as to prevent the public from ascertaining the true facts; and during the first half of the year 1930 while these stocks were being thus sold, the publicity given to the affairs of the company was such as to keep up the price of the stocks.

It is evident that the Warner Bros. knew that at a meeting of the board of directors, which meeting was to be held in the month of August 1930 the dividend had been theretofore paid on the stock was to be passed. When this occurred, of course, the stock depreciated in value on the market, and after this happened Warner Bros. started to buy back the stock which they had sold; and during this period of time, publicity appeared deprecating the future of the company.

In the early part of 1930 Warner Bros. owned 303,480 shares of the company's stock. During the year 1930, in the manner indicated, Warner Bros. sold 305,350 shares of their stock at a price totaling $16,520,986; and they bought back 326,500 shares of stock at a price totaling $7,544,481.50, showing a net profit to them on the transaction of $8,976,504.50 in cash and an increase of their holdings of 21,150 shares which, at the then approximate value, made an additional profit for them of $274,950.

These operations were conducted through various brokerage houses and under various names and numbers. Mr. Warner indicated that he lent to the company certain sums of money which he received from the sale of his stock, and for this he secured debentures. In other words, he placed himself in the position of becoming a creditor of the company having preference over the stockholders and thus, in addition to making a very substantial profit out of his dealings in the stock, secured a decided advantage in his investment position; and there is nothing in the rules of the New York Stock Exchange to prevent officials of a company, having the affairs of the company within their control, from conducting similar operations in their own stock for their own personal advantage and of necessity to the detriment of the public buying and selling the stocks.

The articles showing the publicity given to the stock of Warner Bros. Pictures during the time the operations were being conducted will be found in the record, volume II, pages 655 to 669, inclusive.

COPPER STOCKS

The investigation which was conducted into certain transactions involving the manipulation of stocks of certain copper companies related to a period of time extending from January 1929 to the fall of 1929. The transactions which were investigated involved two pools in the Anaconda Copper Co. stock and other pools in Greene Cananea Copper Co. stock and Chile Copper Co. stock, with ultimately a marketing of Anaconda Copper Co. stock by the National City Co., an affiliate of the National City Bank, which marketing took place after an exchange of Greene Cananea Copper Co. stock and Chile Copper Co. stock into Anaconda Copper Co. stock.

On January 18, 1929, W. E. Hutton & Co., a brokerage firm and a member of the New York Stock Exchange, sent out a communication to various individuals indicating the formation of a syndicate for the purpose of dealing in the Anaconda Copper Co. stock. Various individuals were entitled to participate in this syndicate. A complete résumé of this pool will be found in the record, volume II, pages 758, 759, 760.

The pool closed with a distribution of profits amounting to $1,225,765.54, the pool having closed its dealings about March 5, 1929. During that period of time, the price of Anaconda Copper Co. stock rose from $116.25 a share to a top of $163.75 a share.

A second pool in this stock was formed on March 19, 1929. The syndicate agreement with reference thereto will be found in the record, volume II, pages 761, 762. That syndicate absorbed approximately 66,000 shares of stock of the Anaconda Copper Co. from the first pool. It operated until May 24, 1929, and purchased a total of 416,260 shares of various copper-company stocks at a cost of $65,065,532.50; and, having sold all of the stocks in all other companies than the Anaconda Copper Co. and having sold a large number of shares of the Anaconda Copper Co. stock, distributed the balance of the stock which they held in the Anaconda Copper Co. among the members of the pool. Figuring the stock at the then market price, this pool lost a little over $6,000,000.

Among the participators in this pool were several brokerage firms and several persons who were interested in one or the other of these pools, namely, Mr. Percy Rockefeller, Mr. James A. Stillman, and Mr. Lee Olwell, were connected with the National City Co., an affiliate of the National City Bank.

While these operations were taking place several other small pools or syndicates were operated in the stocks of the Greene Cananea Copper Co. and the Chile Copper Co., and on the close of these transactions and the second pool in Anaconda Copper Co. stock the Greene Cananea Copper Co. stock and the Chile Copper Co. stock, having in the meanwhile been for the most part converted into the stock of the Anaconda Copper Co., the National City Co., hereinbefore referred to, engaged in an operation by which it, through a high-pressure salesmanship campaign, distributed and sold a large number of shares of the stock in the Anaconda Copper Co. The pools in the Greene Cananea Copper Co. stock and the Chile Copper Co. stock, which have been referred to, were managed by Mr. John D. Ryan, who was chairman of the board of the Anaconda Copper Co. and a director in the National City Bank, though he had no position in the National City Co., the affiliate of the National City Bank. The participants in these syndicates were John D. Ryan, various officers of the Anaconda Copper Co., the Chile Copper Co., the Andes Copper Co., and the National City Co.

The right to conversion of the Chile Copper Co. stock into Anaconda Copper Co. stock became effective on January 23, 1929, and was closed on April 30, 1929. The right of exchange in Greene Cananea Copper Co. stock into Anaconda Copper Co. stock became effective on July 1, 1929, and was closed on October 1, 1929.

In order to properly understand the situation with respect to the syndicate which dealt in the Greene Cananea Copper Co. stock and the Chile Copper Co. stock certain other facts shown by the evidence produced before the committee must be considered.

There was a corporation known as the United Metals Selling Co. which was owned and controlled absolutely by the Anaconda Copper Co. All of the metals of the company were sold through this corporation and this corporation did virtually all of the banking business for the subsidiary companies of the Anaconda Copper Co., excepting that of the Chile Copper Co. and the Greene Cananea Copper Co. When the offer was made to exchange Anaconda Copper Co. stock for the Chile Copper Co. stock on January 23, 1929, the United Metals Selling Co. was used by the Anaconda Copper Co. for the purpose of engaging in market operations in order to keep the stocks of the Anaconda Copper Co. and the Chile Copper Co. relatively at the levels of the basis of exchange, and the stock was bought and sold to carry out that plan (vol. III, pp. 794, 795, of the record).

Mr. Ryan testified that if there were any disparity between the values of the stocks of the two companies while the exchange was under way, it was likely to defeat the object and prevent the exchange. The stock was bought or sold accordingly, all of which transactions were carried on through the witness, who was not only the chairman of the board of the Anaconda Copper Co. but also the president of the United Metals Selling Co. Mr. Ryan would not tell the committee just exactly what he would do in order to maintain the prices, but he testified (vol. III, p. 796, of the record) that if there were a weak market and one of the stocks was especially weak, he would do one thing and in another market he would do another.

At the end of 1928 the United Metals Selling Co. owned 42,062 shares of Anaconda Copper Co. stock, and when the transactions in buying and selling this stock had been concluded it had acquired in the market 172,100 shares of Chile Copper Co. stock for which it received 125,633 shares of stock of the Anaconda Copper Co., and 73,700 shares of Greene Cananea Copper Co. stock for which it received 100,550 shares of stock of Anaconda Copper Co.; or in all it received, in exchange for the Chile Copper Co. stock and the Greene Cananea Copper stock, during the year 1929, 236,183 shares of Anaconda Copper Co. stock.

Mr. Ryan testified (vol. III, p. 800 of the record) that at a period of time in December 1928, when certain bonds of the Andes Copper Co. were called for conversion, the Anaconda Copper Co.

and the National City Co. were anxious that the bonds be converted instead of taken up and paid off in cash, and for that purpose the Anaconda Copper Co. and the National City Co. operated in Andes Copper Co. stock to "stabilize" it and bring about the conversion, which operation conducted for that purpose resulted in a total profit to the two institutions of $335,042.43.

Prior to January 23, 1929, which was the date on which the conversion of Chile Copper Co. stock into Anaconda Copper Co. stock was to become effective, Mr. Kelly, who was the president of the Anaconda Copper Co., with Mr. Ryan and Mr. Guggenheim, who was a large stockholder in the Chile Copper Co., and the National City Co. began to accumulate the stock of the Chile Copper Co., knowing that the conversion agreement was to become effective on January 23, 1929. This resulted in a delivery of the stock accumulated to the National City Co. on January 22, 1929, one day before the right of conversion became effective, bringing to those interested in the operation a profit of approximately $1,250,000.

In the meanwhile, an operation was conducted in Greene Cananca Copper Co. stock by the same gentlemen, the National City Co., and a Mr. Thornton, who was president of the Greene Cananea Copper Co. This operation was conducted through the brokerage firm of Hornblower & Weeks, under an account known as "account no. 55", which was an account conducted under the same number as Mr. Ryan's personal account. Under this operation a net profit to the syndicate was made in the sum of $2,909,978.15. The profit, of course, is figured on the value of the stock at the time of the distribution, the stock not having been sold but having been distributed among the members of the syndicate, the National City Co. having taken its distribution from the Chile Copper Co. syndicate and the Greene Cananea Copper Co. syndicate in stock.

One very significant transaction, which shows what may happen or may be caused to happen in stock-market operations, is found in the testimony of James A. Fayne, a member of the firm of Hornblower & Weeks, who was conducting the operations of the syndicates composed of the various officials of the Anaconda Copper Co., Chile Copper Co., Greene Cananea Copper Co., and the National City Bank. His testimony will be found in volume III, pages 800 to 814, of the record.

The attention of the witness was directed to a transaction which took place on March 20, 1929, in connection with the operations in account no. 55 hereinbefore referred to. In the syndicate account a sale of 35,000 shares of stock was shown, whereas on the same day a purchase of 35,000 shares of stock was shown in Mr. Ryan's personal account. Prior to the time this purchase was made in one account and the sale in another account, the transactions in stock had been in small amounts comparatively. To counsel for the committee this appeared as a purely wash transaction intended to boost the market price, but the witness explained that the making of the sale through one account and the buying through another account was an error, for which he took the responsibility, he having absolute discretion as to the purchases and sales of the respective accounts. He admitted, however, that the result of the transaction was to cause an immediate rise in the market value of the stock from approximately $192 a share to $196 a share, resulting in his immediate disposal of such stock of his client as he could at the advanced price. He denied that this was a wash sale, but whether it was or was not, it is a clear illustration of what might be done under the rules of the stock exchange to cause a fluctuation of prices in the manner in which it occurred in this case.

It has been stated that after these various pool operations, in which the officers of the Anaconda Copper Co. and the Chile Copper Co. and the Greene Cananea Copper Co. were engaged, and the operations of the several pools hereinbefore referred to, an operation was conducted by the National City Co., an affiliate of the National City Bank, in the stock of the Anaconda Copper Co. Time would not permit such investigation to be made as would determine definitely whether any of the stock in what was called the small Anaconda pool and the large copper stocks pool passed into the hands of the National City Co. in connection with its operations, but undoubtedly, as is shown by the testimony before the committee, considerable of the stock of the Anaconda Copper Co., resulting from the conversion of the Chile Copper Co. and the Greene Cananea Copper Co. through the syndicates conducted by the officers of these companies and National City Co., did pass into the hands of the National City Co., and in addition thereto certain of the Anaconda Copper Co. stock passed into the hands of the National City Co. from the exercise of an option given to this company by the United Metals Selling Co., the wholly owned subsidiary of the Anaconda Copper Co. hereinbefore referred to.

Mr. Mitchell, president of the National City Co., testified (record, vol. II, p. 772) that they had in their portfolio 50,000 shares of stock of Anaconda Copper Co., and that from April 1928 until June 1929 it was purely an investment account; that the account in 1928, by conversion of certain Anaconda Copper Co. bonds, ran up to 114,000 shares, but at times it came down and ran below the 50,000 shares mark; that in February 1929 it was down to 38,000 shares and continued that way until June 1929; that in June 1929 the National City Co. bought some additional stock; and that in July 1929, by conversion of the Andes Copper Co. stock and the Greene Cananea Copper Co. stock (which had been acquired through the pools hereinbefore referred to), their holdings in Anaconda Copper Co. stock were brought to 208,000 shares; and that in June 1929 they determined to offer Anaconda Copper Co. stock to the public through their sales organization. They obtained an option to purchase 100,000 shares of Anaconda Copper Co. stock from United Metals Selling Co., and through their sales organization continued to distribute this stock until the early part of October 1929. Mr. Mitchell himself, who was chairman of the board of the National City Bank, and as such was the chief operating officer of the affairs of the bank, and who was a director of the Anaconda Copper Co., testified that Mr. Percy Rockefeller, who was interested in one of the pools conducted in the stock of the Anaconda Copper Co., was on the board of the National City Bank, as was Mr. James A. Stillman, another participator in the pool; that Mr. Lee Olwell, another participator in the pool, was vice president of the National City Co.; that Mr. C. T. Fisher, who was also a participator, was one of the directors of the Anaconda Copper Co.; and that Mr. John D. Ryan was chairman of the board of the Anaconda Copper Co. and a member of the board of the National City Bank. There seems, therefore, to be a very clear picture connecting the several pools that were being operated through the brokerage firms in Anaconda Copper Co. stock and other copper stocks which the pools that were operated by the officers of the Chile Copper Co., the Greene Cananea Copper Co., and the National City Co. with the operations of the National City Co. in the stock of the Anaconda Copper Co., all of whom should have had inside information as to the affairs of these respective companies. During the operations of the National City Co. the stock rose from $122.50 a share to $133 a share, and at the time when the National City Co. ceased its operations the stock dropped again to approximately $114 a share. Through the operations of the National City Co. in the market immediately prior to the time when they started their selling campaign, they purchased 251,081 shares of stock of the Anaconda Copper Co. and sold 288,707 shares, leaving their net position 210,774 on August 6, 1929. The net profit on this transaction was over $2,000,000.

Between August and October 1, 1929, extensive market operations were conducted in the Anaconda Copper Co. stock by the National City Co., and a high-pressure campaign was conducted through their salesmen to sell these stocks to the public. As heretofore stated, this resulted in a decided rise in the market price. These operations were conducted on a very extensive scale, and when they were concluded about October 1, 1929, the National City Co. had a very substantial profit. Thereafter the stock continued to drop in value; but this, of course, can be partially attributed to the crash which occurred in stock-market values in October 1929.

The picture thus developed by the testimony in connection with the stock pools, which were conducted through a brokerage firm, a member of the New York Stock Exchange, and by the officers and directors of the various companies interested in the stocks, and, of course, having inside information as to the affairs of the various companies involved, shows what can be done not only in the manipulation of the prices on the market but what can be done to the profit and advantage of the officers and directors of the various companies who have inside information as to what is going on with respect to the affairs of the various companies.

The National City Bank is, of course, a national institution, and under the law as it exists today it may not conduct such dealings or engage in such transactions as have been heretofore pictured; but it may, as was done in this instance, do this very thing under the guise of an affiliated company. The right to do this has never been, but may be, seriously questioned; and if a national bank has a right to do this under the law as it exists at the present time, it is respectively suggested that it should be, by proper legislation, deprived of this right. A national bank, if permitted through an affiliated company to gamble in stock-market transactions, jeopardizes not only the money of the investing public who buys its stock, but may very well be said to be jeopardizing the money of its depositors, who have used such an institution as a depository on the faith of the protection that is afforded them by the laws which surround national banks.

The National City Co. was organized by the National City Bank. Its business is conducted by trustees. In this particular case the National City Co. was originally organized to hold the securities which the bank could not have held under the law. Up until the year 1928, it did not engage in stock operations, and at that time the shareholders of the bank authorized the setting aside of a sum of money for the purpose of stock operations. Every stockholder in the National City Bank owns a proportionate amount of stock in the National City Co., and it is plainly seen that any losses or profits sustained or made by the National City Co. cause a resultant loss or gain to the stockholders of the National City Bank. In plain words, the National City Bank, which was never intended to have the authority to gamble in stocks, was permitted, through the subterfuge of an affiliated company owned and controlled by the stockholders of the National City Bank, to gamble in the stock market. This would seem to be a dangerous practice, which, as has been before suggested, may result in a serious loss to the stockholders or the depositors of the bank in a manner which was never intended to be permitted under the laws of the United States with relation to national banks. It was never intended that such institutions should be used as either a distributing center for stocks and bonds or as a medium through which public funds, whether invested in the stocks of such institutions or deposited therein, should be used for the purpose of speculation which, though it might result to the profit of such stockholders and depositors, might very well lead to the ultimate bankruptcy and dissolution of the institution.

CONTINENTAL SHARES, INC.—OTIS & CO.

Continental Shares, Inc., was an investment trust. Otis & Co. was a brokerage house and a member of the New York Stock Exchange. Cyrus S. Eaton, of Cleveland, controlled the affairs of Continental Shares, Inc., and was a member of the firm of Otis & Co. A third corporation, known as Foreign Utilities, a Canadian company, was used by him to hold his personal investments.

In the organization of Continental Shares, Inc., the stock was distributed through the firm of Otis & Co. The record shows questionable transactions by which the firm of Otis & Co. sold back to Continental Shares, Inc., certain of the stock which they had underwritten, and also shows a number of other questionable transactions. The importance of the investigation of the affairs of Continental Shares, Inc., and Otis & Co. is to be found in one certain transaction.

Shortly before October 10, 1930, Otis & Co. had total obligations approximating $125,000,000 and the banks holding most of these obligations were calling upon them for payment. On the night of October 13, 1930, Otis & Co. were informed by the New York Stock Exchange that they would not be permitted to open the next morning unless they obtained $20,000,000. It was later arranged that they would be permitted to open if they obtained this money by noon of the next day. On October 8, 1930, Continental Shares, Inc., purchased certain securities from Foreign Utilities for $57,000,000, of which $35,000,000 were to be paid in cash and the balance in stock of Continental Shares, Inc., at $21 a share. At this time it must be borne in mind that Continental Shares, Inc., Foreign Utilities, and Otis & Co. were practically in the control of Mr. Eaton and it is plainly indicated, in view of what later transpired, that this transaction on October 8 was in anticipation of Otis & Co. needing financial help.

A great many of the obligations of Otis & Co. were secured by collateral either owned by Mr. Eaton himself or by Foreign Utilities, Mr. Eaton's corporation, and it was these securities which were being sold to Continental Shares, Inc., the investment trust controlled by Eaton, for the purpose of securing sufficient money to pay off the obligations of Otis & Co. Of the cash to be raised for the purpose of carrying out the agreement between Continental Shares, Inc., and Foreign Utilities, $30,000,000 were to be furnished as an original payment by the Chase National Bank, and, pursuant to the authorization of the board of directors of Continental Shares, Inc., a number of bank promissory notes were given by Continental Shares, Inc., to the Chase National Bank, which were subsequently filled out for various amounts and the cash loaned thereon used to take up existing loans of Eaton, Otis & Co., and Foreign Utilities at various banks in New York and Cleveland, which resulted in the releasing of the securities which were sold by Foreign Utilities to Continental Shares, Inc. On the morning of October 14, 1930, these transactions were put through in order that Otis & Co. might comply with the requirements of the New York Stock Exchange.

The loan, which was made by the Chase National Bank, was of course, made to the Continental Shares, Inc., for the purpose of furnishing them sufficient funds to buy from Foreign Utilities the securities which they had agreed to purchase. It should be noted that these securities, for which they were to pay $57,000,000 partly in cash and partly in stock of their own corporations, were not sufficient as collateral for the loans of $35,000,000 which they were securing and that they had to deposit as additional collateral therefor considerable stock from their portfolio. When the transaction was completed, Otis & Co., Foreign Utilities, and Mr. Eaton were relieved of their obligations, while Continental Shares, Inc., an investment trust in which the public had put its money, was obligated at various banks where it had put up as collateral not only the stocks which it purchased from Foreign Utilities but other stocks of its own. From these stocks of its own it had a certain income and it was testified that, after the transaction hereinbefore referred to was closed, it cost Continental Shares, Inc., for its carrying charges $800,000 a year more than the dividends on the securities which they purchased of Foreign Utilities.

On pages 918 and 919 of volume III of the record will be found certain memoranda which passed between officers of the Chase National Bank, and an interesting sidelight on the transaction will be found in the fact that the Chase National Bank sent the securities thus purchased up to Canada in order that they might there be delivered by an agent of Foreign Utilities, a Canadian corporation, to the correspondent of the Chase National Bank in Canada and forwarded by the correspondent to the Chase National Bank in New York. This was done, at an expense of over $34,000, in order to save the payment of taxes to the Government of the United States.

On October 20, 1930, 6 days after the deal hereinbefore referred to was closed, and while the New York Stock Exchange knew, or should have known, how Otis & Co. arranged to pay its obligations, Continental Shares, Inc., applied to the New York Stock Exchange to list 990,000 additional shares for the purpose of sale, which listing was permitted. The application for listing will be found in the record, volume III, pages 934 to 951, inclusive.

FOX THEATERS AND FOX FILMS

It was the practice of counsel for the committee, in the making of investigations into transactions involving the practices of the New York Stock Exchange, to examine those who were closely associated with the transactions in question, to subpena those persons to appear before the committee for the purpose of examining them with regard to these transactions, and also to afford those persons an opportunity of presenting to the committee such facts as they may desire to present in connection with the matter under investigation.

In the investigation of certain transactions concerning dealings in the Fox Theaters and Fox Films stock, counsel interviewed William Fox, who was a very large owner of the stocks of these corporations and managed and controlled their affairs. He was subpenaed to come before the committee, and, though he came to Washington, failed to appear on account of an alleged illness. Reference is only made to this circumstance because his failure to appear necessitated the presentation of the results of the investigation by a statement from counsel and the testimony of other witnesses instead of—as it had been done in other instances, at least partially—by the examination of the persons involved in the transactions.

A summary of the situation will be found in the record, pages 979 to 1000. It would serve no purpose in this report to fully restate that summary here, but a brief reference might well be made to the nature of the transactions. Mr. Fox controlled the voting stock in both the Fox Theaters and Fox Film Corporation.

In 1925 Fox Theaters made a contract with Eisele & King, a New York brokerage house, under which they were authorized to sell a half million shares of class A common stock at $25 a share, they to be paid $3 a share commission. A copy of this agreement will be found on pages 995, 996, and 997 of volume III of the record. Following this agreement there was another agreement made upon the same day, November 11, 1925, between Eisele & King and certain other brokerage houses of the one part and one Carolyn Leah Tauszig, a copy of which agreement will be found on pages 997 and 998 of the record, volume III; which, among other things, provided that the said Carolyn Leah Tauszig should receive 25 percent of the commissions to be paid under the agreement first referred to. Carolyn Leah Tauszig was the daughter of Mr. Fox and, under these agreements, was paid the sum of $411,185.37. A copy of the check paid to her will be found on page 998, volume III of the record; and the statement of the distribution of the profit from the operations in these stocks under the agreements referred to will be found on pages 999 and 1000 of volume III of the record. Through this transaction, Mr. Fox, by his control of the affairs of the Fox Theaters Co.—in which the public had invested its money—authorized the issuance of this half million shares of stock and provided for a method of sale which brought back more than $411,000 to a member of his family.

The Fox Film Corporation desired to acquire the stock of the Westco Corporation, a corporation operating theaters upon the west coast of the United States, and William Fox conceived the plan of offering one share of stock of the Fox Film Corporation for $^{75}/_{100}$ of a share of the Westco Corporation. The stock of the Westco Corporation was then quoted at approximately $55 a share. The firm of Hayden, Stone & Co., a brokerage house and a member of the New York Stock Exchange, entered into an underwriting agreement with the Fox Film Corporation to market 125,000 shares of their stock and agreed to underwrite the issue for the marketing and underwriting, for which they were to be paid the sum of $3 per share.

Having a knowledge of the offer which was to be made by the Fox Film Corporation for the exchange of the stock in that company for the stock in the Westco Corporation, they purchased a considerable quantity of the Westco Corporation stock, so that, when the time came to market the 125,000 shares of Fox Film stock under the underwriting and marketing agreement, practically all that had to be done by Hayden, Stone & Co. was to make the exchange of the Westco Corporation stock for the 125,000 shares of stock which they were to market under the agreement.

According to the testimony of Richard F. Hoyt, a member of the firm of Hayden, Stone & Co. (record, vol. III, p. 1034), both the agreement for the exchange of the stock of the Fox Film Corporation for the Westco Corporation stock and the underwriting agreement referred to were executed on January 21, 1928.

A list of those participating in the underwriting syndicate will be found in the record, volume III, page 1035. Aside from the interest of Hayden, Stone & Co. in the syndicate, there was a very large interest of the Haystone Securities Corporation, controlled by the members of the firm of Hayden, Stone & Co. and other brokerage houses, members of the New York Stock Exchange.

In September 1928 another contract was signed by Hayden, Stone & Co. with the Fox Film Corporation, by which they agreed to underwrite and market 153,000 shares of stock at $85 a share. They were to be paid $4 a share for the underwriting and marketing. A syndicate was formed to handle this underwriting. A list of those interested in the syndicate and the extent of their interests will be found set forth in the record, volume III, page 1043. The firm of Hayden, Stone & Co. and other interests which the firm represented had a very large portion of this underwriting; and it is important to note that in this transaction—which was, of course, authorized by the Fox Film Corporation, controlled by William Fox—he himself had an underwriting to the extent of 27,000 shares out of a total of 153,444 shares, upon which he made a profit of $81,000.

During the same year, other brokerage firms—notably the firm of Taylor, Thorne & Co.—were conducting several different operations in the stock of the Fox Film Corporation. Mr. Fox had an interest in these various syndicated operations—this interest being carried in the name of Nathaniel King and in the name of Eisele & King, a brokerage firm and a member of the New York Stock Exchange. In volume III, page 1020, will be found a copy of a check drawn by Eisele & King to the order of William Fox

for $50,000, which represented his profit in one of the syndicates. In volume III, page 1021, will be found another check drawn to his order for $19,992.48, which represented his profit from another syndicate.

Further evidence of the participation of Mr. Fox in these syndicates is found in certain communications acknowledging receipt of contributions appearing in volume III, page 1024, of the record. It might very well be noted also (record, vol. III, pp. 1010 and 1011) that, while one of these pools was operating, Taylor, Thorne & Co., the managers of the pool, sent a communication to the various members of the pool enclosing certain confidential information which it was admitted was being furnished to them by William Fox in advance of the time that the information was made public.

The brokerage firm of Stevens & Legg, members of the New York Stock Exchange, were participators in one or more of the syndicates handling the Fox Film stock, which was controlled by Taylor, Thorne & Co., making a profit of more than $42,000; and, in addition to the profit made from the operations in the pool, the firm, who were specialists in the stock of the Fox Film Corporation, while the pool was still in operation were paid the sum of $10,000, which, according to the testimony of Mr. Stevens (record, vol. III, p. 1002), was an unsolicited amount in appreciation of the work done in "running an orderly market."

The operations of these syndicates show very clearly what can be done by New York brokerage houses, members of the New York Stock Exchange, operating in conjunction with a person who holds a controlling interest in a corporation the stock of which is to be handled, and operating in addition thereto in conjunction with the specialist in the stock. The practices engaged in would seem to be the proper subject of correction. It will be noted, however, that the New York Stock Exchange, by the adoption of certain rules, which will be referred to hereinafter, since the development of this evidence before the committee, has prohibited brokerage firms, or the members thereof or specialists, from engaging in such transactions as these.

Other transactions which were developed in the course of the investigation of Fox Films and Fox Theaters show to what extent inside manipulations of stocks may take place without the knowledge of the public. In the stock of the Fox Theaters, a syndicate, operating on the short side of the market and handling nearly a half million shares of stock of this corporation, was conducted through the brokerage house of Michael J. Meehan & Co. On December 6, 1928, the board of directors of the Fox Theaters Corporation granted to William Fox an option to purchase 500,000 shares of the class A common stock of the Fox Theaters and, on the same day, Fox granted a similar option to the firm of Michael J. Meehan & Co., agreeing in his letter granting the option that, if Michael J. Meehan & Co. should at any time require a loan of shares of Fox Theaters Corporation class A common stock, he would loan 200,000 shares in the aggregate.

Prior to this time a pool was conducted in the fall of 1928 by Bradford Ellsworth, a pool manager for Michael J. Meehan & Co., in the stock of Fox Theaters, which pool operated in connection with an option given by William Fox on 125,000 shares of stock in the Fox Theaters Corporation. The participators in the pool were William Fox, Elizabeth Meehan (wife of Michael J. Meehan), Bradford Ellsworth, J. H. Higgins, and Earl Rodney, a partner in a New York Stock Exchange firm. The profit was upward of $400,000. The importance of this transaction, aside from the interest which William Fox and members of the brokerage houses had in the operation of the syndicate, is to be found in the manner in which the transactions were conducted. A very large number of the purchases, which were made on certain days at certain prices were directly offset by sales made on the same dates at the same prices.

Referring again to the transaction which started with the securing by Mr. Fox of the option to purchase 500,000 shares of stock on December 6, 1928, and the granting of a similar option to the firm of Michael J. Meehan & Co., the records of the account showed that the transaction was practically a short sale operation, in which stock of the Fox Theaters thus acquired by Mr. Fox was loaned to the firm of Michael J. Meehan & Co., or the syndicate which this firm was operating, to cover their short transactions. The pool made a profit of nearly $2,000,000. In order to secure the stock in Fox Theaters for the purpose of loaning it to Michael J. Meehan & Co., William Fox—who controlled both the Fox Film Corporation and the Fox Theaters—had the Fox Film Corporation purchase from the Fox Theaters in the first instance 125,000 shares of stock in the Fox Theaters Corporation. These stocks were issued in two blocks—one of 25,000 shares and one of 100,000 shares—and were issued to Jack Leo; and, on the same date that these blocks of stock were issued to Jack Leo, they were loaned to Michael J. Meehan & Co., Michael J. Meehan & Co. putting up $4,300,000 in cash. This stock remained with the firm of Michael J. Meehan & Co. during the time that their operations on the stock market were being conducted. This transaction of the loaning of the stock appeared on the books of the Fox Film Corporation as a loan of the stock to Michael J. Meehan & Co., showing the receipt of the sum of $4,300,000 in cash.

On April 9, 1929, Fox Films repaid $550,000 to Michael J. Meehan & Co., but received none of the stock in return. On April 11 Fox Films repaid $2,400,000 to Michael J. Meehan & Co., and received 75,000 shares of stock; and though on April 18 Fox Films repaid to Michael J. Meehan & Co. the balance of $1,350,000, the 50,000 shares of stock remaining in their hands were not returned to the Fox Film Corporation nor to Jack Leo; and, though from the records it was impossible to establish when the 50,000 shares of stock were returned, it was evident from the examination of the portfolio of the Fox Film Corporation that in some way the certificates were returned.

From the operations of this syndicate on the short side of the market, which was known as "Account No. 433" on the books of the firm of Michael J. Meehan & Co., Mr. Fox himself made a profit of $322,960.41 (testimony of Mr. Higgins, record, vol. III, p. 1072), the check for the same having been drawn to the order of P. J. Higgins and by him endorsed to the order of Mr. Fox. Mr. Higgins testified (record, vol. III, p. 1072) that it was drawn to his order for the purpose of concealing from the clerical force who the participants were in the account. A copy of the check is to be found in the record, volume III, page 1073. This account at one time had a maximum short position of 466,310 shares (record, vol. III, p. 1083).

Mr. Fox was conducting a large number of transactions in Fox Theaters stock through a number of brokerage houses, with accounts in various names, and though absolutely no authority appeared in any of the books of the Fox Theaters authorizing him to deal in that stock on their account and, though Mr. Fox admitted that he was unable to distinguish as to which of the transactions conducted by him belonged to the Fox Theaters and which belonged to him, on November 19, 1929, after the market had broken, he caused the directors of Fox Theaters to adopt a resolution taking over his transactions in the Fox Theaters stock, they assuming at that time his indebtedness to his brokers, amounting to $6,153,774.33, and, of course, taking over at that time the stock to which he was entitled and thus assuming a loss of $3,314,724.33 which, if the dealings were dealings of Mr. Fox on his own behalf, should have been borne by him (record, vol. III, pp. 1086, 1087, and 1088). Notwithstanding the fact that these transactions were taken over by the Fox Theaters, with reference to such of these transactions as could be examined, credit was taken by Mr. Fox in making his New York State income-tax report for the losses suffered.

On behalf of Fox Theaters, on March 24, 1928, Mr. Fox purchased 400,000 shares of Loew Co. stock for $50,000,000, paying for them $125 a share when the market at that time ranged from 75⅞ to 81½ per share. He thereafter dealt in Loew stock in his various accounts, and thus acquired a total of 660,900 shares, which on November 19, 1929—which is the same date upon which he turned over the Fox Theaters stock to Fox Theaters—he turned over the Loew stock to Fox Theaters at an assumption by them of a loss of $5,026,782.50 which he himself would otherwise have been compelled to stand.

Of course these losses were ultimately borne by the public which owned the Fox Theaters stock, and these transactions are an illustration of the nefarious practices which can be carried out by one who is in control of a corporation to his own advantage and profit and to the detriment of the public which owns a considerable portion of the stock in the companies in question, while, if regulations were adopted giving publicity to the dealings of officers and directors of corporations in their own stock, either on their own behalf or on behalf of their corporations, the public could be properly informed as to the manner in which the business affairs of the corporations were being conducted and could determine for themselves whether such transactions were to their advantage or to their detriment.

In 1929 Fox Theaters and Fox Films were both threatened with receivership proceedings, and Mr. Fox entered into a deal, which was ultimately consummated on April 7, 1930, to part with his controlling stock in the Fox Film Corporation. He sold this stock to the General Theaters Equipment, Inc., owned by a group known as the "Harley-Clark group", for a total consideration of $18,000,000—$15,000,000 in cash and $3,000,000 in a note, which has since been paid. His attorney was paid $1,000,000; his brother-in-law, Jack Leo, a bonus of $500,000; a man named Sol Wertzel, a bonus of $500,000; and Fox secured an agreement whereby the General Theaters Equipment caused a contract to be entered into between the Fox Film Corporation and Mr. Fox to employ him for a period of 5 years at a salary of $500,000 per annum—the portion of which had fallen due at the time that the matter was presented to the committee having been paid, though it was evident that no actual services were required.

Fox had incurred obligations on behalf of the Fox Film Corporation to the extent of $103,000,000, and in order to finance the transaction the Fox Film Corporation sold to the Fox Theaters 1,600,000 shares of its stock, which in conjunction with $27,000,000 in cash and accounts was used to take over the Loew stock at a cost of $75,000,000. The Fox Film Corporation stock was taken over at $30 per share, though the market on the stock at that time was between $45 and $48 a share. Fox Theaters immediately sold this stock to General Theaters Equipment Co., Inc., at the same price. General Theaters Equipment sold 200,000 shares of this stock to Halsey, Stuart & Co. at $30 per share, thus affording Halsey, Stuart & Co. a profit of somewhat over $3,000,000, which was evidently a consideration for Halsey, Stuart & Co. loaning to General Theaters Equipment Co. $55,000,000 upon their notes, secured by the Loew stock, hereinbefore mentioned.

Mr. Fox was to be given an interest in the distribution of the Fox Film Corporation stock as a further consideration for the contract which he entered into and a pool was formed for the purpose of dealing in some of the stock of the Fox Film Corporation; but at that time the United States Government instituted proceedings under the Clayton Act for the purpose of setting aside

the transaction by which the Fox Film Corporation obtained the Loew stock from Fox Theaters. A consent decree was entered, and a corporation known as the Film Securities Corporation was formed, to which the 660,900 shares of Loew stock were transferred, which corporation created a new scheme for financing, whereby the remaining $48,000,000 needed to take care of the obligations of the Fox Film Corporation were raised; and when the Halsey, Stuart & Co. obligations of $55,000,000 fell due they were taken up by the same banking interests that financed the $48,000,000 portion of the indebtedness—the investments thus made resulting eventually in a very substantial loss to the financial interests which originally took care of them.

Mr. NORBECK. Mr. President, later the committee employed Mr. Ferdinand Pecora, of New York, as counsel for the committee. I think he was a happy discovery. He is a man of unusual qualifications for that kind of work, and the record made by him shows what is possible when such a subject is handled by the right man and with due diligence. Mr. Pecora remains in the employ of the committee. He has important tasks still ahead of him. I feel confident that he will continue to add to the laurels he has already won.

KREUGER & TOLL

The first case we took up during the last session of Congress was that of Kreuger & Toll. This corporation is the parent company of the Swedish match monopoly, but there were many affiliated corporations operating in different countries, all interrelated and depending on each other—none knowing what the other owned or what the other did. It was all built on secrecy. The operations, both in finance and business, were on such a large scale that they were accepted not only by the investing company but by the financial centers both here and abroad.

In delving into the matter we tried to ascertain who protected the investor. We found it not in the attorneys of the bonding house nor of the stock exchange; we found it not in the banking houses nor the brokerage houses; we found it not in the American director of the company.

The late bond issue of Kreuger & Toll was floated by Lee, Higginson & Co., one of the oldest investment houses in America, who had previously built up a fine reputation for fair dealing.

The committee found that the agreement between Kreuger & Toll and the bankers permitted of substitution of collateral pledged to support $50,000,000 of bonds on their par value instead of their real value. Under this agreement it was possible to take a bond worth $90 and substitute one having a market value of $10 or less. This was a very unusual proceeding; evidently it was one of the new tricks in the game. Substitutions were made and values were reduced. Under this agreement good securities were taken out and poorer ones substituted, impairing the security and reducing the value of the bond resting thereon. The agreement was drafted by the same firm of attorneys who are attorneys for the stock exchange in New York City, and associated with them was an equally well-known firm in Boston.

The American director of Kreuger & Toll admitted on the witness stand that he had never attended a meeting of the board of directors, evidently having the view that the directorship would give him certain business advantages, but that he owed no obligation to the American investor.

There are some remaining assets, but it is feared that there are prior liens in Sweden against them, a matter which was not looked into until after the failure.

In the listing agreement with the stock exchange Kreuger & Toll agreed to keep the exchange advised of substitution of security, but no information came to the stock exchange and the exchange asked for none. This part of the agreement seems to have been entirely overlooked or forgotten. The stock exchange evidently felt deeply the criticism in connection with this matter, since they have to some extent strengthened their rules in relation to such transactions, indicating that progress is slowly being made.

THE INSULL INTERESTS

Next the committee took up the Insull failure at Chicago. This was one of the worst, if not the most colossal, failures on record in this country, involving losses running into many hundreds of millions of dollars, and it is impossible even yet to determine the total amount of losses. Under the management of Mr. Insull there were over a hundred corporations, connected or related—so many that his closest friends admit that it was impossible for any human mind to keep track of them all. Most of them were engaged in the production and distribution of electric power or gas, but a number of them were finance companies, promoting companies, holding companies, investment companies, management companies, or what not. Many of the operating companies, especially the smaller ones, have assets and some earning power and still continue to operate. The finance and holding companies have "blown up", and most of them are in receivership. Much of the rottenness was brought to the surface by the Senate committee. The stock manipulations were easily carried on by different companies trading with each other, and therefore the "wash sale", which everyone condemns, was being indulged in and concealed. Such sales were easily possible. When one Insull company sold securities to another Insull company, through a broker or perhaps a third Insull company, the transaction was given every appearance of a bona-fide sale.

HALSEY, STUART & CO.

Working in collusion with the Insull Co. was one of the oldest investment banking houses in America—Halsey, Stuart & Co. This is one of our large financial institutions which had built up a fine reputation during years of square dealing, only to sell out that reputation during the boom. H. L. Stuart, the active head of this concern, is under indictment for criminal practices. Eighteen others are in the same sorry boat with him. This is the house that employed the "old counselor", who gave advice over the radio for many months, and counseled widows with $10,000 in life insurance to buy bonds. He turned out to be a professor, who was paid $50 a week to read a statement prepared for him by Halsey, Stuart & Co. He had a good voice and won the confidence of his listeners. He led many to make bad investments. The "old counselor" was always introduced in connection with the name of Halsey, Stuart & Co. From the long period he was on the air, it is fair to assume that he brought many people to Halsey, Stuart & Co. for their "investments."

INSULL INFLUENCE

The senior Insull left this country, and is now in Greece. He has so far successfully resisted extradition. He does not want to come home and face those whose trust he betrayed.

This is the same Insull who was the dominant figure in Chicago and in Illinois politics, who contributed $200,000 to the campaign fund of Frank Smith, elected to the Senate from Illinois, and refused a seat. At the time of his election, Smith was chairman of the State Utilities Commission, which had jurisdiction over the rates charged for electricity produced by Insull companies. Insull wielded large influence in both parties. Both were subject to his beck and call. He was always an important contributor to their campaign funds.

Not only was the public fooled by Insull, but the "higher-ups" seem to have had no better grasp of his operations. The Chicago banks were heavy losers through his operations. Whether through zeal or confidence, they made excessive loans, technically possible on account of the weakness in the banking laws. In fact, the bankers in their testimony frankly admitted they violated the spirit of the law in making these loans. Different Insull corporations would borrow the limit, and so the total became entirely too large.

Insull's hold on men who dominated the business of the country and who shaped public opinion was partly due to the favors he extended. On stock issues put out he had a preferred list and gave to those on that list an inside price, which was lower than the price for which the stock was sold to the general public. In that way he courted the influence of powerful individuals, and they in turn helped sell Insull to the public.

NATIONAL CITY BANK

The last investigation before the close of the session on March 4 was that of the National City Bank. The committee had come to realize that until we went into the operations of the banking houses, we would know little about stock manipulations. We did not get our facts from the stock exchange. That task is still before the committee.

The investigation of the National City Bank was made on account of its recognized leadership in the orgy of speculation which led to the business collapse. Stock operations are forbidden in the charter of all national banks. To circumvent the law, National City created an affiliate organized and owned by the stockholders of the bank and managed effectively, though indirectly, by the same directors. This affiliate went into stock manipulation on a huge scale.

The National City group recommended a large number of questionable stocks, notable among which was the Oliver Farm Equipment. Their recommendation and sale of Anaconda Copper at 15 or 20 times its subsequent value caused enormous losses to the innocent investor. Outstanding among their issues were South American bonds. Bonds of the State of Minas Geraes, a small State in the Republic of Brazil, were sold under representation that the funds obtained would be used for revenue-producing internal improvements. The fact of the matter is that a good deal of the money was to take up worthless outstanding loans in which the National City had an interest.

PERUVIAN BONDS

Many million dollars worth of bonds of the Republic of Peru were sold in this country, and they are worth today in the market about one tenth what they cost American investors. The committee developed the fact that the National City had sent their own representative to Peru to size up the country and that this representative had reported a bad situation in Peru, casting much reflection on the value of the bonds—everything—in fact, all but telling the company not to handle them. Notwithstanding these facts, the bonds were sold. It was developed before the Committee on Finance, under Senator JOHNSON'S resolution, that a sum of nearly half a million dollars had been paid to the son of the President of the Republic of Peru in connection with these flotations.

GREED

One outstanding example of the manner in which National City transacted business was shown by the testimony of Mr. Edgar B. Brown, of Pottsville, Pa. He read an advertisement in a standard magazine where the National City proposed to manage investments for those who expected to travel and be absent from home for some time. He said that fit his case, so he wrote the National City Bank. Promptly a salesman appeared at his home and took over his investments under power of attorney. This man is today broken in health; he has lost his entire fortune. His case is merely typical of thousands of others.

This is another instance of a reputable banking house with a century of growth and confidence back of it suddenly going wrong in the hands of unsound management, who were so anxious for immediate gain that greed got the better of their judgment.

SPECULATES IN OWN STOCK

The most notorious operation of National City was the manipulation and speculation in the stock of its own bank. In other words, National City Bank stock, which at the peak went to $580 a share, and has since sold for $20 a share, even now 3 years after the peak sells only at $31, which is probably about its fair value. Finding in the first instance they could sell more stock than they had, they divided each share into five new shares. The astonishing thing is that the difference between the peak market value and the low value on the total issue of this bank stock was around $3,000,000,000—3,000 times a million dollars—and it was shown that short selling contributed to this result. This is, and will for a long time be, the most outstanding example of insane speculation. Men supposedly well informed in business and finance, who were looked up to by every banker in the country as men of integrity, lost all sense of value. Their only defense is they did not have any basis to figure—yet they had the books of the company showing the assets of the bank right before them. They also claim they did not know the depression was coming. They had less business foresight than Members of this body or men on the street.

WARNINGS UNHEEDED

Let me here repeat: They had the books of the National City organization before them; they had the inventory; they knew what the bank owned and what the affiliate owned. They knew assets and liabilities, and still they pleaded lack of knowledge. One witness from the National City Bank, as I have said, pleaded that they did not know the depression was coming. Senator Brookhart said to him, "You should have read the speech of the Senator from Minnesota [Mr. SHIPSTEAD] which was made in 1926 and you would have known it was coming."

It may not be out of place here also to recall that the Senate Committee on Banking and Currency reported favorably in the spring of 1928 the La Follette resolution—Senate Resolution 113 of the first session of the Seventieth Congress—a year and a half before the stock market broke in the fall of 1929. Not one of the committee members claimed to be a financial expert, but they all agreed in forecasting the disaster, which those New York financiers said they could not foresee.

TAX EVASION

Incidentally, the committee has found a great deal of technical tax avoidance and unlawful tax evasion. I should not be surprised that many millions of dollars will be recovered as a result of this investigation which, up to the time I gave up the chairmanship of the Banking and Currency Committee on the 4th of March, had cost in all about $85,000. Indictments have been found in Federal courts, and civil actions are already pending for about a million dollars against a former official of the National City Bank. The investigation is still under way, and the public may well expect that very important matters will develop under the direction of the new chairman of the committee, the able Senator from Florida.

PUBLIC SUFFERS

The stock-market collapse was a tragic disaster for the American investor, and is doubtless responsible for a great deal of the lack of confidence from which this country has suffered so much the last few years.

The American public has looked with confidence and pride upon men who have been successful in the accumulation of wealth, but the light thrown upon securities markets by the Senate committee indicates neither judgment nor integrity on the part of some of the leading figures in American finance, though it must be admitted there are bankers even in New York who have not yielded to temptation and have not betrayed their stockholders nor the public. They are outstanding because they are the exceptions.

This great debacle grows out of the fact that we have forgotten that money must be earned instead of made. We all hope for an early business recovery, but that is impossible without a return to plain, old-fashioned business honesty.

We have not had the time nor the facilities to examine corporate practices in their relation to the securities markets, nor have we gone behind that to the State charter situation which is the starting point of much of this trouble. We have not gone into the investment trusts where is to be found probably the greatest single complication of bad security practice. Nor have we examined the holding-company matter, and that is no small part of the problem. Some of this ground we should retrace for more searching examination. The aspects we have not touched should be looked into.

REMEDIES

How we should continue depends upon two things: First, we should uncover rottenness, the frauds and the fakes, until the public is fully aroused to the need of remedies and until we know enough about the facts to draft sound legislation. Second, we should continue facing the disagreeable truth—and there is plenty of it left—until no responsible

banker or business man in the country will dare obstruct with lobbying fixers any honest and intelligent attempt to give the public a remedy.

Two general courses of action seem possible. We can hamstring markets with a lot of prohibitory laws that will make business good for a new crop of lawyers whose job it will be to beat them; or we can permit a good deal of freedom under a system which will definitely fix responsibility for deception and frauds upon directors and other officials and with severe penalties for such acts. Personally, I prefer the latter approach to the problem.

We must have simpler corporate structures and more straightforward accounting and auditing.

We should have better and more complete information about investments, cleaner publicity, more facts, and less bunk.

All publicity which induces the public to invest should carry with it an obligation of personal liability for the accuracy of the facts stated.

Bankers who depend on secret arrangements or market manipulations for their profits should be driven out of business by those who are willing to lay their cards on the table with the public.

When the time comes, I believe the lawyers in the Senate should consider the principle of a Federal license to do business in interstate commerce as a device to regulate securities markets.

We are not going to restore confidence in investment markets by soft-pedaling or side-stepping the facts. I believe the inquiry should proceed without suspension, or until we have restored this confidence through practical and effective remedies.

Mr. CLARK. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from South Dakota yield to the Senator from Missouri?

Mr. NORBECK. I yield.

Mr. CLARK. I have been very much interested in the Senator's speech. I think the committee has done a great deal of very effective work. I should like to have the Senator make an explanation at this time of the reason why the Chase National Bank has never been drawn into the investigation. It is certainly one of the worst of these malefactors and yet has never been drawn into the investigation.

Mr. NORBECK. I am frank to say, and I want to admit here, as I have admitted many other times, that there are many more that ought to be investigated. We are able to take only one at a time. When we called Mr. Mitchell down here, he was at the head of the biggest bank in the world. He had been a member of the Federal Reserve bank and had defied the Federal Reserve Board when they tried to slow down the boom. He showed an arrogance that was simply unbelievable. We had him here four times before we could get anything substantial out of him.

Mr. CLARK. Is it the purpose of the committee to pursue the investigation through the Chase National Bank and the rest of those banking institutions that ought to be investigated?

Mr. NORBECK. I am no longer chairman of the committee and I cannot speak for the committee. I think the question should be addressed to the Senator from Florida [Mr. FLETCHER].

Mr. CLARK. I am aware of that fact, but I wanted to get the Senator's reaction to the situation.

Mr. NORBECK. I have already in my remarks stated that I think a great deal more should be done, that we have got to break down every crooked organization so that we can throw the fear of God into them and let them know there is law in the land. Until we do that we cannot restore confidence to the people. We have examined only one bank in New York, perhaps the worst one of the lot.

Mr. CLARK. The Senator will agree that the National City is only one example?

Mr. NORBECK. That is true.

Mr. CLARK. The Chase National should be investigated just as much as the City National?

Mr. NORBECK. Yes; there have been many complaints coming to the committee off and on about the stock manipulations of the Chase Bank. I for one think we ought to look into them. But as I have said before, that is a matter for the committee to decide.

Mr. CLARK. That is all I wanted. I merely desired the Senator's reaction to that suggestion.

PRESENCE OF STENOGRAPHERS BEFORE GRAND JURIES

Mr. ASHURST. Mr. President, I beg pardon of the Senate for interrupting its present business, but the matter which I now present is quite in the nature of an emergency.

It will be remembered that in the last Congress the Senate passed a bill authorizing district attorneys or other counsel for the Government to employ stenographers and clerks in taking testimony before a grand jury. That bill passed the Senate, but did not pass the other branch of Congress. I have reintroduced the bill, and the Senate Committee on the Judiciary has ordered a favorable report on the same. Doubtless Senators would like to know what changes are here proposed to the present law.

Section 1025 of the Revised Statutes of the United States reads as follows:

> No indictment found and presented by a grand jury in any district or other court of the United States shall be deemed insufficient, nor shall the trial, judgment, or other proceeding thereon be affected by reason of any defect or imperfection in matter of form only, which shall not tend to the prejudice of the defendant.

The bill proposes to add the following language:

> Or by reason of the attendance before the grand jury during the taking of testimony of one or more clerks or stenographers employed in a clerical capacity to assist the district attorney or other counsel for the Government who shall, in that connection, be deemed to be persons acting for and on behalf of the United States in an official capacity and function.

The Attorney General, Mr. Cummings, has urged the enactment of this bill. The reason I ask immediate consideration is—without mentioning the places or the States—a number of United States grand juries are soon to be impaneled looking toward what might be called a more effective and vigorous action against "gangsters." In many States the district attorneys have the power and authority to employ stenographers and clerks to aid in clerical capacities before the grand jury. A vast deal of doubt now exists as to whether the United States courts have the power to uphold and sustain an indictment where stenographers or clerks were present before the grand jury.

I ask unanimous consent to report back favorably, from the Committee on the Judiciary, the bill to which I have referred, and I present a report (No. 64) thereon. The report is a unanimous one, and I ask unanimous consent for the present consideration of the bill.

The PRESIDING OFFICER. Without objection, the report will be received.

The Senator from Arizona asks unanimous consent for the present consideration of the bill. Is there objection?

Mr. HARRISON. There will be no discussion on the bill?

Mr. ASHURST. Oh, no! I should like to have the bill read.

The PRESIDING OFFICER. The bill will be read.

The Chief Clerk read the bill (S. 1582) to amend section 1025 of the Revised Statutes of the United States, as follows:

> *Be it enacted, etc.*, That section 1025 of the Revised Statutes of the United States be, and the same is hereby, amended so as to read as follows:
>
> "SEC. 1025. No indictment found and presented by a grand jury in any district or other court of the United States shall be deemed insufficient, nor shall the trial, judgment, or other proceeding thereon be affected by reason of any defect or imperfection in matter of form only, which shall not tend to the prejudice of the defendant."

Mr. ASHURST. That is the present law. Now comes the amendment.

The Chief Clerk read as follows:

> Or by reason of the attendance before the grand jury during the taking of testimony of one or more clerks or stenographers

employed in a clerical capacity to assist the district attorney or other counsel for the Government who shall, in that connection, be deemed to be persons acting for and on behalf of the United States in an official capacity and function.

The PRESIDING OFFICER. The Senator from Arizona asks unanimous consent for the immediate consideration of the bill. Is there objection?

There being no objection, the Senate proceeded to consider the bill, which was ordered to be engrossed for a third reading, read the third time, and passed.

AMENDMENT TO BANK CONSERVATION ACT

Mr. FLETCHER. Mr. President, I wish to bring to the attention of the Senate a matter of very considerable interest here in the District.

It will be remembered that not long ago we passed the Emergency Banking Act, and in section 207 of that act provision is made for reorganizing banks that have been closed, and so forth, under the President's order. In section 207 "national banking associations" are mentioned, but the section does not seem to give the Comptroller of the Currency authority to permit this reorganization plan to operate on other banks in the District that are under the supervision of the Comptroller of the Currency—for instance, trust companies, savings banks, and so forth—all of which are under the jurisdiction of the Comptroller of the Currency.

There is pending here a bill which the Committee on Banking and Currency unanimously reports, and which the Secretary of the Treasury recommends, which will enable a number of these banks in the District to reorganize, simply by substituting for the words "national banking association", in section 207, the word "banks." The bill is only five lines long. As I say, it will give relief to the depositors in savings banks and trust companies that are under the supervision of the Comptroller of the Currency in the District of Columbia.

Mr. COUZENS. Mr. President, as I understand, the bill applies only to the District of Columbia.

Mr. FLETCHER. That is all.

Mr. HARRISON. Does the Senator ask unanimous consent for its present consideration?

Mr. FLETCHER. I should like to have it.

Mr. HARRISON. If there is no debate on it, I shall have no objection.

Mr. FLETCHER. I am sure there will be no debate.

Mr. HARRISON. I think, however, we had better proceed with the tax bill just as soon as the bill referred to by the Senator is out of the way.

Mr. FLETCHER. I agree with the Senator. Ordinarily I should not make this request, but these depositors are very anxious to have some relief afforded them.

The PRESIDING OFFICER. The Senator from Florida asks unanimous consent for the immediate consideration of a bill, which will be read for the information of the Senate.

The Chief Clerk read the bill (S. 1410) to amend section 207 of the Bank Conservation Act, with respect to bank reorganizations, as follows:

Be it enacted, etc., That section 207 of the Bank Conservation Act is amended by striking out "national banking association" wherever it appears therein and inserting in lieu thereof the word "bank."

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. FLETCHER. Mr. President, I ask to have the report printed in the RECORD in connection with the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

The report (No. 60) submitted by Mr. FLETCHER on the 10th instant is as follows:

[Senate Report No. 60, Seventy-third Congress, first session]

Mr. FLETCHER, from the Committee on Banking and Currency, submitted the following report (to accompany S. 1410):

The Committee on Banking and Currency, to whom was referred the bill (S. 1410) to amend section 207 of the Bank Conservation Act with respect to bank reorganizations, having considered the same, report favorably thereon and recommend that the bill do pass without amendment.

The purpose of the bill is to correct an inadvertent error in the language of section 207 of the Bank Conservation Act (title II of the Emergency Banking Act of Mar. 9, 1933), which as written provides for the reorganization of national banking associations under special conditions. The provisions of the remaining sections of the act are uniformly extended to "banks", a term which is defined in section 202 as including not only national banking associations, but also banks and trust companies located in the District of Columbia and operating under the supervision of the Comptroller of the Currency. It seems obvious that a discrimination against the latter class was not intended in the matter of reorganizations, and therefore the committee recommends the passage of the bill, which strikes out the term "national banking association" wherever it occurs in such section 207 and inserts in lieu thereof the defined term "bank."

The bill has the approval of the Secretary of the Treasury, as shown by his report hereto attached and made a part thereof.

MAY 9, 1933.

Hon. DUNCAN U. FLETCHER,
Chairman Senate Committee on Banking and Currency,
Washington, D.C.

MY DEAR MR. CHAIRMAN: Reference is made to your request of April 20, 1933, for a report on S. 1410, "To amend section 207 of the Bank Sonservation Act with respect to bank reorganizations."

The proposed amendment to the act would strike out of section 207 the phrase "national banking association", wherever it appears therein and would substitute therefor the word "bank", which is defined in section 202 of the Bank Conservation Act as meaning (1) any national banking association and (2) any bank or trust company located in the District of Columbia and operating under the supervision of the Comptroller of the Currency.

Section 207 provides a basis of consent by shareholders and/or depositors and other creditors to a plan of reorganization. As this section now is written, State-chartered banks and trust companies operating in the District of Columbia cannot avail themselves of its provisions, since those banks which come within the scope of the section are specifically referred to as "national banking associations"; whereas the amendment would make the section applicable to all those banks and trust companies in the District of Columbia which are under the supervision of the Comptroller of the Currency.

The Treasury considers it essential to contemplated plans of reorganization of certain banks in the District of Columbia that the provisions of section 207 be made applicable to these banks and therefore recommends the immediate enactment of the proposed bill.

Sincerely yours,

W. H. WOODIN,
Secretary of the Treasury.

EXTENSION OF GASOLINE TAX

The Senate resumed the consideration of the bill (H.R. 5040) to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes.

Mr. BORAH. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Keyes	Reynolds
Ashurst	Couzens	King	Robinson, Ark.
Austin	Cutting	La Follette	Robinson, Ind.
Bachman	Dale	Lewis	Russell
Bailey	Dickinson	Logan	Schall
Bankhead	Dieterich	Lonergan	Sheppard
Barbour	Dill	Long	Shipstead
Barkley	Duffy	McAdoo	Smith
Black	Erickson	McCarran	Steiwer
Bone	Fess	McGill	Stephens
Borah	Fletcher	McKellar	Thomas, Okla.
Bratton	Frazier	McNary	Thomas, Utah
Brown	George	Metcalf	Townsend
Bulkley	Glass	Murphy	Trammell
Bulow	Goldsborough	Neely	Tydings
Byrd	Gore	Norbeck	Vandenberg
Byrnes	Hale	Norris	Van Nuys
Capper	Harrison	Nye	Wagner
Caraway	Hatfield	Overton	Walsh
Carey	Hayden	Patterson	Wheeler
Clark	Johnson	Pittman	White
Connally	Kean	Pope	
Coolidge	Kendrick	Reed	

The PRESIDING OFFICER. Ninety Senators having answered to their names, a quorum is present.

Mr. BONE. Mr. President, I desire to speak briefly in behalf of the amendment of the Senator from Nebraska [Mr. NORRIS] to the committee amendment dealing with the power aspects of this measure. I had prepared an amendment similar to that offered by the Senator from Nebraska; but, inasmuch as his amendment covers the same field in large part, I have refrained from offering it.

I have been impelled to say what I am going to say—and I want to make it as brief as possible—by the remarks of

some of the Senators dealing with certain aspects of the power business, particularly with the question of whether or not this act would impose an undue burden on private companies.

I think we are all very well aware of the fact that during all of this depression, which probably is the most trying and tragic the Nation has ever experienced in its entire history, the private power industry of this country has fared better than any other industry.

During this entire panic or depression I have watched the profit record made by the privately owned power companies of this country; and the astounding and astonishing fact remains that the private power industry of this country has fared better, has been better fortified to withstand the economic shocks of this depression, than any other business on earth.

Some of the ablest thinkers in this country, including our best-known economists, have pointed out repeatedly that the very nature of the power business in this country fortifies it against shocks which so easily affect other types of business; and we have seen the profits of these private power companies not only mount steadily during good times but remain unimpaired during a panic which has destroyed the business life of so many others.

I am now going to take the liberty of telling the Members of the Senate some of the experiences of the people of my own State, merely to shed a little light on this problem. I merely want to tell you some of the facts concerning our experience out in the State of Washington, which will tend to explain to you why it is that power companies are immune from the shocks that affect so harshly other forms of business and why they are able to carry the burden of government, as is suggested in the amendment of the Senator from Nebraska.

The Senator from Kentucky [Mr. BARKLEY] referred some time ago to the fact that his own State does not have a State regulatory body. I assume that is correct.

Mr. BARKLEY. Mr. President, it has a railroad commission, which, of course, deals with railroad matters; but it never has had conferred upon it the authority to regulate electric-light rates in cities.

Mr. BONE. That was my understanding; and the Senator expressed the feeling that perhaps they might not be as adequately and as well protected in the State of Kentucky from the encroachments of power companies as they would be if they had a State regulatory body of some sort.

Let me say to the Senator from Kentucky that my own State of Washington possesses what is said to be a State regulatory law second to none, drafted by the most capable attorneys for private power interests, passed by a legislature willing to give those interests anything that they wanted. It has been on our statute books since the year 1911. We have had ample time to demonstrate its workability, to demonstrate whether or not it would protect the people of my State from wrong at the hands of private power companies. So let us examine for just a moment some of the things that have occurred under the regulatory law of the State of Washington, and find out how power companies have fared there.

Let me say to the Members of the Senate that in the State of Washington for a great many years active battles have been carried on against private power companies to establish, firmly and perpetually, the institution of public ownership of power. The State of Washington possesses nearly 20 percent of all the hydroelectric energy in this country in its rivers and lakes, the most priceless heritage that ever came to any people. It is worth billions of dollars. It can be translated, year after year, into millions of dollars of profit that should be flowing into the public treasury instead of the coffers of private power companies. This revenue would in itself help very materially to solve the tax problem of the State of Washington. It would, if it were handled correctly, at one fell swoop wipe out this Banquo's ghost of taxation which assails the people of my State as it does the people of every other State in the Union.

Private power companies out there are just like the private power companies in the State of Kentucky or in any other State of this Union.

They want to make all the profit they can; but in my State, contrary to the experience they have enjoyed in other States, notably in the Middle West, and in other sections of this country where they did not have the strong sentiment for public ownership, the private power companies have been subjected to rigid and critical scrutiny at the hands of men like myself who are interested in the building of great publicly owned power systems which have effectively served the people of that great Commonwealth. In spite of this critical scrutiny at the hands of these critics of private power companies, these power companies in Washington have boldly put across some of the very things which have subjected Mr. Insull and his associates to the criticism which has been justly visited upon them.

Let me try to illustrate: It has been stated that a number of little power companies will be injured by the application of the change suggested by the Senator from Nebraska. Let us see what has happened to the little companies of the State of Washington, because what has happened in that State is typical of what is happening to them everywhere.

A few years ago when this flair for the creation of holding companies took possession of this country there came into existence organizations like the Electric Bond & Share Co., the American Power & Light Co., the Insull combine, the Foshay outfit, and a number of others I could mention. They set about to acquire every independent power company in this country and wipe out of existence the little power companies concerning which the Senator from Kentucky has spoken.

They came into my State. The American Power & Light Co. is an example, an eastern power combine controlled in New York City. It took over three major power companies in the State of Washington which served the greater part of that State, the Washington Water Power Co. on the east side of the State, a large company; the Pacific Power & Light Co., in the south and east part of the State; on the west side, the Northwestern Electric Co.; and I want Senators to remember that last name, because I am going to refer to one of its peculiar experiences in a moment.

There remains in my State only one other company of major size and importance, the Puget Sound Power & Light Co., now controlled by another holding company, the Engineers Public Service Corporation.

I call this to the attention of the Senator from Kentucky, because if his State is ever subjected to this sort of fantastic financial business I trust that he and other citizens who object will write into the law books of their State provisions which will protect the people from that sort of thing.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. BONE. I yield.

Mr. BARKLEY. I judge, from what the Senator says concerning the law in his State, and the type of men who are administering it, that there would be no difficulty for the light and power companies to appear before the public-service commission and secure an increase of rates which would enable them to absorb the proposed tax.

Mr. BONE. I will try to answer the Senator.

Mr. BARKLEY. If that is true, I am wondering whether the increase will be limited to the tax, or whether they will use it as a vehicle on which to hang additional increases in rates, and, after all, whether the people are to be benefited by the transfer of this tax from the consumer to the producer, so called.

Mr. BONE. I am going to try to explain why I think this tax can be borne and should be borne by the private power companies, and I am telling the Senator now why the earnings of these companies are sufficient to enable them to absorb this proposed tax without reverting to this process of passing it on to their customers.

Again, I want to suggest to the Senator, when he refers to this thing we call "public regulation", that I know of no system of public regulation ever devised that has success-

fully regulated these private power companies, because in my own State we are no better or no worse than the people of other States, and our past system of regulation tolerated the thing I am about to describe. However, we now have a new State administration which gives promise of stopping the practices to which I shall advert.

Mr. DILL. Mr. President, will my colleague yield?

Mr. BONE. I yield.

Mr. DILL. I just want to suggest that the only regulation that has been effective in the far Northwest has been the regulation that has come about by the competition of municipally owned plants in the State of Washington and other States. Then we have had real regulation.

Mr. BONE. Mr. President, my colleague from the State of Washington is absolutely correct. The only kind of regulation that ever regulated private power companies is the sort of regulation we have created in the State of Washington, where we have set up the yardstick of public ownership of power. We have harnessed the rivers and lakes and have been selling cheap light and power so that the people have had an opportunity to know what power could be sold for at a profit.

Mr. President, to get back to the Washington Waterpower Co., it was taken over by the American Power & Light Co. at a cost of about $26,000,000, and one of the first entries on the books of the American Power & Light Co. in this new set-up was a new valuation of $57,000,000, a write-up of practically 100 percent. That write-up was represented by a flood of stocks, bonds, notes, and debentures, prior preference superheterodyne stocks and bonds of one kind or another, upon which the people will pay interest and dividends as long as that company is permitted to operate in the State.

Why was that write-up made? If they are not going to make earnings on the stocks and bonds issued in the set-up, why did they issue them? There is not a man in this body who is a lawyer who can rise to his feet and explain the logic of uttering all that stock unless that power company was going to do one thing. It was going to make the public pay on this new capital or it was capitalizing false hope for earnings.

Mr. President, let us examine the record of another company operating in the southern part of my State, known as the "Northwestern Electric Co." It is another child of the American Power & Light Co. Before I refer to that company, however, let me retrace my steps for an instant to point out to the Senate that when the American Power & Light Co. took over the Washington Waterpower Co., a very peculiar thing occurred. That company had been controlled largely by local men, but it suddenly discovered that it needed a guardian, and it employed an eastern holding company to give it technical advice, something it had been able to get along without very beautifully over the years. For that technical advice it has been paying that eastern concern a sum many times in excess of the tax that would be levied under the pending bill.

Going to the southern end of the State, to the Northwestern Electric Co., another child, or grandchild, or some sort of relative, of the American Power & Light Co., we find that a few years ago that company filed on the water power of a river in southern Washington known as the "White Salmon River." Then followed one of the most astounding things that ever occurred in my State, but a thing which has been repeated and duplicated all over this country and which has brought the power industry of this country to the verge of ruin and precipitated things like the Insull crash.

The company filed on that little stream, securing its water right from the State. That river belonged to every boy and girl in Washington. Because of the peculiar laws of the State, that river was practically given to this power company. All it paid was a tiny filing fee for the privilege of harnessing the stream for private profit. It built a little stream-flow hydroelectric-power plant which produced 15,000 horsepower of electric energy. The plant cost that company $1,230,000, or about $82 per horsepower.

Then came the financial jugglery I want to describe. This has happened not only with that power company, but it has happened with hundreds of private power companies in this country. It is one of those things for which the private power companies in this country can never answer to the people of this Republic who have been robbed, skinned, gouged by this sort of business. This was put over in my State, under State regulation, where the regulated outfit successfully regulated its regulators. Against that bare water right, which cost nothing, the company issued $10,424,000 in securities. Bear in mind that the plant cost only $1,230,000, but the Northwestern Electric Co. issued $10,424,000 in securities against a water right which cost nothing, and that flood of wind and water represented nearly nine times the capital cost of that plant, and these securities were uttered in addition to the capital cost of the plant.

When I challenged that operation on the public platform I was met with the charge that they had merely issued the stock and were not earning on it, and a gentleman down in Portland, who edits a paper called the "Oregon Voter" volunteered the statement in a debate with me that the company was merely capitalizing its hopes. "Are they paying dividends on hopes?" I asked. The company, through one of its leading agents, denied they had been paying dividends; but not long ago, in a rate hearing in Oregon, it was demonstrated that the company had been paying 10 to 12 percent a year on that $10,000,000 ever since the securities were issued.

These dividends were paid on those phantom dollars in that fake capitalization. This phantom value was translated into real value by the alchemy of State regulation. The earnings on this fake value have been taken out of the pocketbooks of the people of Oregon and Washington year after year. They have been taken out of the pockets of widows and orphans in that section. They represented the interest on ten and a half million dollars, which did not represent one dollar of investment. Ten percent on that vast sum would be over a million dollars a year, over a million dollars a year filched from the pockets of the people of Washington and Oregon by that one transaction, put across by men who claimed to be reputable, honest, and honorable business men.

Mr. President, I pick up a report of the Internal Revenue Department, giving a statement of the collections under the revenue act on power and light in the State of Washington during 8 months, and I find there was collected only the sum of $246,000. The Northwestern Electric Co., out of the money it has filched from the people over the years by that one shady transaction, could have absorbed this 3-percent tax on electrical energy and not affect its revenues in any substantial way.

Another thing occurred which is illuminating. In 1924 we had a big power fight in an attempt to write into the statute books of Washington a public-ownership measure. The private power companies bitterly resisted it, and spent a million dollars fighting the bill. In the reports of these Washington power companies filed with the State, there appears no evidence of the expenditure of that vast sum of money employed to fight the right of the people to use their own power systems. We cannot trust a power company to be square with us in dealing with that type of expenditures. Under State regulation there certainly should be some evidence of the expenditure of such a vast sum of money to fight legislation.

Mr. President, let us turn to Chicago for a moment, and see how these companies fared in the Middle West, and whether they could pay in the way of taxes the small sum that is required under this bill. I see the Senator from Illinois in the Chamber, and he will recall that not long ago Mr. Insull, the head of a great combine in his city, very generously gave $20,000,000 to build an opera house. The Insull Co., operating in Chicago and all through that section of the country, has been reaching into the pocketbooks of the people of that entire section, taking a toll totally disproportionate to the service rendered.

In the month of December 1929 I used in my home in Tacoma 2,249 kilowatt-hours of electric current, which cost

me $16.55. That was the charge the city of Tacoma made to me for furnishing me 2,249 kilowatt-hours of current. This was an average price of a little over 7 mills per kilowatt-hour. That is the astonishing record of public ownership. I went over to Chicago a few months later to make a speech before a public body, and while there that bill was checked with the Commonwealth Edison Co., of Chicago, against the lowest domestic rate in that city. It was checked three ways—against the records of the State regulatory body; with rate experts in my section of the country, who were thoroughly familiar with that sort of work; and against the company's records at Chicago, where I went to ask them what it would be. I was advised that this consumption, at domestic rates, would be $98. It was $16.55 in Tacoma, under public ownership, $98 in Chicago, under Sam Insull. No wonder he could give $20,000,000 to Chicago for an opera house. Who could not be generous; whose hand could not be wide open; who profited by such a wide difference in the rates? Yet the Insull Co., as Senators know, advertises to the world that it possesses the finest steam generating equipment in this country.

It owns the very last word in electrical-generating equipment, has the finest engineering ability to be found in this country producing cheap power—yet they charge the citizen of Chicago $98 for what my city charged me only $16.55. Does anyone wish to suggest that that sort of company cannot pay this tax and absorb it?

Mr. RUSSELL. Mr. President——

The PRESIDING OFFICER (Mr. ROBINSON of Indiana in the chair). Does the Senator from Washington yield to the Senator from Georgia?

Mr. BONE. I yield.

Mr. RUSSELL. The Senator indicated the difference between the rates charged by a municipally owned electric company and a privately owned company, reflecting their ability to pay this tax. I am just wondering if the Senator, in his very exhaustive study of this subject, had noticed the great difference between the valuation placed on the power companies for rate-making purposes and the valuations that are shown when such properties are returned for taxation in the various States?

Mr. BONE. I am glad the Senator from Georgia has referred to that. I am going to give the Senator some figures which I want to place in the RECORD, so that Members of the Senate may understand exactly what this tax evasion means to the private power company.

First, I want to say to the Senator that the whole theory that underlies the principle of public ownership of power is a very simple one. That theory is service at cost to the public. Let me explain what that means.

In 1908 the people of Tacoma decided to build a hydroelectric plant on the Nisqually River. Immediately the private power interests set up a dreadful wail that we were going to plunge the city into debt from which it would never emerge. We went ahead, however, and built a hydroelectric plant that cost $2,000,000, and in 12 years, out of operating revenue, we paid off every dollar of cost of that hydroelectric plant.

That power plant is now the property of my city. So profitable has it been that during the twelfth year the system paid $1,000,000 to the city in net profit, while selling the cheapest light and power in this country. The one purpose that underlies public ownership is to give service at the lowest possible cost, pay decent wages, and at the same time write out the capital structure.

Let me suggest to the Senator from Georgia that our light and power system, publicly owned, is one of the finest in this country. Today it has a capital debt of $38 a horsepower, evidenced by outstanding bond issues that will be paid off in a few years. The average maturity of these bonds is about 8 or 9 years. One of the private power companies out there is operating under a capital debt represented by stock and bond issues amounting to over $400 per horsepower; that is to say, 10 times the capital debt of the Tacoma municipal system. That capital debt of the private company will never be paid off, and when my child is a grandfather the people of that section will still be paying interest and dividends on the capital structure of that company. In a few years the capital debt of the power system of the city of Tacoma will have been completely retired, and we will have a $30,000,000 plant free of debt.

Every cent of profit that is then derived from the system will go back to the people in the form of high wages to the men employed in the plant, the cheapest power in the world, and reduction of taxation. That is public ownership of power. Private companies are claiming throughout the country that they can produce power cheaper in steam plants than in hydroelectric plants. The Tacoma plant is a hydro plant.

Now, getting back to the tax problem, I want to refer to that for a moment, and then I will be through. In 1924, in the State of Washington, there was a big power fight. We have had many such fights in that section of the country. That fight revolved around a power measure which bore my name, because I drafted the bill and caused it to be initiated to the people so that they might vote on it. The bill provided, in brief, that the city-owned power systems might freely sell their electrical energy outside their city limits in competition with private companies. The suggestion was immediately made that that would be a desolating thing, that it would be un-American, bolshevik, or something of that sort—such terms come trippingly from the lips of the gentlemen who ardently defend private ownership of power.

One of the arguments raised against the bill was that it would remove property from the tax rolls, because under the "Bone bill", so-called, public ownership would expand and then the private plants would be stricken from the tax rolls. A million dollars was expended by private power companies for propaganda work, for paid advertisements in newspapers, and for hundreds of orators engaging in radio speaking and every other form of propaganda. The private power companies represented to the people of the State that they had $300,000,000 of property on the tax rolls which would all be lost to the tax collector. That assertion was made by men who were jealous of their honor and who would be outraged if it were suggested that they were not telling the people the absolute truth. They were the spokesmen of the private power companies. The people of my State had a right to believe that these men told the truth, and they did believe them, because at that time they voted down the bill.

But it so happened that instead of paying taxes on $300,000,000 of property, which they claimed to have on the tax roll, the companies were paying taxes on a total valuation of $9,450,000. This tax value was less than one thirtieth of the property value they claimed to possess and to have on the tax rolls.

These men deceived the public. The private power companies were paying normal taxes in that State on a valuation of $9,450,000 when they were telling everybody in thousands of circulars and in newspaper advertisements that they had $300,000,000 of property on the tax roll. I repeat, they were paying on one thirtieth of the value they claimed.

Another big power fight in that State occurred in 1930, the "grange power fight", so-called, when we prepared a bill creating power districts similar to those set up in the Province of Ontario. That year newspapers friendly to the Power Trust claimed that the private power companies had $400,000,000 of property on the tax rolls. They were, however, only paying the normal 70-mill tax in the State of Washington, on a valuation of $16,781,000. In other words, they were paying taxes in about the same ratio as in 1924.

A couple of years ago a friend of mine, who is now head of the regulatory body in the State of Washington, started condemnation proceedings on behalf of the city of Puyallup, Wash., to acquire the distribution system of the private power company.

I sat in the Federal courtroom when that case was tried and saw the vice president of that company, a gentleman by the name of McGrath, go on the witness stand, hold up his hand and swear "to tell the truth, the whole truth, and nothing but the truth", and then heard him testify that the property of his company in that city was worth $450,000 and that

the company was making a legitimate return on $450,000. I went to the county assessor's office to ascertain how much tax that company was paying on its $450,000 of property. I found that the $450,000 of property on which this company was earning a handsome net return paid taxes on a value of $15,000, or exactly one thirtieth of the value which its officers and owners swore it was worth.

That record is plain. I have been over the Pacific coast, from one end to the other, checking the tax records of these companies, and the same story of deception and tax evasion is found in all the tax books. The companies are collecting rates on tremendously inflated values and paying taxes on a fraction of these values.

When one challenges that situation they say that in their values for rate-making purposes are numerous intangibles. There is nothing so intangible as these intangibles. Mostly, they are pure imagination.

Intellectual honesty compels but one answer to this sort of financing. Whatever the nature of the investment of private power companies, such an investment finds its way into the rate base of the company and forms the basis of earnings. Rate structures are built around these investments and intangible values. Under all systems of State regulation, the companies base earnings on not only every kind of actual investment made, but upon many sorts of intangible values that have been sustained in the past, and which have no place in a rate structure.

These values should not be immune from taxation, when their owners are permitted to tax the public on such values in the form of rates. That proposition is one of simple justice to the home owner and ordinary taxpayer. If the law makes any form of property so real that a man can make private profit out of it, that property should be taxed.

However, this angle of the power business is not directly involved in this amendment proposed by the Senator from Nebraska. I sincerely hope that his amendment will be adopted. It will, if adopted, merely place a little of the emergency tax burden on the greatest tax evaders in the country.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Nebraska.

Mr. DILL. Mr. President, this is an appropriate place in which to insert in the RECORD an article from Public Ownership regarding municipal ownership in Washington, Ind. I should like to have the article printed in the RECORD at this point as a part of my remarks.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The article referred to is as follows:

[From Public Ownership, February 1933]

WASHINGTON, IND., WORKS WONDERS—THIS LITTLE INDIANA CITY WITH LOW RATES IS DEBT FREE, REDUCES TAXES, KEEPS FACTORIES RUNNING, AND ITS PEOPLE EMPLOYED—THROUGH MUNICIPAL OWNERSHIP

By John W. McCarty, mayor

(Editorial note.—One of the most striking examples of what municipal ownership can do for a city may be found in Washington, Ind. (population, 9,070). That city has one of the lowest tax rates in the State and one of the lowest electric light and power rates; is practically free of debt, has put thousands of dollars into the general city fund, used surplus earnings to keep the factories in the town running and its people employed, and otherwise contributed in most astonishing ways to the general prosperity of the community. And all of this through the surplus earnings of its remarkably successful municipal light and power plant. In the following pages Mayor McCarty tells the remarkable story of this city's achievements.)

From early childhood up to the present time I have always had a desire to see the city in which I lived be the owner of its utilities, as otherwise cities cannot function properly without that great help which the utilities can give. We have owned our electric light and power plant for over 30 years, but we have only recently, June 1932, acquired our waterworks.

STARTED OVER 30 YEARS AGO

In the year 1900 the city council of Washington, Ind., purchased from private ownership a 175-kilowatt-hour electric plant, paying for it the sum of $83,291, which sum was about 6 times its actual cost, but as time went on it proved a godsend to our people, as it furnished at a moderate rate light and power that a privately owned concern would fail to do. This old plant functioned rather well until the year 1921, when the city started to build a new up-to-date 2,000-kilowatt-hour plant, completing the plant in the year 1922. This new, modern, and up-to-date plant shows a book value of $650,000 and could be sold tomorrow for the sum of $1,000,000, but five times this amount would be no inducement to sell, as the people of this good city realize that they have a safeguard which money cannot purchase.

HOW IT HAS HELPED THE CITY

Since the year 1926 this municipal light plant has done some remarkable things in the way of betterments for the city of Washington, and the following are some of them:

(1) In the first place, the surplus earnings of this plant have enabled us to pay the original cost of the plant—$83,291—and also to retire the outstanding debt of $57,000 additional, which had 20 years to run, saving in interest $37,000. Not only that but the surplus earnings have also paid for various enlargements, extensions, and improvements to the plant, amounting in all to $430,251, so that the plant is now thoroughly modern and up-to-date.

(2) Secondly, the success and surplus earnings of the plant have enabled us to reduce the rates, which were originally 10 cents per kilowatt-hour maximum to 7 cents per kilowatt-hour, with a 5-percent discount if paid promptly.

(3) Third, it has helped us to wipe out our city debts. Not only have we paid off all the indebtedness on the plant, as indicated above, but we have also, out of the surplus earnings of this plant, retired a $7,000 indebtedness we owed on the city hall.

(4) Fourth, it has also helped us to reduce taxes from $1.12 on the $100 valuation in 1930 to 43½ cents in 1933. This was done by appropriating to the general city funds out of the earnings of the light plant $80,000 for 1931 and 1932, and an additional $45,000 for 1932–33, making a total of $125,000 in those 3 years.

(5) Fifth, it has paid $19,000 for a modern office building conveniently located on the main street of the city and serving not only the electric-light plant but also the recently acquired waterworks system.

(6) Sixth, the plant has enabled us to set aside $7,182 for the improvement and extension of our streets and alleys.

(7) Seventh, out of the surplus earnings we have also set aside $13,600 for the relief of the unemployed during the current years of the depression.

(8) Eighth, out of the surplus earnings we have applied $27,500 to keep our industries going and our people employed. Twenty thousand dollars of this was invested in a shirt factory and $7,500 in another factory, thus keeping between 500 and 600 men and women employed.

HELPING THE UNEMPLOYED

Perhaps the most pressing problem confronting any city administration during these present times of depression is the problem of unemployment. And we have felt that it was better to give our people work than to give them a dole. We have, therefore, made every effort to keep the wheels of industry going.

In the spring of 1930 a factory which was being operated in this city, employing 250 men and women, was about to leave our city because of inadequate factory space. An effort was put forth by the city and business people here to save the factory, and a company was started to construct a building such as the factory people needed. The building was erected at a cost of $90,000, the city taking $20,000 of its stock and paying for this out of the light fund of the electric-light plant, and this plant has since completion been employing over 600 people.

The $20,000 of stock in the shirt factory purchased in this manner bears 6-percent interest, so that the city earns $1,200 per year in this way and in addition thereto the factory uses approximately $8,000 worth of electric light and power per year. In this way during the last 10 years this particular factory and the old plant have paid into the general fund of the city for power, light, and interest approximately $165,000. In this way the city of Washington considers its investment in this factory a very good-paying proposition, first, because it keeps its people employed and, secondly, it is actually earning money in doing so.

Not only have we assisted the aforesaid manufacturing company but kept the wheels of industry of another factory going by loaning it $7,500, and have seen the number of men and women employed grow from 48 to 150. The above amount, too, was taken from the light fund.

Besides these cash investments in keeping our people employed, the city has also taken out of the light fund the sum of $13,600 with which to give employment to those who are out of work.

REDUCING TAXES

As stated above, due to the surplus earnings of our municipal light and power plant, we have been able to reduce taxes from $1.12 per $100 to 49 cents. This reduction was accomplished by the appropriation of a total of $125,000 during the last 3 years for reduction of taxes for 1931, 1932, and 1933 to the general expenses of the city, which otherwise would have been carried by the taxpayers.

In making our budget for 1933 we were worried as to how we were going to do our part in reducing our former low rate. We had appropriated $80,000 for tax reduction out of the earnings of the light plant during 1931 and 1932. In so doing we had brought the rate down to 45½ cents on the hundred. But in 1933 we are confronted with a depreciation of property values of $1,970,140, and also have a street- and alley-intersection tax to pay of $7,182, which we have agreed to pay out of the general fund instead of making a levy to do so. But, as someone has well said, "Where there is a will there is a way", and we have made our budget for

1933, again reducing the tax rate of this year from 45½ cents to 43½ cents on the $100.

And thus our municipal light plant is actually reducing our tax rates. In June of 1932 the city of Washington purchased its water plant from a private company, paying for it the sum of $650,000. This is to be paid for through revenue bonds. I have repeatedly said, and I say here and now, that when these bonds on the waterworks are paid through the revenue derived from the plant, the surplus earnings of the waterworks, together with the surplus earnings of the light and power plant, should and will, with proper management, make the city of Washington a taxless city.

THE REDUCTION OF RATES

During the early years of the operation of the light plant it did not show a profit. But on the 1st of the month of January 1927, the superintendent of the electric plant in his report to the council showed that in the preceding year, 1926, it had made a profit of $72,000. On this showing we asked the commission to reduce our rates from 10 cents to 7 cents per kilowatt-hour maximum, with a discount of 5 percent if paid on the 10th of the month. This was granted and the rates reduced. The present rate schedule is, for lighting, 6.65 cents for the first 50 kilowatts, 6.175 cents for the next 50 kilowatts, 5.7 for the next hundred, and so on, scaling down to 3.8 cents for all over 1,000 kilowatt-hours, with a minimum charge of 50 cents.

For small power the rate is 3½ cents for the first 500 kilowatt-hours, 3 cents for the next 500, and so on, scaling down to 2 cents for all over 100,000 kilowatt-hours.

Large power users have a rate of 2 cents for the first 10,000 kilowatt-hours, 1.6 cents for the next 15,000 kilowatt-hours, and 1.4 cents for all over 25,000 kilowatt-hours. There is a minimum charge of 50 cents per horsepower. There is a special rate for domestic and commercial heating of 2½ cents for the first 25 kilowatt-hours, 2¼ cents for the next 75 kilowatt-hours, and 2 cents for all over 100 kilowatt-hours, with a minimum charge of $1.50 per month and 5-percent discount for prompt payment.

CITY IMPROVEMENTS

Besides the above-mentioned improvements, the municipal light and power plant has helped the city in acquiring many much-needed and important city improvements. For example, out of the surplus earnings of the plant as mentioned above, $7,000 of indebtedness on our city hall was paid off, as mentioned above, also, a $19,000 office building purchased and paid for, and $7,182 appropriated last year for the improvement of streets and alleys.

SAVING INTEREST ON DEBTS

In this connection, it is important to note that by following the policy of calling in outstanding bonded indebtedness and paying it off, the city has made considerable saving in interest. For example, in October 1930, $64,000 of indebtedness was paid off, and of this, $57,000 had 20 years yet to run. Thus the saving on this item alone was $37,000. There was also $7,000 of this indebtedness which had 4 years to run, so that in this case a saving of $1,500 in interest was made. Thus the saving of interest alone on this retirement of our indebtedness in advance amounted to $38,500.

BRIEF HISTORY OF THE PLANT

For several years after the plant was first established the city realized little or no profit, with the exception of furnishing low rates to the consumers. However, as the plant was improved its earnings increased. In April 1917, through a bond issue of $10,000, new boilers were added and a 300-kilowatt-hour generator was acquired. Again in March 1919, the city sold $20,000 worth of 5-percent light bonds to add one 400-kilowatt-hour and one 250-kilowatt-hour, 3-phase, 60-cycle, 22-volt generator. Up to this time the equipment consisted of single-phase, 133-cycle, 1,100 volts, suitable for lighting only. The above equipment was soon loaded up to capacity and it became necessary to lay plans for additional plant development or look for service outside of the city of Washington.

BUILDS NEW MODERN PLANTS

So it was a question of building a new modern up-to-date plant or taking current from outside parties. The issue became a most heated one and the election to determine the matter was called, and those in favor of building a new plant carried by a vote of 11 to 1. So on the 15th day of July 1920 the city sold $83,495.93 worth of 6-percent light bonds payable $2,800 annually, but with a 10-year callable clause.

The above issue provided funds to start the erection of a new plant. By September 15, 1920, it became necessary to sell $11,500 worth of 6-percent, 10-year light bonds to complete boiler equipment. On August 1, 1921, the city being bonded to the limit of 2 percent, entered into a least contract with the manufacturers of turbines for two 500-kilowatt-hour turbine generators with condensing equipment, the total amount of principal and interest being $76,800, with $1,000 payable each month.

On January 1, 1922, it became necessary to make a temporary loan of $20,000 to complete the distribution system from the new to the old system. The new plant was put in service February 22, 1922, with two 500-kilowatt-hour turbines and two 400-horsepower boilers of what seemed an almost impossible financial load of principal and interest, bearing in mind that the annual gross revenue of 1920 was only $56,232.92, but with a very favorable rate the load increased with leaps and bounds until 1924, when it became necessary to add another 422-horsepower boiler at a cost of $1,600. Again in 1926 there was added 1,000-kilowatt-hour turbine with the necessary condensing equipment at a cost of $32,100.

In 1931 there was added a 2,000-kilowatt-hour turbine generator complete with condensing equipment which required an addition to the building, all of which cost $67,400. The distribution system has been one continuous construction for the last 10 years, at a total cost of $145,056.62, including 42 miles of rural lines.

Thus the plant has been thoroughly modernized and fully equipped for handling the service of the city, including service to the surrounding rural territory.

TO SUM UP

Below are enumerated various sums that have been contributed by the plant from time to time to the general city funds:

(1)	Original purchase price	$83,291
(2)	Retirement of original purchase bonds	57,000
(3)	Extension and improvements since beginning	430,251
(4)	For tax reduction	125,000
(5)	For retirement debt on city hall	7,000
(6)	For purchase of office building	19,000
(7)	Purchase of stock and loan to factories	27,500
(8)	For aid of unemployed	13,600
(9)	For improvement of streets and alleys	7,182
	Total	769,824

The city also owns and operates a street-car system. And for a city of this size this is, of course, quite unique and unusual. The primary purpose of this publicly owned utility is not to make money for the city, but to give to the industrial workers transportation to and from their work. In other words, the main purpose of this utility is public service.

The street-car system has not been a moneymaker. In fact, we have been losing slightly on this investment, especially in recent years, owing to the unemployment. The loss, however, sustained by the operation of these cars is only a trivial matter. A few more shovels of coal is, in the last analysis, about the only real outlay. Of course, the same rate is charged against the street cars as is charged to other users of power. In this way the city secures some return, at least, from the operation. I believe that if we should require all who use the street cars, whether they are public employees or not, to pay the regular fare, it would greatly improve the earnings.

In this connection it is important to note that we still cling to the 5-cent fare on our street cars. This is the lowest street-car fare in the State. And thus, by the maintenance of these city street cars and the 5-cent fare, we are rendering a distinct social service to our community, and especially to the working classes and the common people.

Mr. DILL. I want also to call attention to an article from the Nation, which I inserted in the RECORD yesterday, showing the tremendous profits which are being made, even in these times of great distress for every other kind of industry, by the public-utility corporations, and particularly by private electrical companies in this country engaged in the power business.

My colleague spoke of what was happening on the Pacific coast. I call attention to what has been happening in New York City, a tremendous increase in the actual dividends paid in 1931 as against 1929 by the power companies of the great city of New York.

I do not want to take the time to argue this question other than to say that when this subject was before the Senate a year ago, I voted repeatedly to place this tax upon the power companies. I believe it should always have been there. I said then and I repeat now it was a breach of faith for the Senate to permit the change to be made in the conference report at that time and for the Senate to have agreed to it. We have before us an important question, and I, for one, hope that the amendment of the Senator from Nebraska [Mr. NORRIS] will be adopted.

Mr. McNARY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Byrnes	Erickson	King
Ashurst	Capper	Fess	Lewis
Austin	Caraway	Fletcher	Logan
Bachman	Carey	Frazier	Lonergan
Bailey	Clark	George	Long
Bankhead	Connally	Goldsborough	McAdoo
Barbour	Coolidge	Gore	McCarran
Barkley	Costigan	Hale	McGill
Black	Couzens	Harrison	McKellar
Bone	Cutting	Hatfield	McNary
Borah	Dale	Hayden	Metcalf
Bratton	Dickinson	Johnson	Murphy
Brown	Dieterich	Kean	Neely
Bulkley	Dill	Kendrick	Norris
Byrd	Duffy	Keyes	Nye

Overton	Robinson, Ark.	Steiwer	Van Nuys
Patterson	Robinson, Ind.	Stephens	Wagner
Pope	Russell	Thomas, Utah	Walsh
Reed	Sheppard	Trammell	Wheeler
Reynolds	Shipstead	Vandenberg	White

The VICE PRESIDENT. Eighty Senators having answered to their names, a quorum is present. The question is on agreeing to the amendment of the Senator from Nebraska.

Mr. HARRISON. Let us have the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. AUSTIN (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. GLASS], who is necessarily absent. However, I feel at liberty to vote. I vote "nay."

Mr. KEAN (when his name was called). On this question I am paired with the senior Senator from Wisconsin [Mr. LA FOLLETTE]. I understand that if he were present he would vote "yea." If permitted to vote, I would vote "nay."

Mr. LOGAN (when his name was called). On this vote I have a general pair with the junior Senator from Pennsylvania [Mr. DAVIS], who is absent. I transfer that pair to the senior Senator from Nevada [Mr. PITTMAN] and vote "nay."

Mr. McADOO (when his name was called). I have a general pair with the Senator from Vermont [Mr. DALE]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I would vote "yea."

The roll call was concluded.

Mr. KEAN. I find that I am able to transfer my pair with the senior Senator from Wisconsin [Mr. LA FOLLETTE] to the senior Senator from Delaware [Mr. HASTINGS], which I do, and vote "nay."

Mr. McKELLAR. On this vote I have a pair with the junior Senator from Delaware [Mr. TOWNSEND]. In his absence I withhold my vote.

Mr. LEWIS (after having voted in the negative). I have a pair with the Senator from Rhode Island [Mr. HEBERT]. Not knowing how he would vote, I transfer that pair to the Senator from Oklahoma [Mr. THOMAS] and allow my vote to stand.

Mr. BULOW. On this vote I have a pair with the Senator from Connecticut [Mr. WALCOTT]. In his absence I withhold my vote.

Mr. NYE. The pair of the senior Senator from Wisconsin [Mr. LA FOLLETTE] has already been announced. I merely desire to announce his necessary absence, he being in attendance upon a funeral.

Mr. FESS. I desire to announce that the Senator from Minnesota [Mr. SCHALL] has a general pair with the Senator from New York [Mr. COPELAND].

Mr. KENDRICK. I desire to announce that the Senator from Virginia [Mr. GLASS], the Senator from South Carolina [Mr. SMITH], and the Senator from Maryland [Mr. TYDINGS] are necessarily absent on official business.

The result was announced—yeas 35, nays 42, as follows:

YEAS—35

Adams	Connally	Long	Reynolds
Ashurst	Costigan	McCarran	Robinson, Ind.
Bankhead	Couzens	McGill	Russell
Black	Cutting	Murphy	Sheppard
Bone	Dill	Neely	Shipstead
Borah	Erickson	Norris	Thomas, Utah
Bratton	Frazier	Nye	Trammell
Capper	George	Overton	Wheeler
Caraway	Johnson	Pope	

NAYS—42

Austin	Coolidge	Hayden	Reed
Bachman	Dickinson	Kean	Robinson, Ark.
Bailey	Dieterich	Kendrick	Steiwer
Barbour	Duffy	Keyes	Stephens
Barkley	Fess	King	Vandenberg
Brown	Fletcher	Lewis	Van Nuys
Bulkley	Goldsborough	Logan	Wagner
Byrd	Gore	Lonergan	Walsh
Byrnes	Hale	McNary	White
Carey	Harrison	Metcalf	
Clark	Hatfield	Patterson	

NOT VOTING—18

Bulow	Dale	Glass	Hebert
Copeland	Davis	Hastings	La Follette
McAdoo	Pittman	Thomas, Okla.	Tydings
McKellar	Schall	Townsend	Walcott
Norbeck	Smith		

So Mr. NORRIS' amendment was rejected.

Mr. NORRIS. Mr. President, I offer the amendment without the proviso as a substitute for section 6.

The VICE PRESIDENT. The Senator from Nebraska offers an amendment, which will be stated.

The LEGISLATIVE CLERK. As a substitute for section 6, on page 6, it is proposed to insert the following:

There is hereby imposed upon energy sold by privately owned operating electrical power companies a tax equivalent to 3 percent of the price for which so sold.

Mr. NORRIS. Mr. President, I do not care to take the time of the Senate. We have debated all of this matter. I ask for the yeas and nays upon the amendment.

Mr. HARRISON. I call for the yeas and nays.

The yeas and nays were ordered.

Mr. TRAMMELL. Mr. President, I desire to ask the Senator a question. The proviso strikes out the exemption of electric energy for manufacturing purposes?

Mr. NORRIS. Exactly.

Mr. TRAMMELL. That is omitted from the Senator's present amendment?

Mr. NORRIS. That is omitted.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. KEAN (when his name was called). On this question I am paired with the senior Senator from Wisconsin [Mr. LA FOLLETTE]. I transfer that pair to the senior Senator from Delaware [Mr. HASTINGS], and will vote. I vote "nay".

Mr. METCALF (when his name was called). I have a general pair with the Senator from Maryland [Mr. TYDINGS]. Believing that he would vote the same way that I shall vote, I vote "nay."

The roll call was concluded.

Mr. McKELLAR. I have a general pair with the junior Senator from Delaware [Mr. TOWNSEND] and withhold my vote.

Mr. LOGAN. I transfer my general pair with the Senator from Pennsylvania [Mr. DAVIS] to the Senator from Nevada [Mr. PITTMAN] and will vote. I vote "nay."

Mr. LEWIS. I have a general pair with the Senator from Rhode Island [Mr. HEBERT]. I transfer that pair to the Senator from Oklahoma [Mr. THOMAS] and will vote. I vote "nay."

Mr. FESS. I desire to announce that the Senator from Minnesota [Mr. SCHALL] has a general pair with the Senator from New York [Mr. COPELAND].

Mr. LEWIS. I desire to announce that the following Senators are necessarily detained from the Senate on official business:

The Senator from Virginia [Mr. GLASS], the Senator from Nevada [Mr. PITTMAN], the Senator from Oklahoma [Mr. THOMAS], and the Senator from Maryland [Mr. TYDINGS].

The Senator from Massachusetts [Mr. WALSH] is necessarily detained at a committee meeting. If present, he would vote "nay."

The result was announced—yeas 36, nays 45, as follows:

YEAS—36

Adams	Caraway	Long	Pope
Ashurst	Connally	McAdoo	Reynolds
Bankhead	Costigan	McCarran	Robinson, Ind.
Black	Cutting	McGill	Russell
Bone	Dill	Murphy	Sheppard
Borah	Erickson	Neely	Shipstead
Bratton	Frazier	Norris	Thomas, Utah
Bulow	George	Nye	Trammell
Capper	Johnson	Overton	Wheeler

NAYS—45

Austin	Couzens	Hayden	Robinson, Ark.
Bachman	Dale	Kean	Smith
Bailey	Dickinson	Kendrick	Steiwer
Barbour	Dieterich	Keyes	Stephens
Barkley	Duffy	King	Vandenberg
Brown	Fess	Lewis	Van Nuys
Bulkley	Fletcher	Logan	Wagner
Byrd	Goldsborough	Lonergan	Walcott
Byrnes	Gore	McNary	White
Carey	Hale	Metcalf	
Clark	Harrison	Patterson	
Coolidge	Hatfield	Reed	

NOT VOTING—14

Copeland	Hebert	Pittman	Tydings
Davis	La Follette	Schall	Walsh
Glass	McKellar	Thomas, Okla.	
Hastings	Norbeck	Townsend	

So Mr. NORRIS' amendment to the amendment of the committee was rejected.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee.

Mr. CONNALLY. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 7, line 10, after the period, it is proposed to insert the following new sentence:

If any person manufactures, produces, or imports such electrical energy and uses it to the extent of more than 500 kilowatt-hours per month, he shall be liable for the tax under this subsection in the same manner as if such electrical energy were purchased by him; and the tax shall be computed on the price at which such electrical energy is sold in the ordinary course of trade, as determined by the Commissioner.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Texas to the amendment of the committee.

Mr. CONNALLY. Mr. President, the committee amendment, as presented at this time, provides for the taxation of industrial power. The existing law does not levy any tax on industrial power; but, under the committee amendment, the tax is levied only on the sale. The result is that manufacturing concerns which manufacture their own power and use it in their own factories pay no tax, whereas their competitors—usually smaller companies—which buy their power would have to pay the tax. The result is that a discrimination is made as against the smaller concerns engaged in the manufacturing business; and it seems to me that since these concerns are competitors, there ought not to be any advantage given by the law to any particular group of them.

My amendment proposes that manufacturers who produce their own power and consume it in their own plants shall pay at the same rate that the other concerns pay which buy their power.

Mr. BARKLEY. Mr. President——

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Kentucky?

Mr. CONNALLY. I yield.

Mr. BARKLEY. I did not get clearly, from the reading of the amendment, what is the basis of the tax.

Mr. CONNALLY. The same—1 percent.

Mr. BARKLEY. One percent? But there is no sale price upon which to base it.

Mr. CONNALLY. The amendment provides that the local sale price of similar power, as determined by the Commissioner of Internal Revenue, shall control.

Mr. BARKLEY. But suppose there is a manufacturing establishment which is the only one in a town, and no other electrical power or energy is consumed in that community for manufacturing purposes; how will anyone then fix the basis of the tax on it?

That is not an exaggerated illustration. There are many communities in which there is one great industry which produces its own power. There is no similar use of electrical energy, upon which there is a charge, by any private concern. In that case, how would the Secretary of the Treasury be able to fix the tax?

Mr. CONNALLY. Of course, the Senator from Kentucky presents an extreme case.

Mr. BARKLEY. No; I do not think so. If there were other factories in the community, there would be a criterion by which to go. Suppose we put on this tax of 1 percent. What would be received if they sold the electrical energy instead of using it?

I have in mind certain towns in which there is a cotton mill, for instance, which generates its own electricity. It may be the only one in the county. How can a percentage tax be fixed upon the basis of what would be charged for power in that community if there were no other commercial and industrial electrical-energy producers selling power to the public?

Mr. CONNALLY. I still insist that the Senator is presenting an extreme case, because there is scarcely any county or community in the country that does not have electrical power-producing plants of some kind which sell power.

Mr. BARKLEY. I have in mind, on navigable rivers, power plants erected by a particular industry to use the power for their own purposes, it may be even out away from any commercial production or sale at all of electric power.

Mr. CONNALLY. Of course, the Senator does present a case in which there would be some difficulty. I am not prepared to dispute that; but the Commissioner of Internal Revenue is given the power to determine those matters. It is perfectly practicable for him to ascertain the cost of power under similar conditions in the adjoining county, we may say, or in other centers where the conditions of cost of production are similar, and to take that cost as a basis for the application of this tax.

Mr. President, this amendment will prevent an undue burden upon those small manufacturers who buy their power and will deny an undue advantage to the large concerns, like the Ford Motor Co., for instance, which manufacture their own power, and because they escape the tax.

In the first place, the large concern manufactures its own power because it can do so more cheaply than it can buy it. It already enjoys that advantage over its competitor. If, in addition to that particular advantage it now enjoys, the Government taxes the consumer who buys his power and exempts the consumer who manufactures his power, it will amount to two advantages to the large concern and two burdens on the backs of the small concerns.

Mr. BARKLEY and Mr. HARRISON addressed the Chair.

The VICE PRESIDENT. Does the Senator from Texas yield; and if so, to whom?

Mr. CONNALLY. I yield first to the Senator from Kentucky.

Mr. BARKLEY. I was going to ask the Senator a question, which probably will be obviated by what the Senator from Mississippi is about to say.

Mr. HARRISON. Mr. President, I was going to say to the Senator that I have no objection to the adoption of the amendment and letting the matter go to conference and trying to have it worked out. I do not mean by that just to have it go to conference. I am in real sympathy with the amendment, I will say to the Senator.

Mr. CONNALLY. I am very much obliged to the Senator from Mississippi. I would not be willing simply to agree that it go to conference as a graceful gesture, but on the assurance of the Senator from Mississippi that he means for it to go to conference in the real sense I, of course, have no hesitancy in accepting his proffer.

Mr. COUZENS. Mr. President, will the Senator yield to me?

Mr. CONNALLY. I yield.

Mr. COUZENS. The Senator from Mississippi said he was in sympathy with the amendment. I would be one of the conferees, too, and I am in sympathy with it. So I think the Senator may rely upon an earnest endeavor to keep the amendment in the bill.

Mr. CONNALLY. I rely on anything that either the Senator from Michigan or the Senator from Mississippi may say.

Mr. HARRISON. What the Senator from Michigan has said reflects my feeling. The Senator from Texas will recall that in the committee I said I felt that there ought to be an exemption even where the energy was used for agricultural purposes.

Mr. CONNALLY. I agree with that.

Mr. HARRISON. I would go so far as to exempt the case where energy is used in churches and hospitals.

Mr. CONNALLY. I shall say to the Senator from Mississippi that my amendment exempts 500 kilowatts a month, and that saves accounting annoyance in the Treasury in checking up on small concerns.

Mr. METCALF. Mr. President, will the Senator from Texas yield to me?

Mr. CONNALLY. I yield.

Mr. METCALF. Mr. President, there are a good many charitable institutions and educational institutions which make their own electricity. Does the Senator think it is fair to impose the tax on them?

Mr. CONNALLY. Such a use of energy would not be industrial, would it?

Mr. METCALF. Are they exempt?

Mr. CONNALLY. Does the Senator refer to industrial power?

Mr. METCALF. No; I mean light and power used in hospitals.

Mr. CONNALLY. That is not industrial power. This applies only to industrial power. That to which the Senator refers is commercial and domestic.

Mr. METCALF. One more question. Say that I run a little power plant and make a little electricity for use on a poultry farm. Would the Senator call that industrial?

Mr. CONNALLY. We exempt 500 kilowatts a month for just that sort of thing. I think a poultry farm that used more than 500 kilowatts a month would be a pretty substantial establishment.

Mr. BARKLEY. Mr. President, I want to make just this statement. I suppose, in view of the statement of the Senator from Mississippi and the statement of the Senator from Michigan, the amendment will be adopted. I want simply to say that for the 10 months of the year ending the 1st of July 1934 the amount of revenue obtained from it will not justify setting up in the Treasury Department the machinery necessary to collect it. I think it is an indisputable fact that the Treasury would have to set up intricate machinery within its walls to assess and collect the tax, and that the amount collected will not be sufficient during the 10 months of its application to justify the establishment of all this machinery in the Treasury Department. For that reason, I am not for the amendment.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. COUZENS. I might point out to the Senate that the subcommittee which reported to the full committee recommended the extension of the tax for a year, and it is my conviction that the tax will be extended for a year.

Mr. BARKLEY. It cannot be extended for another year, because it will not be in conference.

Mr. COUZENS. I do not mean by the pending bill, but I mean that it will be extended, when the time comes, for another year, in all probability.

Mr. BARKLEY. We will cross that bridge when we get to it; but I have an idea that whether this particular tax will be extended or not will depend a good deal on the result of the application of it, if this amendment is agreed to.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Texas [Mr. CONNALLY].

Mr. AUSTIN. I ask for the yeas and nays.

The yeas and nays were not ordered.

The amendment was agreed to.

Mr. CAREY. Mr. President, I desire to offer an amendment, which I send to the desk.

Mr. JOHNSON. Mr. President——

The VICE PRESIDENT. Does the Senator from Wyoming yield to the Senator from California?

Mr. CAREY. I yield.

Mr. JOHNSON. I ask the Senator to yield, because I have an amendment in line with some of the matters which we have been discussing.

The VICE PRESIDENT. Does the Senator from Wyoming yield to the Senator from California for that purpose?

Mr. CAREY. I yield.

Mr. JOHNSON. Mr. President, I offer an amendment on page 7, because I want to make the line of demarcation plain and have us determine exactly the situation which exists here without extraneous matters; to add a new subsection, no. 616½, to be added after line 22, as follows:

None of the provisions of this section or of section 615½ shall apply to publicly owned electric and power plants.

Mr. President, just a word. I never quarrel with decisions which may be made either by the Senate as a whole or by votes which may be cast by individual Senators. Each of us, I assume, is doing his utmost here to vote as his conscience shall dictate and for the best interests of the Nation.

Here, sir, is a fundamental principle presented as between private power companies, with which we are all familiar, and the publicly owned plants. I offer this amendment because in a publicly owned plant in southern California with which I am familiar the difficulties have been so manifold; they have been in many instances created and fostered in such outrageous and shameful fashion by their private competitors, that it is absolutely necessary the Government, instead of frowning upon these publicly owned plants—which have given, as a matter of rates in that particular territory, something of justice unto our people—that the Government, instead of frowning upon them by votes here upon amendments, shall lend its aid, so far as it can, in maintaining them and preserving them.

Mr. President, there is not an election that is held in southern California concerning the publicly owned electric plant there; not an election for bonds with the proceeds of which are expended in behalf of the people, and to serve just the people; there is not an election held there for bonds for construction or extensions, but what money is lavishly spent in that territory by privately owned plants in the endeavor to prevent the necessary two-thirds vote for any bond issue for improving or conserving or protecting the public plants.

Mr. President, there has been a magnificent work done for the people in that section. It is only for the people that I appeal in this particular amendment thus presented. I do not represent any particular interest or any particular aggregation of interests, of course. No one else in this body represents any interest or any particular aggregation of interests, of course. But when the presentation is made here on a line of demarcation that is so plain that he who runs may read, between the aid which may be extended to struggling governmental non-profit-making plants, and private plants that are profit making and in extensive profit making, there should not be, it seems to me, from my standpoint, the slightest hesitancy on the part of representatives of the people in standing for that which the people own themselves, and according to that which the people own themselves the benefits which may be derived in any tax measure.

The distinguished Senator from Pennsylvania [Mr. REED] made a moving speech today about the Southern California-Edison Co. I did not propose then to argue, and I kept silent under the statements which he then made. I did so because I could not conceive that the amendments presented by the Senator from Nebraska [Mr. NORRIS] were going to be defeated. I was egregiously mistaken. The only thing the Senator from Pennsylvania omitted in the moving speech he made was the usual reference to the widows and the orphans who own the stocks and bonds of the private electric company, and who would suffer, forsooth, if we did not accord the private profit-making plants whatever they might wish and whatever they might desire.

I plead for the publicly owned institution. Oh, talk to me no longer about privately owned institutions and private initiative. What was done in the last administration? What have they been doing since? Business, all business, is wandering around here asking aid of the Government. All kinds of private businesses are dipping into the Public Treasury. Government business may ask the aid of Government as well.

I submit this amendment, sir, because the difficulties of the particular plant in southern California I well know. Knowing them, I know that they ought not to be burdened with this particular tax in the circumstances under which they labor, caused often by the privately owned companies which there try to prevent any activity for the people, any

improvement, or anything that will contribute to the betterment of the service that is dedicated wholly to the public.

I do hope that an amendment of this sort may be adopted by the Senate.

Mr. McADOO. Mr. President, I do not desire to take up the time of the Senate unnecessarily, but I regard this amendment of such infinite importance to the success of the great municipally owned lighting system of Los Angeles that I am obliged to say a few words about it.

I want to say at the outset that some years ago the city of Los Angeles acquired the electric-lighting plants within the city limits, and since that time it has developed a magnificent public electric light and power plant, which is not in competition with any private interest of any kind. The exemption of that plant from the taxation proposed to be imposed by the pending bill would not discriminate in its favor against the Edison Electric Co. or any other plant, for the very simple reason that there is no competition between the municipal lighting and power plant of Los Angeles and the Edison Electric Co.

I want to say, furthermore, that the municipal plant is a nonprofit enterprise, built up by the people of southern California through taxation and bond issues, for their benefit and for the development of the great city of Los Angeles and of that great community.

Many millions of dollars have been expended, and, under statutory requirements which have been imposed upon the municipal plant, it is obliged to amortize a certain portion of its indebtedness every year, a larger portion than would ordinarily be amortized by any private corporation.

I may say that the interests which have fought bitterly this municipally owned electric plant have had a hand in the enactment of legislation there which has imposed unnecessary burdens upon this plant operated and conducted for the benefit of the people of my community.

Mr. President, that plant is required to amortize annually, under statutory law, $1,340,000, and recently, because it has not been able to sell bonds for the purpose of building the necessary distribution line from the Boulder Canyon to the city limits, it has had to apply to the Reconstruction Finance Corporation for a loan of $22,800,000, which has been granted upon terms which require the amortization of the entire amount in the period of 10 years, or in annual installments, including interest, of $3,257,000. So a fixed charge of $4,597,000 from those two sources alone is imposed upon the municipal plant.

I want to say that this tax will be imposed upon the electric energy furnished by this plant to the people who own it and who operate it not for profit. It will impose an additional burden of some $300,000 per annum of tax upon that plant alone.

I ask is it fair, is it reasonable, is it just to penalize the people of a great city who, through their own efforts and the expenditure of their own money, have built up a great institution of this kind for their benefit? Mr. President, it does violence to every principle of just taxation with which I am familiar.

Mr. BARKLEY. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from California yield to the Senator from Kentucky?

Mr. McADOO. I yield.

Mr. BARKLEY. I appreciate the force of the Senator's argument, but at the same time there seems to me to be another question involved. All the people of the country who use electric energy are now paying this tax under present law. It is being paid by the people of every community who consume electricity. If this amendment shall be adopted, of course, nobody in Los Angeles will pay any electric tax at all, whereas people in every other community in the United States, where there is no publicly owned electric plant, will be paying this tax. Is it quite fair to levy this tax, whether it is on the consumer or on the producer to be passed on in some way to the consumer in practically all the United States and to leave it off both ends of the equation in any community, whether it be Los Angeles or a municipality in any other part of the country?

Mr. McADOO. I answer the Senator by saying that the taxation to which he refers is embodied in the existing charges which under statutory requirement are already imposed upon the people of Los Angeles.

Mr. BARKLEY. Is there no power to regulate the charges?

Mr. McADOO. Yes; we have the power to regulate the charges, of course, but we at the same time are burdened with a statutory requirement which we cannot escape and which the private power companies have insisted on imposing upon this public plant because they did not want to see it developed. I have nothing against privately owned electrical companies in the United States; I want to see them flourish; I want to see them encouraged in the development of their property, and I am not making an argument against them; but, naturally, competitors surround the city of Los Angeles, that would like to invade that territory, have done everything they could to embarrass this great enterprise.

Mr. President, as I said before, it is burdened with fixed charges already which it cannot escape, burdens imposed upon it by conditions for which it is not altogether responsible. So I want to beg my colleagues to exempt municipal, publicly owned electric light and power companies from this tax; and when I refer to them generally I believe I do not overstate the fact when I say that not more than 5 percent of all the power in the United States is produced by publicly owned corporations.

Mr. BARKLEY. Mr. President, will the Senator yield for another question?

Mr. McADOO. Certainly.

Mr. BARKLEY. I understand the Senator to say that there is no power at all used in the city of Los Angeles except that which is generated at the municipal plant?

Mr. McADOO. That is exactly what I said.

Mr. BARKLEY. Are the other companies barred by statute or by city ordinance from selling to manufacturers and to homes?

Mr. McADOO. They have no distribution system in the city of Los Angeles; it is owned entirely by the city. The then existing companies were acquired by purchase by the city years ago. This development has been made since then.

Mr. BARKLEY. I misunderstood the Senator, because I thought when this matter was discussed in the committee it was stated that they were in competition with others.

Mr. McADOO. I think I said in some of the suburban communities perhaps they were in competition. I have since learned that the statement which I made to the committee was incorrect. I therefore submit this question of fairness and justice to my colleagues of the Senate.

Mr. BONE. Mr. President, on this question I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. COUZENS. Mr. President, may I ask the senior Senator from California if I understood him correctly a while ago to say there were no Members of this body who represented special interests? I want to keep the record straight.

Mr. JOHNSON. I said, of course, I assumed there were no Members here representing private interests; and I assume that still.

Mr. COUZENS. I understand the Senator has since added the word "assumed" since he made his original statement. That might be the polite way to say it, but I want to point out to the Senator that a very prominent Member of the Senate told me a while ago that there were at least 30 Members of this body who represented power interests. So I wanted to make quite sure whether when the Senator said "assumed" he was humorous about it?

Mr. JOHNSON. I say I assume that no man here represents private interests; and I cannot conceive that 30 Members of this body represent the power interests. Of course, if that were so, there would be no use of any amendment

of this sort being presented; and the vote will show the Senator that that is not so, I am sure.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from California to the amendment reported by the committee.

Mr. JOHNSON. I ask for the yeas and nays.

The VICE PRESIDENT. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KEAN. I have a pair with the senior Senator from Wisconsin [Mr. LA FOLLETTE]. I transfer that pair to the senior Senator from Delaware [Mr. HASTINGS] and will vote. I vote "nay." I am advised that the Senator from Wisconsin, if present, would vote "yea."

Mr. METCALF (when his name was called). I have a general pair with the Senator from Maryland [Mr. TYDINGS]. I understand, however, that he would vote as I intend to vote. I, therefore, feel at liberty to vote, and vote "nay."

Mr. NYE (when his name was called). On this question I am paired with the senior Senator from Arkansas [Mr. ROBINSON]. If he were present, I understand he would vote "nay." If I were permitted to vote, I should vote "yea."

The roll call was concluded.

Mr. McKELLAR (after having voted in the affirmative). I have a general pair with the junior Senator from Delaware [Mr. TOWNSEND] and, therefore, withdraw my vote.

Mr. FESS. Mr. President, I wish to announce the following general pairs:

The Senator from Minnesota [Mr. SCHALL] with the Senator from New York [Mr. COPELAND];

The Senator from Rhode Island [Mr. HEBERT] with the Senator from Illinois [Mr. LEWIS]; and

The Senator from Pennsylvania [Mr. DAVIS] with the Senator from Kentucky [Mr. LOGAN].

Mr. KENDRICK. I desire to state that the Senator from Florida [Mr. FLETCHER], the Senator from Virginia [Mr. GLASS], the Senator from Nevada [Mr. PITTMAN], the Senator from Oklahoma [Mr. THOMAS], the Senator from Maryland [Mr. TYDINGS], and the Senator from Arkansas [Mr. ROBINSON] are detained from the Senate on official business.

The result was announced—yeas 45; nays 31, as follows:

YEAS—45

Ashurst	Connally	Long	Shipstead
Bailey	Costigan	McAdoo	Smith
Bankhead	Couzens	McCarran	Stephens
Black	Cutting	McGill	Thomas, Utah
Bone	Dale	Neely	Trammell
Borah	Dill	Norris	Vandenberg
Bratton	Duffy	Overton	Van Nuys
Bulow	Erickson	Pope	Wheeler
Byrd	Frazier	Reynolds	White
Capper	Hayden	Robinson, Ind.	
Carey	Johnson	Russell	
Clark	Kendrick	Sheppard	

NAYS—31

Adams	Caraway	Harrison	Murphy
Austin	Coolidge	Hatfield	Patterson
Bachman	Dickinson	Kean	Reed
Barbour	Dieterich	Keyes	Steiwer
Barkley	Fess	King	Wagner
Brown	George	Lonergan	Walcott
Bulkley	Goldsborough	McNary	Walsh
Byrnes	Hale	Metcalf	

NOT VOTING—19

Copeland	Hastings	McKellar	Schall
Davis	Hebert	Norbeck	Thomas, Okla.
Fletcher	La Follette	Nye	Townsend
Glass	Lewis	Pittman	Tydings
Gore	Logan	Robinson, Ark.	

So Mr. JOHNSON's amendment to the amendment of the committee was agreed to.

Mr. CAREY. Mr. President, I desire to offer an amendment.

The VICE PRESIDENT. The Senator from Wyoming offers an amendment, which will be stated.

The LEGISLATIVE CLERK. On page 7, after line 22, it is proposed to insert the following:

SEC. 7. No tax shall be imposed under this subsection upon any payment made for electrical energy used (1) in the production of agricultural products or (2) by any religious, charitable, or educational organization, no part of the net earnings of which inures to the benefit of any private shareholder or individual. The right to such exemption under this subsection shall be evidenced in such manner as the Commissioner, with the approval of the Secretary, may by regulation prescribe.

Mr. CAREY. Mr. President, I shall take no time to discuss the amendment. It simply provides relief for the farmer who is using electrical energy for irrigation. It relieves him from payment of the 1-percent tax. It also relieves any charitable or educational institution from paying the tax. That is the sole purpose of the amendment.

Mr. DILL. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Wyoming yield to the Senator from Washington?

Mr. CAREY. I yield.

Mr. DILL. I did not clearly hear the reading of the amendment at the desk. Does the amendment exempt from the payment of the tax those farm-irrigation companies or cooperative companies organized by farm-irrigation districts who use electricity to pump water for irrigation purposes in the various districts?

Mr. CAREY. Yes; it relieves them from payment of the tax on all electrical energy used for agricultural production.

Mr. McCARRAN. Mr. President, may we have the amendment read again?

The PRESIDING OFFICER (Mr. McKELLAR in the chair). The clerk will read the amendment again for the information of the Senate.

The legislative clerk again read the amendment.

Mr. ADAMS. Mr. President, I am going to suggest to the Senator from Wyoming that he change the language of the amendment to read: "This section" instead of "this subsection."

Mr. CAREY. It applies to section (a), on page 7.

Mr. ADAMS. I am not so sure of that.

Mr. BONE. Mr. President, the suggestion made by the Senator from Colorado may have some merit, because I believe there is now pending some controversy between the farming element in my State and the Department with respect to the application of this tax. If we are going to adopt the amendment, as I assume we will, it should be made very clear that the category within which this current falls is sufficient to protect the farmer. There are thousands of farmers who pay so much tax on electricity for pumping purposes that they are going broke. I am thoroughly in agreement with the amendment offered by the Senator from Wyoming because it applies so much to the Northwestern States, where there is a great deal of irrigation work carried on. I think the suggestion of the Senator from Colorado should be considered by the Senator from Wyoming before he asks for final action upon his amendment.

Mr. HARRISON. Mr. President, does the Senator from Wyoming desire to modify his amendment in any way?

Mr. CAREY. I will modify it as suggested by the Senator from Colorado.

Mr. HARRISON. Mr. President, I may say to the Senator from Wyoming that I am going to offer no objection to the adoption of the amendment. The expert informs me that he thinks this will take care of the situation suggested by the Senator from Washington [Mr. BONE] and the Senator from Colorado [Mr. ADAMS].

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Wyoming as modified.

The amendment was agreed to.

Mr. LONG. Mr. President, I send to the desk an amendment, which I ask to have printed and lie on the table. I would rather take it up tomorrow than today.

The PRESIDING OFFICER. Does the Senator from Louisiana desire to have his amendment read?

Mr. LONG. I believe we may dispense with the reading of the amendment. Everyone is familiar with its contents. I would like to have it printed and taken up tomorrow. My amendment proposes to carry out the redistribution-of-wealth pledge contained in the last Democratic platform. I would prefer, as there are several Senators who want to discuss it, that it be taken up tomorrow if that can be arranged. Let it be printed tonight, and let us proceed with other amendments. I understand the Senator from

West Virginia [Mr. HATFIELD] desires to offer an amendment.

Mr. HARRISON. Mr. President, it is the desire that we move along as rapidly as possible with consideration of the bill. Of course, there are some other amendments to be offered, and if the Senator from Louisiana will wait a while we can see how we get along with the other amendments. The Senator from West Virginia has an amendment that may take some little time.

Mr. LONG. It will take some time to dispose of my amendment.

Mr. HARRISON. I have no disposition to keep the Senate in session this evening later than half past 5.

Mr. LONG. That being true, I may say to the Senator from Mississippi that it will take much longer than the time between now and half past 5 to dispose of my amendment.

The PRESIDING OFFICER. The Senator from Louisiana offers an amendment for the purpose of having it printed and lie on the table. Without objection, it is so ordered.

Mr. HATFIELD. Mr. President, I send to the desk an amendment which I offer.

The PRESIDING OFFICER. The amendment will be read for the information of the Senate.

The LEGISLATIVE CLERK. The Senator from West Virginia proposes the following amendment, to be inserted at the proper place in the bill:

SEC. —. That there shall be levied, collected, and paid upon all articles when imported directly or indirectly into the United States or into any of its possessions (except the Philippine Islands, the Virgin Islands, American Samoa, and the island of Guam) directly or indirectly from any foreign country, if the depreciation in the currency of such country, as determined by the Secretary of the Treasury, is 5 percent or more below the standard value of such currency as proclaimed by the Secretary of the Treasury on October 1, 1931, or similarly depreciated when compared with currency of the United States, these following taxes, which shall be in addition to the duties collected under existing law as amended by section 7 of this act:

(1) If the amount of the invoice value of the article is ascertained in units of currency of such foreign country—a tax equal to the difference between the invoice value of the article expressed in units of currency of such foreign country and converted to units of currency of the United States at the standard value of the currency of such foreign country as proclaimed by the Secretary of the Treasury on October 1, 1931; and (b) such amount converted to the currency of the United States at the buying rate of the unit of currency of such foreign country as ascertained under section 522 (c) of the Tariff Act of 1930.

(b) If the amount of the invoice value of the article is ascertained in units of currency of any country (including the United States) other than the country of exportation—a tax equal to the difference between (a) such amount expressed in units of currency of the country of exportation at the current rate of exchange for noon of the date of exportation and converted as provided in paragraph (1) to the currency of the United States at the standard value of such unit of currency of the country of exportation as proclaimed by the Secretary of the Treasury on October 1, 1931, and such amount expressed in units of currency of the country of exportation, and converted as provided in paragraph (1) into the currency of the United States at the buying rate of the units of currency of the country of exportation as ascertained under section 522 (c) of the Tariff Act of 1930. In cases, if any, where the Secretary of the Treasury is unable to determine the said buying rate under any of the provisions of said section 522 (c) of the Tariff Act of 1930, he shall determine such buying rate by the method which he approves as most fair and equitable in the premises and make and proclaim his determination accordingly and such determination and decision shall be final.

SEC. 6. This act shall not apply to imports of articles on the free list of the Tariff Act of 1930 not produced in the United States in substantial commercial quantities.

SEC. 7. For the purpose of the assessment and collection of duties under the existing law, the value (whether such value is ascertained in units of currency of the United States or of any other country) of any article provided for in section 5 shall be the value of such article converted to the currency of the United States at the standard value of the unit of currency of the country of exportation as provided for in paragraph (1) or (2) of section 5, as the case may be.

SEC. 8. Until June 30, 1935, the Tariff Commission, upon the filing of petitions; the adoption of resolutions by the Senate or House of Representatives; the initiation of proceedings before it in any form; or on its own motion shall, when satisfied by evidence before it, that such increased duty, or new duties, as the case may be, will increase employment in the industry which is the subject matter of the investigation, report to the President increased duties on articles on the dutiable list or duties on articles on the free list.

When unable, with due regard to prompt action, to fix rates of duties with greater exactness, the Commission shall report ad valorem rates of either 25 percent, 50 percent, 75 percent, or 100 percent, whichever the proof before it shows to be nearest to the rate which the Commission finds necessary to increase employment, in the United States, in the industry which is the subject matter of the investigation.

The President, upon receipt of such report, and, within 10 days thereafter, shall approve the same by issuing his proclamation in the manner now provided by law, or return the same to the Commission, with or without recommendation. No rate of duty on any article, fixed under the provisions of this section, shall be less than the rate of duty, plus the additional tax, if any, imposed under the provisions of the preceding sections of this act on the same article nor less than the rate fixed under and by virtue of the provisions of the Tariff Act of 1930 or by section 601 of the Revenue Act of 1932. Except as otherwise provided in this section; and except that the Commission shall not be required to hold public hearings; the provisions of part 2 of title 3 of the Tariff Act of 1930 shall, so far as applicable, apply to proceedings taken under the provisions of this section.

SEC. 9. Duties fixed, if any, by the President, under the provisions of section 338 of the Tariff Act of 1930, shall not be in addition to the taxes, new duties, or additional duties fixed under and by virtue of the provisions of this act.

In case of the fixing of any such duties under said section, the additional duties in force shall, while the duties fixed under said section 338 remain in effect, be either the new or additional duties or taxes fixed under and by virtue of the provisions of this act, or the additional duties fixed by the President under said section 338, whichever are higher.

SEC. 10. Terms used in this act shall have the meaning assigned to such terms in the Tariff Act of 1930.

SEC. 11. Sections 5 to 12, both inclusive, of this act shall be administered as part of the customs laws.

SEC. 12. Sections 5 to 11, both inclusive, of this act shall take effect on the day following the date of enactment and continue in force until June 30, 1935.

The PRESIDING OFFICER. Does the Senator from West Virginia offer the amendment as an amendment to the committee amendment? In the opinion of the Chair it ought to be a separate section.

Mr. HATFIELD. It is offered as a separate section.

The PRESIDING OFFICER. The committee amendment then ought to be disposed of first.

Mr. HATFIELD. It was my understanding that the committee had been disposed of.

The PRESIDING OFFICER. No; it has not yet been disposed of. The question is upon agreeing to the committee amendment.

The amendment was agreed to.

Mr. GORE. Mr. President, I send to the desk an amendment which I intend to propose. I ask that it be printed and lie on the table. It will constitute an additional section to the bill. The amendment is designed to prohibit the shipment in interstate commerce of contraband or bootleg oil; that is, oil produced in any State and shipped to another State contrary to the provisions of the law of such State.

The PRESIDING OFFICER. The amendment will be printed and lie on the table. The question is on the amendment of the Senator from West Virginia [Mr. HATFIELD], which has been read.

Mr. HATFIELD. Mr. President, I sent this amendment to the desk on the 4th of May. The amendment that I send to the desk this afternoon is a perfecting amendment, which I understand I have a right to offer.

The Senate of the United States by a majority vote only a few weeks ago, in the passage of the Thomas inflationary amendment to the farm relief bill, found it necessary to protect American trade and commerce from the injurious effects of depreciated currencies of foreign countries.

For the information and benefit of the Senate, I desire to quote briefly the purpose, or, stating the matter more accurately, the reasons given in the presentation of the Thomas inflationary amendment to the United States Senate for its adoption:

Whenever the President finds, upon investigation, that the foreign commerce of the United States is adversely affected by reason of the depreciation in the value of the currency of any other government or governments in relation to the present standard value of gold, the President in his discretion is authorized—

And so forth.

Mr. President, the adoption of my amendment will simply place in the hands of the President of the United States the power, if he sees fit to use it, to protect our trade and

commerce from the injurious effects of the depreciated currencies of foreign countries.

My amendment will not increase any tariff rates unless the President, after investigation and consideration by the Tariff Commission, finds that such increases are necessary to protect the trade and commerce of this country.

It is hardly to be expected that the granting of such permissive power would be opposed by a majority of the Senate; yet I am fearful that the partisan zeal of some Members of this body may outweigh their judgment.

I am hopeful that the Senate will favor this amendment and indicate to the trade and commerce of the United States that we in the Senate seek to give to American trade and commerce the assurance of protection which is most essential if we are to contribute toward the revival of American industry at this time.

Congress in the last 6 weeks has conferred much dictatorial power on the President of the United States. The power which my amendment seeks to give to the President and the Tariff Commission is one wherein the President is authorized to protect the trade and commerce of America, to provide employment opportunities for millions of American workers, and to make it possible for thousands of American plants again to resume operation.

The President has publicly called upon the industry of the United States to provide employment and to increase wages. The adoption of my amendment will place in the hands of the President an opportunity to say to American industry, "You can now operate, because we have it within our power, and we will exercise the power, to make possible for you to distribute and sell the products of your factory at prices which will permit a fair return on your investment, and to pay the American laborer wages which will insure him a purchasing power which at the present time he does not possess."

Mr. President, I recognize fully that this is a grant of broad and extensive power. In fact, possibly through its directness, it is the broadest and most extensive power proposed to be conferred upon the President at this session of a Congress which has not shown itself unwilling to confer dictatorial powers on the President.

I am entirely willing to confer great power upon the President when such power is to be used solely for the benefit of the American people. However, Mr. President, candor also requires me to call attention to the fact that, while these powers are great and broad, they cannot be exercised until 6 American citizens—3 appointed as Democrats and 3 appointed as Republicans—basing their action, at least, upon evidence in their possession which they deem sufficient, have transmitted to the President a recommendation upon which he can act.

Mr. President, we all realize that if we adjourn early in June, as is now anticipated, there is to be a congressional recess of approximately 6 months. We all realize that we will not be called again in special session before the regular session except in the gravest emergency. Every Senator knows that within those 6 months, with conditions such as exist in the world today, almost any or all American industries may need the tariff protection herein provided. Indeed, Mr. President, they have needed tariff protection, they have needed the assistance of Congress, they have needed the President's assistance, since September 1931.

The adoption of my amendment will make it possible for the President and the Tariff Commission to grant necessary protection to American industry and labor. Yet, unless the President is satisfied that such tariff protection is necessary, there will be no tariff increases granted. In other words, it is left optional with the President as to whether or not he will invoke the great opportunity that is given to him to protect the industries of this country.

Mr. President, my amendment is a planning amendment. It looks ahead. It places at the disposal of an American President, for the benefit of the American people, a tremendous power which, if necessary, I am confident the President, on the recommendation of the Tariff Commission, will courageously exercise.

Mr. President, for the information of the Senate, I have tabulated the depreciation of foreign currencies of 17 nations of the world; and I think it will interest the Senate to know that a table containing these tabulations shows an average depreciation in the currencies of European countries of 31½ percent, and a world average depreciation of the 17 countries of 39 percent.

Mr. KING. Mr. President——

The PRESIDING OFFICER. Does the Senator from West Virginia yield to the Senator from Utah?

Mr. HATFIELD. I yield to the Senator.

Mr. KING. Has the Senator included in that tabulation the depreciation in the currency of the United States?

Mr. HATFIELD. I have. That has occurred only very recently, I may say to the Senator.

Mr. KING. It may be that within a reasonably short time the depreciation in our currency may be greater than in some other countries.

Mr. HATFIELD. That is very true under the inflation plan unfortunately adopted; but the condition prevails to a larger extent in Europe. It has continued to prevail since England went off the gold standard; and no effort has been made to protect American industry, notwithstanding Belgium, France, England, and all of the European nations as well as the Asiatic nations have protected what they control under their flags; and today each and every industry and each and every laboring man within the confines of their respective countries is absolutely assured of the home trade. Not so, however, with the United States of America.

Mr. President, I offer for the RECORD a tabulation dealing with the depreciated currencies of Europe, and I ask that it be made a part of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The tabulation is as follows:

	Par	Demand on May 9	Decline in cents	Decline in percent
England (sovereign)	$4.86	$3.94	$0.92	19
Denmark (krone)	.26	.17	.09	35
Finland (finmark)	.025	.017	.008	32
Greece (drachma)	.012	.006	.006	50
Norway (krone)	.26	.20	.06	23
Portugal (escudo)	.044	.036	.008	18
Spain (pesets)	.199	.099	.10	53
Sweden (krona)	.267	.205	.062	23
European average				31½
Canada (dollar)	1.00	.87	.13	13
Mexico (peso)	.49	.30	.19	39
Argentina (peso)	.42	.28	.14	33
Brazil (milreis)	.12	.08	.04	33
Colombia (peso)	.97	.88	.09	9
Chile (peso)	.12	.06	.06	50
Peru (sol)	.28	.16	.12	43
Uruguay (peso)	1.03	.54	.49	47
Japan (yen)	.498	.242	.256	51
World average				39

The American dollar has depreciated approximately 10 percent in European markets; and this depreciation has been taken into account in the demand quotations of foreign currencies given in the above table, and the dollar depreciation also has affected the percentage decline shown in the table.

Mr. COSTIGAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from West Virginia yield to the Senator from Colorado?

Mr. HATFIELD. I yield to the distinguished Senator.

Mr. COSTIGAN. May I ask the able Senator from West Virginia whether he has tabulated data with respect to imports from foreign countries under depreciated currencies?

Mr. HATFIELD. I may say to the Senator from Colorado that that has been very difficult indeed to do. I have undertaken this great task, but up to the present time I have not been able to satisfy myself as to the imports. Suffice it to say they have increased obviously more in volume than in value under the currency depreciation that has been carried on; and I am simply undertaking to claim what we are justly entitled to in America since the gold standard was abandoned by the European and the Asiatic nations.

Mr. COSTIGAN. Have the investigations of the Senator from West Virginia disclosed any flood of imports into the United States from depreciated-currency countries?

Mr. HATFIELD. I do not think there has been a flood of imports into the United States, due to the fact that the purchasing power of the average American has been so low that he could not buy the commodities shipped from Europe and from Asia; however, the low quotations from the importer have precluded industrial activity in many lines.

Mr. COSTIGAN. Has the Senator from West Virginia investigated imports into the United States under the great depreciation in the German mark in and following 1921? At that time, if I am correctly informed, the German mark depreciated in excess of 95 percent. Was there, in those years, the flood of imports which the Senator from West Virginia appears to fear at this hour?

Mr. HATFIELD. No; I do not think so. This is the situation, however, so far as Germany is concerned.

Mr. COSTIGAN. What is the explanation of the Senator from West Virginia of the failure of Germany to send a flood of exports to the United States during the period of enormous depreciation in German currency?

Mr. HATFIELD. Their sales organization had been broken down by the war and it was practically inoperative for years after the armistice. Mr. President, there is no reason why they should not have come into this country, so far as the cost of production of the industries was compared, with the cost of production under the American flag. If we take the standard of wage which is paid to the German wage earner and measure it by the standard of wage paid the American wage earner, there is no reason why they should not have been dumped into our country.

Mr. KING. Mr. President, will the Senator yield?

Mr. HATFIELD. I yield to the Senator from Utah.

Mr. KING. I have in my hand a statement obtained from the Department of Commerce which shows quite a contrary conclusion from that announced by the Senator—to wit, that instead of there being an increase of imports since those countries have gone off the gold standard, there has been a great decrease in the imports to the United States.

Take Japan, for instance: The last 3 months of this year, under the depreciated currency, the shrinkage in imports into the United States has been approximately 50 percent.

Mr. HATFIELD. In what items? Will the Senator state that?

Mr. KING. I have them here. I have a large number, but in the aggregate the reduction in imports is approximately 50 percent. I have the figures for, I believe, all countries from which we have imported, and they show that there has been a considerable decrease in imports to the United States.

Mr. FESS. Mr. President——

The PRESIDING OFFICER. Does the Senator from West Virginia yield to the Senator from Ohio?

Mr. HATFIELD. Just a moment. Will the Senator explain to me why it is that France, Germany, England, and even Japan, have protected their own markets even to the point of almost an embargo if there is no advantage in protecting their home market, which America has failed to do?

Mr. KING. May I say to the Senator that our exports to those countries have greatly exceeded our imports from them, and in the case of the countries to which the Senator has just referred, the exports from the United States to those countries have not been affected at all by any tariff duties which they have imposed, measured by the imports which have come into the United States from them.

Mr. HATFIELD. Mr. President, I may say to the distinguished Senator from Utah that I live in a State that furnishes a great deal of pottery and china. The largest china-and-pottery industry in the world is located in West Virginia; and across the great Ohio River there is located another great china-and-pottery industry. That section of Ohio and West Virginia employs, in ordinary times, 17,500 industrial workers at a wage which is worthy of their hire; but today less than 3,000 workers are employed in those industries, and those men are staggering their work for the purpose of giving employment to a greater number to the point where they may be able to feed and clothe their families. It is conceded by every producer that their market, which they ordinarily enjoy, has been lost to Japan under its 60 percent depreciation of currency.

Mr. FESS. Mr. President——

Mr. HATFIELD. I yield to the Senator from Ohio.

Mr. FESS. I desire to make this observation: It is a universally conceded principle that where a government goes upon a depreciated-currency basis the cost of production in that country is going to be reduced just to the degree that the money is depreciated, and therefore it will undersell any other country that is not on a depreciated-currency basis. The Senator will admit that that is a conceded principle.

Mr. KING. No; I do not.

Mr. FESS. Well, it is a conceded principle that the cheapness of production in such a country, due to the depreciation of the money paid to labor, enables that country to go into markets and undersell where otherwise it could not do so. That is a principle that is conceded. On the other hand, other things being equal, we would have an increase of imports into this country from depreciated-currency countries if we had the normal purchasing power.

Mr. HATFIELD. That is it exactly.

Mr. FESS. But where the purchasing power of the country is broken down, then the principle does not apply. The Senator will admit that it is a principle of economics that every country argues that it should have a cheaper dollar in order to increase its exports.

Mr. KING. Mr. President, will the Senator yield?

Mr. HATFIELD. I yield.

Mr. KING. May I say that the investigation of the Tariff Commission does not justify at all the broad generalizations of the Senator from Ohio; and may I say that it would seem that if those other countries which have gone off the gold standard are suffering because of lack of purchasing power, they have, in some instances, been purchasing from us approximately a hundred percent more than we have been selling to them.

Mr. FESS. I am not talking about their purchasing power; I am talking about the purchasing power of the gold-standard countries.

Mr. KING. The Senator knows that with respect to those that have gone off the gold standard and those which have maintained the gold standard there are relatively the same exports and imports now as there were before the abandonment of the gold standard.

Mr. FESS. The Senator will concede that the argument of every country for a cheaper dollar or a cheaper measuring unit is for the purpose of increasing its exports.

Mr. KING. I do not concede that.

Mr. HARRISON. Mr. President, will the Senator from West Virginia yield to me?

Mr. HATFIELD. I yield.

Mr. HARRISON. If it meets the approval of the Senator from West Virginia that no action be taken on his amendment tonight and that we now lay aside temporarily the pending business in order that we might take up the deficiency appropriation bill, it would be entirely agreeable to us. The Senator could then proceed tomorrow.

Mr. HATFIELD. Mr. President, I will say to the distinguished Senator from Mississippi that I am just concluding. I have no other statement to make except to refer to a statement recently made by Mr. James A. Farrell, former president of the United States Steel Corporation, at a round-table conference on foreign commercial policy, on May 3, 1933, in which he points out the following. I quote Mr. Farrell:

> We have not changed our tariffs, notwithstanding the fact that within the past 90 days there have been 60 tariff changes on the part of the European countries, and within the last few weeks England has made a tariff treaty with Denmark, with Germany, a very important one within a few days with Argentina, which gives them preference in Argentina and probably will absorb the exchange available there, and in order to make a good measure England has loaned Argentina £10,000,000 sterling.

This statement is followed by a tabulation which contains a list of a great number of nations which have recently changed their tariff rates, which I ask to have made a part of my remarks.

The PRESIDING OFFICER. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

SOME TARIFF INCREASES MADE RECENTLY BY FOREIGN COUNTRIES

Denmark: Duty increases on coffee and confectionery.
Italy: Import duty put on manioc flour; import duty on marine motors increased; increased duty on outboard motors.
Federated Malay States: Increases on canned milk, certain edible oils.
Canada: Dumping duty on canned shrimp.
Japan: Increased duties on lumber.
United Kingdom: Increased duties on patent varnished, japanned, and varnished leather and bleached cotton linters.
Germany: Increased duty on margarine and its raw materials.
Mexico: Increased duty on hogs.
Peru: Motion-picture films.
Siam: Numerous tariff increases.
Switzerland: Radios.
Australia: Lard and other edible fats; certain static transformers; electric fans; brake drums for trucks and busses; and certain types of motion-picture films.
Brazil: Some increases on a number of products.
Latvia: Duty on herring.
Norway: Coffee, sugar, and tea.
Yugoslavia: Certain paper goods.
Finland: Certain electrical machines.
Paraguay: Gasoline.
Germany: Certain lumber; agricultural products.
Hungary: Certain colonial products.
Mexico: Fish, razor blades, and certain chemical products.
Switzerland: Oil burners and lamps.
United Kingdom: Certain iron and steel manufactures; dried fruits; and carpets, rugs, and mats.
Dominican Republic: Rice.
Finland: On a number of products, including wheat, ironware, electric cookers.
Switzerland: Coffee and tea.
Bermuda: Increased duties on selected items.
Estonia: Numerous increases on various iron and steel products and textile materials, etc.
France: Potatoes and potato starch.
Germany: Cattle, sheep, hogs, meat, and lard.
New Zealand: Gasoline and certain tobacco.
Belgium: Automotive products.
Mexico: Oats.
Poland: Corn meal, rice flour, starch, and celluloid; bacon, pickled hams, and pickled pork products.
Italy: Coke.
Norway: Duplicating machines, floor-polishing machines, and coffee-roasting machines.
Palestine: Breadstuffs and several other products.
Belgium: Gasoline, kerosene, and leaf tobacco.
Norway: Business machines and vacuum cleaners.
Mexico: Galvanized-iron wire, certain articles of rubber, and matches.
Netherlands: Horizontal on noncompetitive imports.

Mr. HATFIELD. Mr. President, if power is given to the President or to the Tariff Commission which would enable them to increase tariff rates anywhere from 25 to 100 percent, it does not mean that the President or the Tariff Commission would exercise the power, but it seems to me that the power ought to be lodged in the hands of someone who is going to be responsible to American industries and to the 125,000,000 people of this country.

Gentlemen may say what they please about the Smoot-Hawley tariff law and its rates, they may say that they are operative at the present time, and that they more than protect the industries of the United States, but when we compare the low currency value of the money of Europe and Asia with our own monetary values at the present time and then when we take the average rate found in the Smoot-Hawley tariff law, which is 16.4 percent, and compare the conditions at home and abroad with a world average of depreciation of currency of 39 percent, which is 2½ times our average tariff rate, we will soon arrive at the conclusion, as has the average business man and the average working man who thinks in terms of his own protection here in the United States, that we need something more in the way of protection to these industries than we have at the present time.

Mr. President, there is nothing compulsory about this amendment. It would simply give to the President of the United States power to deal with our commerce and trade. It would give him power to protect the wage earner of the United States today. There is no question but that there is a sentiment from every point of the compass in the United States for such action. The wage earners have asked for it, they have appealed for it, since England went off the gold standard in September 1931, and they are going to continue to appeal for it.

We may inflate the currency as much as we please, we may devalue the gold dollar and destroy the fundamental principles laid down by Thomas Jefferson and by Alexander Hamilton and approved by George Washington and the other great founders of this Republic, but as long as Europe is on a depreciated-currency basis, as long as Asia is on the same basis, just so long will the American industries under the American flag languish and fail. Here in the Congress we should give the President of the United States the power, if we are not willing to invoke it ourselves.

Mr. President, the tariff rates carried in the Smoot-Hawley tariff bill, with foreign currencies at par, average, for all imports, free and dutiable, 16⅓ percent. The average tariff rate of duty in force on dutiable imports alone—and dutiable imports amount to some 33 percent of our total imports—with foreign currencies at par, average some 50⅓ percent.

The figures I have cited show a world average depreciation of foreign currencies of 39 percent. This in itself eliminates almost every vestige of tariff protection at present accorded those products of American workers which are forced to compete in the American market with products of foreign workers.

Mr. President, in view of the facts I have presented, I am hopeful that those Members of the Senate who desire to place in the hands of the President of the United States the power to properly protect the best interest of American trade and commerce will favor my amendment.

Mr. BRATTON. Mr. President, in view of the statement just made by the Senator from Mississippi, I ask unanimous consent that the unfinished business be temporarily laid aside and that the Senate proceed to the consideration of House bill 5390, the deficiency appropriation bill.

Mr. HATFIELD. Mr. President, I think I should have a vote on my amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from West Virginia.

Mr. BRATTON. Mr. President, I had understood that the Senator was entirely agreeable to having action on his amendment go over until tomorrow. Otherwise, I would not have made the request.

Mr. HARRISON. Mr. President, several Senators have had to leave, and I told them that we would not have a vote on this amendment today.

Mr. HATFIELD. I have not the slightest objection to its going over.

Mr. CLARK. Mr. President, I desire to give notice of a motion to reconsider the motion by which the first Norris amendment was rejected.

The PRESIDING OFFICER. The notice will be entered.

Mr. HARRISON. Mr. President, before the pending business is temporarily laid aside, I should like to state that the Senator from Wyoming [Mr. CAREY] requested that I ask unanimous consent that the amendment he offered be modified by striking out the word "subsection" and inserting in lieu thereof the word "section."

The PRESIDING OFFICER. Is there objection? Without objection, the modification will be made.

Mr. McNARY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McNARY. If the unfinished business shall be temporarily laid aside, when it shall again be taken up for consideration, the question will then be on the amendment offered by the Senator from West Virginia [Mr. HATFIELD]?

The PRESIDING OFFICER. The question will be on the amendment offered by the Senator from West Virginia [Mr. HATFIELD].

DEFICIENCY APPROPRIATIONS

Mr. BRATTON. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside and the Senate proceed to the consideration of the bill (H.R. 5390) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Appropriations with amendments.

Mr. BRATTON. Mr. President, I ask unanimous consent that the formal reading of the bill may be dispensed with and that it be read for amendment, committee amendments to be first considered.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the clerk will state the first amendment reported by the Committee on Appropriations.

The first amendment of the Committee on Appropriations was, under the heading "Legislative", on page 2, after line 1, to insert:

SENATE

To pay to Nieves Maria P. C. Walsh, widow of Hon. Thomas J. Walsh, late a Senator from the State of Montana, $9,000.

The amendment was agreed to.

The next amendment was, on page 2, after line 5, to insert:

To pay Alice C. Howell, widow of Hon. R. B. Howell, late a Senator from the State of Nebraska, $9,000.

The amendment was agreed to.

The next amendment was, on page 2, after line 7, to insert:

For miscellaneous items, exclusive of labor, fiscal year 1933, $20,000.

The amendment was agreed to.

The next amendment was, on page 2, after line 9, to insert:

Police force for Senate Office Building, under the Sergeant at Arms: Fifteen privates at the rate of $1,620 per annum each, fiscal year 1934, $22,275.

Mr. McNARY. Mr. President, may I ask the Senator in charge of the bill whether the 15 officers are to be in addition to the force now looking after the building?

Mr. BRATTON. Yes, they are in addition to that force, and we are advised and believe that, due to conditions with which the Senator is familiar, the additional policemen are needed urgently. The item is supported by a budget estimate.

The amendment was agreed to.

The next amendment was, under the subhead "House of Representatives", on page 2, after line 13, insert:

To pay Lois Slayton Woodworth Briggs, widow of Clay Stone Briggs, late a Representative from the State of Texas, $8,500.

The amendment was agreed to.

The next amendment was, under the subhead "Architect of the Capitol", on page 3, after line 10, to insert:

Senate Office Building: For labor and materials and other expenses incidental thereto, for additional painting in the Senate Office Building, to remain available during the fiscal year 1934, to be expended under the direction and supervision of the Committee on Rules, acting through the Architect of the Capitol, who shall be its executive agent, $5,000.

The amendment was agreed to.

The next amendment was, on page 3, after line 17, to insert:

GOVERNMENT PRINTING OFFICE

Not exceeding $400,000 of the working capital of the Government Printing Office for the fiscal year 1934 shall be available for the purpose of enabling the Public Printer to comply with the provisions of law granting 15 days' annual leave of absence to employees with pay.

The amendment was agreed to.

The next amendment was, on page 5, line 1, to strike out the heading "Judgments, United States Courts," and insert the following:

TITLE II. JUDGMENTS AND AUTHORIZED CLAIMS

DAMAGE CLAIMS

SECTION 1. For the payment of claims for damages to or losses of privately owned property adjusted and determined by the following respective departments under the provisions of the act entitled "An act to provide for a method for the settlement of claims arising against the Government of the United States in sums not exceeding $1,000 in any one case", approved December 28, 1922 (U.S.C., title 31, secs. 215–217), and certified to the Seventy-third Congress in a communication from the President of the United States to the President of the Senate, dated May 8, 1933, under the following departments, namely:

Post Office Department, $4,227.38;
Treasury Department, $292.54;
In all, $4,519.92.

The amendment was agreed to.

The next amendment was, on page 5, line 19, to insert the subhead "Judgments, United States Courts."

The amendment was agreed to.

The next amendment was, on page 6, line 4, after the word "Congress" to insert "in a communication from the President of the United States to the Speaker of the House of Representatives, dated April 27, 1933"; so as to read:

SEC. 2. For payment of the final judgment, including costs of suit, rendered under the provisions of the act of March 3, 1887, entitled "An act to provide for the bringing of suits against the Government of the United States", as amended by the Judicial Code, approved March 3, 1911 (U.S.C., title 28, sec. 41, par. 20; sec. 258; secs. 761–765), in favor of the Columbia Planograph Co., a corporation (Supreme Court of the District of Columbia, Law No. 76808), and certified (under the Department of Commerce) to the Seventy-third Congress in a communication from the President of the United States to the Speaker of the House of Representatives, dated April 27, 1933, $670, together with such additional sum as may be necessary to pay interest on such judgment at the rate of 4 percent per annum from the date thereof until the time this appropriation is made.

The amendment was agreed to.

The next amendment was, on page 6, line 19, after the word "Congress", to insert "in communications from the President of the United States to the President of the Senate and the Speaker of the House of Representatives, dated May 8, 1933, and April 27, 1933, respectively," so as to read:

For the payment of judgments, including costs of suits, rendered against the Government of the United States by United States district courts under the provisions of an act entitled "An act authorizing suits against the United States in admiralty for damages caused by and salvage services rendered to public vessels belonging to the United States, and for other purposes", approved March 3, 1925 (U.S.C., title 46, secs. 781–789), and certified to the Seventy-third Congress in communications from the President of the United States to the President of the Senate and the Speaker of the House of Representatives, dated May 8, 1933, and April 27, 1933, respectively, under the following departments, namely.

The amendment was agreed to.

The next amendment was, on page 7, line 3, after the figures "$1,561", to insert a semicolon and the following: "Larney B. Shaw (United States District Court, Eastern District of Virginia, March 21, 1933, damages due to collision between the wooden barge *Evelyn L. Shaw* and the Navy barge *YC–270*), $1,500; in all under the Navy Department, $3,061", so as to read:

Navy Department: The Delaware, Lackawanna & Western Railroad Co. (United States District Court, Eastern District of New York, March 23, 1933, damages due to collision between the ferryboat *Orange* and the U.S.S. *Transfer*), $1,561; Larney B. Shaw (United States District Court, Eastern District of Virginia, March 21, 1933, damages due to collision between the wooden barge *Evelyn L. Shaw* and the Navy barge *YC–270*), $1,500; in all under the Navy Department, $3,061.

The amendment was agreed to.

The next amendment was, on page 7, line 16, after the figures "$945.42", to insert a semicolon and "in all, under the Treasury Department, $12,160.44"; so as to read:

Treasury Department: Chester A. Poling, Inc. (United States District Court, Eastern District of New York, November 22, 1932, damages due to collision between the lighter *Poling Brothers No. 1* and the Coast Guard vessel *Trippe*), $11,215.02; Seacoast Trawling Co. (United States District Court, District of Massachusetts, March 6, 1933, damages due to collision between the fishing vessel *Juneal* and the Coast Guard patrol boat *C.G. 212*), $945.42; in all, under the Treasury Department, $12,160.44.

The amendment was agreed to.

The next amendment was, on page 7, after line 16, to insert:

War Department: The city of New York (United States District Court, Southern District of New York, No. 98-207, March 17, 1933, damages due to collision between the ferryboat *Queens* and the Coast Guard cutter *Manhattan*), $3,632.14.

The amendment was agreed to.

The next amendment was, on page 7, at the beginning of line 22, to strike out "in all, $13,721.44" and insert "total, judgments under Public Vessels Act, $18,853.58,"; so as to read:

Total, judgments under Public Vessels Act, $18,853.58, together with such additional sum as may be necessary to pay interest on any such judgment where specified therein and at the rate provided by law.

The amendment was agreed to.

The next amendment was, at the top of page 8, to insert:

For the payment of the final judgment, including costs of suit, rendered against the Government, under the provisions of the acts of May 1, 1926 (44 Stat. 1464), and February 26, 1927 (44 Stat. 1793), transmitted to the Seventy-third Congress, first session, in a communication from the President of the United States, to the President of the Senate, dated May 8, 1933, in favor of the Kursheedt Manufacturing Co. (United States District Court, Southern District of New York, No. 92-260, February 21, 1933, damages to cargo due to collision between steamship *Almirante* and steamship *Hisko*), under the Navy Department, $1,008.48.

The amendment was agreed to.

The next amendment was, on page 8, after line 17, to insert:

JUDGMENTS, COURT OF CLAIMS

SEC. 3. For the payment of the judgments rendered by the Court of Claims as set forth in the schedule transmitted to the Seventy-third Congress, first session, in a communication from the President of the United States to the President of the Senate, dated May 8, 1933, under the following departments, namely:

Navy Department: Peter G. Hale (Feb. 6, 1933, L-423, allowance for dependent), $3,375.14.

War Department: Hodgson Oil & Refining Co. (Mar. 23, 1933, 17381, 17395, and 17398, sale of cotton linters), $29,843.25; Buckeye Cotton Oil Co. (Mar. 23, 1933, 17495, sale of cotton linters), $541,359.57; Planters' Cotton Oil Co. (Mar. 23, 1933, 17385, sale of cotton linters), $36,197.29; Planters' Manufacturing Co. (Mar. 23, 1933, 17442, sale of cotton linters), $33,057.71; Daniel DeBardeleben (Feb. 6, 1933, 41824, difference in pay), $974.89; Leland Oil Works (Mar. 23, 1933, D-1095, sale of cotton linters), $52,592.46; Port Gibson Oil Works (Mar. 23, 1933, D-1100, sale of cotton linters), $21,776.94; Pittsburgh & Midway Coal Mining Co. (Feb. 6, 1933, J-574, penalties deducted under purchase order for coal), $493.30; in all, under War Department, $716,295.41.

Total, judgments, Court of Claims, $719,670.55: *Provided*, That none of the judgments contained under this caption which have not been affirmed by the Supreme Court or otherwise become final and conclusive against the United States shall be paid until the expiration of the time within which application may be made for a writ of certiorari under subdivision (b), section 3, of the act entitled "An act to amend the Judicial Code, and to further define the jurisdiction of the circuit courts of appeals and of the Supreme Court, and for other purposes", approved February 13, 1925 (U.S.C., title 28, sec. 288).

The amendment was agreed to.

The next amendment was, on page 10, after line 6, to insert:

AUDITED CLAIMS

SEC. 4. For the payment of the following claims, certified to be due by the General Accounting Office under appropriations the balances of which have been carried to the surplus fund under the provisions of section 5 of the Act of June 20, 1874 (U.S.C., title 31, sec. 713), and under appropriations heretofore treated as permanent, being for the service of the fiscal year 1930 and prior years, unless otherwise stated, and which have been certified to Congress under section 2 of the act of July 7, 1884 (U.S.C., title 5, sec. 266), in the schedules transmitted to the Seventy-third Congress, first session, by the President of the United States in a communication to the President of the Senate, dated May 8, 1933, there is appropriated as follows:

LEGISLATIVE ESTABLISHMENT

For public printing and binding, Government Printing Office, $59.70.

INDEPENDENT OFFICES

For Interstate Commerce Commission, $1.75.
For medical and hospital services, Veterans' Bureau, $4,715.
For military and naval compensation, Veterans' Administration, $178.44.
For salaries and expenses, Veterans' Bureau, $11.25.
For vocational rehabilitation, Veterans' Bureau, $108.40.
For Army pensions, $95.71.

DEPARTMENT OF AGRICULTURE

For salaries and expenses, Bureau of Animal Industry, $28.62.

DEPARTMENT OF COMMERCE

For air navigation facilities, $727.04.
For enforcement of wireless communication laws, $31,924.27.
For scientific library, Patent Office, $25.

DEPARTMENT OF THE INTERIOR

For general expenses, Bureau of Education, $2.75.
For conservation of health among Indians, $75.
For pay of Indian police, $43.78.

DEPARTMENT OF JUSTICE

For books, Department of Justice, $2.50.
For detection and prosecution of crimes, $22.50.
For salaries, fees, and expenses of marshals, United States courts, $427.02.
For fees of commissioners, United States courts, $1,335.75.
For fees of jurors and witnesses, United States courts, $6.40.
For books for judicial officers, $127.
For United States Penitentiary, Atlanta, Ga., $94.47.

DEPARTMENT OF LABOR

For expenses of regulating immigration, $2,000.

NAVY DEPARTMENT

For engineering, Bureau of Engineering, $897.85.
For pay of the Navy, $1,548.25.
For pay, subsistence, and transportation, Navy, $2,635.48.
For maintenance, Bureau of Supplies and Accounts, $12.50.
For aviation, Navy, $7,000.
For pay, Marine Corps, $80.54.

DEPARTMENT OF STATE

For relief and protection of American seamen, $27.
For transportation of Foreign Service officers, $408.48.

TREASURY DEPARTMENT

For salaries and wages, mint service, major institutions, $51.91.
For collecting revenue from customs, $4.
For enforcement of Narcotic and National Prohibition Acts, internal revenue, $150.02.
For pay and allowances, Coast Guard, $3,975.22.
For fuel and water, Coast Guard, $5.
For Coast Guard, $855.06.
For pay of other employees, Public Health Service, 75 cents.
For pay of personnel and maintenance of hospitals, Public Health Service, $1.04.
For field investigations of public health, $1.
For furniture and repairs of same for public buildings, $12.36.
For general expenses of public buildings, $1.
For operating supplies for public buildings, $1.42.
For repairs and preservation of public buildings, $1.19.
For marine hospital, Carville, La., $120.86.

WAR DEPARTMENT

For pay, etc., of the Army, $26,774.34.
For pay of the Army, $10,906.83.
For mileage of the Army, $37.50.
For clothing and equipage, $42.71.
For Army transportation, $41.31.
For pay of National Guard for armory drills, $253.62.
For supplies, services and transportation, Quartermaster Corps, $181.39.
For subsistence of the Army, $6.75.
For general appropriations, Quartermaster Corps, $956.14.
For replacing ordnance and ordnance stores, $175.34.
For replacing clothing and equipage, $1.12.
For terminal storage and shipping buildings, $5,324.49.
For registration and selection for military service, $448.70.
For increase of compensation, Military Establishment, $2,437.49.
For citizens' military training camps, $1.
For mileage to officers and contract surgeons, $36.99.
For organized reserves, $51.33.
For arrears of pay, bounty, etc., $84.93.
For Reserve Officers' Training Corps, $42.
For pay, etc., of the Army, War with Spain, $15.52.
For regular supplies of the Army, $941.65.
For seacoast defenses, ordnance, $250.21.
For arming, equipping, and training the National Guard, $195.
For headstones for graves of soldiers, $1.47.
For Rainy Lake reference (State transfer to War, act May 21, 1920), $9.04.

POST OFFICE DEPARTMENT—POSTAL SERVICE

(Out of the postal revenues)

For city delivery carriers, $87.16.
For clerks, contract stations, $1.83.
For clerks, first- and second-class post offices, $7.09.
For foreign mail transportation, $51.43.
For freight, express, or motor transportation of equipment, etc., 38 cents.
For indemnities, domestic mail, $168.07.
For indemnities, international mail, $36.66.
For miscellaneous items, first- and second-class post offices, $60.
For railroad transportation and mail-messenger service, $17.42.
For rent, light, and fuel, $261.72.
For separating mails, $249.
For special delivery fees, $70.01.

Total, audited claims, section 4, $110,030.92, together with such additional sum due to increases in rates of exchange as may be necessary to pay claims in the foreign currency as specified in certain of the settlements of the General Accounting Office.

The amendment was agreed to.

The next amendment was, at the top of page 16, to insert the following additional section:

SEC. 5. For the payment of the following claims, certified to be due by the General Accounting Office under appropriations the balances of which have been carried to the surplus fund under the provisions of section 5 of the act of June 20, 1874 (U.S.C., title 31, sec. 713), and under appropriations heretofore treated as permanent, being for the service of the fiscal year 1930 and prior years, unless otherwise stated, and which have been certified to Congress under section 2 of the act of July 7, 1884 (U.S.C., title 5, sec. 266), as set forth in the schedule transmitted to the Seventy-third Congress, first session, by the President of the United States in a communication to the President of the Senate, dated May 8, 1933, there is appropriated as follows:

NAVY DEPARTMENT

For pay, subsistence, and transportation, Navy, $8,732.43.
For pay of the Navy, $4,836.67.
Total, audited claims, section 5, $13,569.10.

The amendment was agreed to.

Mr. BRATTON. Mr. President, on behalf of the committee, I send forward an amendment which I ask to have agreed to.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. The Senator from New Mexico proposes the following amendment: On page 3, after line 23, to insert the following:

DEPARTMENT OF THE INTERIOR

BUREAU OF INDIAN AFFAIRS

Eradication of scabies, Truxton Canyon Reservation, Ariz. (tribal funds): For assisting in the eradication of scabies in livestock of the Indians of the Truxton Canyon Reservation, Ariz., fiscal years 1933 and 1934, $10,000, payable from tribal funds on deposit to the credit of said Indians.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. BRATTON. Mr. President, I send forward another amendment.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. At the top of page 4, it is proposed to insert the following:

Attorneys' fees and expenses, Menominee Tribe, Wisconsin (tribal funds): The unexpended balance of the $20,000 of Menominee tribal funds authorized to be expended by the act of March 2, 1931 (46 Stat., p. 1468), for employment of attorneys to formulate any claims the Menominee Tribe might have against the Government of the United States, and for expenses of such attorneys in connection with their services, is hereby continued available for the same purposes until June 30, 1934.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. BRATTON. I offer another amendment.

The PRESIDING OFFICER. The amendment proposed by the Senator from New Mexico will be stated.

The LEGISLATIVE CLERK. On page 4, after line 24, it is proposed to insert:

DEPARTMENT OF STATE

Seventh International Conference of American States, Montevideo, Uruguay: Not to exceed $70,000 of any appropriation made for the Department of State for the fiscal year 1934 is hereby made available for the participation by the United States in the Seventh International Conference of American States to be held in the city of Montevideo, Uruguay, including personal services without reference to the Classification Act of 1923, as amended, and rent, stenographic reporting and translating services by contract if deemed necessary, without regard to section 3709 of the Revised Statutes (U.S.C., title 41, sec. 5); traveling expenses (and by indirect routes if specifically authorized by the Secretary of State); hire of automobiles; purchase of necessary books and documents; stationary; official cards; newspapers and periodicals; printing and binding; entertainment; equipment; and such other expenses as may be authorized by the Secretary of State, to remain available until June 30, 1934.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. BRATTON. I offer another amendment, to follow the amendment just adopted.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 4, line 24, after the amendments heretofore agreed to, it is proposed to insert:

Salaries of Foreign Service officers while receiving instructions and in transit: The sum of $60,000 is hereby transferred from the appropriation "Office and living quarters, Foreign Service, 1933", to the appropriation "Salaries of Foreign Service officers while receiving instructions and in transit, 1933."

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. BRATTON. I offer a further amendment to follow the amendment just adopted.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 4, after line 24, after the amendment last adopted, it is proposed to insert:

Salaries of Foreign Service officers while receiving instructions and in transit: The sum of $20,000 is hereby transferred from the appropriation "Contingent expenses, Foreign Service, 1934", to the appropriation "Salaries of Foreign Service officers while receiving instructions and in transit, 1934."

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. BRATTON. I send forward another amendment.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. At the proper place in the bill, after the amendments heretofore agreed to, it is proposed to insert:

Fluctuations in rates of exchange: Not to exceed $1,500,000 of any appropriation or appropriations for the State Department for the fiscal year 1934 is hereby made available to enable the President, in his discretion or as prescribed by him, and notwithstanding the provisions of any other law, to make expenditures arising in connection with fluctuations in rates of exchange subsequent to March 1, 1933, and such action as the President may take shall be conclusive, to be immediately available and to continue available until June 30, 1934.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. BRATTON. I offer another amendment.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. At the top of page 5 it is proposed to insert:

WAR DEPARTMENT

CORPS OF ENGINEERS

Flood control, Lowell Creek, Alaska: For necessary maintenance of the flood-control works at Lowell Creek, Seward, Alaska, authorized by an act approved February 14, 1933 (47 Stat., p. 802), to be available until June 30, 1934, $21,000.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. BYRNES. Mr. President, I offer an amendment to the pending bill.

The PRESIDING OFFICER. The amendment proposed by the Senator from South Carolina will be stated.

The LEGISLATIVE CLERK. At the top of page 5, after the amendments heretofore agreed to, it is proposed to insert:

RECONSTRUCTION FINANCE CORPORATION

That paragraph (6) of section 201 (a) of the Emergency Relief and Construction Act of 1932 is amended so as to read as follows: "(6) To make loans to nonprofit corporations, with or without capital stock, organized for the purpose of financing the repair or reconstruction of buildings damaged by earthquake, tornado, or cyclone in the year 1933 and deemed by the Reconstruction Finance Corporation economically useful. Obligations accepted hereunder shall be collateraled (a) in the case of loans for the repair or reconstruction of private property, by the obligations of the owner of such property secured by a paramount lien except as to taxes and special assessments on the property repaired or reconstructed, and (b) in the case of municipalities or political subdivisions of States or their public agencies, by an obligation of such municipality, political subdivision, or public agency. The corporation shall not deny an otherwise acceptable application for loans for repair or reconstruction of the buildings of municipalities, political subdivisions, or their public

agencies because of constitutional or other legal inhibitions affecting the collateral. The collateral obligations may have maturities not exceeding 10 years. Loans under this paragraph shall be fully and adequately secured. No loan hereunder shall be made after December 31, 1933. The aggregate of the loans made under this paragraph shall not exceed $5,000,000."

Mr. McNARY. Mr. President, I understand that amendment is largely based on legislation heretofore passed by Congress allowing loans to be made in cases of damage caused by cyclones?

Mr. BYRNES. That is a correct statement.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from South Carolina.

The amendment was agreed to.

Mr. BARKLEY. I offer an amendment to be inserted at the proper place in the bill.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. After the amendments heretofore agreed to, it is proposed to insert:

American group of the Interparliamentary Union: Toward the expenses of the American group of the Interparliamentary Union, including traveling expenses, subsistence or per diem in lieu of subsistence (notwithstanding the provisions of any other act), compensation for stenographic and other clerical services, printing and binding, and other necessary expenses, fiscal year 1934, $10,000, to be disbursed on vouchers approved by the president and the executive secretary of the American group.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Kentucky.

The amendment was agreed to.

Mr. JOHNSON. I offer an amendment which is intended simply to extend an appropriation which has not been used.

The PRESIDING OFFICER. The amendment proposed by the Senator from California will be stated.

The LEGISLATIVE CLERK. At the top of page 5, after the amendment heretofore agreed to, it is proposed to insert:

Palo Verde Valley, Calif.: Flood protection, the unexpended balance of the appropriation of $50,000 for the protection of Palo Verde Valley, Calif., contained in the Second Deficiency Act, fiscal year 1932, approved July 1, 1932, shall remain available for the same purposes during the fiscal year 1934.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from California.

The amendment was agreed to.

Mr. TRAMMELL. The amendments which have been offered to the pending bill have all been adopted with a great deal of expedition, and properly so, unless there is some inquiry made; but I noticed among the number an amendment that provided 60 thousand or 70 thousand dollars for the payment of Foreign Service officers in transit or something of that character. I should like to know what that really is, and why the Senate is appropriating 60 thousand or 70 thousand dollars in addition to the customary amounts?

Mr. BRATTON. As I understand, due to the changes in personnel, additional funds are needed to provide transportation for Foreign Service officers to and from the United States. The item is supported by a Budget estimate and has been thoroughly investigated.

Mr. TRAMMELL. I suppose probably the amendment is all right, but, so far as the question of being supported by a Budget estimate is concerned, that does not carry a great deal of weight with me. I find that in fixing the Budget there still remains some of that old Republican favoritism in the matter of making estimates and sending in items of appropriation. I am not going to criticize any of these items in particular, but I think there is a little liberality being dispensed here.

The Public Printer in his annual report stated that $500,000 a year could be saved to the Government in the operation of the public printing plant. I have not seen any item come in here for the purpose of curtailing or reducing the amount of expense there. There is an appropriation of $400,000 carried in this deficiency bill for the Government Printing Office. I think we had better go into the question of the Public Printing Office, for instance, for which there is an item of $400,000 in this bill.

Mr. BRATTON. Mr. President, will the Senator from Florida yield?

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from New Mexico?

Mr. TRAMMELL. I yield.

Mr. BRATTON. The Senator from Florida is in error in that statement, and I know he does not desire to make an erroneous statement. In the recent economy bill we restored to employees of the Government Printing Office the right to leave with pay, but reduced the period to 15 days. In an earlier appropriation bill we had altogether discontinued the right of leave with pay. The result is that the employees are now entitled to 15 days' leave with pay, but no money has been provided with which to pay them. This amendment simply authorizes the use of that much of the working capital of the Government Printing Office to carry out existing law. It does not appropriate any additional money out of the Treasury, but it is to carry out the provisions of existing law. I am sure the Senator from Florida would not object to that.

Mr. TRAMMELL. I think that that ought to be provided for, but what I had in mind more particularly, to which I desire to direct the attention of the Economy Committee, is that the Public Printer has stated that $500,000—a half million dollars—per annum might be saved in the Government printing plant in connection more particularly with the expenditures by Congress. I do not care to notice any of the criticism of Congress; much of it is nothing but folderol and absolutely absurd; but the Public Printer did say that. It seems to me, if he is correct, there is a channel in which some work might be done in the interest of economy.

I notice that the public press "played it up" that mostly the savings would be in connection with the printing that is done for Congress and probably referred to the fact that, if we would exclude from the CONGRESSIONAL RECORD much matter that does not belong there under the rules, that would work a great saving.

I am in favor of economy; I have supported practically all the measures of that kind which have been presented here; but I think where a public official has made a statement such as the Public Printer has made in his report, and it has been heralded all over the country by the press, that the Economy Committee and those working in behalf of economy should make a little investigation along that line and see whether or not there is anything to it.

Mr. FLETCHER. Mr. President, may I say in reference to the remarks of my colleague, recurring to the public printing plant and its operations, that I have received a letter from the Public Printer—I have it not with me now—in which he shows savings of more than $500,000 this year that will be covered into the Treasury from appropriations heretofore made. So that I am quite sure that they are operating there in such a manner that they are actually saving money from previous appropriations and that money is being put back into the Treasury.

Mr. TRAMMELL. I am very glad to hear that.

The PRESIDING OFFICER. The question is, Shall the amendments be engrossed and the bill read a third time.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The question is, Shall the bill pass?

The bill was passed.

RECESS

Mr. BRATTON. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 15 minutes p.m.) the Senate took a recess until tomorrow, Friday, May 12, 1933, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

THURSDAY, MAY 11, 1933

The House was called to order at 12 o'clock noon by the Clerk of the House of Representatives, who read the following communication from the Speaker:

THE SPEAKER'S ROOMS,
UNITED STATES HOUSE OF REPRESENTATIVES,
Washington, D.C., May 11, 1933.

I hereby designate Hon. ALFRED L. BULWINKLE to act as Speaker pro tempore today.

HENRY T. RAINEY.

Mr. BULWINKLE assumed the chair as Speaker pro tempore.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

High above all, wrapped in tranquil infinity, our Father, yet in mercy Thou dost look upon this world with its tragedies, storms, and defeats. Give us an inspirational faith to believe that somewhere in this universe there is something waiting to fill our breasts with endless song. We praise Thee for the care and for the love which have gone into Thy children of this earth. Wherefore may we not glory in wealth, or in man, or in station, but glory in the everlasting gift with which we have been endowed. Thou, great Shepherd of the sheep, lend us strength and courage to smite temptation and guard Thy fold from polluting taint of every kind. Let us enjoy the unbroken flows of fresh, new grace while the light of eternity is burning in our breasts. In the name of Jesus. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed, with an amendment, in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 4220. An act for the protection of Government records.

ORDER OF BUSINESS

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that the gentleman from West Virginia, Mr. RANDOLPH, may have 15 minutes to address the House on the subject of Mother's Day. The lady who first suggested Mother's Day and who is the founder of Mother's Day formerly lived in the gentleman's district in West Virginia. I hope no one will object to the request at this time.

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object—I am not going to object to this request—but I would like to know from the gentleman if he has any information as to whether we will meet tomorrow or not.

Mr. BYRNS. I am inclined to think we may, but I am not absolutely positive about it.

Mr. MARTIN of Massachusetts. The gentleman can possibly give us that information later in the day?

Mr. BYRNS. Yes. While I have no definite information on the subject, it is entirely possible the President may send in a message tomorrow. I do not mean to say this will be done, but if he has the message ready I think it highly important that it should be received and that the bill, which would follow, should be taken up by the committee to which it would be referred in order to let that committee proceed at once with its consideration, because I take it they will want to hold some hearings on the measure.

Mr. MARTIN of Massachusetts. Can the gentleman inform us with respect to the text of the message?

Mr. BYRNS. It is on the public works bill.

Mr. MARTIN of Massachusetts. The public works bill?

Mr. BYRNS. That is my information. I hope the gentleman will understand I am not saying the message will come in tomorrow, but there is a possibility it may; and if it does, I think the House ought to be ready to receive it.

Mr. MARTIN of Massachusetts. The gentleman does not expect a message with respect to the tariff to come in at that time?

Mr. BYRNS. No; I do not. And if this request is granted, which I hope it will be, I trust there will be no further unanimous-consent requests to address the House. I am sure we shall be pleased to grant this request and then permit the committee to proceed with the appropriation bill, as it is hoped we may get through that measure today.

Mr. MARTIN of Massachusetts. Further reserving the right to object, will the gentleman be reasonable with this side of the House if we desire a little time to discuss any message that may come in?

Mr. BYRNS. I take it we will have a lot of time at our disposal tomorrow, if we get through with the pending bill today.

Mr. WOODRUM. Mr. Speaker, reserving the right to object, and I shall not object to this request, because I think the address of the gentleman is highly appropriate, I hope there will be no further unanimous-consent requests, as the Committee is anxious to conclude the consideration of the independent offices bill today.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

THE UNAPPLAUDED MOLDERS OF MEN

Mr. RANDOLPH. Mr. Speaker, it is with a feeling that I am treading on holy ground that I ask you to turn with me today for a few minutes to honor the immortal builder of all heroes—mother. Too long have mothers been the unapplauded molders of men, too long the true but unsung architects of destiny.

Volumes have been written about kings and emperors; historians have told of the exploits of a thousand heroes of battle; biographers have packed into colorful words the life and death of our statesmen; while painters have filled galleries with likenesses of our living great; but it remained for Miss Anna Jarvis, a West Virginia woman, untold years after the first mother had given birth to a son, to immortalize mother by having the Congress of the United States give recognition to Mother's Day through the display of our flag. The Congress established this memorial in 1914, and since that year on Mother's Day men and women turn from the turmoil of labor and by silent communion with that mother, living or dead, receive again from her the strength of mind and the pureness of soul that only can be bred in that greatest of all loves—that of a mother for her child.

Oh, if the historians, the painters, and sculptors could see through the outward acts of men to the source from which they derive their power of greatness, how different might be the lists of the honored and successful! How different would be the story of our national progress!

Behold the settling of the New World. With the Pilgrim father who sought his religious liberty in a new and unknown land came also the Pilgrim mother. She it was who endured the same hardships as her stronger mate; she it was who steadfast to her duty of wife and mother battled with him the cold of the cruel New England winters; she with him sacrificed the comparative peace and safety of the Old World for the dangers of the New; she with him fought the savage Indian; she kept his house, cooked his meals, bore him sons and daughters, and earnestly and faithfully reared them into new pioneers destined to build America.

Write, ye historians, of the mother of George Washington faithfully training that great man in the paths of duty and service. Record the story of the brave mother from the hills of western Virginia who sent her three sons to fight in the Continental Army when the British, under Colonel Tarleton, threatened invasion of the Shenandoah Valley with these words:

Go, my sons, and keep back the foot of the invader or see my face no more.

When this story was related to Washington in the darkest hours of the Revolution he said:

> Leave me but a banner to plant upon the mountains of West Augusta and I will rally around me men who will lift our bleeding Nation from the dust and set her free.

Paint, ye artists, the settlement of the western America, but forget not that into that empire-building went not only the toil and blood of our pioneer men but that into it also went the immeasurable toil of pioneer women. Too often we visualize the skeletons that marked the trail across the prairies, the mountains, and deserts as the last remains of a Custer, a Lewis, a great frontiersman who died in glory defending his loved ones. Too often the true story written on the desert sands is the story of a mother's sacrifice, sometimes in the forefront of battle but more often in the burdensome strife of daily tasks that bent and broke her body. Too often the mute bones on the westward trail bespeak the death of a mother in childbirth. The story of the cradle rather than the report of the blunderbuss marks the westward course of empire.

O orators, if you would explain the greatness of Lincoln paint the vision of Nancy Hanks; fill your minds, if you can, with the glory of her mother love, catch the strains of the strange lullabies she sang to her unborn child. What fount of greatness can compare with hers? Biographers, if you would know from whence came the staunchness of Woodrow Wilson's soul, the breadth of his great vision, search out the secret gift of life and life's greatest ideals transmitted to him by his mother.

And so goes the story day in and day out, from the mothers of the great to the mothers of all men throughout the world. I wonder if any son ever knew the true depth of a mother's heart. Is there any force for righteousness and peace in the world equal to the force of a mother's daily teaching of obedience, of peace, of love, and of devotion to high ideals? Is there any nobler lesson taught than is taught by a mother's living example of sacrifice, of duty, and of love?

One September evening, several years ago, I stood on the railroad-station platform in Charleston, the capital of our State, just before the night train for Clarksburg was ready to pull out.

It was a delightful twilight, and I did not want to board the sleeper until the last minute. Just then a young man came swinging toward the car steps carrying his luggage. I know the boy, and it happened that he was leaving for Morgantown to enroll as a freshman at West Virginia University. It was the beginning of his first great life's adventure.

Standing close by, I heard the final words of parting. The father shook his son's hand with a final admonition, "I hope you'll make the football team, but go easy on the money, for your old dad has to settle all the bills." And this was a remark that many a father has made to his son. The sister said she hoped he might be pledged to the best fraternity on the campus. And then his sweetheart murmured—but I shall not report what they said, for we should never tell what sweethearts speak at parting time.

But, seriously, I shall never forget the words spoken by that mother to her boy, as she put her loving arms around his stalwart shoulders and said, "My boy, like your father, I want you to make the football team, and like your sister I want you to know the best people, but above all other things I hope you'll always remember to be a good boy."

When that mother spoke she did not mean "good boy" in the sense that she desired her son to be a wishy-washy sort of person. She meant what every mother has meant when she said those words. She simply wanted her boy to be honest, chivalrous, brave, and to stand foursquare against the evil winds that blow.

And thus do mothers write the living stories of men and nations. Behind the storm and strife and blustering of the actors most vividly before our eyes do we see the power of mother love and the fashioning of manhood and womanhood in mother's heart and hands.

I once heard a friend telling a young woman that he did not believe in any hereafter; that so far as he was concerned heaven and hell consisted of the joys and sorrows that every person experienced in this world and that when death stopped the movements of this life his body became only so much decaying matter and nothingness was the end. The young woman answered him in these words, "Do you mean to tell me that I shall never again see my mother?" And in that simple and yet boundless faith that mother and immortality were one and inseparable; in the sureness of her knowledge that when she had become weary of the labors of life there would be waiting the radiant face of her mother to comfort her and the loving arms to enfold her once more—never again to be separated in all eternity—in the light of that abiding hope and faith, all of the scientific arguments of my friend were of the nothingness of which he spoke. Against that mother-love logic was but the mere exercise of dried-up mathematics. And it is the same mother love that has enthroned the highest ideals in the hearts of all men. It has been the inspiration of the great and the comfort and hope of the lowly. Before the voice of a mother telling her son to "be a good boy" all of the pomp and splendor of the outward world fades away and

> The tumult and the shouting dies,
> The captains and the kings depart,
> Still stands thine ancient sacrifice,
> An humble and a contrite heart.

Mother's Day is the most fitting memorial that can be raised to mothers of men. When we drive about the city of Washington we proceed from circle to circle, from monument to monument. Here stands a statue of Farragut, and here a likeness of Webster, and towering over them all is the giant spire honoring the great Washington. It is fitting that a nation should honor its heroes. But no statue can be raised to mother as enduring and as inspiring as the child each mother rears herself. No writer can enclose between the backs of any book all of the wisdom of a mother's teaching. No poet can capture all of the joys and sorrows of a mother's heart. No painter has the power to transmit to his canvas the beauty of a mother's face that glows in the memory of her dear ones, no matter how homely, how grotesque, or how blank and stupid that same face may have appeared to strangers. Even the wizardry of the sculptor's hand cannot endue his cold marble with the warmth of a mother's love. No; only a special day set apart for us, sons and daughters of mothers living and mothers dead, to commune again in our thoughts with those to whom we owe our all, is a fitting memorial to Mother. Memory alone holds for us the charm of her personality. Memory alone brings back the picture of those thousands of cares and daily tasks she did for us; the joyful laughter at our successes; the loving kindness of her manner. Memory alone brings back the mother we knew, and to bring back any other mother is only to rear an unworthy monument.

Today we are living in a world of personalities. Europe bristles with names of men rather than names of nations. Stalin of Russia, Mussolini of Italy, Hitler of Germany—who knows what influence their mothers had upon them? From whence their courage, their vision, their power? A mother tapped the sources of their personality, taught them the duties and tasks of life, guarded their bodies, and filled their minds with great thoughts.

Today in our Western Hemisphere it has been said that our President Roosevelt is the outstanding and dominant personality. Fortunate are we Americans to have his mother alive. This splendid mother of our President sees him as he magnificently commands our ship of state. She remembers daily the dreams she had for him in the yesteryears when with her aid and guidance he was equipping himself for just such a momentous task of leadership. Humble, yet justly proud, she walks securely down the remaining miles on her highway of life, knowing that there follows along the trail a son who is perhaps destined to become one of the truly great leaders of mankind. And ever behind Roosevelt will remain his warm and glowing mother.

The late great poet, Henry Van Dyke, has expressed in tender words my wish and your wish when he says:

I cannot pay my debt
For all the love that she has given;
But Thou, love's Lord,
Wilt not forget
Her due reward—
Bless her in earth and heaven.

[Applause.]

INDEPENDENT OFFICES APPROPRIATION BILL, FISCAL YEAR 1934

Mr. WOODRUM. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 5389) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. McCLINTIC in the chair.

The Clerk, proceeding with the reading of the bill, read as follows:

ARLINGTON MEMORIAL BRIDGE COMMISSION

For continuing the construction of the Arlington Memorial Bridge across the Potomac River at Washington, authorized in an act entitled "An act to provide for the construction of a memorial bridge across the Potomac River from a point near the Lincoln Memorial in the city of Washington to an appropriate point in the State of Virginia, and for other purposes", approved February 24, 1925 (43 Stat., p. 974), to be expended in accordance with the provisions and conditions to the said act, $198,000, of which $25,000 shall be available for widening and resurfacing the present road from the memorial entrance of the cemetery to the southeast corner of the cemetery, conditioned upon the State of Virginia completing the construction of the Lee Boulevard link of the Virginia State highway system to the same point; and not exceeding $20,000 shall be available for clerical and accounting service, including all necessary incidental and contingent expenses, printing and binding, and traveling expenses, to remain available until expended: *Provided*, That the Commission may procure supplies and services without regard to section 3709 of the Revised Statutes (U.S.C., title 41, sec. 5) when the aggregate amount involved does not exceed $50: *Provided further*, That no part of this appropriation shall be used to pay for the cost of reconstructing and paving Constitution Avenue east of Virginia Avenue, as provided in the approved project, except for such portions as may abut upon Government-owned property, and not in excess of 40 percent of the cost of such reconstructing and paving of that portion of the said street which so abuts.

Mr. UMSTEAD took the chair.

Mr. McCLINTIC. Mr. Chairman, I move to strike out the last word. This section deals with a subject which I dare say many new Members are not familiar with. I can remember a year ago when those interested in this subject, and who were importuning Members to vote for the same, made the statement that the State of Virginia would contribute a certain portion of its cost. There was nothing of that nature included in the legislation, but it is interesting to know that this Government of taxpayers has expended possibly $5,000,000 for the purpose of completing a macadam, hard-surface highway to Mount Vernon, serving principally the citizens of Alexandria and Washington.

In addition I am advised that we are paying the salaries of those who police the highway. We purchased the territory adjacent, and I cannot understand why it is necessary to maintain in what some might term "in perpetuity" this highway.

We not only spend money for the completion of the bridge but, if I am correctly advised, the State of Virginia did not even furnish the ground where the other end of the bridge rests.

I do not wish to criticize the distinguished gentleman from Virginia in charge of the bill. I have as high a regard for him as any person that I know of; but I am interested in the welfare of the people, and I do not think this kind of discrimination ought to go on. I think the gentleman from Virginia, in charge of the bill, ought to advise the new Members how long we are going to maintain this Commission and the activities that, in my opinion, ought never to have been authorized in the construction of the bridge.

It seems to me that there ought to be some way of bringing the matter to a conclusion. I am hoping the gentleman in charge of the bill will enlighten the House as to how long we are to continue appropriating year after year money for this purpose, when the bridge is about completed and the highway is built and the road being traveled and used daily.

Mr. BEAM. Will the gentleman yield?

Mr. McCLINTIC. I yield.

Mr. BEAM. How long has this Commission been in existence?

Mr. McCLINTIC. The gentleman from Massachusetts [Mr. LUCE], who was in charge of the bill originally, can answer that; but I think 4 or 5 years.

Mr. BEAM. Can the gentleman state the amount of money expended?

Mr. McCLINTIC. I hope the gentleman from Virginia will give us the amount. Every Member of the House is entitled to the information when we are asked to make this appropriation.

Mr. WOODRUM. Mr. Chairman, I rise in opposition to the pro forma amendment. This outburst of my good friend from Oklahoma [Mr. McCLINTIC] in the interest of the taxpayers is very interesting. Members of Congress who were here, as he was and as I was when the legislation was passed, know that it was never contemplated or stated in this House by anybody who had any authority to make any such statement that the State of Virginia would pay any part of the cost of building the Arlington Memorial Bridge. It was entirely a Government project. It was considered carefully by a legislative committee of the House. It was not a project fostered by the people of the State of Virginia or in the interest of the people of Virginia.

It is true that one end of that great memorial does rest on the sacred and holy, historic ground of Virginia and the beautiful boulevard that is a credit to the Nation, which is used daily by thousands of citizens of the United States, not only Virginians but Oklahomans and all other citizens, to visit the great Tomb of the Unknown Soldier and the home of the Father of Our Country. It begins at the Virginia end of the Memorial Bridge and goes to Mount Vernon. It is true that a few motorcycle officers patrol that Government boulevard at a very small expense. The original project, I think, called for an expenditure of about $12,000,000 or $14,000,000. The project is practically complete. This practically completes the structure, except some very drastic curtailments in the project made in the bill last year and this year with my entire and hearty approval, in the interest of economy—some ornamentation, which has been taken out, and some paving.

Everything has been deleted from the project that it was possible to take out without absolutely destroying it. When the constituents of the various Members of Congress come to Washington, this beautiful Capital City, and visit its beautiful memorials and parks and drive across that wonderful bridge and out that boulevard to the home of George Washington, not a Virginian but an American, I do not think any Member of the House need apologize to them for the few dollars that were spent to build that beautiful Memorial Bridge and highway. [Applause.]

Mr. LANHAM. Mr. Chairman, I move to strike out the last two words. By reason of a committee assignment which I hold in the House I am, ipso facto, a member of the Arlington Memorial Bridge Commission. When this matter originated a few years ago, I was a member of that same committee but not its chairman and, therefore, not a member of this Commission. I recall that I took the floor and opposed this proposition originally. I did not believe that this sum of money should be expended for the construction of this bridge, especially entirely out of Federal funds. But that contention was overruled by the vote of the House, and the expenditure was authorized. The bridge has been constructed and is practically complete. As a member of that Commission I have opposed the approval of several items of expense which, in my judgment, were not justified. One of these was an item of about $10,000, which was to be used in having certain advertising matter engraved upon the

stone of that bridge, setting forth the names of those who had done certain features of the work. It occurred to me that that information might well be preserved in official records and that the firms who were honored with that work should not have their names perpetuated in an advertising way at the expense of the United States Government. The work having been begun, and the work now being near completion, naturally it devolves upon the Congress of the United States to see that it is carried out as economically as possible in accordance with the original plan. I hope it can soon be completed, and I trust that we shall continue to eliminate any items of useless expense.

The CHAIRMAN. Without objection, the pro forma amendment is withdrawn.

Mr. WOODRUM. Mr. Chairman, on page 5, line 23, the word "to" should be stricken out and the word "of" substituted. It is a typographical error. I offer that amendment.

The Clerk read as follows:

Amendment by Mr. WOODRUM: Page 5, line 23, after the word "conditions", strike out the word "to" and insert in lieu thereof the word "of."

The amendment was agreed to.

The Clerk read as follows:

CIVIL SERVICE COMMISSION

For three Commissioners and other personal services in the District of Columbia, including personal services required for examination of Presidential postmasters, and including not to exceed $1,000 for employment of expert examiners not in the Federal service on special subjects for which examiners within the service are not available, and for personal services in the field; for necessary traveling expenses, including those of examiners acting under the direction of the Commission, and for expenses of examinations and investigations held elsewhere than at Washington, including not to exceed $1,000 for expenses of attendance at meetings of public officials when specifically directed by the Commission; for furniture and other equipment and repairs thereto; supplies, advertising; telegraph, telephone, and laundry service; freight and express charges; street-car fares not to exceed $300; stationery; purchase and exchange of law books, books of reference, directories, subscriptions to newspapers and periodicals, not to exceed $1,000; charts; purchase, exchange, maintenance, and repair of motor trucks, motorcycles, and bicycles; garage rent; postage stamps to prepay postage on matter addressed to Postal Union countries; special-delivery stamps; and other like miscellaneous necessary expenses not hereinbefore provided for, $1,028,000: *Provided*, That no details from any executive department or independent establishment in the District of Columbia or elsewhere to the Commission's central office in Washington or to any of its district offices shall be made during the fiscal year ending June 30, 1934, but this shall not affect the making of details for service as members of the boards of examiners outside the immediate offices of the district managers: *Provided further*, That the Civil Service Commission shall have power in case of emergency to transfer or detail any of its employees to or from its office or field force.

Mr. HOEPPEL. Mr. Chairman, I offer the following amendment, which I send to the desk and ask to have read.

The Clerk read as follows:

Amendment by Mr. HOEPPEL: In section 1, page 10, line 7, substitute a comma for the period after the word "force" and add the following: "*Provided*, That in such transfer or detail of any of its employees husband and wife shall not be assigned to duty in the same division or section of any bureau, office, or institution of the Civil Service Commission."

Mr. WOODRUM. Mr. Chairman, I make the point of order against the amendment that it is legislation on an appropriation bill and changes the fundamental law.

The CHAIRMAN. Does the gentleman from California desire to be heard upon the point?

Mr. HOEPPEL. I do, sir. I contend that this does not change the fundamental law. It merely makes this present provision elastic. That is my contention.

The CHAIRMAN. The Chair is ready to rule. The amendment clearly changes existing law, and the Chair is therefore of the opinion that it is legislation. The Chair sustains the point of order.

The Clerk read as follows:

Total, Federal Board for Vocational Education, $2,487,700.

Mr. JENKINS. Mr. Chairman, I move to strike out the last word, to ask a question or two. I should like to ask the chairman of the Subcommittee on Appropriations or someone who knows about this, with respect to this matter: I have received some complaints and some very interesting questions from people who are highly interested. In reading this section and getting from it what I can, it seemed to me that the committee has made the reductions very carefully and without any apparent favor to any item. Is that correct?

Mr. WOODRUM. Is the gentleman speaking now of the Federal Vocational item?

Mr. JENKINS. Yes.

Mr. WOODRUM. The reduction carried in that item is accounted for by additional salary reduction, for one thing, and what is equivalent to a 15-percent reduction of the amount of Federal contribution to the States.

Mr. JENKINS. I notice that in the salaries the reduction is about uniform, but where there is a reduction from $1,500,000 to $1,275,000 in vocational-education work in agricultural home economics, it would appear to me that that reduction is larger than any other reduction.

Mr. WOODRUM. That is exactly 15 percent.

Mr. JENKINS. Am I safe in assuming that the reductions are uniform down along the line, so that no department would have any right to complain that it has been unjustly discriminated against?

Mr. WOODRUM. That is correct.

The pro forma amendment was withdrawn.

The Clerk read as follows:

For salaries and expenses in accordance with the provisions of the "Agricultural Marketing Act", approved June 15, 1929 (U.S.C., supp. V, title 7, secs. 521–535f), not including the salaries of members of the Federal Farm Board, except the salary of the member designated as chairman, and the act creating a Division of Cooperative Marketing in the Department of Agriculture, approved July 2, 1926 (U.S.C., supp. VI, title 7, secs. 451–457), including stenographic reporting services to be obtained by the Board through the Civil Service or by contract; not to exceed $750 for newspapers and clippings; membership fees or dues in organizations which issue publications to members only or to members at a lower price than to others, payment for which may be made in advance; manuscripts, data, and special reports by purchase or by personal services without regard to the provisions of any other act; to procure supplies and services without regard to section 3709 of the Revised Statutes (U.S.C., title 41, sec. 5) when the aggregate amount involved does not exceed $50; purchase and exchange, maintenance, repair, and operation of motor-propelled passenger-carrying vehicles and motor trucks to be used only for official purposes; typewriters, adding machines, and other labor-saving devices, including their repair and exchange; garage rental in the District of Columbia and elsewhere; traveling expenses, including attendance at meetings concerned with the work of the Federal Farm Board; payment of actual transportation expenses and not to exceed $10 per diem to cover subsistence and other expenses while in conference and en route from and to his home to any person other than an employee or a member of an advisory commodity committee whom the Board may from time to time invite to the city of Washington and elsewhere for conference and advisory purposes in furthering the work of the Board; the employment of persons, firms, and others for the performance of special services, including legal services and other miscellaneous expenses, all unexpended balances of appropriations for the Federal Farm Board, not exceeding $1,050,000, are hereby made available for the purposes enumerated in this paragraph: *Provided*, That during the fiscal year 1934, when the Federal Farm Board requires cooperative work by any department or independent establishment of the Government within the scope of the functions of such department or establishment and which such department or establishment is unable to perform within the limits of its appropriations, the Federal Farm Board may transfer from this appropriation to such department or establishment, with the approval of the head thereof, such sum or sums for direct expenditure during the fiscal year 1934, as may be necessary for the performance of such additional work: *Provided further*, That no part of this appropriation shall be used to pay any salary in excess of $10,000 per annum, or any salary in excess of $8,500 per annum except to the member of the Board designated as the chairman and not to exceed eight other officers or employees.

Mr. WOODRUM. Mr. Chairman, I offer an amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. WOODRUM: Page 18, line 24, after the word "employees", strike out the period, insert a comma, and add "which number, in addition to any officers or employees who, under existing law may be so appointed and compensated, may hereafter be appointed and compensated without regard to the provisions of the Classification Act of 1923, as amended, and the Civil Service laws."

Mr. WOODRUM. Mr. Chairman, in explanation of the amendment, I would say it is simply a clarifying amendment. It does not affect the amount of the appropriation or the amount of salary. The language is suggested by the Comptroller General, because of the last proviso on page 18, which limits the number of $10,000 positions in this new set-up.

May I say that in the different boards and organizations which have been consolidated, there were sixteen $10,000 positions or executive positions, the basis salary of which was $10,000. Under this new set-up seven of those positions are eliminated, and the proviso at the bottom of page 18 limits the number of executive positions.

The language which has been suggested by the Comptroller is merely clarifying. It does not affect the appropriation at all.

Mr. TABER. Mr. Chairman, I rise in opposition to the amendment. This is a clarifying amendment. It helps make the Civil Service Act ineffective. I hope the House will not adopt the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia [Mr. WOODRUM].

The amendment was agreed to.

The Clerk read as follows:

Total, General Accounting Office, $3,280,000.

Mr. CARPENTER of Kansas. Mr. Chairman, I move to strike out the last word. I will say by way of apology that when we were considering the paragraph regarding the Federal Farm Board the Clerk skipped to the next section before I could ask a question.

I note on page 17, line 22, this provision:

Payment of actual transportation expenses and not to exceed $10 per diem to cover subsistence and other expenses while in conference and en route from and to his home to any person other than an employee or a member of an advisory commodity committee whom the Board may from time to time invite to the city of Washington and elsewhere for conference and advisory purposes in furthering the work of the Board.

I know that anyone subpenaed here should be reimbursed for his expenses. They should be provided for, but I would like to ask the committee to enlighten us why this section is necessary to pay the expenses of visitors whom the Farm Board may want to invite to Washington or elsewhere.

Mr. WOODRUM. Under the Agricultural Marketing Act the Federal Farm Board is authorized to create from time to time, as conditions may require, advisory commodity committees for the purpose of advising with various groups of agriculturists on problems particularly related to their particular commodity or activity. This language permits the Federal Farm Board to bring to Washington, whenever in its judgment it is necessary, agricultural experts to give information to those advisory groups, and to reimburse them for their traveling expenses and a small per diem.

The total amount expended under that in 1932 was less than $2,000. So, figuring the scope of the work, it is really an insignificant matter, and the Federal Farm Board tells us it enables them to bring witnesses here rather than to go to the expense of conducting expensive hearings in the field oftentimes when they are considering these specific matters.

Mr. BEEDY. Mr. Chairman, I move to strike out the last four words.

Mr. Chairman, the different points of view which Members of this body entertain upon public questions but reflects the fact that the people as a whole have varied interests and varied points of view.

I myself have never been able to understand how anybody could seriously criticize the work of the Federal Trade Commission. It has long seemed to me that this Commission, fully as much as any governmental agency, stands between the consuming masses of this country and the moneyed barons who through over-watered corporate structures all too frequently seek to prey upon them.

I myself think that if this Commission had never done any other thing than to have investigated the Insull properties it would have justified its existence and every dollar that has ever been appropriated for it.

I have very great respect for the Chairman of this Subcommittee on Appropriations. His judgment has been my judgment on many important questions where principles of right and wrong were involved. At the last session of Congress the subcommittee of which he is chairman cut down the appropriation for the Federal Trade Commission by some $500,000, as I recollect. Undoubtedly the subcommittee would not have recommended that cut unless it had felt justified, and such was my respect for the judgment of the chairman and the subcommittee itself, and such was my desire to follow the policy of economy as outlined by this House that I voted against an amendment offered on the floor of the House to increase that appropriation.

When I voted as I did I thought the reduction would in no way interfere with the continued investigation of the power companies. I think it was the judgment of the subcommittee that they would not cripple the Trade Commission by that cut in that particular work.

Now, my judgment again follows that of the committee. The committee has since found, I believe, that that cut would have seriously interfered with such investigation; and by my personal investigation I have since found that such a cut would have seriously interfered. I now desire to commend this subcommittee for increasing the appropriation for the Federal Trade Commission. I may say if they had not done so, I would have introduced an amendment to increase the appropriation recommended at the last session by $500,000 to make possible further and complete investigation of the power companies. I repeat that this highly desirable investigation work is sufficient justification for all the expenses incurred by this Commission; and I believe that when it has completed its investigation of the power interests it will have given enough facts to the public to enable it, through the proper authorities, to take such steps as will make it impossible for the great public utility companies to impose rates upon the consuming public based upon watered stock and an interlocking of corporate structure, which is in no measure justified by any sound business principle.

May I express my appreciation to the chairman of this subcommittee and the whole subcommittee for their very wise conclusion to restore to this bill an appropriation item which will enable the Federal Trade Commission to proceed with its investigation of the power corporations?

Mr. OLIVER of Alabama. Mr. Chairman, will the gentleman yield?

Mr. BEEDY. I yield.

Mr. OLIVER of Alabama. If the gentleman will examine the hearings, he will find that this Commission in its investigation of the utility companies has disclosed escaped taxes more than sufficient to pay the expenses of the inquiry.

Mr. BEEDY. Judge Healey has made a very interesting report quite recently along this line. The revelations following an investigation of the Insull properties were of vital interest and consequence to my own State of Maine. [Applause.]

[Here the gavel fell.]

FEDERAL TRADE COMMISSION

Mr. PATMAN. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I have no word of criticism against the Federal Trade Commission in their investigations of the Power Trust. It is not a question of what the Federal Trade Commission has done in the Power Trust investigation that I am interested in.

COMMISSION DIVERTED FROM CHARTED COURSE

The gentleman from Maine stated a few moments ago that this was a very helpful commission because it stood between the consumers and the greedy profiteers. It was organized for this purpose, and for a few years it did perform the duties set out for it by the law, but during the past few years the Federal Trade Commission has diverted from its charted and legal course to a course of action that is absolutely in violation of the law. In the portion of the bill relating to the Federal Trade Commission, page 21, nowhere will you find that an appropriation is made for the

Federal trade practice work. If it was mentioned, we could reach it with a point of order. They will not mention it in the law. If they were to mention it, we would probably have stricken it out. Their Federal trade practice work they are doing is in plain violation of the law. This is not discussed or mentioned in the appropriation bill. It seems to be the custom of the Commission to get the appropriation for something else and then divert it to this illegal work.

May I ask the chairman of the subcommittee why the language about Federal trade practice conferences is not contained in the bill?

Mr. WOODRUM. I may say to the gentleman that the language carried in lines 8 and 9 on page 21 is the same language we have had all the time.

Mr. PATMAN. Perhaps the trade practice conference work is known to be so destructive to the general welfare the Federal Trade Commission does not dare ask for a specific appropriation for that purpose.

The statement is made that the Federal Trade Commission stands between the consumer and the profiteers. Let us see if the Commission is doing this.

INVESTIGATION INSTEAD OF PUNISHMENT

What does a law violator want? He does not want punishment. He does not want to go to jail. He does not want to pay a fine. He wants to be investigated. So the Federal Trade Commission has a complaint filed against him and the Federal Trade Commission immediately sends out its advance men to make an investigation. This takes probably a year or two. A report is made to the Federal Trade Commission. The Commission holds hearings and then the Federal Trade Commission makes a report that violations of the law are disclosed. Are these people punished? No; these people are not punished. The case is turned over to the Department of Justice and the Department of Justice's advance agents go out and make another investigation. They read these reports and they read this testimony, and by the time the Department of Justice gets it in shape where something can be done the statute of limitations has run against every criminal violation and the cases are dropped.

I would like for the gentleman to name me just one person who has paid $1 of fine or has gone to jail 1 hour during the last 5 years because of the activities of the Federal Trade Commission.

Mr. BEEDY. Will the gentleman yield for a question?

Mr. PATMAN. Will the gentleman do that?

SPECIFIC CASES

Mr. BEEDY. I was going to ask the gentleman if he would tell us of one case in which he feels this Commission has failed to do its duty. It is all right to talk generally——

Mr. PATMAN. I can name 50 cases.

Mr. BEEDY. What does the gentleman have in mind?

Mr. PATMAN. One of them is the Cottonseed Oil Trust that the Federal Trade Commission organized. They had the members of that industry come before them, sitting there as members of a group, with a member of the Commission presiding, and the members of the group declared the object was to make rules and regulations for the government of their industry that would set the price that the consumers must pay and set the price that the farmers must sell to them their raw products for. Thereby entering into a conspiracy against both consumers and farmers. I believe that there are more than 50 cases involving the sale of comforts and necessities of life similar to the cottonseed oil case. It is a trust organizer.

Mr. McFARLANE. The American Petroleum Institute also went before the Federal Trade Commission, and that is another illustration.

ILLEGAL PRACTICES SHOULD BE DISCONTINUED

Mr. PATMAN. Yes; that is another case, and the Supreme Court of Alabama held that the Cottonseed Oil Trust was illegal. The highest courts in practically all the States, and in the United States have held similar rules to be in violation of the law.

I wish the Federal Trade Commission would abandon its illegal practices. It can be a useful body if it functions in the interest of the consumers and not, as it has been, in the interest of trusts and monopolies.

[Here the gavel fell.]

Mr. HASTINGS. Mr. Chairman, I am not unfriendly to the Federal Trade Commission. I think, however, it ought to be brought to the attention of the House why the committee reduced this appropriation to $500,000 at the last session of Congress.

The item in the present bill carries $920,000 for the Federal Trade Commission for the current year. The representatives of the Commission, when they came before the Subcommittee on Appropriations in January last pointed out that there were three or four investigations, including the utilities, the chain stores, and, I believe, the cottonseed investigation, and perhaps the cement investigation, which they expected to complete out of the present appropriation and before June 30 of this year.

The Federal Trade Commission has expanded its personnel wonderfully since it was created. It is my present recollection that the number of employees of the Commission, as given in the hearings of January last, was around 418.

It was testified that the appropriation for the coming fiscal year contemplated 427 employees.

I want to invite attention to pages 79 to 87 of the hearings, held during the present extra session of Congress, on the independent offices appropriation bill for 1934, where the cost of the several investigations by the Federal Trade Commission is given.

I feel sure that not many Members of the House know the enormous cost of these investigations to the taxpayers of the country. I am not saying that any investigation should not have been had, but the question I am presenting is whether the Federal Trade Commission, in the first place, is the best agency to make many of these investigations and whether some of them are not made at too great a cost to the taxpayers.

During the hearings in January last it was stated that the utilities investigation cost around $1,625,000. That is an enormous sum of money. During the present year the amount was reduced to $1,250,000.

However, on page 86 of the hearings the total cost is given at $1,598,677.13. This investigation began under a Senate resolution of February 15, 1928, more than 5 years ago. I think that if an investigation is justified that it ought to be expedited and that the main, essential facts could be secured at a very much reduced cost. Whenever this appropriation comes up for consideration in the House and when one speaks for economy in connection therewith, there is always some intimation that that person is opposed to the utilities investigation and is in some way dominated by the Power Trust. Now, I have never been afraid of my own integrity, and want to emphasize over and over again that I favor all investigations where they are necessary, but I assert in the first place that these investigations have been too expensive, and in the second place in practically all of these investigations the statute of limitations has run, so that no criminal prosecutions follow.

Now, let us examine the chain-store investigation. It was stated on page 72 of the hearings that this investigation would cost around $750,000. On page 80 of the hearings a more detailed statement is given, which shows the cost to have been $867,358.74. This investigation was authorized by a Senate resolution of May 12, 1928. This was 5 years ago, and the investigation has not as yet been completed. I assert with great positiveness that five or six good investigators, together with a few experts, could have made this investigation, assembled all the material facts, and made a report in a much shorter time and for one fifth of the expenditure.

Mr. PATMAN. Will the gentleman yield?

Mr. HASTINGS. Yes.

Mr. PATMAN. Is it not a fact that the facts and information compiled by the Commission 3 years ago in that investigation are not now useful?

Mr. HASTINGS. That is quite true, and I do not believe there is a Member of this House who believes that this





enormous sum of the taxpayers' money was necessary to have been expended in this chain-store investigation.

A few days ago we saw in the public press a statement by the Secretary of the Interior with reference to the bids for cement for the continuation of the work on the Boulder Dam.

If you will turn to the bottom of page 79 of the hearings, you will find that the Federal Trade Commission by Senate resolution of February 16, 1931, was directed to make an investigation of the cement industry.

This investigation began more than 2 years ago. The Commission should have assembled all the facts and should have made a report, so that the Secretary of the Interior would be able to secure from the Commission now all the material facts.

What I am bringing to your attention is that it requires too long a time for the Commission to make these investigations and they are too expensive. This cement investigation up to the present time has cost $68,734.36. I feel sure that a small body of men, properly equipped, could have made this investigation, collected all the material facts, and made a report within a few months.

Mr. PATMAN. Will the gentleman yield?

Mr. HASTINGS. Yes.

Mr. PATMAN. What was accomplished by reason of that investigation? Did the Federal Trade Commission have the Cement Trust prosecuted or was an effort made to disclose the facts to the public?

Mr. HASTINGS. I have never heard of any prosecutions as a result of this investigation.

Mr. PATMAN. And nobody went to jail or paid a fine?

Mr. HASTINGS. No; and the Secretary of the Interior, in a statement recently given out, makes the statement that all bidders for cement for the continuation of work on the Boulder Dam project submitted the same bid and that, therefore, there must be a Cement Trust, or perhaps I should say a price understanding.

The point I am trying to emphasize is that I am not unfriendly to any one of these legitimate investigations. I am in entire sympathy with them, but here is what happens; some Member of the Senate introduces a resolution providing for an investigation of the Federal Trade Commission without any estimate of the cost and without making provision for the expense of the investigation.

Mr. McFARLANE. Will the gentleman yield?

Mr. HASTINGS. I yield.

Mr. McFARLANE. Does not the gentleman think that the Department of Justice ought to take notice of the facts found by the Commission and prosecute?

Mr. HASTINGS. If the gentleman from Texas will examine the time when these several resolutions were passed and then notice the dates of the reports of the Commission, he will find that by the time the Commission has assembled the facts and made the reports the statute of limitations has run in almost every case.

I would not say that these reports have been of no practical value but will say that I think the investigations ought to be expedited so that if it be found that there have been any violations of the criminal statutes the parties criminally liable could be prosecuted.

Mr. McFARLANE. Does not the gentleman think that the Congress of the United States ought to remedy the situation so that the Federal Trade Commission can really function and cooperate with the Department of Justice?

Mr. HASTINGS. I think the Federal Trade Commission has too many employees. If you will examine the breakdown of the Bureau of the Budget in making its estimates for the Federal Trade Commission you will find the detailed figures showing that this Commission has perhaps more higher paid employees than any other commission for which we make an appropriation.

I think the Department of Justice itself in many of these cases could better make the investigation by its experts. All of the essential facts could be secured in a much shorter time and at much less expense.

Mr. MOTT. Will the gentleman yield?

Mr. HASTINGS. I yield.

Mr. MOTT. Is not the principal object of the investigation by the Federal Trade Commission to determine whether any violation of law has occurred and to furnish the Department of Justice with the facts?

Mr. HASTINGS. I think that is one of the principal reasons for the investigation.

Mr. MOTT. If that is the case why could not the Department of Justice make the investigation itself?

Mr. HASTINGS. That is what I am trying to emphasize. I think in a great many instances the investigation could better be done by the Department of Justice; but in certain cases I feel sure that the Federal Trade Commission is better equipped. I want to be entirely fair with the Commission, but I was unwilling to permit the criticism to go unnoticed, on account of the reduced appropriations reported in the last session of Congress, without an explanation.

The committee thought that $500,000 would be sufficient for the Federal Trade Commission for the coming fiscal year, provided that if any special investigation should be ordered by the Senate, provision should be made for funds for the payment of each investigation.

You will note that the following proviso is added to the paragraph making appropriations for the Federal Trade Commission:

Provided, That hereafter no new investigation shall be initiated by the Commission as the result of a legislative resolution except the same be a concurrent resolution of the two Houses of Congress.

The thought being that a more careful estimate would be made of the cost and an appropriation made to meet the expenses.

Mr. BEEDY. Will the gentleman yield?

Mr. HASTINGS. I yield.

Mr. BEEDY. I commend the committee for the careful judgment they exercised, and I know they proceeded in good faith; but, in discussing this question, does not the gentleman think it is fair to the House and to the Federal Trade Commission to say that that body was never designed as a prosecuting agency? They could not prosecute. If there is anything to prosecute on the facts, it is for the Department of Justice.

Mr. HASTINGS. In answer to the gentleman from Maine, my criticism is that the investigations by the Federal Trade Commission have not been expeditious enough. They have been too tedious; it has taken them too long to find the facts, and by the time the facts are found and the report made the statute of limitations has run, so that no prosecution could follow. When Members of the House criticise the amount of the appropriation, I feel that they do not know how much has been expended in these several investigations. You will find a list of investigations on pages 79 to 87, inclusive, of the hearings. I do not have the time to examine each and discuss them. I believe that all will agree that these investigations have cost altogether too much money.

Mr. MOTT. Will the gentleman yield for another short question?

Mr. HASTINGS. Yes.

Mr. MOTT. What is the object of the investigations of the Federal Trade Commission other than to ascertain whether or not the law has been violated?

Mr. HASTINGS. There are many other reasons stated in the act creating the Commission or in the resolutions which provide for the investigations.

The CHAIRMAN. Will the gentleman from Oklahoma yield to the Chair?

Mr. HASTINGS. Certainly.

The CHAIRMAN. Does the gentleman know whether or not the Federal Trade Commission has ever recommended to either branch of Congress certain legislation for the purpose of bringing about changes?

Mr. HASTINGS. I do not recall any. Of course, I am on the Committee on Appropriations, which does not have leg-

islative authority. I am not familiar with what, if any, legislation has been recommended by the Federal Trade Commission to the legislative committees of the House or to Congress, nor have I examined the report of the Federal Trade Commission to ascertain what recommendations, if any, it has made.

In addition to the 3 or 4 investigations to which I have especially referred, the Members can refer to the hearings, at the pages I have indicated, and they will find a complete report of all special investigations by the Federal Trade Commission and the cost of each.

The cottonseed investigation, frequently referred to, was under Senate resolution of October 21, 1929, and cost $141,009.81. This investigation was so voluminous and so long-drawn-out that it resulted in no benefit and no prosecutions.

I have made a somewhat hurried examination of the investigations reported in the hearings on pages 79 to 87, and I have not found in any case where the Commission examined the facts and reported them and where a criminal prosecution followed.

Let me repeat again that I favor, by some agency, every legitimate investigation and by the Federal Trade Commission those investigations where they are best equipped to make them. However, I repeat that it is the duty of Congress to the taxpayers of the country to make an estimate as to the cost of these investigations when they are ordered.

I felt that it was my duty to make this explanation of the attitude of the Subcommittee on Appropriations, which prepared the independent offices appropriation bill in January and February last, and recommended a reduced appropriation. The committee thought the amount adequate for the general expenses of the Commission, provided that additional appropriations were made when concurrent resolutions were passed providing for special investigations.

Mr. WOODRUM. Mr. Chairman, I ask unanimous consent that all debate upon this section close in 7 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. WHITE. Mr. Chairman, I move to strike out the last two words. I think the function of the Federal Trade Commission is one of the most vital things in our body politic. I look upon the functions of the Federal Trade Commission as a gland in the body politic, and when that Commission fails to function, then the whole political and business structure of the country becomes diseased. I say that the business structure of this country, through the operation of price-fixing measures on the part of the big industrial organizations in the country, has become diseased, and I would point out to you a few of the effects of that disease. We know that the price of commodities in many cases is fixed and that they do not follow the influence of the law of supply and demand through the operation of competition. If you are engaged in a primary productive activity in this country, such as agriculture, lumbering, or mining, you will find that apparent.

I know that in the West hides today are rotting, and the price of leather is fixed; that we are paying 60 cents a pound for common side leather and a dollar a pound for sole leather. I know that the price of lead is 3 cents a pound, and I know that the price of paint ingredients, white lead and red lead, is fixed at 14½ cents a pound. I know that there are enough buildings in the cities and farming communities of the West deteriorating and decaying for the lack of paint that would consume all of the lead produced in this country if the law of supply and demand could operate to supply the need for paint. I know that we could use the idle labor and surplus lead to make paint if small enterprises and small business organizations could be allowed to produce under the law of supply and demand protected from unfair competition and unfair trade practices. These big industrial organizations, by profiteering at the expense of the producing industries, have piled up huge surpluses, drained from the producers of the country. They made such large profits that they could not disburse those profits through the medium of dividends, and were forced to stock split-ups and dividends, and the public was enticed into a speculative market, and profits were made on what was taken from our producers. When the banking interests of the country saw that we were getting into an unsafe speculative market and sought to check the flow of money to these speculators and raised the discount rates, money continued to flow into these speculative markets and prices were driven up to unsafe levels. Our writers called that bootleg money, because they did not know the source of it. It was finally determined that this money was flowing from the surpluses of these big manufacturing organizations, attracted by the high rates paid by the speculators, and as our markets continued to rise to unsafe levels we were finally overtaken by the crash that has brought ruin and destruction to the banking and financial institutions of the country. If the Federal Trade Commission would function, if the Department of Justice would do the thing that the Interstate Commerce Commission did with our big railroad companies when they promulgated their rule for safety appliances, we would be in much better condition than we are today.

The CHAIRMAN. The time of the gentleman from Idaho has expired.

Mr. WHITE. Mr. Chairman, I ask unanimous consent to proceed for 2 minutes more.

Mr. LOZIER. Mr. Chairman, I yield the 2 minutes that the Chairman reserved for me in closing the debate in 7 minutes.

Mr. WHITE. It is possible to curb these unfair trade practices, because we have done that thing in respect to the operation of the big transportation companies. When the Interstate Commerce Commission promulgated its safety-appliance rules and the big transportation corporations refused to comply, they were checked up and haled into court on counts for failure to comply with the safety-appliance rules, and they were penalized, and as a result they were forced to comply. If we would broaden and strengthen the laws under which the Federal Trade Commission operates and give this country a real Federal Trade Commission, many of the things that we are suffering from now on the farms of the West and in the producing industries of the country would be cured and we would be protected.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. WHITE. I yield.

Mr. MARTIN of Oregon. Did I understand the gentleman to say he is opposed to price fixing?

Mr. WHITE. I certainly am opposed to price fixing. I am in favor of the operation of the law of supply and demand, through unrestricted competition in this country, as a matter of readjustment to bring prices into line.

Mr. MARTIN of Oregon. Is the gentleman opposed to fixing farm prices?

Mr. WHITE. I think that is an expedient that we must use.

Mr. MOTT. Will the gentleman yield?

Mr. WHITE. I yield.

Mr. MOTT. Is it the gentleman's opinion that the Federal Trade Commission has done anything to remedy the situation of which he complains?

Mr. WHITE. I should say it has not. It has had one investigation after another, and the whole benefit has been emasculated by the matter of procedure.

Mr. MOTT. Is it the gentleman's opinion that the Federal Trade Commission is not functioning?

Mr. WHITE. It certainly is not.

Mr. MOTT. Is the gentleman in favor of this appropriation?

Mr. WHITE. I am.

The CHAIRMAN. The time of the gentleman from Idaho [Mr. WHITE] has expired.

The pro forma amendment was withdrawn.

The Clerk read as follows:

INTERSTATE COMMERCE COMMISSION

SALARIES AND EXPENSES

General administrative expenses: For 11 Commissioners, secretary, and for all other authorized expenditures necessary in the execution of laws to regulate commerce, including 1 chief counsel, 1 director of finance, and 1 director of traffic at $10,000 each per annum, traveling expenses, and contract stenographic reporting

services; $2,250,000, of which amount not to exceed $2,155,000 may be expended for personal services in the District of Columbia, exclusive of special counsel, for which the expenditure shall not exceed $50,000; not exceeding $3,000 for purchase and exchange of necessary books, reports, and periodicals; not exceeding $100 in the open market for the purchase of office furniture similar in class or kind to that listed in the general-supply schedule: *Provided*, That this appropriation shall not be available for rent of buildings in the District of Columbia if suitable space is provided by the Public Buildings Commission.

Mr. MAY. Mr. Chairman, I offer an amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. MAY: On page 23, line 24, strike out "$2,250,000" and insert in lieu thereof "$1,750,000."

Mr. MAY. Mr. Chairman, the purpose of my amendment is not to either decrease or increase the general appropriation for the Interstate Commerce Commission. While this amendment itself would decrease this appropriation $500,000, I expect to offer another amendment on page 27 which will transpose or transfer this $500,000 reduction, if it is made, so as to increase the amount allotted to the land-appraisal department, and raise that from $1,000,000 to $1,500,000.

My reason for offering the amendment at this time is based on a careful reading of the testimony before the committee, shown on pages 104, 105, and those following of the hearings, which shows that it was the intention of the committee. This section provides for an appropriation of $2,250,000, $2,155,000 of which may be expended in the District of Columbia for personal services. The reason the committee did that, according to the hearings, was this: The Commission proposes to bring from throughout the country, from every nook and corner thereof, to Washington every one of your constituents who has a case pending before the Interstate Commerce Commission, instead of sending a Commissioner or an examiner down into the country to hold a hearing. For instance, it is shown in the testimony of one of the witnesses that they will transfer hearings that are already set at Wichita Falls, Tex., to Washington; from New York to Washington; from Kansas City to Washington; from Florida to Washington; from Raleigh, N.C., to Washington; from Columbia, S.C., to Washington; and from Jacksonville, Fla., to Washington. I undertake to say it is going to be infinitely unjust and unfair to require all persons who have cases before the Interstate Commerce Commission to bring a large number of witnesses to Washington instead of having an examiner sent down into the country to have the hearing there and submit the case to the Commission.

Mr. WOODRUM. Will the gentleman yield?

Mr. MAY. Yes; I yield.

Mr. WOODRUM. The gentleman is complaining about the committee cutting money out of the appropriation, which will necessitate those hearings being held in Washington, yet the effect of the gentleman's amendment is to further cut the fund from which they get the money to hold hearings in the field. The gentleman's amendment cuts out an additional amount.

Mr. MAY. I take the position that it is not necessary to have $2,250,000 or $2,155,000 expended in Washington while they curtail the land-appraisal department $1,313,000, and which will result in the discharge of 600 of the 913 employees of the land-appraisal department; that the difference in the cost of the hearings before an examiner in the country in the hundreds of pending cases, as compared with bringing them to Washington, justifies the cut. In view of the approaching legislation we are about to have, which will bring about a coordination and consolidation of the railroads into four great trunk systems, you will find a discontinuance of branch lines and the elimination of industry and manufactures out on branch lines everywhere. It will bring about the necessity of a reappraisal of all branch lines and it will coordinate everything in Washington, and this is the first step. That is the reason why I think it should not be done. I think this House should give careful and serious consideration to this amendment, because it simply means that instead of having hearings before an examiner out in the country they must bring two or three hundred people from the State of Texas, for instance, to Washington or from California to Washington as witnesses, and it will take thousands and thousands of dollars out of the pockets of the people in order to make it convenient for the Commission to have everything heard in Washington. I think this reduction ought to be made, and that it should be put in on the other branch of the work. It does not increase the appropriation in any way. I think you will agree with my amendment if you will give it serious consideration.

Mr. McFARLANE. Will the gentleman yield?

Mr. MAY. I yield.

Mr. McFARLANE. Is it not a fact that when they have these hearings in Washington and some Commissioner hears them they then refer the matter to the Commission, and the Commissioner could go down into the field and it would save the taxpayers thousands of dollars of money if they would send them down there instead of letting "Mohamet come to the mountain."

Mr. MAY. That is true; but it would be infinitely more economical and cheap for the people who are concerned in the hearings that the Commissioner or examiner go down there instead of bringing 40 people to the city of Washington as witnesses in every case.

The CHAIRMAN. The time of the gentleman from Kentucky [Mr. MAY] has expired.

Mr. WOODRUM. Mr. Chairman, I am not out of sympathy with the purpose that my colleague from Kentucky has in mind. I think the gentleman is not exactly accurate in the conclusion that he draws from the appropriation which the committee has recommended. The amendment offered by the gentleman, on page 23, line 24, reduces that appropriation $500,000. The gentleman gives notice that if that amendment is adopted he will move to increase the appropriation later on in the bill.

Now, it is true that in the bill it says $2,155,000 may be expended for personal services in the District of Columbia. May I call my friend's attention to the fact that while these are employees of the Interstate Commerce Commission in the main office in the District of Columbia, yet from this force come the people who go out into the field and conduct the hearings which my friend says he wishes continued rather than have the hearings held in Washington. If we take the $500,000 away, we simply further reduce the field activities of the Interstate Commerce Commission.

Mr. MAY. The gentleman from Virginia does not understand my point. The purpose I have in mind is to save the people of the country who have cases before the Commission the expense of having to gather here in Washington, pay hotel bills and railroad fares, and the expense of bringing witnesses here, when an examiner can be sent in the field.

Mr. WOODRUM. Yes; I think I understand the gentleman's point of view, but this amendment takes money out of the bill in such a way as to force them to cut down these hearings in the field.

Mr. MAY. The effect already has been that they have ordered 15 big cases to Washington.

Mr. WOODRUM. I may say to my friend from Kentucky that it is an old custom among bureaus and commissions of the Government that whenever you take 5 cents away from them they will begin to holler that you have curtailed the particular activity they know Members of Congress and their constituents are going to be interested in. For instance, if you curtail appropriations for the Agricultural Department, they immediately say that next year they will not be able to publish the Agricultural Yearbook, feeling that some of us Congressmen who want the yearbook will have an amendment put in the bill putting it back.

So it is also when we come to the Interstate Commerce Commission. We have cut them pretty deep, I will admit, but no deeper than we have cut everybody, including our soldiers, ourselves, and our employees.

When we cut them they said, "We will not be able to have as many hearings in the field as we have had before." Our committee feels that perhaps it will not be necessary to have

as many hearings in the field. But, Mr. Chairman, if experience shows it is necessary to have these hearings and they do not have sufficient funds to conduct the necessary hearings in the field, this committee and the Congress will be willing to give it to them. However, we want to put them on starvation rations for a little while, as we are doing with every activity of the Government, and see how it works out by the time we come here next year.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. MAY. Does the gentleman care to refer to page 105 of the hearings where he himself examined one of the witnesses and where the witness, McManamy, answered a question by Mr. WOODRUM. The gentleman from Virginia [Mr. WOODRUM] asked this question:

> After July 1 you are not going to set any of these cases?

That is referring to a large number that he testified about on the previous page and on that page.

Mr. McManamy answered:

> No; these are the cases that we had to call to Washington. During the next fiscal year there will be a great many more.

In other words, he states there—and it is not contradicted—that they are going to bring the United States to Washington regardless of the expense to the litigants.

Mr. WOODRUM. Mr. Chairman, I may say to the gentleman that it is true the Interstate Commerce Commission complained about this cut, as I have stated. They undertook to base their claim for a more liberal appropriation upon the fact they had to have these hearings. But our committee feels that we have not cut them unreasonably. We do not believe the right of any constituent is going to be interfered with by this cut we have made. If it is, then we are ready to come back and recommend an additional appropriation when the time comes.

Mr. MAY. Why not take care of it now?

Mr. ROGERS of Oklahoma. Mr. Chairman, will the gentleman yield for a question?

Mr. WOODRUM. I yield.

Mr. ROGERS of Oklahoma. I notice in the hearings that the committee, as far as I can understand, did not agree that the cut would cause all of these hearings to be held in Washington of necessity. That is merely the testimony of one of the Commissioners.

Mr. WOODRUM. That is right.

Mr. ROGERS of Oklahoma. As I understand it, the committee does not feel it will be necessary to bring all these cases to Washington. Is that right?

Mr. WOODRUM. The committee felt that the Interstate Commerce Commission, if it tries to cooperate with the committee and with Congress in our economy efforts, will be able to conduct their hearings in the field, although they may possibly have to bring some of the cases to Washington.

[Here the gavel fell.]

Mr. MAY. Mr. Chairman, I ask unanimous consent that the time of the gentleman from Virginia be extended 2 minutes, that he may answer another question.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. MAY. The gentleman from Virginia understands, no doubt, that the President is prepared now and will soon send to Congress during this session—and it will be enacted into law—a proposed merger of all the railroads; and the message announced that the bill will be so drawn that the railroads may coordinate, consolidate, and eliminate branches.

Suppose this bill goes through and operations under it are started. Suppose it is proposed to discontinue a 50-mile railroad somewhere in the country. Can the Commission, without going to the place or having somebody down there view the premises and take the hearings, get the right picture of the situation? Can this be done by having the people come here to Washington?

Mr. WOODRUM. I think the gentleman need not be uneasy about the Commission not being supplied with funds necessary to take care of any new activity the administration puts on it.

This is the appropriation the Director of the Budget sent to Congress and the President himself said it would be sufficient to run the Interstate Commerce Commission. The committee did not cut it any. We have given just what the Director of the Budget and the President of the United States said it was right for the Interstate Commerce Commission to have.

Mr. MAY. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. MAY. I wonder how much investigation of the facts and figures in connection with this matter the President has had the time to make since March 4.

Mr. AYRES of Kansas. Will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. AYRES of Kansas. This item of $2,250,000 is the amount that is used for the field-service work. If the amendment of the gentleman from Kentucky [Mr. MAY] should be agreed to, then we would have less field work done and more centralization here in the city of Washington.

Mr. WOODRUM. That is exactly the point I tried to make.

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. ROGERS of Oklahoma. Will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. ROGERS of Oklahoma. Is it not a fact that the total reduction here under the 1933 appropriation is less than 15 percent?

Mr. WOODRUM. That is correct.

Mr. ROGERS of Oklahoma. And is it not also a fact that the reduction in some of the items is more than 15 percent?

Mr. WOODRUM. The gentleman is correct.

Mr. McFARLANE. Will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. McFARLANE. I notice on page 104 of the hearings that Mr. McManamy states that this item of appropriation is $2,692,000, which has been cut, as shown by the bill, to $2,250,000, or $442,000. I wish the gentleman would tell us how many men they have available for this field work to go out and hold these hearings, and if the gentleman knows, also tell us how much it is going to cost the people concerned to come to Washington to attend these hearings. In other words, let us see how much we are going to save the taxpayers of this country by forcing all the people in the country who are interested in these matters to come here to attend the hearings, when we could send a Commissioner or an examiner which would only be one railroad fare, whereas under the other plan, we are causing thousands of people to come to Washington just to accommodate some little commissioner who does not want to leave the footlights of the capital.

Mr. WOODRUM. The gentleman has made a speech and I really do not know what his question is.

Mr. McFARLANE. The question is whether or not you are cutting the bill $442,000——

Mr. WOODRUM. That does not all come out of this item. A good portion of that is the regular salary reduction and the rest is the percentage cut that we are giving all these departments to compel them to economize in this period of emergency. When we have had to cut our veterans by reason of the present emergency, we are also going to cut the departments and make them economize.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I rise in opposition to the amendment.

The appropriation for 1933 for this service was $2,600,000. This was some reduction under the previous appropriation, but not very much. They tell us that under this appropriation they are having difficulty in going out into the field

and holding these hearings. I believe that this is just a bureaucratic idea that they should not work the way they ought to work in the interest of the people.

It is from this appropriation that money is provided to go out in the field and take the testimony there. If we cut this appropriation they will have less money to work on in the field.

Mr. MAY. Will the gentleman yield?

Mr. TABER. Yes.

Mr. MAY. Then why do you confine it to being expended in the District of Columbia, if you want them to go out in the field?

Mr. TABER. This is for the employees who are based here in the District.

Mr. MAY. Then you are going to spend $2,155,000 on employees in the District of Columbia?

Mr. TABER. These employees are the ones who go out in the field. They are stationed here, but they are sent out in the field to hold these hearings. The employees who hold the hearings are not stationed in the field but are stationed here in Washington.

Mr. McFARLANE. Will the gentleman yield?

Mr. TABER. Yes.

Mr. McFARLANE. If the gentleman will refer to line 1, page 24, of the bill, it is shown there that this appropriation may be expended for personal services in the District of Columbia. Why should we not provide that it may be expended Nation-wide, so we would have an opportunity to send these commissioners out in the field? If you are going to spend this money in the District of Columbia, that limits it to the District alone.

Mr. TABER. They can spend this money to go out in the field the way the language is now, and they have never had any trouble with the Comptroller's Office in doing this. The item to which the gentleman from Kentucky [Mr. MAY] refers, and to which he proposes to add certain money, is $1,000,000 for the Valuation Division. This $1,000,000, it was stated to us by the Commissioner who has charge of this work, Mr. Lewis, will be sufficient for them to do everything that is required to be done, with the recapture provision out, without the least bit of trouble, and they probably in the future may be able to get along with less. It does not seem to me we ought to cut down the work of sending these people out by cutting this appropriation, but we should really allow the cut of about 15 percent to stand—it is not quite 15 percent, because we are $40,000 above a 15 percent cut in this appropriation—but I believe we should see if they cannot do all of the work with this appropriation, and I believe they can if they have the proper amount of ginger.

Mr. HOPE. Will the gentleman yield?

Mr. TABER. Yes.

Mr. HOPE. What I should like to know is whether the language of this provision is any different from what has been carried in the previous appropriation bills.

Mr. TABER. It is exactly the same language, and the Comptroller has ruled that this is sufficient to permit them to operate.

Mr. HOPE. And they have been holding these hearings in the field under the authority of previous bills, which contained the same language.

Mr. TABER. Yes.

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman, I ask unanimous consent that all debate on this paragraph and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. GREEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I shall probably not consume all the 5 minutes, but I do want to call the attention of the committee to the technicalities and the unworkability of the Interstate Commerce Commission's rules and regulations.

It is almost as difficult to present your case to the Interstate Commerce Commission as it is to the Supreme Court of the United States. Entirely too much delay and red tape.

The melon growers in my district planted a rather large acreage this year, contemplating that they would enjoy the same freight rates they had been enjoying for the past few seasons. But the Interstate Commerce Commission, in the face of the panic and the business collapse, has permitted the freight rates to be increased from $10 to $50 per car. It seems to me utterly inconsistent and absurd for the Interstate Commerce Commission to have found that the melon growers should now pay from $10 to $50 more per car to get their melons to the market, especially when our growers are hardly breaking even. In fact, many of them have lost money during the past few seasons. From my district they now pay about $200 per car to New York and eastern markets; some $250 to $300 per car to Michigan. The railroads get this transportation charge because a guaranty is required before the melons are moved from shipping point. Sometimes the melons fail to bring even the freight charges. Often nothing at all is left for the grower. This is also very often the case with our shippers of other vegetables and fruits. Why does not the Interstate Commerce Commission see that they have the same rates accorded the steel and other highly financed monopolies? Why the vast difference in these rates?

The Congress has created bureau after bureau and commission after commission undertaking to help our constituents, the plain, everyday people of America, only to find that in the due course of time the commissions are in many instances devoured by the special interests and monopolies and trusts.

I think, instead of the amendment of my friend from Kentucky, we may do more good toward the American people if we would indiscriminately abolish and scrap and junk practically all of the so-called "service commissions" and "bureaus" and then vigorously enforce our antitrust laws through the Department of Justice. [Applause.]

Why should the Interstate Commerce Commission advise me to have my people present a petition and proceed in some set, cut-and-dried, and drawn-out manner? If we did that, we probably could not get before the Commission before the melon season was over. O, Mr. Chairman, why have these commissions so far forgotten the needs of our people?

Why do not they send a Commissioner or an inspector down to Florida, and in 5 days he could make a report on the melon rates as to whether they should be reduced to the same as we enjoyed last season. Our growers contemplated the lower rate when they planted this crop. Now, when it is about ready to ship, the rates are liberally raised. Is this fair?

The red tape of the bureaus—the Commission—is so wound around by complicated rules that you cannot get any action out of them. Why should not the Commission suspend the enforcement of these rates? They have made their own rules and hide behind them.

I doubt if we should appropriate the huge amount here asked for. I am inclined to think that my friend's amendment should be adopted until we can get some reaction, some cooperation, and some service from some of the bureaus and commissions to which we are paying high salaries, allowances, and traveling expenses to help raise the freight rate of my constituents.

It may be that I am a little radical on these things, but somehow I cannot help it when I see these abuses, long delays, evasions, buck passing, and a general lack of interest for the down-and-out American citizens, the farmers in particular, because if anyone is now hard hit it is our farmers. They have been sandbagged and robbed, literally speaking, until they have nothing left. It is a shame.

I submit one or two of the telegrams recently received and the reply of the Interstate Commerce Commission, as follows:

LIVE OAK, FLA., *April 17, 1933.*

Hon. R. A. GREEN,
Washington, D.C.

DEAR SIR: Enclosed you will find a petition submitted by watermelon growers of Suwannee County for your consideration. This petition is self-explanatory.

The grievance is that with the low prices received by growers for melons for the past 3 years that freight rates are so high that they are prohibitive. For example, a grower in Live Oak, Fla., shipping melons to New York has to guarantee the freight under bond before the railroad company will move the car, and the freight is more than $200 per car. The net returns to farmer for last season was about $35 per car. Thus, the railroad gets practically all and the farmer nothing.

This condition is causing farmers to seek truck conveyance into large cities, and the railroads are going to suffer.

This appeal is in no way to ask unjust cuts in rates on melons, but merely to request a fair rate so that our growers can continue to grow melons. If something is not done to relieve this situation, the melon growers of this State will be forced to discontinue growing melons.

Correspondence regarding this petition should be directed to Mr. J. A. DeBerry, Live Oak, Fla., sending copy to me.

Thanking you for consideration of above, I am,

Yours truly,

N. G. THOMAS, *County Agent.*

TRENTON, FLA., *April 27, 1933.*

Hon. R. A. GREEN,
United States Congressman, Washington, D.C:

The advance tariff on watermelons affecting present growing crop Florida and Georgia from ten to more than fifty dollars per car will cause growers lose money and eventually force them to quit growing this commodity for market. Imperative this advance taken off, restoring old rates. Please use your best efforts.

S. G. GAY.

INTERSTATE COMMERCE COMMISSION,
OFFICE OF THE SECRETARY,
Washington, May 2, 1933.

Hon. R. A. GREEN,
House of Representatives, Washington, D.C.

MY DEAR MR. GREEN: Please be referred to your letter of the 28th ultimo, addressed to the chairman, concerning a telegram received from Mr. S. G. Gay, Trenton, Fla., with respect to increased freight rates on watermelons.

The rates involved are evidently those found justified by the Commission in its decision of February 18, 1933, in I. & S. Docket No. 3706, *Watermelons from, to, and between southern points* (191 I.C.C. No. 534).

This investigation came about through schedules filed to become effective February 23, 1932, wherein the carriers proposed to cancel commodity rates and establish in lieu thereof rates based, generally speaking, 30 percent of first class, in order to remove irregularities prohibited by the long-and-short-haul clause of the Interstate Commerce Act. Upon protest of the regulatory authorities of Georgia, Florida, and others, the rates were suspended for investigation to determine the propriety thereof.

Following hearing in this case the Commission found the proposed rates justified, with certain modifications. Those found justified were allowed to become effective March 22, 1933, and the modified rates were made effective May 1, 1933.

The adjustment was of widespread effect, involving both increases and reductions in existing rates, and such rates were permitted to become effective only after full hearing of parties interested.

In the event shippers consider it advisable and desire to attack any specific rate adjustment, their recourse lies in the filing of a formal complaint in accordance with the Commission's rules of practice.

Respectfully,

G. B. MCGINTY, *Secretary.*

MCINTOSH, FLA., *May 9, 1933.*

Hon. CONGRESSMAN R. A. GREEN,
Washington, D.C.:

Right on verge beginning shipments watermelons from Florida and Georgia, railroads have, in our opinion, unjustly advanced rates this commodity, which is one of their foremost agricultural products. Advancing rates at this time certainly no cooperation with farmers and is duly unjust. L. E. Holloway, president Melon Distributors Association, wired President Roosevelt protesting against this unjust advance. We urge you to lend your supreme effort handling Interstate Commerce Commission to place these rates back same basis as last year, remembering all shipments watermelons require bond guaranteeing freight.

CHRISTIAN & NEAL,
By J. B. NEAL,
Secretary and Treasurer, Marion County, Democratic Committeeman.

TRENTON, FLA., *May 4, 1933.*

Hon. R. A. GREEN,
House of Representatives, Washington, D.C.:

Immediate action necessary. Please urge Interstate Commerce Commission reestablish former freight rates watermelons from southeastern territory. Recent published rates absolutely prohibitive, will bankrupt growers, as old rates were already too high. Many cars selling below charges. Please use influence; get emergency action, thereby saving important industry.

D. H. BROWNING,
M. L. LANGFORD,
A. F. RUTLEDGE.

I joined in these protests and urged that they be given consideration. These new rates should be suspended until at least the present crop could be harvested, then let our growers be advised in advance as to future increases, then probably fewer would try to grow melons.

The following communication has just been received from the Commission:

INTERSTATE COMMERCE COMMISSION,
Washington, May 10, 1933.

Hon. R. A. GREEN,
House of Representatives, Washington, D.C.

MY DEAR MR. CONGRESSMAN: I have your favor of 8th instant, with which you enclosed a communication dated 6th instant and addressed to you by Mr. R. H. Pennington, secretary of the Melon Distributors Association, Evansville, Ind., and telegram dated 4th instant and addressed to you by Messrs. D. H. Browning, M. L. Langford, and A. F. Rutledge, of Trenton, Fla., relating to rates for the transportation of watermelons from points in southeastern territory.

Upon inquiry I learn that the rates referred to became effective on the 1st day of this month, and that they are supposed to be in harmony with a decision of division 3 of the Commission, rendered on February 18, 1933, in *Watermelons from, to, and between southern points* (199 I.C.C. 435). As a practical matter, therefore, the rates cannot be interfered with by the Commission except after the hearing provided for in section 15 pursuant to a complaint filed in accordance with the provisions of section 13 of the Interstate Commerce Act. Under the provisions of the act carriers are free to initiate rates and cannot be required by the Commission to change them after they have become effective unless and until the hearing mentioned has been held, and then only for the purpose of making effective one or more of the provisions of the act.

Many telegrams and other communications similar to those of your correspondents have reached the Commission recently, but because of the restrictions above set forth you will readily understand why it is impossible for the Commission to take such quick action concerning rates of transportation as interested parties appear to desire.

Very respectfully,

P. J. FARRELL, *Chairman.*

Now, may I ask my colleagues why the Congress should maintain bureaus and commissions? I await an answer. If the Commission is not at fault and new legislation is needed, I call on our administration and leaders to offer such remedial legislation.

[Here the gavel fell.]

Mr. GLOVER. Mr. Chairman, I move to strike out the last two words. Mr. Chairman, I am going to vote for the amendment of the gentleman from Kentucky to strike out $500,000 from the bill, and then I am going to vote against the next amendment to put it back in, as he wants to do.

I congratulate the committee in having cut out more than $2,000,000 of this appropriation bill, and it is carrying now twice as much as it ought to carry.

I want to say to you that, in my opinion, the condition that the railroads are in today is by reason of the fact that we have given the Interstate Commerce Commission the right to fix the rates for them on every article of commerce that is shipped in interstate commerce. They have been the means of pauperizing the railroads. If you will take off the orders by which the railroads are tied today, with the restrictions put upon them, whereby they cannot reduce their rates, then the railroads will come out without trouble. They are now penalized if they undertake to reduce the rate fixed by this Interstate Commerce Commission anywhere in the United States, and that is what is the matter. This Commission is running around and investigating the disobedience of some little order of the Commission. I have introduced a bill in this Congress—and have introduced it before—to provide that the Interstate Commerce Commission shall fix only the highest rates that could be charged by the railroads and express companies for carrying freight, and thus leave the railroads open for competition with each other, so that they could make some of these reductions in freight rates. The gentleman from Florida [Mr. GREEN] a moment ago stated the freight rates with respect to fruit in his State, and

I can point back to the day when this same Commission destroyed one of the most profitable businesses in my State.

We were shipping thousands of crates of cantaloupes, carloads of them, throughout the entire United States. As soon as the Interstate Commerce Commission got to the point where it could fix a rate it put those men out of business. I should be glad today, as an experiment at least, to absolutely abolish this Commission and the Federal Trade Commission, which was discussed a moment ago, which carries $900,000. It has accomplished no good whatever, in my opinion. I believe that if you will continue to reduce the appropriations for these Commissions every year we will finally know whether or not they ought to be continued; I think it will be disclosed then that these Commissions are some of the greatest detriments that we have to trouble us now. We are living under an administration of bureaus and commissions, under a commission government, under a bureaucratic government. When the Attorney General wants to find out what the law is on some point, he has to hunt some little bureau to find out what kind of an order it has made by reason of the power given to it by Congress. I am tired of that kind of government. I want to see this Congress legislate, pass laws, fix a rate that is right, and let it be enforced by the court, and do away with the bureaucratic government now existing in this country. As one gentleman said, do away with the red tape. Let us turn the railroads loose to compete with each other and we will have better times in this country and they will prosper.

Mr. THOMASON of Texas. Does the gentleman know of any good reason why we need 11 of these high-powered Commissioners to do the work of the Interstate Commerce Commission? Could it not be done just as well by 3 or 5?

Mr. GLOVER. Three would do just as well as 11.

Mr. GREEN. Mr. Chairman, will the gentleman yield?

Mr. GLOVER. Yes.

Mr. GREEN. It costs $250 to $300 per car to ship our watermelons to the State of Michigan.

Mr. GLOVER. I was down in my State a year or so ago and they were shipping out a carload of cabbages and the man shipping it said that he sold the carload in the market, and that he was paying almost as much to get it to market as he got for the whole carload.

The CHAIRMAN. The time of the gentleman from Arkansas has expired. All time has expired. The question is on the amendment offered by the gentleman from Kentucky.

The question was taken.

Mr. MAY. Mr. Chairman, I demand a division. Several Members desire to have the amendment read. I ask unanimous consent that before the vote is taken on the division the amendment be again reported by the Clerk.

The CHAIRMAN. Without objection, the Clerk will again report the amendment.

There was no objection, and the Clerk again reported the amendment of Mr. MAY as follows:

Page 23, line 24, strike out "$2,250,000" and insert in lieu thereof "$1,750,000."

The Committee again divided; and there were—ayes 29, noes 45.

So the amendment was rejected.

The Clerk read as follows:

Regulating accounts: To enable the Interstate Commerce Commission to enforce compliance with section 20 and other sections of the act to regulate commerce as amended by the act approved June 29, 1906 (U.S.C., title 49, sec. 20), and as amended by the Transportation Act, 1920 (U.S.C., title 49, sec. 20), including the employment of necessary special accounting agents or examiners, and traveling expenses, $750,000, of which amount not to exceed $172,000 may be expended for personal services in the District of Columbia: *Provided*, That for the portion of the fiscal year 1933 remaining after the date of enactment of this act the amount which may be expended for personal services in the District of Columbia from the 1933 appropriation for the purposes included in this paragraph shall be at the annual rate of $175,000.

Mr. McFARLANE. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. McFARLANE: Page 24, line 25, after the figures at the end of the line, insert a colon and the words "*Provided*, That no part of this appropriation shall be used to hold hearings in the District of Columbia."

Mr. WOODRUM. Mr. Chairman, I make the point of order against the amendment that it is not germane to this section. This section is the section providing for the personnel for the accounting division in the District of Columbia. It is not a section relating to the holding of hearings.

Mr. McFARLANE. Mr. Chairman, then I ask unanimous consent that the amendment be made to apply to line 10. While I was preparing the amendment the Clerk read on down the page. I want this amendment to apply to the first section.

Mr. WOODRUM. Mr. Chairman, I would have to make the point of order to that.

Mr. McFARLANE. Mr. Chairman, I think it is good where it is, and I want to be heard.

The CHAIRMAN. Is there anything in this paragraph that provides an appropriation for the holding of hearings?

Mr. WOODRUM. No. The information of the committee is that the appropriation which provided for the hearings, to which the gentleman from Texas doubtless refers, is an appropriation carried in the first paragraph. That begins on line 23 and the appropriation was for $2,250,000. We have passed that section.

Mr. McFARLANE. I call attention to the amendment and the section under which it is carried and the wording of the paragraph, which reads:

Including employment of necessary special accounting agents or examiners and traveling expenses, $750,000, of which amount not to exceed $172,000 may be expended for personal services in the District of Columbia.

That shows that traveling expenses are involved. It shows that special investigators, agents, and so forth, are involved in the amendment.

Mr. WOODRUM. That is true, but by an examination of the organic law, section 20, it will be found that section 20 of the act to regulate commerce is the section providing for valuation accounts of the railroads and for the policing of those accounts.

Mr. McFARLANE. Does the gentleman have that section before him?

Mr. WOODRUM. I do not have it here, but I know what the organic law is.

Mr. BLANTON. Mr. Chairman, the present existing law permits hearings in Washington. The amendment offered by the gentleman would change existing law.

Mr. McFARLANE. Mr. Chairman, in answer to that, I should like to call attention to the fact that it is not legislation attached to an appropriation bill, but it is a limitation upon the appropriation itself, and I do not think the point of order raised by the gentleman from Texas is well taken.

The CHAIRMAN. Will the gentleman from Virginia, chairman of the subcommittee, advise the Chair what he has in mind when he uses the word "policing"?

Mr. WOODRUM. I can answer the Chair better by referring to page 315 of the hearings on the original bill in the last session of Congress:

Functions of Bureau of Accounts: (1) to prescribe and revise uniform systems of accounts for all classes of carriers under our jurisdiction;

(2) To enforce these systems of accounts by test examinations; and

(3) To make such special accounting examinations as our duties may require—

And so forth.

It does not refer at all to rate cases, in which hearings the gentleman is interested. That appropriation is carried in the section of the bill which we have just debated, and to which the gentleman from Kentucky [Mr. MAY] offered an amendment which failed. The amendment offered by the gentleman from Texas is not germane to this paragraph.

The CHAIRMAN (Mr. McCLINTIC). The Chair is ready to rule. The Chair thinks that the amendment as offered is not germane to this paragraph.

The Chair therefore sustains the point of order.

Mr. McFARLANE. Mr. Chairman, I ask unanimous consent that the amendment may be offered at the end of line

10 on page 24, and I ask unanimous consent to return to that portion of the bill.

Mr. BLANCHARD. Reserving the right to object, I shall not object to offering the amendment, but I certainly shall object to any further debate.

Mr. WOODRUM. Mr. Chairman, in view of the action of the House in just voting on this amendment, I am compelled to object. I do not want to be discourteous to my good friend from Texas, but I shall be forced to object to the unanimous-consent request.

The CHAIRMAN. Objection is heard. The Clerk will read.

The Clerk read as follows:

Valuation of property of carriers: To enable the Interstate Commerce Commission to carry out the objects of the act entitled "An act to amend an act entitled 'An act to regulate commerce', approved February 4, 1887, and all acts amendatory thereof", by providing for a valuation of the several classes of property of carriers subject thereto and securing information concerning their stocks, bonds, and other securities, approved March 1, 1913 (U.S.C., title 49, sec. 19a), including 1 director of valuation at $10,000 per annum, 1 supervisor of land appraisals, 1 supervising engineer, 1 supervisor of accounts, and 1 principal valuation examiner, at $9,000 each per annum, and traveling expenses, $1,000,000: *Provided*, That this appropriation shall not be available for rent of buildings in the District of Columbia if suitable space is provided by the Public Buildings Commission.

Mr. MAY. Mr. Chairman, I offer an amendment which I have sent to the desk.

The Clerk read as follows:

Amendment offered by Mr. MAY: On page 27, line 16, after the word "expenses", strike out "$1,000,000" and insert in lieu thereof "$1,500,000."

Mr. MAY. Mr. Chairman, it is somewhat discouraging, in the face of the previous action of the House when I undertook to reduce an appropriation, to now undertake to increase one; but a mere reading of this subsection of the bill will convince any of you who will just think about it a while that this appropriation is entirely too small for the purpose.

Under this provision of the bill, the valuation department of the Commission, which includes the valuation of all property of the carriers, is required not only to view and inspect 400,000 miles of railroad in the United States, 250,000 of which is trunk line, but they must go into an investigation, under the provisions of this bill, that will secure information concerning stocks and bonds and other securities held by the railroads. It is not only an appraisal and valuation department as to lands and physical properties but it includes all securities. Most of those securities are now in the hands of the United States Government, or rather its agent, the Reconstruction Finance Corporation. When we pass new legislation that we will all vote for, perhaps, under the lash of the whip, as we have been in the habit of doing, you will find there is going to be an overhauling and housecleaning of the railroads of this country from one end to the other, not only of the main lines but the branch lines, and there will be a discontinuance of lines and railroad and transportation facilities; and the branch of the Commission that has charge of the valuation department will be compelled to revalue all those properties. That is just what the railroads want to do. They want to cripple that valuation department so that they cannot get a fair valuation, and then they can dicker with the Reconstruction Finance Corporation and the Treasury Department with the Government blind and its hands tied. I think this appropriation should be increased so that this branch of the activities will not be curtailed under the important and crucial position we are going to be in within the next few months with these changing conditions under the new deal we are going to have.

The importance of this appraisal department is emphasized over and over by past events one or two of which I shall point out here. In 1931 the Post Office Department was planning the building of 2 large and expensive public buildings in 2 of our great cities, New York and Chicago. At New York the lowest price they were offered on the site at Grand Central Station was $14,500,000, and somebody with foresight enough to think of it asked the land department of the Interstate Commerce Commission for their valuation which was furnished very promptly and which resulted in a finding that the proper value of that particular property was not $14,500,000, the authorized contract price, but $7,000,000; and by reason of the efficiency of this department the Government made an actual net saving of $7,500,000, which is one and one half times the amount of money contained in this bill for the entire Commission. Quite a nice little saving for one case. The same thing occurred in Chicago where the saving was no mean sum but a handsome little bagatelle of $5,000,000, almost the amount of this entire appropriation, and yet some wise men in the name of economy would materially cripple if not destroy this valuable activity. [Applause.]

Mr. WOODRUM. Mr. Chairman, I rise in opposition to the amendment.

The Bureau of Valuations of the Interstate Commerce Commission is that part of the activity which has to do largely with making the primary valuation and keeping the valuation up-to-date on properties of the common carriers.

Congress is just about in the act, I think, of repealing section 15a of the Transportation Act which calls for the recapture of excess earnings of railroads, which is a ludicrous phrase in this day and time, because "There ain't any such animal" now as excess earnings of railroads.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. MAY. It means to give back to the railroads about $360,000,000 that is charged up to them, about $10,000,000 of which is in the Treasury.

Mr. WOODRUM. No; it does not mean that because we have been able to get only a small portion of that into our hands, two or three millions of dollars in real cash.

Mr. MAY. But this amount today is due under the recapture clause.

Mr. WOODRUM. Oh, there is a lot of it due, but how are the railroads ever going to be able to pay the Government what they owe it under the recapture clause? They will have to borrow money from the Reconstruction Finance Corporation to pay back to the Government money they owe under the recapture clause of the Interstate Commerce Commission Act for the Government to pay back to the railroads, an utterly paradoxical and incongruous situation.

Mr. MAY. In other words the Government has played the part of Santa Claus until it proposes to change the Valuation Act and let the railroads say what they think they are worth.

Mr. WOODRUM. No more absolutely unjustifiable provision was ever written into a transportation act than that which in effect said to the railroads that when times were good and they were prosperous they would be limited to a certain percentage of earnings, yet when times get bad the railroads must look out for themselves, although every other man in business individually or every other concern is enabled under the law to lay up a little something against a rainy day.

Some of the railroads by careful economy and good management in prosperous times were able to make money, yet the Government undertakes to take it away from them and not guarantee them against loss when conditions fall off.

Even with the reduction the appropriation for this purpose is still $1,000,000, which is quite a considerable sum. It leaves them a skeleton organization with which to carry on until Congress and the President finally decide what the national policy is going to be with reference to railroads.

Mr. MAY. Mr. Chairman, will the gentleman yield for a further question? I dislike to interrupt the gentleman, for he is so courteous in his general demeanor to all of us, but does the gentleman think it is exactly fair to give back to the railroads by new legislation $360,000,000 that we could compel them to pay and at the same time take away from the veterans of the World War $560,000,000, and then say that we will not keep in touch with and keep our hands on these railroads, which we guarantee may earn 6 percent?

Mr. WOODRUM. If my friend from Kentucky has kept abreast of the situation with reference to this recapture of

excess earnings, as I am sure he has, he will know that the Government is faced with litigation from now until the crack of doom before it can ever collect these excess earnings. With the exception of one or two railroads, none of them would be financially able to pay any of it. If we had valid judgments against them today, they could not be collected.

On the other hand, speaking of our veterans, if we rehabilitate the railroads, if we put them back to work, if we start them running their railroad engines and rolling stock, calling back into service their engineers and brakemen, putting into service their passenger-carrying facilities, then the veterans over this country will have some opportunity to get a job, some place where they can hope to get one. The one thing they want above all else in the world from the Federal Government is a fair, square chance to have what every American citizen ought to have, an opportunity to work and earn a living.

Mr. ROBERTSON. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. ROBERTSON. Is it not a fact that if the Government did recover from the few railroads that have made excess earnings that the money would not go into the Treasury but the great bulk of it would go to railroads that have not earned the interest on their capital investment?

Mr. WOODRUM. I thank the gentleman for that suggestion. I may remind the gentleman from Kentucky that if we collected all the $360,000,000 today, not one red copper penny of it would go back into the pockets of the people who paid them. The excess earnings go into a revolving fund to make up the deficits of mismanaged railroads.

Mr. MAY. Mr. Chairman, will the gentleman yield further?

Mr. WOODRUM. I yield.

Mr. MAY. Has the chairman of the committee made any investigation of this subject to know how many presidents and vice presidents of these mismanaged railroads are receiving salaries in excess of $100,000 a year?

Mr. WOODRUM. Oh, a great many, too many, are receiving high salaries, I may say to the gentleman from Kentucky.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment of the gentleman from Kentucky.

The amendment was rejected.

The Clerk read as follows:

Not to exceed $2,500 of the appropriations herein made for the Interstate Commerce Commission shall be available for expenses, except membership fees, for attendance at meetings concerned with the work of the Commission.

Mr. McFARLANE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. McFARLANE: Page 28, between lines 7 and 8, after the word "Commission", insert a new section, to read as follows:

"Not to exceed $200,000 for traveling expenses, reporting service, and other expenses incurred in the holding of hearings outside the District of Columbia."

Mr. WOODRUM. Mr. Chairman, I make a point of order against the amendment that, in the first place, it is not germane to the portion of the bill to which it is offered; and, in the second place, it changes existing law. Existing law authorizes the holding of hearings in the District of Columbia, and the amendment seeks to change this.

Mr. McFARLANE. Mr. Chairman, in answer to the gentleman's point of order, I call the attention of the Chair to the fact that this is offered at the close of the Interstate Commerce Commission section of the independent offices appropriation bill, and that the item for general administrative expense carries an appropriation of a certain sum which shall be expended within the District of Columbia, and according to the hearings, on page 107, it has been brought out that—

For the fiscal year 1932 the reporting expense was $100,000 and the travel expense was $116,000, practically all of which was for field hearings. The official reporting expense this year, up to and including March 31, has been $61,000, in round numbers, and the traveling expense has been $40,000.

This is not a change in existing law and it is not legislation on an appropriation bill. It is a provision such as the paragraph above, and if a point of order is good to this section it is good to the one above, because it is worded in the same language—not to exceed a certain sum shall be expended in a certain way for certain expenses which have been permissible under the law all along or up until the appropriation was cut out at this session.

The CHAIRMAN (Mr. McCLINTIC). The Chair is ready to rule.

The gentleman from Texas offers an amendment in the nature of a new paragraph, which reads:

Not to exceed $200,000 for traveling expenses, reporting service, and other expenses incurred in the holding of hearings outside the District of Columbia.

In view of the fact that the first paragraph of this title deals with this subject, the Chair thinks it is not germane to the portion of the bill to which it is now offered, and therefore sustains the point of order.

Mr. TREADWAY. Mr. Chairman, I ask unanimous consent to revise and extend my remarks in the RECORD on the bill.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. TREADWAY. Mr. Speaker, under the permission granted me to extend my remarks in the RECORD, it is not my purpose to go into detail regarding the method being pursued by the Appropriations Committee to continue the Democratic gag-rule system, nor to enter into extended arguments regarding items contained in the independent offices bill.

I gladly voted for the Roosevelt economy bill, and I am in accord and sympathy with the President's efforts to bring about marked economies in governmental expenditures. This is a much better way to aid in balancing the Budget than continuously suggesting, as the Democratic majority is doing, new forms of expenditures and camouflaging them under the cloak of bond issues.

There is, however, one item of economy in the pending bill which I think goes too far. It appears on page 44, where the amount provided for carrying on the work of the Veterans' Administration for the next fiscal year is fixed at $77,273,000. It seems to be understood that this reduced figure involves the abolition of the regional offices of the Bureau. While all savings are desirable, it is my opinion that the doing away of the regional offices will bring about unintentional and severe hardships. My district covers the western part of Massachusetts. A year or so ago it was reported that the Springfield branch of the Bureau, which contacted veterans in that section and handled their preliminary physical examinations and other matters, was to be closed. This caused almost an uprising among the veterans in the western part of the State. Their protest was so great that it was finally decided to continue the Springfield station. The presence of this station made it unnecessary for veterans living west of the Connecticut River to make the long journey to Boston. On May 1, however, the Springfield branch was closed, and now it is proposed to also close the regional office in Boston.

This will leave the veterans without any opportunity for personal contact with officials who must pass upon their claims and will require them to present all matters in writing. Such a procedure will impose an undue handicap on many veterans. The majority of them are not expert letter writers. Many of them have not the education and training necessary for the proper presentation of their claims in writing. To deprive these veterans of the opportunity of personal contact with physicians and other representatives of the Veterans' Administration is, in my opinion, an extreme injustice.

It will be difficult enough for the Administration to convince veterans that the recent reductions in their compensa-

tion are fair and just; but to withdraw from veterans their opportunity to present their cases verbally to persons with sympathetic ears and understanding is something they will not understand. No amount of formal routine correspondence from the Bureau here will take the place of this personal contact.

My relations with the Boston regional office have been highly satisfactory. I consider that Colonel Blake is certainly an outstanding official and that his office has been conducted most efficiently. I sincerely hope that for the sake of the veterans of Massachusetts that office will not be discontinued.

The department commander of Massachusetts, the American Legion, is in Washington and has interviewed the members of the Massachusetts delegation. Commander Rose has stressed the desirability of maintaining the Boston office. I quote from his statement, as follows:

> Nor is it necessary for us to bring to the attention of Massachusetts Members the humane side of this question. The Federal Government is about to stop the compensation and allowances of thousands of veterans. Practically all of those will seek some explanation of their removal from the lists. If this explanation is given them personally by a sympathetic attaché of the Veterans' Bureau, the blow will not fall quite so hard. But if the veteran is told that he cannot even get a hearing, that his court of appeal has been abolished, our elected officials are breeding distrust, if not outright hate, for the Government in whose defense he once offered his life.

The amount which would be saved by abolishing the regional offices is not sufficiently large to upset the economy program. On the other hand, the benefits to be derived from the continuation of these offices, from a humanitarian standpoint, as well as the mental attitude of the veterans, are fully sufficient to warrant the expense involved.

It is noted from this morning's press that the President's advisers have seen the handwriting on the wall and have made what appears to be a formal announcement that not all regional offices will be abolished. It is, of course, safe to assume that among the number retained will be the one at Boston, as the amount of business which has been transacted there would give that office a leading place on the list of those to be favorably considered. The veterans in the district which I represent naturally will receive this announcement with satisfaction.

The Clerk read as follows:

> Total, Office of Public Buildings and Public Parks of the National Capital, $3,322,500.

Mr. LOZIER. Mr. Chairman, I move to strike out the last word in order to interrogate the chairman of the subcommittee. At the bottom of page 31 there is a provision for the "demolition of buildings." I desire to ask the chairman whether any money carried by this appropriation can be used to wreck and destroy the present Post Office Department Building?

Mr. WOODRUM. It is the understanding of the committee that this does not include any funds for that purpose.

Mr. LOZIER. I thank the gentleman for this assurance. For several years under the Hoover administration repeated and persistent efforts were made to have Congress appropriate money to tear down the Post Office Department Building. On several occasions I have joined my colleagues in defeating appropriations of funds to destroy this perfectly good public building that is built of Maine granite and, if not deliberately demolished, will stand for a thousand years. It is one of the best and most substantial buildings in Washington. But under the Coolidge-Hoover administration those who had charge of the public-building program ruthlessly sought to destroy every public building that did not conform to the classic Greek type of architecture. They also marked the Southern Building and the District Building for destruction. They proposed to spend several million dollars reconstructing the War, Navy, and State Department Building. I am proud of the fact that I have had a part in defeating these proposals several times. So long as I am a Member of this House I will continue to oppose the wanton destruction of these splendid buildings. To wreck the Post Office Department Building, the Southern Building, and the District Building and to remodel the State and War Building would be an act of vandalism and indefensible extravagance.

The Clerk read as follows:

> American ethnology: For continuing ethnological researches among the American Indians and the natives of Hawaii, the excavation and preservation of archæologic remains under the direction of the Smithsonian Institution, including necessary employees, the preparation of manuscripts, drawings, and illustrations, the purchase of books and periodicals, and traveling expenses, $50,000.

Mr. McFARLANE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. McFARLANE: Page 33, line 18, strike out "$50,000" and insert "$25,000."

Mr. McFARLANE. Mr. Chairman, in this paragraph we are appropriating $50,000 for continuing ethnological researches among the American Indians and the natives of Hawaii.

This would make a fine junketing trip this summer for the bone hunters over here in the Smithsonian Institution and allow them to go over the country looking up skeletons and old bones while people Nation-wide are starving. I think we can well afford to at least cut this appropriation half in two and save that much money.

I do not care to make any extended remarks on the subject. This ought to appeal to your sense of fairness, and it seems to me this appropriation ought to be at least cut in two. I think for at least another year we can give these bone hunters a vacation.

Mr. BROWN of Kentucky. Will the gentleman yield?

Mr. McFARLANE. I yield.

Mr. BROWN of Kentucky. Does the gentleman have any facts he can give us to show that they can do this work on $25,000?

Mr. McFARLANE. I have this information, I will say to the gentleman from Kentucky. If we can save this $25,000, we can at least have that much money in the Treasury of the United States to feed some of the starving people in this country.

Mr. BROWN of Kentucky. Does the gentleman have any information that would lead him to believe or lead the House to believe that the remaining $25,000 would be of any benefit at all?

Mr. McFARLANE. If it is not, the money will remain in the Treasury, and we will not be out that amount of money. We ought to save all of this money, I will say very frankly to the gentleman.

Mr. BROWN of Kentucky. Then why did not the gentleman offer an amendment to that effect?

Mr. McFARLANE. I shall be pleased to accept such a substitute, striking out the full amount.

Mr. WOODRUM. Mr. Chairman, the work of the Bureau of American Ethnology, according to the hearings, will be limited, under this appropriation, to the preservation and study of information already gathered concerning the American Indians and will not include field work or the initiation of new research work.

Mr. McFARLANE. Will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. McFARLANE. It says here in the bill that you are going over to Hawaii and see the girls dance. [Laughter.]

Mr. WOODRUM. I am assuming that the gentleman is speaking facetiously. I want to say seriously that the appropriation has been cut from $61,000 to $50,000. The Bureau of the Budget went into the matter thoroughly with the Board of Regents of the Smithsonian and cut every item to the bone, and then some. It does not call for any new work in the field or any new exploration. I see my good friend from Oklahoma is on his feet, and I remember that when the bill was up before he tried to cut the appropriation, but failed. I hope he is not going to object to this small amount.

Mr. McCLINTIC. Mr. Chairman, I move that we strike out the last word. The chairman is correct; I did offer such an amendment when the bill was under consideration before. I will say that I have visited the National Museum

and I found the cellar and garret was filled with many kinds of various ancient objects, and I understand that the Smithsonian has also a large collection that the archeologists have brought to Washington. In view of the fact that we have more than can be housed properly at the present time, it would seem to me wise to postpone the further collection of such objects until conditions would warrant.

Mr. PARKER of Georgia. Will the gentleman yield?

Mr. McCLINTIC. Yes.

Mr. PARKER of Georgia. Is this the same excavating and exploration party that the gentleman said last year could be done by one man?

Mr. McCLINTIC. I do not remember saying that, but I did say that I had witnessed some of these archeologists when exploring the western part of the United States during the summer time. Apparently they were having a delightful vacation, and when the winter or cooler months came they returned to Washington and spent the winter in preparing their reports.

It seems to me that when the Nation is in the red and nearly everyone is broke all such activities should be curtailed. I think that the amendment of the gentleman from Texas has merit. I regret exceedingly to take an opposite position to the chairman of the subcommittee, but I hope the House will adopt this amendment.

Mr. O'MALLEY. Will the gentleman yield?

Mr. McCLINTIC. Yes.

Mr. O'MALLEY. Was any part of this exploration and expenditure made in the State of Oklahoma?

Mr. McCLINTIC. I do not know; but it makes no difference whether it is in Oklahoma or any other State.

Mr. O'MALLEY. The gentleman is not afraid that they might dig up something that ought not to be dug up?

Mr. McCLINTIC. If they did, it would not be comparable to what they might dig up in the gentleman's State. [Laughter.]

Mr. WOODRUM. Mr. Chairman, I ask unanimous consent that debate on this section and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. LOZIER. Mr. Chairman, I am opposed to the pending amendment. If this were a proposal to spend $50,000 to advertise and sell wooden nutmegs in Hawaii, hooks and eyes in darkest Africa, automobiles in Europe, steel rails in Manchuria, no objection would probably be offered to the appropriation, because you would say that the appropriation and expenditure would help sell our manufactured products and promote trade and commerce. But here we have a proposal to expend a little money for cultural purposes; for ethnological researches among the American Indians and the natives of Hawaii; to excavate and preserve archeologic remains of prehistoric animals under the direction of the Smithsonian Institution; to preserve for posterity and civilization the remains of prehistoric animals and men.

Why should we not secure and preserve these ethnological specimens? If they can be discovered now and preserved, we shall have accomplished something worth while. Have we no appreciation of the past? Have we no desire to preserve the fossils that record the history of the genesis and evolution of plant life, animal life, and of the human species? Have the American people become so sordid and selfish that they are indifferent to culture and the preservation of these specimens of prehistoric ages when this old world was in a process of creation?

I believe it was Lord Macaulay who said that the English people could think only in terms of pounds, shillings, and pence; and I am wondering if the American people are becoming so sordid, self-centered, and cynical that they cannot think except in dollars and cents. Take the Library of Congress, one of the most marvelous and valuable possessions of the American people. Its millions of books preserve the culture, the wisdom, the literature, and the philosophy of all past ages. It is the greatest school of learning, the one all-important and outstanding university in the world. The value of this Library cannot be measured in dollars and cents; yet many of us fail to avail ourselves of its treasures and deny ourselves the sources of information it offers.

The Smithsonian Institution, founded by an Englishman, has made a priceless contribution to the education and culture of the American people. It is preserving these priceless specimens of prehistoric ages for the oncoming generations. Some of us may not appreciate the treasures in the Smithsonian Institution and other national museums, but there are millions of people in the United States who do appreciate these mute yet eloquent records and legacies from prehistoric ages, and as the years come and go thousands of students will visit this institution, study its many thousand specimens which tell the history of the creation of the world, the origin and development of plant life, the evolution of animal life from the lowest conceivable order to the human species. The students and myriad millions in the near and distant future will rise up and call you blessed, because you gave your approval to this appropriation which but carried out the plan of our Government for more than a century to secure and preserve these mute memorials of the world's creation and of the development of animal and plant life. This little appropriation will increase the treasures of the Smithsonian Institution, and I hope you will vote down the amendment which seeks to withhold this fund. We cannot afford to be parsimonious in an educational and cultural matter like this.

The CHAIRMAN. The time of the gentleman from Missouri has expired. All time has expired. The question is on the amendment offered by the gentleman from Texas.

The question was taken; and on a division (demanded by Mr. McFARLANE) there were—ayes 29, noes 49.

So the amendment was rejected.

Mr. TABER. Mr. Chairman, I ask unanimous consent to proceed for 1 minute.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. TABER. Mr. Chairman, I rise for the purpose of saying to the Members of the House that when the reading of the bill has been concluded and it has come into the House, I propose to offer a motion to recommit, to wipe from the bill section 6, authorizing the President to abolish contracts. That appears on page 52 of the bill. I shall do this because I believe that a proper case for this authority has not been made out, and I believe if it is carried into operation along the lines that have been presented here to the House in the arguments for it, it will result in great consequential damages being recovered against the United States, and not in a saving but in a large increase of expenditures.

The Clerk read as follows:

Total, United States Shipping Board, $310,000.

Mr. WOODRUM. Mr. Chairman, I ask unanimous consent that all debate upon this section and all amendments thereto be closed in 5 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. FULMER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman and gentlemen of the Committee, I regret that I could not be on the floor of the House when the Federal Trade Commission item was being considered. In 1928 a Trade Practice Conference was held at Memphis, Tenn., under the auspices of the Federal Trade Commission in the interest of this great industry which operates largely in the South.

This Trade Practice Conference was presided over by a member of the Federal Trade Commission. Trade-practice rules and code of ethics for doing business on the part of this industry were worked out, adopted by the representatives from the various States representing the cottonseed-oil industry at the conference, and these rules were endorsed by the Federal Trade Commission. In less than 2 years complaints from the various cotton-growing States in the South were coming up to Members of Congress from farmers, cottonseed buyers, cotton ginners, and those gen-

erally interested in the producer of cotton as well as those who consumed the products of the cottonseed-oil industry.

Around the first of 1930 I made a thorough investigation of these complaints and found to my own entire satisfaction that the cottonseed-oil industry had taken advantage of these trade practice rules as endorsed by the Federal Trade Commission and had formulated a real monopolistic price-fixing combination.

At that time I charged that, under the operation of these trade-practice rules on the part of the cottonseed-oil industry, independent cottonseed buyers had been driven from the market, competition in buying cottonseed, on the part of cottonseed-oil mills, had been wiped out, and the farmers were being robbed of thousands of dollars annually under this monopolistic scheme. I further charged that the Southern Cotton Oil Co., the Buckeye Cotton Oil Mills owned by Procter & Gamble, refiners and manufacturers of various products, and the Swift Cotton Oil Mills owned by the Swift & Co., meat packers, had gone into a conspiracy to force cotton ginners and independent cotton mills to stay in line with their fixed prices.

These complaints as referred to were so strong, especially on the part of farmers, that a resolution was adopted in the Senate calling for an investigation of the cottonseed-oil industry by the Federal Trade Commission.

For the past 3 years the Federal Trade Commission has been making a thorough investigation. The testimony taken at the hearings in connection with this investigation at Washington and in the various States contained about 12 or 15 volumes. When I made these charges against the cottonseed-oil industry, Mr. B. F. Taylor, secretary to the South Carolina division of the National Cottonseed Products Association, who had charge of sending out all cottonseed prices in South Carolina, ramped all over me in a newspaper article in the Columbia State, denouncing my charges. I received a telegram from Mr. Taylor February 25, 1930, stating:

> Your statement that there are no individual buyers of cottonseed in the South is without foundation. Your statement that there are no competitive prices on cottonseed is equally unfounded.
>
> When one of our own Congressmen joins in the hue and cries in total disregard of his constituents' rights and of the facts, we think it high time he should be required to inform himself in the facts in the case instead of blindly following the leader and approving the statements of those who are wholly unacquainted with the conditions in the State and, we believe, in the South.

I am glad to state to the House that after 3 years patiently awaiting on the Federal Trade Commission to make a report as to its findings I am informed that my charges against this industry have been proven without a shadow of doubt.

I quote from information just received in regard to the result of this investigation on the part of the Federal Trade Commission:

> I am pleased to inform you that the commission has in the last day of two thrown out the so-called "cottonseed rules", adopted at a trade-practice conference, bag and baggage, and ordered the chief counsel to institute a proceeding against the whole layout.

It appears from this that my good friend TAYLOR and many others that agreed with him apparently were not informed themselves or, if so, they were anxious to keep their information away from the public.

I am hoping that inasmuch as this report on the part of the Federal Trade Commission is coming at a time when we are serving under a Democratic administration that the Attorney General will take his gloves off and teach this industry a few things and let them know that the antitrust laws are still in full force, and that the great masses of people, individual producers and individual distributors, are entitled to free and open competition and a square deal at the hands of this industry.

The Clerk read as follows:

VETERANS' ADMINISTRATION

MILITARY SERVICES

Administration, medical, hospital, and domiciliary services: For all salaries and expenses of the Veterans' Administration, including the expenses of maintenance and operation of medical, hospital, and domiciliary services of the Veterans' Administration, in carrying out the duties, powers, and functions devolving upon it pursuant to the authority contained in the act entitled "An act to authorize the President to consolidate and coordinate governmental activities affecting war veterans", approved July 3, 1930 (U.S.C., supp. VI, title 38, secs. 11–11f), and any and all laws for which the Veterans' Administration is now or may hereafter be charged with administering, $77,273,000: *Provided*, That not to exceed $3,500 of this amount shall be available for expenses, except membership fees, of employees detailed by the Administrator of Veterans' Affairs to attend meetings of associations for the promotion of medical science and annual national conventions of organized war veterans: *Provided further*, That this appropriation shall be available also for personal services and rentals in the District of Columbia and elsewhere, including traveling expenses; examination of estimates of appropriations in the field, including actual expenses of subsistence or per diem allowance in lieu thereof; for expenses incurred in packing, crating, drayage, and transportation of household effects and other property, not exceeding in any one case 5,000 pounds, of employees when transferred from one official station to another for permanent duty and when specifically authorized by the Administrator; furnishing and laundering of such wearing apparel as may be prescribed for employees in the performance of their official duties; purchase and exchange of law books, books of reference, periodicals, and newspapers; for passenger-carrying and other motor vehicles, including purchase, maintenance, repair, and operation of same, including not more than two passenger automobiles for general administrative use of the Bureau in the District of Columbia and three for the Washington, D.C., regional office; and notwithstanding any provisions of law to the contrary, the Administrator is authorized to utilize Government-owned automotive equipment in transporting children of Veterans' Administration employees located at isolated stations to and from school under such limitations as he may by regulation prescribe; and notwithstanding any provisions of law to the contrary, the Administrator is authorized to procure actuarial services by contract, without obtaining competition, at such rates of compensation as he may determine to be reasonable; for operating expenses of the Arlington Building and annex, and the Wilkins Building, including repairs and mechanical equipment, fuel, electric current, ice, ash removal, and miscellaneous items; for allotment and transfer to the Public Health Service, the War, Navy, and Interior Departments, for disbursement by them under the various headings of their applicable appropriations, of such amounts as are necessary for the care and treatment of beneficiaries of the Veterans' Administration, including minor repairs and improvements of existing facilities under their jurisdiction necessary to such care and treatment; for expenses incidental to the maintenance and operation of farms; for recreational articles and facilities at institutions maintained by the Veterans' Administration; for administrative expenses incidental to securing employment for war veterans; for funeral, burial, and other expenses incidental thereto for beneficiaries of the Veterans' Administration accruing during the fiscal year 1934 or prior fiscal years: *Provided further*, That the appropriations herein made for the care and maintenance of veterans in hospitals or homes under the jurisdiction of the Veterans' Administration shall be available for the purchase of tobacco to be furnished, subject to such regulations as the Administrator of Veterans' Affairs shall prescribe, to veterans receiving hospital treatment or domiciliary care in Veterans' Administration hospitals or homes: *Provided further*, That the appropriations herein made for domiciliary care shall be available for continuing aid to State or Territorial homes for the support of disabled volunteer soldiers and sailors, in conformity with the act approved August 27, 1888 (U.S.C., title 24, sec. 134), as amended, including all classes of veterans admissible to the Veterans' Administration homes: *Provided further*, That the Administrator of Veterans' Affairs may, with the concurrence of the Attorney General, transfer to the Department of Justice such personnel and/or funds as may be deemed necessary in connection with the defense of suits against the United States under section 19 of the World War Veterans' Act, 1924, as amended.

Mr. McCORMACK. Mr. Chairman, I offer the following amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. McCORMACK: Page 44, line 6, strike out the figures "77,273,000" and insert in lieu thereof the following: "85,273,000: *Provided*, That not to exceed $8,000,000 of this amount shall be available for all expenses and maintenance of all regional offices of the Veterans' Administration.

Mr. McCORMACK. Mr. Chairman, this amendment, prepared and drafted by my distinguished friend from North Carolina [Mr. BULWINKLE] and myself, and which I am submitting for both of us, is probably one of the most important amendments that will be offered to this bill. I hope my friend from Virginia [Mr. WOODRUM] will permit liberal debate upon the amendment. I am sure there are many Members anxious to have their views on this amendment expressed, and for that reason I hope that ample time will be allowed so that Members on both sides of the aisle and of the question may have opportunity to express the same.

Mr. WOODRUM. Will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. WOODRUM. I wonder if it would be possible to reach some agreement on the entire veterans' title. Mr. Chairman, for the purpose of having something as a basis for starting I know there are a number of gentlemen interested in this subject and there are a number of paragraphs, and, of course, we are very anxious to conclude the bill this afternoon, and there will probably be other parts of appropriation relating to veterans which Members will want to discuss. I ask unanimous consent that there be 40 minutes' debate under the 5-minute rule on the entire veterans' title, and that during that 40 minutes Members have an opportunity to present amendments, and the Chair can use his own discretion in dividing the time.

Mr. MARTIN of Massachusetts. Reserving the right to object, will the gentleman arrange it so that this side can get half of the time?

Mr. WOODRUM. I thought perhaps the Chairman would be in a position to exercise his discretion in recognizing Members for and against amendments.

Mr. MARTIN of Massachusetts. There are a great many requests on this side, and I suggest that the gentleman make it 1 hour.

Mr. McCORMACK. I suggest the gentleman make it 1 hour on this paragraph.

Mr. WOODRUM. Mr. Chairman, I ask unanimous consent that we have 1 hour's debate on the entire veteran's title and all amendments thereto. My purpose is to allow Members ample opportunity to debate the entire title.

The CHAIRMAN. The entire title has not yet been read. Does the gentleman want to endeavor to limit debate before the entire title is read?

Mr. WOODRUM. I think we could do that by unanimous consent.

Mr. McFARLANE. Mr. Chairman, I object.

Mr. BLANTON. My colleague will surely realize that he can get much more time by the sort of an arrangement proposed by the Chairman.

Mr. McFARLANE. I asked the gentleman for time yesterday and he had plenty of time to give, and he would not give me a minute.

Mr. BLANTON. But we are getting liberal time under the proposed arrangement. If the gentleman forces the Chairman to the strict observance of the rules, many who want to discuss these questions will not be able to get time. We will get much more time by agreement than we will by arbitrary rules.

The CHAIRMAN. The Chair suggests it might be better to limit time on this paragraph and all amendments thereto, and that will save much discussion and probably will be satisfactory to all Members.

Mr. WOODRUM. I suggest 20 minutes on this paragraph.

Mr. HOEPPEL. Reserving the right to object, I wish to know whether I will be able to speak 5 minutes on my amendment to this paragraph?

Mr. MARTIN of Massachusetts. Mr. Chairman, there are several Members on this side who want to speak on this section. This is very important.

Mr. WOODRUM. Mr. Chairman, I will change the form of my request. I am only trying to help the gentlemen get time to discuss their amendments.

I ask unanimous consent that the Clerk proceed to read the remainder of the title and that then we have 1 hour's debate and that amendments may be offered to any portion of the title within that hour.

Mr. LEMKE. Reserving the right to object, I would ask the Chairman if he would not consent to 1 hour and 30 minutes? This is a vitally important question.

Mr. HOEPPEL. I endeavored to get time on this bill yesterday, and I am going to object unless I am assured of 5 minutes' time on my basic amendment.

The CHAIRMAN. The gentleman from California [Mr. HOEPPEL] objects. The gentleman from Massachusetts [Mr. McCORMACK] is recognized for 5 minutes.

Mr. HOEPPEL. I will withdraw that objection if I am assured of 5 minutes.

Mr. MONTET. Mr. Chairman, the regular order.

Mr. WOODRUM. Mr. Chairman, I ask unanimous consent that all debate on this paragraph that has just been read and all amendments thereto, close in 30 minutes.

Mr. BOILEAU. Reserving the right to object, Mr. Chairman, we find so many times when we go into this procedure that Members who have bona fide amendments to offer have no time in which to discuss them. The entire 30 minutes may be consumed in discussing pro forma amendments. We have plenty of time this afternoon. This title is the only title that offers any opportunity for amendment. It seems to me we could well afford to spend 2 hours on this vitally important subject.

Mr. McFARLANE. Mr. Chairman, I object.

Mr. BLANTON. If my colleague, Mr. WOODRUM, will change his request and ask that the entire title be read and then there shall be 1 hour and 20 minutes' debate, in which all amendments may be offered, I think probably we can get an agreement.

Mr. WOODRUM. I make that request, Mr. Chairman.

Mr. BOILEAU. I object.

The CHAIRMAN. Will the gentleman from Virginia state his request, please?

Mr. WOODRUM. Mr. Chairman, I ask unanimous consent that the Clerk proceed to read all of the title, and that then amendments be in order to any portion of the title, and that debate on all amendments to the title be limited to 1 hour and 20 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia [Mr. WOODRUM]?

Mr. BOILEAU. Mr. Chairman, I object.

Mr. WOODRUM. Mr. Chairman, I move that all debate on this paragraph that has just been read and all amendments thereto close in 30 minutes.

Mr. BOILEAU. Mr. Chairman, a point of order.

The CHAIRMAN. The question is on the motion of the gentleman from Virginia.

Mr. BOILEAU. Mr. Chairman, I make the point of order that the motion is not in order. We have not started debate on this paragraph.

The CHAIRMAN. The point of order is sustained.

Mr. WOODRUM. Mr. Chairman, the gentleman from Massachusetts was debating the paragraph, and yielded to me. The gentleman offered an amendment and was debating it and then yielded to me.

The CHAIRMAN. It is the understanding of the Chair that the gentleman from Massachusetts [Mr. McCORMACK] yielded to the gentleman from Virginia [Mr. WOODRUM] to prefer a unanimous consent request, but there was no debate on the amendment. The time of the gentleman from Massachusetts has not yet started to run.

Mr. SAMUEL B. HILL. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. SAMUEL B. HILL. If the motion of the gentleman from Virginia [Mr. WOODRUM] should prevail, limiting the debate on this paragraph to 30 minutes, how much time can be consumed on any one amendment?

Mr. HOEPPEL. Mr. Chairman, how much time can be consumed by one Member? I desire to offer an amendment. I wish an opportunity to discuss my amendment, and do not want all the time taken up by others.

The CHAIRMAN. The Chair will recognize in regular order, so far as the Chair can, those who have notified the Chair of their desire to speak.

Mr. WOODRUM. Mr. Chairman, I wish to call the Chair's attention to the RECORD. The RECORD will show that the gentleman from Massachusetts offered an amendment and proceeded to debate the amendment. The RECORD will show that the gentleman spoke for a minute, or half a minute at least. He said:

> This is one of the most important amendments that will be voted on and I hope my friend from Virginia will be liberal and allow gentlemen opportunity to debate this amendment.

Then I asked him if he would yield to me.

This is debate on the section, and, under the rule, I have the right to move to close debate.

The CHAIRMAN. The gentleman from Massachusetts has the floor and may proceed if he so desires. After he has used his 5 minutes the Chair will then recognize the gentleman from Virginia to make such motion as he may desire.

Mr. McCORMACK. Mr. Chairman, the purpose of this amendment is to add $8,000,000 to the $77,273,000 provided for in this bill and to assure the continuance of the present regional offices which, if this bill is passed without amendment, will ultimately be abolished.

It is a plain, simple question as to whether you want regional offices of the Veterans' Bureau throughout the United States to be abolished or whether you want to have all veterans' activities emanate from Washington.

So far as I am concerned, I am opposed to abolishing the regional offices of the Veterans' Bureau. I am opposed to making the men come to Washington from all parts of the country to file a claim or to prosecute any appeal they are taking from any decision which has been rendered against them. I am opposed to many things which will flow as a result of the regulations issued pursuant to the passage of the Economy Act. The regulations issued clearly justify my vote against the economy bill.

A statement appeared in this morning's papers purporting to come from President Roosevelt to the effect that the regulations recently issued are to be liberalized. I sincerely trust there will be a liberalization of these regulations, because an examination of the same will show that veterans with direct service-connected disabilities are affected anywhere from 20 percent to 55 percent, together with other far-reaching effects. There is no question but what there is plenty of room and justification for liberalization, and if this happens, there is no question but what regional offices will have to be retained.

The adoption of my amendment will mean that the regional offices throughout the country will continue to exist and serve veterans. It will provide the appropriation necessary to enable the executive branch of the Government to continue all regional offices.

I have a very interesting telegram which I am going to read into the RECORD. It was sent to me yesterday by Karl C. Payne, of Boston, who has, apparently, seen the error of his ways. This telegram reads as follows:

> Veterans' division, National Economy League, urges retention of regional office of Veterans' Bureau in Boston. Absolutely essential for proper handling of the deserving veterans.

That is the Economy League. If it is deserving to hold the office in Boston it is just as deserving to hold the regional offices in any other city in the United States. While I am fighting to retain the regional office in Boston, the adoption of my amendment will also mean the retention of the regional offices throughout the United States.

Mr. GRANFIELD. Will the gentleman yield?

Mr. McCORMACK. I gladly yield to my distinguished friend, Mr. GRANFIELD, from Massachusetts.

Mr. GRANFIELD. I am absolutely in accord with amendment offered by my good friend, Mr. McCORMACK, and I sincerely trust it will be adopted.

Mr. McCORMACK. I thank my good friend, Mr. GRANFIELD, for his contribution and his views on the amendment which I have offered. I also want to say that I know of no man who better serves his district and is more loyal to the needs of the veterans than Mr. GRANFIELD.

Those who voted for the economy bill, never intending by their vote to have the regulations go as far as they have gone, can do the best thing possible by voting to retain the regional offices.

I sincerely trust that in plain justice and fairness, and as a message to the American people and to our veterans, that we are going to do everything we reasonably and properly can to have the regulations liberalized. The adoption of this amendment will send such a message to the country.

Mr. McGUGIN. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. McGUGIN. Will the gentleman's amendment really preserve these regional offices?

Mr. McCORMACK. At least the amendment will be a message that we desire them retained. It provides for their retention at least, so far as the appropriation is concerned, and, so far as we are concerned, we will be doing everything we possibly can when we adopt it.

Mr. McGUGIN. But its adoption does not necessarily mean the retention of the regional offices.

Mr. McCORMACK. But, so far as we are concerned, it will show the people we want to retain them and we will have done everything within our power. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman, I ask unanimous consent that all debate on this paragraph and all amendments thereto close in 30 minutes.

Mr. BOILEAU. Mr. Chairman, reserving the right to object, did the gentleman ask unanimous consent that debate close on the section or on the paragraph?

Mr. WOODRUM. I asked unanimous consent that all debate on this paragraph and all amendments thereto close in 30 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. BLANTON. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BLANTON. Has not the Chair the discretion to recognize the various Members who have requested time, say, for 2 or 3 minutes each? Quite a number of Members have indicated they wish to be heard on this paragraph.

The CHAIRMAN. The Chair thinks the Chair would have the right to do so if it is satisfactory to the individual Members.

Mr. BLANTON. I think such procedure would give those who wish to be heard on the paragraph an opportunity to present their views.

Mr. COCHRAN of Missouri. Mr. Chairman, I ask unanimous consent that all speeches on amendments to this paragraph be limited to 2 minutes.

Mr. HOEPPEL and Mr. DIRKSEN objected.

Mr. HOEPPEL and Mr. MEAD rose.

Mr. MEAD. Mr. Chairman, I ask unanimous consent to proceed for 2 minutes and have the time deducted from the 30 minutes allowed for debate.

The CHAIRMAN. Is the gentleman in favor of the amendment?

Mr. MEAD. Yes.

The CHAIRMAN. The Chair would prefer to recognize at this time someone in opposition to the amendment.

Mr. HOEPPEL. Mr. Chairman, I am opposed to the amendment.

The CHAIRMAN. The gentleman is recognized for 3 minutes.

Mr. HOEPPEL. Mr. Chairman, I am opposed to the additional appropriation of funds as provided in this amendment, not that I am opposed to the maintenance of regional offices, but I have an amendment lying on the desk which will positively save this Government $20,000,000, or more, if the Veterans' Administration, which I term the largest racket in Government, will use the facilities of the Army and Navy hospitals, which are available to them. Thus this additional appropriation will not be necessary.

It is my opinion Al Capone and his ilk are virgins and saints compared with the keymen in the Veterans' Administration. I have investigated them and I know. They are inefficient, incompetent, and unsympathetic. They are interested in their own politically acquired sinecures and not in justice to the veteran. Hospitalization in the Veterans' Administration hospitals costs 97 cents per day more per patient than does hospitalization in Army or Navy hospitals. There are 6,000 available beds in Army and Navy hospitals, which the Veterans' Administration should utilize because of decreased cost per patient. Instead of using these cheaper and more competent permanent facilities the Veterans' Administration is withdrawing patients from them and endeavoring to build additions to their present hospitals in

an endeavor to retain their higher-paid medical and service personnel, which is a distinct loss to the taxpayers.

It is reported such activities are now taking place at Fort Lyons, Colo., and at San Francisco at an unnecessary expense to the taxpayers.

It is contrary to the President's policy of economy not to accept the cheapest and best facilities available.

I am not opposing the regional offices, but I aver economies can be effected which will save $25,000,000 or $30,000,000 if the services of officers to be furloughed are also utilized in these facilities. There are 6,000 beds now available which if utilized at a saving of 97 cents per day will make a saving of over $171,000 per month over and above savings in personnel salaries. Veterans' Administration doctors receive up to $5,800 per annum, while the salary of the average Army and Navy doctor is $4,000. Instead of furloughing these officers at half pay for life, which is a pure loss to the taxpayer, it would be more profitable to retain them in service and release the higher-salaried, incompetent, and aged doctors in the Veterans' Administration.

This Government should use every available facility of the Army and Navy hospitals, not only in the interest of economy but likewise maintaining the high standard of efficiency and morale now existing in these services.

Mr. SWICK. Mr. Chairman——

The CHAIRMAN. The gentleman from Pennsylvania is recognized for 3 minutes.

Mr. SAMUEL B. HILL. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. SAMUEL B. HILL. Are these speeches being made on the amendment now pending, one speech for the amendment and one speech against?

The CHAIRMAN. As near as the Chair can determine that fact; yes.

Mr. SAMUEL B. HILL. Mr. Chairman, my point of order is that one speech for and one speech against the amendment is all the time allowed on one amendment.

The CHAIRMAN. But there can be a motion to strike out the last word, which would entitle them to recognition. The Chair will endeavor to be fair and try to divide the time so as to include everyone.

The gentleman from Pennsylvania, a member of the committee, is recognized for 3 minutes.

Mr. SWICK. Mr. Chairman, I want to speak for a moment with reference to the hospital situation in the United States.

We have at the present time 32,542 beds in Veterans' Bureau hospitals. We have in the national soldiers' homes 6,070 beds. There are 12,009 cases in the veterans' hospitals that are service connected. In the other hospitals there are 8,012 that are service-connected cases. About 20,000 of the 41,439 beds that are available are occupied by service-connected cases.

As I understand the policy of the administration, after this law goes into effect the non-service-connected cases will be cast out of the hospitals, and I am just wondering whether this will be best for our country—that is, when we have these beds available whether it will be the best thing for us to cast aside these men who are unable to take care of themselves and throw them back on the various communities from which they have been sent to the hospitals.

With the inauguration of President Roosevelt and the convening of this special session of Congress, I, like the great majority of my Republican colleagues, threw partisanship to the four winds and determined to follow the leadership of the Chief Executive in his avowed program of economy in Government, tempered with mercy and justice to those who were to be affected by the reduction in expenditures.

The Congress by overwhelming majority enacted the President's economy bill, giving the President unprecedented powers, and repealing laws affecting millions of men and women who served their country in time of peril, which were the result of countless hours and days—yes, years of sincere deliberation by Members of the Congress. We were told that the President would deal liberally with those whose disabilities were service-connected. During the Presidential campaign the Democratic Party fanned the flame of hatred in the breasts of the veterans against Herbert Hoover and Republicans in Congress, leading them to believe that only by the election of the Democratic candidates could their legislative programs become a law, with the result that leaders of the great veteran organizations appeared in the front-line trenches of the Democratic Party, and it is probably conservative to say that 80 percent of the veteran vote supported the "new deal."

By our votes we became a party to the proposed wholesale dismissals in the ranks of Federal workers and subscribed to the 15-percent reduction in all salaries, to which in many instances must be added administrative furloughs without pay ranging from 30 to 90 days. Men and women who have served their Government in departmental and field service faithfully and well at mediocre salaries, because they felt that they were protected by Civil Service laws, making it possible for them to look forward to security in their old age, are now faced with the specter of unemployment as the result of the "new deal", which in the same breath calls upon private employers to increase wages and employment.

While we are throwing thousands of faithful Civil Service employees into the ranks of unemployed, we are at the same time asked to create new governmental activities, requiring the services of thousands of persons, who will be recruited from the ranks of political workers, who can prove their active support of the Democratic candidate even before his nomination for the Presidency. I am convinced that the cry of economy as applied to the dismissal of Federal workers is camouflage, and that when the smoke has cleared away we will find that the personnel of the Government will be as large, if not larger than before, except that we will have scrapped the Civil Service ideals of the first Roosevelt for the patronage hand of the "new deal."

Twelve months ago thousands of veterans and their families were spurred on to Washington by the encouraging words of men in this House, who insisted on the payment of the adjusted-service certificates with printing-press money. The administration at that time did not favor that kind of currency. The veterans themselves made an honest effort to shake off their backs those among their number who were infected by the insidious disease of communism, which is obnoxious to all sound-thinking Americans. During the presidential campaign the eviction of the Bonus Expeditionary Force, greatly exaggerated by the propagandists, was used with telling effect by the adherents of the "new deal", Today we have gathering in the Capital another such force, divided as before in two camps, one with the sanction of the administration, whose leaders are known communists, whose prime purpose is the overthrow of our Government and the advancement of Soviet Russia. The other group, who cling to American ideals, are not admitted to the councils at the other end of the Avenue unless they affiliate themselves with Levine, the red leader, but instead are told that they can only remain 24 hours, after which they will presumably be removed by the police. In the meantime Congress has given the President authority to expand the currency, which he will likely do. I voted against that authority. Is it not strange that those men who urged the payment of the adjusted-service certificates with that kind of money 12 months ago are today silent; they now say they have no desire to "throw a monkey wrench in the machinery." It is evident, therefore, that their purpose last year was to throw a monkey wrench in the machinery of the Republican Party and not that of aiding the veteran.

I have today received letters from veterans of the World War and the Spanish-American War whose disabilities are of unquestioned service origin who have received notice that they were either to be seriously cut in the amount of compensation they receive or removed from the rolls completely. One, a World War veteran, who had received a total permanent award together with insurance payments, is now advised that he is 25 percent permanently disabled and will receive $20 per month. Another, a Spanish-American War veteran, who was awarded a pension at a time when service

connection was required, had been advised that his pension will be discontinued.

These two cases are similar to thousands of others being reported to the Members of this House; they indicate the spirit of justice and mercy that the administration is imbued with in reviewing the cases of disabled veterans. To me such action is convincing evidence that every Member of Congress who voted to grant these autocratic powers to the President were misled by the leaders of this House when they assured us as spokesmen for the administration that such things would not occur. I have always felt that there was plenty of room for economy in our Federal structure, even to the extent of the appropriations for veterans' activities, but certainly did not imagine for one minute that we would deny those who suffer from disabilities incurred in the war-time service a just rate of compensation.

I note in this morning's paper that the President expects to allay the drastic results of his regulations. It is evident that he failed to grasp the import of them when issued. Are we to experiment with human lives? Are we to create human misery? It is said that Congress will adjourn within the next 3 or 4 weeks—the President desires it. Shall we pull down the flag, without knowing what course the Ship of State will steer? It is time we pause and take our bearings, before the threatening storm obscures the landmarks and engulfs our craft.

Mr. BULWINKLE. Mr. Chairman, I request that the Membership vote for this amendment which was drafted by the gentleman from Massachusetts [Mr. McCORMACK] and myself. At this particular time it would be a great hardship on the disabled veterans of America to abolish these regional offices. There are some 350,000 men who have been drawing disability allowance. These men, many of them, have service-connected cases before them. If these regional offices are abolished, you will find that it will be impossible for these men for months to come to be able to get any kind of hearing at all. The amendment is merely directory; it merely expresses the approval of Congress that for the present year we want to continue the regional offices so that every man, as I have said, whose disability would have permitted the right to go and have sufficient force to investigate and find out whether he has service-connected disability or not.

Mr. HOEPPEL. Will the gentleman yield?

Mr. BULWINKLE. I cannot, for I have only 3 minutes. In these cases, and I have been in the hospitals from one end of the country to the other, I know of hundreds of cases of men drawing disability allowance who should have had service-connected disabilities. I have known men in my own county and State and elsewhere, who, under this rigorous policy that the law has placed upon them at this time, ought to have the opportunity to have the protection of this great Government thrown around them for their services in the past. [Applause.]

[Here the gavel fell.]

Mr. BLANTON rose.

The CHAIRMAN. Is the gentleman from Texas for or against the amendment?

Mr. BLANTON. I am supporting the committee.

The CHAIRMAN. The Chair will recognize the gentleman for 3 minutes.

Mr. SAMUEL B. HILL. Mr. Chairman, I desire to offer an amendment, and I should like to inquire the proper time to offer it.

The CHAIRMAN. Is the gentleman's proposed amendment to the pending amendment?

Mr. SAMUEL B. HILL. It has no relation to the pending amendment.

Mr. BOILEAU. Mr. Chairman, a parliamentary inquiry. How many amendments are there pending?

The CHAIRMAN. There is only one amendment pending.

Mr. BOILEAU. I understand that there are several amendments to be offered to this paragraph, and I should like to know if the Member offering the amendment cannot have a minute or two to explain it?

The CHAIRMAN. When the gentleman from Texas concludes, the Chair will have all the amendments read for information.

Mr. BLANTON. Mr. Chairman, in the State of Texas there are 2 regional offices, 1 at San Antonio in the southwestern portion of the State and the other at Dallas, they being nearly 300 miles apart.

The San Antonio office has jurisdiction of the cases of veterans living in about a third of the counties in my district, and the Dallas office has jurisdiction of the cases of the veterans living in the remaining counties of my district.

Ever since the close of the war practically all of the veterans in my district have gotten me to handle their cases. This handling had to be done either with the regional office at San Antonio or the regional office at Dallas. When Congress was not in session, and I could be at home in Abilene, I could handle their cases with dispatch. But Congress is in session much of the time, and my official duties have required me to be here in Washington, about 2,000 miles from my constituents, much of the time. At first, when I would be in Washington, veterans would call on me to help them file application for compensation or for hospitalization, and it would take 4 days for their letter to come from my district to Washington, and then it would take 4 more days for my letter to the regional office at San Antonio or Dallas to get the application blank and other data sent them; and frequently it was necessary for them to write me back and forth before completing their application and proof, and then it would take 4 more days for them to send the completed papers to me, and 4 more days for me to send the completed papers back to Dallas or San Antonio, and sooner or later in most of the cases I finally would have to take them up with the Administration in Washington before they reached a conclusion. This back-and-forth process of coming 2,000 miles from my district to Washington and mailing back 2,000 miles from Washington to my district caused such interminable delays that I was forced to establish an office in Abilene, open the year round, so that veterans could be aided in preparing their various kinds of cases.

I rented two rooms in Abilene devoted exclusively to official business at a cost to me out of my own funds of $600 per year, and out of my own funds I went to the expense of furnishing and equipping it, and I keep there the year round a secretary to help veterans prepare their applications for compensation, insurance, hospitalization, and all other relief authorized by law, furnishing to them free notary service wholly without charge. My Texas office helps them get up all of their proof, obtaining certified copies of certificates of marriage, certificates of birth, decrees of divorce, certificates of death, physicians' certificates of examination and treatment, military records, hospital records, and various affidavits of every kind, nature and description from witnesses scattered all over the United States, and some even from foreign countries, to make for them the proof required by the administration. If I had not gone to that trouble and expense, their cases could not have been handled with dispatch, and they would have suffered delays which in instances meant life and death to them.

I have maintained at my own expense this contact office in Texas not only to benefit the veterans of the World War but also to render service to the veterans of the Spanish-American War, and of the Indian Wars and Ranger service performed on the early frontiers.

In Hon. Read Johnson, regional manager of the Dallas office, we have an able, efficient, worthy, and patriotic official, warmly sympathetic with the disabilities and problems of all veterans; but I have found that many veterans are wholly dissatisfied with the action taken by regional offices, and they insist constantly that they may have the privilege of having their cases reviewed by the administration at Washington. I have had many veterans to appeal to me saying, "For God's sake take my case away from the regional office and get it to Washington." And ultimately





many of the cases have to be reviewed in Washington, necessitating much duplication, much expense, and much dissatisfaction.

In many instances when veterans apply for immediate hospitalization, when the need is serious and urgent, it is necessary for the regional office to get instructions and permission from Washington before the veteran can be admitted to a hospital.

Mr. MARTIN of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I regret that I have not the time, otherwise I would gladly yield to my friend.

Mr. BULWINKLE. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I am sorry that I have not the time, otherwise I would gladly yield to my friend from North Carolina. I am not sure that veterans have been benefited by having regional offices. I am not sure that the veterans themselves are satisfied altogether with the services given them by regional offices. If it were left to the vote of the veterans themselves, I am not sure that they would want the regional offices continued. It is problematical. After all, we are the ones who handle the cases for them.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield to me? I yielded to him yesterday.

Mr. BLANTON. Oh, I always yield to my very distinguished colleague, the esteemed gentlewoman from Massachusetts. I could not refuse her request.

Mrs. ROGERS of Massachusetts. Does not the gentleman spend some of his time in Texas? Does he not want to handle cases in the Texas office when he is in Texas?

Mr. BLANTON. Certainly, but when the Texas office does not do as they want it to do, I finally have to have them reviewed in Washington. Ultimately we all have to have many cases handled by Washington, and ultimately the final decision is made in Washington. This is a duplication of effort, and is a duplication of expense, and in many instances is most unsatisfactory to the veterans themselves.

However, regardless of whether the regional offices are beneficial or not, today's press brings us a message from the White House assuring us that these regional offices will not be abolished. President Roosevelt is going to have his administration retain them, hence we need not worry here about any fear of having them abolished. They are not going to be abolished. And since this is the only bill that appropriates money for veterans, we must pass it. If we do not pass it, there will be no money for hospitals, or for compensation, or for pensions. It is suggested that the bill be recommitted back to the committee. That means no bill. That means to kill it. That means no funds for veterans or for hospitals. Unless we pass this bill before we adjourn, there will be no help whatever for any veterans after the first day of July.

The CHAIRMAN. The Chair recognizes the gentleman from Washington [Mr. SAMUEL B. HILL] to offer an amendment for information.

Mr. SAMUEL B. HILL. Mr. Chairman, I offer the following amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment by Mr. SAMUEL B. HILL: Page 46, line 15, after the colon, insert "*Provided further*, That the appropriations herein carried for maintaining hospital services under the jurisdiction of the Veterans' Administration shall be available, not to exceed $5,000, for experimental purposes to determine the value of certain types of treatment."

Mr. SAMUEL B. HILL. Mr. Chairman, this amendment inserts in the present bill a provision that is carried in the current appropriation act for the independent offices, except that it reduces the amount from $15,000 to $5,000. This requires no increase in the appropriation of moneys provided in this bill, but simply makes available out of that money—that is, the money that is provided for hospitalization and medical care—a fund of $5,000, and not to exceed $5,000, for the treatment of certain diseases in an experimental way, being intended in particular for the treatment of Buerger's disease. This same appropriation in a larger amount is carried in the current appropriation act for the Veterans' Administration.

Mr. WOODRUM. Mr. Chairman, will the gentleman yield?

Mr. SAMUEL B. HILL. Yes.

Mr. WOODRUM. If I may supplement what the gentleman says, this merely permits the Veterans' Administration to use as much of its appropriation as it may deem necessary, not to exceed $5,000, for certain types of treatment, and is aimed particularly at treatment being given to some veterans at Soap Lake, Wash.

Mr. SAMUEL B. HILL. Yes.

Mr. WOODRUM. An authorization that has been carried in this bill heretofore and was originally put in by our former colleague, Dr. Summers. So far as the committee is concerned, we have no objection to the amendment of the gentleman from Washington.

Mr. SAMUEL B. HILL. Mr. Chairman, in view of the statement of the gentleman from Virginia [Mr. WOODRUM], chairman of the subcommittee, I offer my amendment and yield back the remainder of my time.

Mr. KNUTE HILL. Mr. Chairman, I want to support the amendment of the gentleman from Washington [Mr. SAMUEL B. HILL]. This amendment provides a $5,000 appropriation for treatment of veterans for Buerger's disease at Soap Lake, Wash., which is in the Fourth District, which I represent.

Last year the appropriation was $15,000. We have reduced that to $5,000.

Of all the casualties of the World War, I believe none is more pathetic than the veteran who is afflicted with what is known as Buerger's disease, which means a slow death, literally inch by inch; and I think inasmuch as we have appropriated here $50,000 to dig up the bones of old, prehistoric animals, we can at least appropriate $5,000 to save the bones of living veterans who offered to make the supreme sacrifice in the World War.

The cases at Soap Lake are pitiable. They have sought relief everywhere else in vain. The suffering is so intense that it drives them almost to insanity. Amputations are frequent, and eventually result in complete loss of the limbs. At Soap Lake they have secured relief, with hope of ultimate recovery.

In one case a wife writes for extension of appropriation as they have purchased a home, expecting to spend his remaining days there. He has secured relief there, and she begs that he be not sent back to the saw and knife.

One who has been greatly benefited flew recently from Soap Lake to Washington, D.C., to present his case before General Hines. His comrades furnished the funds. General Hines, I am informed, was impressed by the improved condition of this veteran to the extent of promising continued experiments if appropriation was made by Congress.

Affidavits from all these veterans attesting to the remedial effects secured at this place and by these treatments are on file in our offices and at the Veterans' Bureau.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. SHOEMAKER] to offer an amendment for information.

Mr. SHOEMAKER. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. SHOEMAKER to the amendment offered by Mr. MCCORMACK: Strike out "$85,273,000" and insert in lieu thereof "$110,538,514."

Mr. SHOEMAKER. Mr. Chairman, I do not want to see any cut made. I have been around veterans' hospitals, and I know the situation. In fact, just a week before I came down here, I came out of a veterans' hospital at Fort Snelling. We are talking about saving these regional hospitals. I have here newspaper clippings from Minneapolis and St. Paul, showing that 86 doctors, dentists, and nurses have been left off up there and put out of their work. Not only that, but 300 more are slated to go up there, and they are figuring on boarding up that hospital. I know that for years it has

been almost impossible for the veterans to get into that hospital. I have hundreds of them who are clamoring to get into that hospital, and who are in dire need of hospitalization. I feel this should not be cut at all, and for that reason my amendment calls for the original appropriation we had in the last year, bringing it back up to where we can take care of these people, these people that are sick and need attention. I hope that at least we will be able to do something for the sick soldiers. It is bad enough to take a lot of compensation from those who do not happen to be as sick as some who need hospitalization and cannot get it. I am opposed to further placing the burden of taxation upon our local taxpayers and further taking it off the large-income-tax dodger who supports the National Economy League. That is why I submit the amendment under discussion and why I shall support it. And I trust that this House will at least try to offset some of the damage that was brought about through the passage of the so-called "economy bill." Why take more crutches away from crippled soldiers? [Applause.]

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. TABER. Mr. Chairman, I move to strike out the last word. There are reasons why the regional offices ought to be maintained to a certain extent to carry on the functions that have been carried on. A very large number of them can be carried on at a great deal less expense than they have in the past, and a large number of them can be consolidated with hospital activities in the different places. Frankly, we had an appropriation of about $110,000,000 laid out for this year. I do not believe that with the 15-percent cut, taking into consideration the operating expenses, and the way they probably will be cut, with the reduction in those who will be entitled to admission to hospitals, we will require nearly as much money as we did before. The President has control of this situation, and it does not make any difference how much money we carry. Only such money will be used as he feels is necessary to run the hospitals on the basis of the regulations that he proposes.

He has it figured up what will be required. I do not see why we should give more money than he has requested on the basis of what he figures he is going to do.

Another thing, this does not take effect until July 1, and it is possible with the appropriation, the way it stands in the bill, to carry along beyond such time as may be necessary to complete the adjudication of those cases, where no consolidation with a hospital can take place in the district. I really believe we ought not to crowd on to the President more money than he has asked for.

Mrs. ROGERS of Massachusetts. Will the gentleman yield?

Mr. TABER. I yield.

Mrs. ROGERS of Massachusetts. My understanding is that in asking for only $34,000,000 the Veterans' Administration had to eliminate a large sum of money that it really needed for the proper care of veterans in the hospitals.

Mr. TABER. That is not what General Hines told us.

Mrs. ROGERS of Massachusetts. If the gentleman will send to the Veterans' Administration he will find it to be true that if $8,000,000 is spent for the regional offices, a very drastic cut must be made in the care of the veterans. Yesterday the President stated he would keep them open. This was done after vigorous protests against their closing had been made by many of us. Legion Post No. 87, of Lowell, Mass., made a very strong protest. We must take care of the TB cases and other sick veterans. We do not want them to die for lack of proper care, as they easily can. The responsibility clearly belongs to the President to take humane care of the veterans. Congress gave him the power to do so. He has stated only recently that he will liberalize the very drastic regulations. It is our responsibility to see that money is appropriated for that purpose.

The CHAIRMAN. The time of the gentleman from New York [Mr. TABER] has expired.

Mr. TABER. The bill carries $77,000,000 for this purpose and not $34,000,000. The cut in this appropriation is $34,000,000. The 15 percent salary cut would account for half of this and the balance is accounted for in reductions in hospital and administration expenses. I do not believe that any needed activity will suffer from the defeat of this amendment.

Mrs. ROGERS of Massachusetts. The gentleman is correct. I did not mean to say $34,000,000, as I know that is the amount cut in the appropriation. The amount of the appropriation is approximately $77,000,000——

Mr. ROGERS of New Hampshire. Mr. Chairman, I yield to no Member of this House in my desire to go 100 percent in enforcing and maintaining economy in this Nation, but when we go so far as to pass legislation in this body which effects the lives, the future, and welfare of the men who were wounded, injured, and suffered in defense of our country in the World War, I say we must call a halt. Therefore I propose to vote for the amendment offered by the gentleman from Massachusetts [Mr. MCCORMACK] in respect to the regional offices in connection with this bill.

We ourselves are under a solemn obligation, not only in the interest of our own districts, of our own States, and of our own Nation, to do everything that is legally and morally possible to further economy in this Nation, but we are also under an equally persuasive obligation to see to it that the men who protected the integrity of this Nation in the World War shall not be left behind. We talk about a new deal. Let us have a square deal, an honest deal, and let us do our part to enable this administration to do what it is ready to do in a statement reported in today's papers as coming direct from the White House, to wit:

> By reason of the burden incident to rerating, and in order that undue hardship will not be imposed upon veterans in their application for adjudication of their cases, regional offices of the Veterans' Administration will not be closed as has been reported, except where it has been clearly demonstrated that regional facilities are not necessary.
>
> It is not contemplated that Government hospitals will be closed pending a careful, studious survey of the entire hospital situation. This, of necessity, will require considerable time.
>
> These conclusions are in line with the President's original statement that the regulations and schedules would be drafted so as to effect the most humane possible treatment of veterans purely disabled in war service.

Let us give the administration an opportunity to say that the Congress, the voice of the people, does not desire to have these regional offices closed, and in keeping them open we will be doing our share toward rendering our thanks for the deeds of valor, bravery, patriotism, and honor by those who fought and bled and were ready to give their very lives for us in the great World War.

I hope this amendment will be adopted. [Applause.]

The CHAIRMAN. The time of the gentleman from New Hampshire [Mr. ROGERS] has expired.

Mr. MALONEY of Connecticut. Mr. Chairman, I think the distinguished gentleman from Massachusetts, in answer to an inquiry by the able gentleman from Kansas, expressed a very wise thought. The gentleman said that this was an opportunity for us at least to let those in authority, and the people on the outside, know how Congress feels about this all-important matter.

I voted for the economy bill, and I have been prepared, and am prepared, without apology, to go down this uncertain path with the leader of my party and the leader of our country; but I think we have a very definite chance today, and perhaps the last chance, to give this expression of opinion, referred to by the gentleman from Massachusetts [Mr. MCCORMACK].

In this morning's paper we were advised there was to be some change in the method of procedure, and we who know of the bleeding hearts of those who are threatened with suffering because of the regulations originally announced are very hopeful, as a result of what was said in the press this morning, that the soldiers themselves will be given a chance to be heard in connection with how the matter will be handled from this time on. Those high in authority have had the benefit of the opinion of the cold, practical side. Those who were maimed in war and robbed of whatever romance there may be in war have yet to be heard officially,

and I do not think anyone here would deny them a chance to be heard now.

I have the same great faith in President Roosevelt that I had as I voted with him in his economy efforts. I am satisfied he would burn at the stake rather than sacrifice his fixed opinions; but before his opinion is finally and fully formed I hope the heads of the Veterans of Foreign Wars, the Disabled American Veterans, and the Veterans of the Spanish-American War, as well as the Legion head, may get a chance to present their side of the case. I do not think this great leader of ours will permit his group of supporters in this Congress to go around with bowed head and a crushed conscience. I know he will bring about a correction. I hope we may continue the faith we have, the patience that we need, and give him the chance that is so necessary to rectify the mistakes that have been made, and to keep faith with the defenders of the Nation. [Applause.]

The CHAIRMAN. The time of the gentleman from Connecticut has expired.

The CHAIRMAN. The Chair wishes to announce that the time has been limited. Twenty-five minutes have been consumed. The Chair arbitrarily reduced the time to 3 minutes for each speaker. There are only 5 minutes remaining.

Five Members have not had an opportunity to speak, but the Chair feels the Chair should recognize the chairman of the committee to close the debate.

Mr. WOODRUM. Mr. Chairman——

Mr. JEFFERS. Mr. Chairman, will the gentleman yield, that I may submit a unanimous-consent request?

Mr. WOODRUM. I should like to finish, but I yield.

Mr. JEFFERS. Mr. Chairman, no member of the Committee on Veterans' Affairs has had an opportunity to be heard. The gentleman from Massachusetts [Mr. CONNERY] and myself have both asked for time. We are the ranking members on the floor.

I ask unanimous consent that the gentleman from Massachusetts [Mr. CONNERY] and myself be allowed to speak for 2½ minutes each.

Mr. MARTIN of Massachusetts. Mr. Chairman, reserving the right to object, I think if this extension is granted these gentlemen that the same length of time should be granted to the gentleman from Illinois [Mr. DIRKSEN].

Mr. MEAD. Mr. Chairman, reserving the right to object, I believe if the request were modified so as to permit each Member who has an amendment pending on the desk the same amount of time, there would be no objection.

The CHAIRMAN. Will the chairman of the subcommittee accept as a compromise a request that these gentlemen and those who have amendments pending at the desk be allowed to proceed for 1 minute each? It has not been possible for the Chair to recognize five Members who have sent amendments to the desk.

Mr. WOODRUM. I make that request, Mr. Chairman.

The CHAIRMAN. The gentleman from Virginia asks unanimous consent that each Member who has an amendment pending at the desk be allowed to proceed for 1 minute. Is there objection?

There was no objection.

Mr. JEFFERS. Mr. Chairman, thousands of veterans in every State have received notice that they are going to be cut off the 1st of July. They received notice at the same time that as soon as possible after that date they would have an opportunity to refile their cases and make an effort to prove service connection, if possible. It would be an absolute physical impossibility for all these veterans to come to Washington to present their evidence after filing their claims anew. To require them to do so would bring about a condition of utter chaos and confusion.

It is essential, therefore, that the regional offices be continued so that the men can get to the regional offices to renew their claims and so field workers can go out from regional offices and contact the men when necessary.

The regional offices should not be cut off, and this expression from the legislative branch providing funds so that regional offices can be retained will, I feel, be information which our Chief Executive will welcome. I am in entire agreement with the gentleman from Massachusetts [Mr. MCCORMACK] who has offered this amendment, and I sincerely trust it will be adopted as an expression of sentiment in this House in favor of the retention of these regional offices in our respective States. I am naturally especially concerned about the one located in my own State, at Birmingham, Ala. I hope the amendment will pass. [Applause.]

Mr. DIRKSEN. Mr. Chairman, some years ago Congress appropriated $3,000,000 to eradicate the fruit fly from the orange groves of Florida.

They spent $25,000 to preserve order at Harding's inauguration.

They spent $5,000 to hang Coolidge's picture in one of these galleries.

They granted $50,000,000 for Muscle Shoals.

They gave $500,000,000 lavishly for relief.

Now comes the beseeching veteran and says, "Please give us $8,000,000 so we can keep the regional offices open."

The question is whether their demand and their beseechings will fall on deaf ears or be given the same consideration that was given to some of the material and commercial things for which we have literally broadcast and scattered millions of dollars—yes, billions of dollars. This is identified with a humane cause. The answer lies with the Membership of the body.

[Here the gavel fell.]

Mr. HEALEY. Mr. Chairman, the reason the amount of increase was fixed at $8,000,000 in the amendment was because at a recent conference of officials of the American Legion at Indianapolis it was estimated it would cost about $8,000,000 to maintain the regional offices. I have offered the same amendment, which is at the Clerk's desk.

If the regional offices are closed, about 2,000,000 cases will be returned to Washington for revision and adjudication.

The Federal Government is about to stop the compensation and allowances of thousands of veterans and is about to substantially reduce compensation and allowance to thousands of others. These men will naturally ask for hearings. If they cannot go to their local regional offices and present their cases, the right of hearing will effectually be denied them. These men are going to realize that their court of appeal has been removed from them, for most of them will not have the money to pay the expenses of a trip to Washington, and we will have taken away the right of appeal from these men who wore the uniform of their country.

If we abolish the regional offices and thus in effect deny a day in court to the veteran who was wounded in the service of his country, you will certainly be doing him a grave injustice.

[Here the gavel fell.]

Mr. MEAD. Mr. Chairman, I am in favor of the amendment offered by the gentleman from Massachusetts [Mr. MCCORMACK], and I trust it will be adopted by the Committee. I am opposed to the closing of the regional offices of the Veterans' Bureau because there is no economy in it. It will increase the cost to the Government. We could just as well have closed these regional offices a year after the World War as we can now. When we passed the economy bill, with its revolutionary revision of rates, when the Veterans' Administration issued regulations affecting some 2,000,000 cases, and when the President of the United States, in a reported statement emanating from the White House last night, signified his willingness to review these cases, the work of these regional offices increased, and they will be more necessary now than at any time within the past 10 years.

This is the wrong time to close these offices. Such a reduction would strike with undue severity the poor veteran who, either because he cannot afford to come to Washington or because his case is not in a favored class, will have to pay his own way if he desires to have his case heard. Economy, efficiency, and fairness will result in the adoption of this amendment.

We may close these offices sometime, but this is surely the wrong time. [Applause.]

Mr. CONNERY. Mr. Chairman, I disagree with my colleague the gentleman from Texas [Mr. BLANTON] as to the efficiency of the Washington office and the regional offices.

The Washington office has always been nothing but a rubber stamp, anyway. All your appeal boards down here you might as well throw out the window. The veteran gets nothing in Washington. Whatever little he does get he gets from the regional offices. They should be retained, if the veteran is to get anything at all.

I hope the McCormack amendment will be agreed to.

Mr. GLOVER. Mr. Chairman, as has just been stated, if there ever was a time when we needed these regional offices, it is now.

The President has stated, according to the press, that there have been some grave injustices done under his order, and as the days go by many more will be discovered by him. If the regional offices are not retained, where these men can have a hearing, I will say to the gentleman from Texas, who states that he has an office established there now, he will need 2 or 3 more of them if he has to do this work.

I think these offices ought to be retained, and I do believe that if they are retained much of the injustice that has been done to many of the soldiers, as we see it now, will be corrected by the regional offices without having to have it done here.

Mr. THOMASON of Texas. I am supporting the McCormack amendment and hope it will be adopted. The chairman of the committee made the statement yesterday that more than 10,000 are now drawing compensation who did not join the Army until after the armistice was signed. It may be true that many are on the rolls who do not deserve to be there. Many civilians who have ample finances have received free hospital treatment. These abuses are going to be corrected. But we are now dealing with the sick and disabled, and I am going to do everything in my power to see to it that they get just and fair treatment. Some of the rules and regulations promulgated by the Veterans' Bureau cannot be defended. I am happy to see by the Associated Press today that the President says that the cut in service-connected cases was deeper than intended. He assures us that justice will be done in every case, and I have implicit faith in him always doing the right and fair thing.

I am opposed to closing the regional offices. I have personal knowledge of the fine work they have done. The main office in my part of the country is at Albuquerque, with a branch office in my city of El Paso. I have made vigorous protest against closing the El Paso office. They have handled several thousand cases. It should not be forgotten that hundreds of veterans have gone to the high, dry climate of the Southwest, suffering from tuberculosis. Many of them are bed-ridden. That is a country of great distances. Many of the men are physically unable to personally look after their claims. The representatives of the regional office have gone out in the field when the men could not come to the office and have rendered valuable assistance. They should not have to write Washington and suffer long delays in order to get their claims adjusted. There is no economy in it, because extra men will be required here if the district offices are closed. All doubts should be resolved in favor of the sick and disabled. I am for economy and am supporting the President's program, but let us be sure in dealing with sick veterans that justice is done.

Mr. MARTIN of Colorado. Mr. Chairman, I ask unanimous consent to proceed for 10 seconds.

The CHAIRMAN. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. MARTIN of Colorado. Mr. Chairman, I just want to say that if we do not keep these regional offices open, every Member of Congress is going to be a regional office after they are closed. [Laughter and applause.]

Mr. WOODRUM. Mr. Chairman, I hope I may have the undivided attention of the Committee. The debate for the last 30 minutes demonstrates pretty clearly how far we can go when we allow sometimes our zeal and our feelings to overshadow our better judgment.

Now, I know how deeply interested Members of Congress feel in this matter of the regional offices, and the debate here has been practically unanimous that they are to be kept open.

The interesting part of it is that the President has already said that they are going to be kept open, because yesterday the national commander of the American Legion came to Washington, saw the President, and the morning press carried an article which I am sure most of the Members of Congress have read. I want to read it to you. It is as follows:

The White House announced last night that economies to be effected through reduction of payments to veterans for service-connected disabilities would be reviewed with a view to making the cuts less severe.

A statement issued by Stephen T. Early, Secretary to the President, said:

"As a result of conferences between the President, the national commander of the American Legion, Louis Johnson, and the Director of the Budget, the following conclusions have been reached:

"As a result of the application of the veterans' regulations, it now seems that the cut in compensation of service-connected World War veterans with specific injuries has been deeper than originally intended. The regulations and schedules in this respect will therefore be reviewed so as to effect more equitable levels of payment. Careful study also will be made of the other regulations and their effects.

"REGIONAL OFFICES SAVED

"By reason of the burden incident to rerating and in order that undue hardship will not be imposed upon veterans in their application for adjudication of their cases, regional offices of the Veterans' Administration will not be closed, as has been reported, except where it has been clearly demonstrated that regional facilities are not necessary.

"It is not contemplated that Government hospitals will be closed pending a careful, studious survey of the entire hospital situation. This of necessity will require considerable time.

"These conclusions are in line with the President's original statement that the regulations and schedules would be drafted so as to effect the most humane possible treatment of veterans purely disabled in war service."

I hold in my hand a statement by the Director of the Budget and the Administrator of Veterans' Affairs, made at the request of the Chairman of the Appropriations Committee, stating that it is not necessary to increase the funds in this appropriation bill on account of the regional offices:

MAY 11, 1933.

Hon. JAMES P. BUCHANAN,
Chairman Committee on Appropriations,
House of Representatives.

MY DEAR MR. BUCHANAN: Having reference to the statement appearing in the newspapers this morning with respect to the veterans' regulations, I enclose a letter from General Hines which states that no increase will be necessary in the present estimates of appropriation. With this conclusion I agree.

Very truly yours,

L. W. DOUGLAS, *Director.*

MAY 11, 1933.

Mr. LEWIS W. DOUGLAS,
Director Bureau of the Budget, Washington, D.C.

MY DEAR MR. DOUGLAS: Reference is made to the press release issued by the White House on May 10, 1933, concerning the regulations promulgated under Public, No. 2, Seventy-third Congress.

The policies outlined in the release are those which have been in effect since the President signed these regulations, as is indicated in the last paragraph of the release.

Insofar as reduction of compensation in service-connected cases is concerned, the Veterans' Administration from the date of issuance of the regulations, in accordance with the instructions of the President, has been studying the effects of the new rating schedule and will continue to do so on the basis of reports being received as to its application in individual cases. When estimates were made and submitted covering this item, allowance for any necessary adjustments as might be required was included.

As to the closing of regional offices and hospitals, the release outlines the policy which is being followed.

I can see no necessity, by reason of the above-referred-to release, for increasing the amounts now contained in the independent offices appropriation bill which is now pending before the House of Representatives.

Very truly yours,

FRANK T. HINES, *Administrator.*

Now, gentlemen, I plead with you here today to trust the President in formulating and promulgating his regulations. It has been demonstrated that the President is going to take

a reasonable view of the matter in response to the interview with the commander of the Legion and that he is not going to close these offices.

It does not do any good to put money in the bill if he does not want to use it. There is sufficient money provided for the regional offices. Let us give the President a chance; let us give him an opportunity to work it out, because I say to you again what I said when we adopted the economy bill, that I am willing to trust the President to give the veteran a square deal. Some cuts may seem drastic, and many of them will no doubt be reviewed and changed.

I ask you to give the President a fair chance to work this thing out under the regulations he has formulated.

Mr. MARTIN of Colorado. The gentleman ought to have made this speech before we began this debate.

Mr. ANDREW of Massachusetts. In the report that was made in explaining the reduction of $34,000,000, it was stated that it was on the ground that there would be a curtailment of hospitalization, and among other measures adopted the abolishment of the regional offices. How can the gentleman say that if all the regional offices are to be retained?

Mr. WOODRUM. If we do not have money enough to keep the offices open for the year, we can make an additional appropriation when we come here in January.

Mr. BULWINKLE. You have enough money appropriated—you do not reduce the amount going to the hospitals.

Mr. WOODRUM. Oh, no; we are not going to reduce anything because of keeping these offices open. The gentleman knows that we will be back here in January.

The CHAIRMAN. The time of the gentleman from Virginia has expired.

Mr. SNYDER. Mr. Chairman, last evening the national commander, Mr. Johnson, had a conversation with the President, and issued a statement with reference to the Veterans' Act. I ask unanimous consent to insert it in the proceedings at this point.

The CHAIRMAN. Is there objection?

Mr. CONNERY. Mr. Chairman, I reserve the right to object. The national commander of the American Legion is the man who came out the day after the economy bill was passed and told soldiers to be patriotic. I do not propose to have him get any national publicity after double crossing the veterans. [Applause.] I object.

Mrs. ROGERS of Massachusetts. Mr. Chairman, I ask unanimous consent to proceed for 1 minute.

The CHAIRMAN. Is there objection?

Mr. WOODRUM. Mr. Chairman, I reserve the right to object. Of course I am defenseless in the presence of a request coming from the charming lady from Massachusetts, but I think we have had liberal debate on this matter and after the lady is through I shall object to any further requests.

Mr. GRAY. Mr. Chairman, I have been promised one half minute on this, and I want at least a minute.

The CHAIRMAN. The Chair will state to the gentleman from Indiana that after the lady from Massachusetts has finished her remarks, he may proffer a unanimous-consent request, if he so desires.

Mrs. ROGERS of Massachusetts. Mr. Chairman, I was at the Veterans' Administration this morning and was told that there was enough money in the $77,000,000 to keep all of the regional offices, but that if $8,000,000 were used for that purpose, that amount must be taken away from hospital and other needed expenditures for veterans' care. I am stating a fact. We shall need the additional $8,000,000.

Mr. WOODRUM. Mr. Chairman, I call the attention of the lady to the letter which the Veterans' Administration wrote to me in which it is stated they did have the money.

Mrs. ROGERS of Massachusetts. Yes; but General Hines did not state that he would have all he needed for hospital care of the men if that $8,000,000 were used for regional offices. At the hearings they told the gentleman that the money must come either out of the hospitals and other activities or the regional offices. I talked with General Hines, and that is what I was told. We need the $8,000,000 carried in the amendment. The paragraph on this section in the committee's own report of this independent offices appropriation bill clearly shows the need for this additional amount. The report reads as follows:

> Administration, medical, hospital, and domiciliary services: The appropriation under this heading has been reduced from $111,273,634 to $77,273,000, a cut of $34,000,634. The reduction is accounted for partly by the additional 6⅔ percent salary cut, and partly by curtailment of hospitalization resulting from the President's Executive order made pursuant to the act to maintain the credit of the United States. Among other measures which will be adopted to bring about the reduction it is intended to abolish all the regional offices.

I pray that the President will liberalize his extremely severe regulations. Before the regulations went into effect I asked him to be liberal. I realize the terribly difficult task that he has. I also know that he asked us to give him the power to regulate veterans' benefits. He had repeatedly said he wanted justice for the veterans. General Hines has been very bitterly attacked by these regulations. Have those attacks been fair? If something is done in your office or in my office by one of our office force that is wrong, is it not our responsibility? Until the Congress takes away the authority it gave to the President the responsibility belongs to him if the rules are unjust and to see that justice is done.

The CHAIRMAN. The time of the gentlewoman from Massachusetts has expired.

Mr. GRAY rose.

The CHAIRMAN. For what purpose does the gentleman rise?

Mr. GRAY. I rise to let the Chairman comply with his agreement with me to grant me a minute.

The CHAIRMAN. The gentleman from Indiana asks unanimous consent to address the Committee for 1 minute, notwithstanding the fact that he was promised a half minute. The Chair hopes the Committee will grant this request. Is there objection?

There was no objection.

Mr. GRAY. Mr. Chairman, I am not now and never have been in sympathy with that part of the economy program providing for the reduction or scaling down of wages or the reduction of pensions and disability allowances, the whole of which is being used and is necessary for wage earners and pensioners to live.

It is now the unanimously adopted, universally agreed, and the determination, conclusion, and judgment of all economic students and political economists that the depression has resulted and is being prolonged by a continued failure and destruction of the buying and consuming power of the masses of the people, brought about by a sudden fall of values, the price level, and the wage scale, and such cause has been found and determined by Congress and the administration and the remedy agreed and entered upon.

Regardless of the merits of existing pensions and disability allowances, and regardless of the wage scales, with the food and clothing commodity prices rising and where all earnings and income are being used and are insufficient or barely sufficient to provide the necessaries of life and for the bare comforts and conveniences required for existence, reduction of such wages or disability allowances is an economic error which will intensify and aggravate the condition under which the people are suffering.

Everything I say here or I am trying to express regarding wages and wage earners I want to apply with equal force to pensions and the common soldier. And everything I say here regarding pensions and adjusted disability allowances awarded to the common soldiers is equally applicable to wages and wage earners.

It is an economic error to reduce wages and adjusted disability allowances before bringing a restoration of employment, an opportunity otherwise to provide the means to live. It is an economic error to reduce wages and disability allowances without and before restoring earnings, wages, and income necessary and required by men for their support and the support of those who by nature are dependent upon them.

It is more than an economic error to take from men the only means and income to live and leave them to suffer the stigma and humiliation of public or private charity.

It is more than an economic error to take from wage earners and the common soldier classes any part of their wages or income required to live and to provide for their families while wealth is left revelling in luxury and splendor with their surplus incomes untouched. It is a political and social misconception and oversight. It is to step without realization of the condition of the masses, without appreciation of the temper and mind of those suffering in want and distress, in the midst of plenty and great abundance.

It is a false, hazardous, fatal measure to take from the thousands of men, women, and children their last means and substance and leave them standing before great mountains of coal pertaining for want of use, begging for labor, hungry and famished; leave them standing shivering before great mountain storehouses of clothing and raiment depreciating in waste, while they suffer cold and exposure.

It is more than an economic error, more than a political, social oversight, misconception, or hazard. It is a policy jeopardizing civil order. It is not only opening the door but is driving men on reading them to desperate straits to take a stand in defense and in the assertion of their right to live.

It will be vain and useless to counsel, advise, and urge private employers to raise wages and thereby restore buying and consuming power and inspire confidence in the policy urged, while we are reducing wages and disability allowances to soldiers, and thereby destroying the buying and consuming power by positive force of law among a great mass and multitude of people. Certainly we will lose the moral force of our advice and recommendation urged upon private employers if we deliberately follow a contrary rule to be observed with public employees and the holders of adjusted disabilities and pensions.

It is the desire and nature of all men to conserve peace and order and tranquillity under which to live and rear their children. It is their ambition to pay and meet their obligations as they mature and maintain themselves in loyalty and patriotism in obedience to the law and the support of the government and the existing order of things established by custom and usage in the course of life.

But the natural impulse of men to live, to provide for themselves and those who by nature are dependent upon them, is a higher and more controlling impulse in men than to pay taxes, meet their obligations, or even to abide by the law. The impulse to live is a higher and more controlling impulse in men than to observe peace and order. And when men are compelled to choose between the impulse to live and the obligation to pay taxes and observe the law of the land they will choose to act under the natural impulse to live. By taking away from men the means to live and provide for those and theirs we will be driving men to choose and act under the higher and more controlling impulse of nature, the impulse of men to live.

With the farmers of 17 States already declaring for a farm holiday, with 14,000,000 people unemployed, living on half or insufficient rations, in enforced idleness, in a land of plenty and great abundance, with soldiers returning from the battlefield, where they breathed the fatal breath of gas, bared their breasts to steel, the mowing machine guns, to give property its worth and value and make secure liberty and human rights, now marching in rags and tattered raiment, hungry, without shelter, begging at the door of industry and of those whose property they gave value and worth for a bare living sustenance, with laboring men organized and united, demanding without recognition their share of the fruits of their toil and labor, with a movement looking to the organization uniting all these common labor, toiling factions to make common cause for their rights to live upon the earth and enjoy the fruits of their toil—surely there is a failure of a proper appreciation of conditions and of the state of the wavering mind and the tense impulse induced by want and suffering and distress in the midst of plenty and great abundance.

There are many flagrant abuses of the pension system which must be remedied, eradicated, and cured in the interest of the honest and deserving soldiers and to save the pension system from discredit and the pensioners from deserving suffering a revolt from the overburdened taxpaying public. But even these abuses and these unjustifiable pensions should not be summarily adjusted, reduced, or cut off and the pensioners, long led to rely upon this source of income, left without means or sufficient opportunity for employment to provide for themselves and their families the vital necessaries of life.

We are now to realize a rise of values and the price level which will automatically increase the cost of living, and which calls for readjustments on a higher level of wages, pensions, and disability allowances, and which rise of values and the price level I have long favored and now favor as the only way for economic recovery and a restoration of normal prosperity. When conservative values and price level have been reached, as they must be reached and stabilized, then wages, pensions, and adjusted disability allowances must be properly readjusted to a higher level of values and commodity prices. Before that time comes no fair or equitable readjustment can be made.

Balancing the Budget is figured as a prosperity measure to restore the earnings and income of the people. It has no such relation either as a cure or industrial relief. The Budget must be balanced, not because it will restore prosperity to the people but because the honor, dignity, and credit of the Government must be upheld and maintained before the people and the nations of the world. The people are all the more willing after the Budget is balanced than before, and with a policy of reduction wages and soldiers' adjusted compensation to balance the Budget they are reduced by both withholding and taking from them.

But the Government Budget is not the only budget to be balanced and kept balanced. The wage earners and the common soldiers have a budget to be balanced, not only to maintain them in honor and credit before the men but to provide the vital necessaries for themselves and those who by nature are dependent upon them and look to them for support and maintenance.

The Federal Budget is largely balanced from imposed taxes and excise duties levied upon the vital necessaries of life and more largely used, consumed, and paid for by the masses of the people than the certain special few owning and controlling 60 percent of the wealth of the country and taking a like amount of the national income. Certainly any further taking necessary to balance the Budget could be taken from the owners of the 60 percent of the property and the taxes of a like amount of the national income, instead of withholding from the owners of the 20 percent of the property and from those taking a larger part of the income.

I voted for the economy measure in approval of many provisions and with mental reservation, passive resistance, and in disapproval of some provisions. I voted for the economy measure first because there was no opportunity allowed to separate what I approved of from what I disapproved of. And second, I voted for the economy measure because I felt and realized the very solemn and imperative duty to maintain the united support and solidarity of the new administration before the country, that during a crisis to maintain peace, order, and stable government before the waverers and world. And I would vote again under like conditions and facing the same emergency. But no such conditions are here to-day to meet. This is a separate independent measure. Solidarity of action upon the economy measure is not imperative to sustain a governmental crisis before the country.

I shall vote to recommit the bill back to the committee for deliberate revision, and I shall consistently maintain existing wages and pension, disability allowance until opportunity for employment, wages and income and the consuming power of the masses shall have been restored.

Mr. WOODRUFF. Mr. Chairman, I ask unanimous consent that all Members who have spoken on these amendments may have permission to revise their remarks in the RECORD.

The CHAIRMAN. Is there objection?

There was no objection.

The CHAIRMAN. The first vote comes upon the amendment of the gentleman from Minnesota [Mr. SHOEMAKER] to the amendment of the gentleman from Massachusetts [Mr. MCCORMACK], which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. SHOEMAKER to the amendment of Mr. MCCORMACK: Strike out "$85,273,000" and insert in lieu thereof "$110,538,514."

The CHAIRMAN. The question is on the amendment to the amendment.

The amendment to the amendment was rejected.

The CHAIRMAN. The question now is on the McCormack amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. MCCORMACK: Page 44, line 6, strike out in line 6 the figures "$77,273,000" and insert in lieu thereof "$85,273,000: *Provided*, That not to exceed $8,000,000 of this amount shall be available for all expenses and maintenance of all regional offices of the Veterans' Administration."

The CHAIRMAN. The question is on agreeing to the amendment.

The question was taken; and on a division (demanded by Mr. WOODRUM) there were—ayes 140, noes 29.

So the amendment was agreed to.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Washington [Mr. SAMUEL B. HILL].

The Clerk read as follows:

Amendment offered by Mr. SAMUEL B. HILL: Page 46, line 15, after the colon, insert: "*Provided further*, That the appropriations herein made for medical and hospital services under the jurisdiction of the Veterans' Administration shall be available, not to exceed $5,000, for experimental purposes to determine the value of certain types of treatment."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The Clerk read as follows:

Pensions: For the payment of pensions, gratuities, and allowances, now authorized under any act of Congress or regulation of the President based thereon, or which may hereafter be authorized, including emergency officers' retirement pay and annuities the administration of which is now or may hereafter be placed in the Veterans' Administration, $231,730,000, to be immediately available: *Provided*, That Navy pensions shall be paid from the income of the Navy pension fund, so far as the same shall be sufficient for that purpose, and the amount so expended shall be accounted for separately.

Mr. LEMKE. I offer an amendment, Mr. Chairman, which is at the desk.

The Clerk read as follows:

Amendment offered by Mr. LEMKE: Page 48, line 10, after the word "Administration", strike out "$231,730,000" and insert in lieu thereof "$381,730,000."

Mr. LEMKE. Mr. Chairman, in considering the appropriations in this bill a great deal has been said in regard to our national defense; we are told that we should subsidize the merchant marine, because they are a part of our national defense, but little has been said of the real national defense—the veterans of this Nation. Without soldiers, sailors, and marines there can be no defense; without them warships, submarines, and airplanes will stand still and cannons, machine guns, and rifles remain silent. Therefore, I am interested in the veterans—in the human side, in the human flesh and blood of our national defense. I witnessed several hundred of our beragged, tired, hungry, disheartened veterans with the flag of this Nation, marching by the House Office Building yesterday with policemen directing them off the Capitol Grounds, and I cannot help but think of the difference when these boys proudly marched forth to defend this Nation's honor and future glory, how we lauded and praised them then, and what miserable and contemptible treatment we have given them since and are giving them now.

While these boys went forth, willing to give their lives and their limbs for this Nation, many of the stay-at-homes wrapped the flag of glory around them and grabbed everything in sight. They made millions and billions out of the blood, the tears, and the agony of an agonized world. During the war we made 17,000 new millionaires and a few billionaires. We paid common labor as high as $8 and $10 a day and ordinary skilled labor as high as $20 to $100 a day. But when these boys returned and asked, not for a just compensation, but merely a few paltry dollars with which to get a start in life again, then we yelled that if they insisted upon that they would wreck the Nation; that the national credit and honor were at stake.

The treatment of our soldiers and veterans during the war and since the war is a national disgrace. Quoting from the Chicago Tribune of May 21, 1920:

Every soldier knows the training camps were located not for training purposes but to bring money to favored communities.

Every soldier knows that of the money not deliberately misspent, fully one half was wasted, because it was administered by miserable incompetents appointed for political advantage.

Every soldier knows what an infinitesimal fraction of war-time expenditures ever reached the battlefield.

Every soldier knows that both his comfort at the rear and his safety on the battlefield were sacrificed.

Every soldier knows that throughout the war his interest was sacrificed to that of the slacker and profiteer.

Every soldier knows that the only suggestion of national economy has been to economize at his expense.

The bill under consideration is, so far as the veterans are concerned, carrying out the provisions of the so-called "economy bill" which we passed so hurriedly at the opening of this session. It is carrying out the provisions of the international bankers' Economy League bill—that we passed without knowing what it contained, and relying upon misinformation—it is carrying out these provisions with a vengeance, so far as the disabled veterans are concerned. It is carrying out these provisions under the most cruel, brutal, and inhuman suggestions made by the Director of the Budget Bureau, a young man of 38, utterly devoid of human feeling.

If we do not check this mad young man in his insane desire to become a coupon clippers' hero, he will virtually strangle the disabled veterans and their widows and orphans. These veterans upheld the honor and the glory of this Nation in the filth, the mud, the slime, the blood, and the gas in the trenches of foreign battlefields. They pulled the chestnuts out of the fire for our international bankers, who gave credit in the form of war material, food, and clothing to the Allied Governments to the extent of billions of dollars before we entered the war. These international bankers had bet on the wrong horse over in Europe and were about to lose when this Nation took up the gage of battle to make the world safe for democracy. Now, these racketeers ask that the soldiers' pension and disability compensation be cut so that they will be sure that there will be enough money in the United States Treasury with which to pay the interest on the bonds they hold.

Frankly speaking, if we do not check the Director of the Budget Bureau, not only he but this splendid administration, this humane administration, will go down in history as giving the most barbarous, the most cruel treatment that any government ever gave to its defenders and its protectors. Let us not permit that cruel stain to be put upon our Government—upon our manhood and decency—as Members of this Congress. We passed the so-called "national economy bill" under misinformation. Let us now rise to the occasion and make partial amends by at least letting up on the persecution of the disabled veterans. Let us call and stay the hand of this cruel peace-time hero, who has deserted his comrades. Let us say to him, "You will not be permitted to make a name for yourself as an efficiency expert at the expense of the disabled veterans and their widows and orphans; you will not be permitted to put that stain upon the American people."

Chickens are coming home to roost. At the time that the so-called "economy bill" was up for consideration, the Wall Street racketeers, who saw here a chance to cut their income tax, saw to it that we were flooded with hundreds of telegrams asking us, in the sacred name of the credit and honor of this Nation, to pass the so-called "economy bill." The

It is more than an economic error to take from men the only means and income to live and leave them to suffer the stigma and humiliation of public or private charity.

It is more than an economic error to take from wage earners and the common soldier classes any part of their wages or income required to live and to provide for their families while wealth is left reveling in luxury and splendor with their surplus incomes untouched. It is a political and social misconception and oversight. It is a step without realization of the condition of the masses, without appreciation of the temper and mind of those suffering, in want and distress, in the midst of plenty and great abundance.

It is a false, hazardous, fatal maneuver to take from the thousands of men, women, and children their last means and substance and leave them standing before great mountains of food perishing for want of use, begging for labor, hungry and famished; leave them standing shivering before great mountain storehouses of clothing and raiment depreciating in waste, while they suffer cold and exposure.

It is more than an economic error, more than a political, social oversight, misconception, or hazard. It is a policy jeopardizing civil order. It is not only opening the door but is driving men on, goading them in desperate strain to take a stand in defiance and at bay, to maintain their right to live.

It will be vain and useless to counsel, advise, and urge private employers to raise wages and thereby restore buying and consuming power and inspire confidence in the policy urged, while we are reducing wages and disability allowances to soldiers, and thereby destroying the buying and consuming power by positive force of law among a great mass and multitude of people. Certainly we will lose the moral force of our advice and recommendation urged upon private employers if we deliberately follow a contrary rule to be observed with public employees and the holders of adjusted disabilities and pensions.

It is the desire and nature of all men to conserve peace and order and tranquillity under which to live and rear their children. It is their ambition to pay and meet their obligations as they mature and maintain themselves in loyalty and patriotism in obedience to the law and the support of their government and the existing order of things established by custom and usage in the course of life.

But the natural impulse of men to live, to provide for themselves and those who by nature are dependent upon them, is a higher and more controlling impulse in men than to pay taxes, meet their obligations, or even to abide by the law. The impulse to live is a higher and more controlling impulse in men than to observe peace and order. And when men are compelled to choose between the impulse to live and the obligation to pay taxes and observe the laws of the land they will choose to act under the natural impulse to live. By taking away from men the means to live and provide for those and theirs we will be driving men to choose and act under the higher and more controlling impulse of nature, the impulse of men to live.

With the farmers of 17 States already declaring for a farm holiday; with 14,000,000 people unemployed, living on half or insufficient rations, in enforced idleness, in a land of plenty and great abundance; with soldiers returning from the battlefield, where they breathed the fatal breaths of gas, bared their breasts to steel, the mowing machine guns, to give property its worth and value and make secure liberty and human rights, now marching in rags and tattered raiment, hungry, without shelter, begging at the door of industry and of those whose property they gave value and worth for a bare living sustenance; with laboring men organized and united, demanding without recognition their share of the fruits of their toil and labor; with a movement looking to the organization uniting all these common labor, toiling factions to make common cause for their right to live upon the earth and enjoy the fruits of their toil—surely there is a failure of a proper appreciation of conditions and of the state of the wavering mind and the tense impulse induced by want and suffering and distress in the midst of plenty and great abundance.

There are many flagrant abuses of the pension system which must be remedied, eradicated, and cured in the interest of the honest and deserving soldiers and to save the pension system from discredit and the pensioners from disrepute and suffering a revolt from the overburdened taxpaying public. But even these abuses and these unjustifiable pensions should not be summarily adjusted, reduced, or cut off and the pensioners, long led to rely upon this source of income, left without means or sufficient opportunity for employment to provide for themselves and their families the vital necessaries of life.

We are now to realize a rise of values and the price level, which will automatically increase the cost of living, and which calls for readjustments on a higher level of wages, pensions, and disability allowances, and which rise of values and the price level I have long favored and now favor as the only way for economic recovery and a restoration of normal prosperity. When conservative values and price level have been reached, as they must be reached and stabilized, then wages, pensions, and adjusted disability allowances must be promptly readjusted to a higher level of values and commodity prices. Before that time comes no fair or equitable readjustment can be made.

Balancing the Budget is flaunted as a prosperity measure to restoring the earnings and income of the people. It has no such a relation either as farm or industrial relief. The Budget must be balanced, not because it will restore prosperity to the people but because the honor, dignity, and credit of the Government must be upheld and maintained before the people and the nations of the world. The people are left with less after the Budget is balanced than before, and with a policy of reducing wages and soldiers' adjusted compensation to balance the Budget, they are reduced by both withholding and taking from them.

But the Government's Budget is not the only budget to be balanced and kept balanced. The wage earners and the common soldiers have a budget to be balanced, not only to maintain their honor and credit before their fellow men but to provide the vital necessaries for themselves and those who by nature are dependent upon them and look to them for support and maintenance.

The Federal Budget is largely balanced from imposed taxes and excise duties levied upon the vital necessaries of life and more largely used, consumed, and paid by the masses of the people than the certain special few, owning and controlling 80 percent of the wealth of the country and taking a like amount of the national income. Certainly, any further taking necessary to balance the Budget ought to be taken from the owners of the 80 percent of the property and the takers of a like amount of the national income, instead of withholding from the owners of the 20 percent of the property and from those taking a meager part of such income.

I voted for the economy measure in approval of many provisions and with mental reservations, passive resistance, and in disapproval of some provisions. I voted for the economy measure first, because there was no opportunity allowed to separate what I approved of from what I disapproved of. And second, I voted for the economy measure because I felt and realized it my solemn and imperative duty to maintain the united support and solidarity of the new administration before the country, then facing a crisis, to maintain peace, order, and stable government before the wavering public mind. And I would so vote again under like conditions and facing the same emergency. But no such conditions are here to be met. This is a separate, independent measure. Solidarity of action upon this one section of the bill is not imperative to sustain governmental prestige before the country.

I shall vote to recommit this bill back to the committee for deliberate, regular, and orderly consideration to maintain existing wages, and adjust disability allowances until opportunity for employment, wages, and income and the consuming power of the masses shall have been restored.

Mr. WOODRUM. Mr. Chairman, I ask unanimous consent that all Members who have spoken on these amendments may have permission to extend their remarks in the RECORD.

The CHAIRMAN. Is there objection?

There was no objection.

The CHAIRMAN. The first vote comes upon the amendment of the gentleman from Minnesota [Mr. SHOEMAKER] to the amendment of the gentleman from Massachusetts [Mr. MCCORMACK], which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. SHOEMAKER to the amendment of Mr. MCCORMACK: Strike out "$85,273,000" and insert in lieu thereof "$110,538,514."

The CHAIRMAN. The question is on the amendment to the amendment.

The amendment to the amendment was rejected.

The CHAIRMAN. The question now is on the McCormack amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. MCCORMACK: Page 44, line 6, strike out in line 6 the figures "$77,273,000" and insert in lieu thereof "$85,273,000: *Provided*, That not to exceed $8,000,000 of this amount shall be available for all expenses and maintenance of all regional offices of the Veterans' Administration."

The CHAIRMAN. The question is on agreeing to the amendment.

The question was taken; and on a division (demanded by Mr. WOODRUM) there were—ayes 140, noes 29.

So the amendment was agreed to.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Washington [Mr. SAMUEL B. HILL].

The Clerk read as follows:

Amendment offered by Mr. SAMUEL B. HILL: Page 46, line 15, after the colon, insert: "*Provided further*, That the appropriations herein made for medical and hospital services under the jurisdiction of the Veterans' Administration shall be available, not to exceed $5,000, for experimental purposes to determine the value of certain types of treatment."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The Clerk read as follows:

Pensions: For the payment of pensions, gratuities, and allowances, now authorized under any act of Congress or regulation of the President based thereon, or which may hereafter be authorized, including emergency officers' retirement pay and annuities, the administration of which is now or may hereafter be placed in the Veterans' Administration, $231,730,000, to be immediately available: *Provided*, That Navy pensions shall be paid from the income of the Navy pension fund, so far as the same shall be sufficient for that purpose, and the amount so expended shall be accounted for separately.

Mr. LEMKE. I offer an amendment, Mr. Chairman, which is at the desk.

The Clerk read as follows:

Amendment offered by Mr. LEMKE: Page 48, line 10, after the word "Administration", strike out "$231,730,000" and insert in lieu thereof "$381,730,000."

Mr. LEMKE. Mr. Chairman, in considering the appropriations in this bill a great deal has been said in regard to our national defense; we are told that we should subsidize the merchant marine, because they are a part of our national defense, but little has been said of the real national defense—the veterans of this Nation. Without soldiers, sailors, and marines there can be no defense; without them warships, submarines, and airplanes will stand still and cannons, machine guns, and rifles remain silent. Therefore, I am interested in the veterans—in the human side, in the human flesh and blood of our national defense. I witnessed several hundred of our beragged, tired, hungry, disheartened veterans with the flag of this Nation, marching by the House Office Building yesterday with policemen directing them off the Capitol Grounds, and I cannot help but think of the difference when these boys proudly marched forth to defend this Nation's honor and future glory, how we lauded and praised them then, and what miserable and contemptible treatment we have given them since and are giving them now.

While these boys went forth, willing to give their lives and their limbs for this Nation, many of the stay-at-homes wrapped the flag of glory around them and grabbed everything in sight. They made millions and billions out of the blood, the tears, and the agony of an agonized world. During the war we made 17,000 new millionaires and a few billionaires. We paid common labor as high as $8 and $10 a day and ordinary skilled labor as high as $20 to $100 a day. But when these boys returned and asked, not for a just compensation, but merely a few paltry dollars with which to get a start in life again, then we yelled that if they insisted upon that they would wreck the Nation; that the national credit and honor were at stake.

The treatment of our soldiers and veterans during the war and since the war is a national disgrace. Quoting from the Chicago Tribune of May 21, 1920:

Every soldier knows the training camps were located not for training purposes but to bring money to favored communities.

Every soldier knows that of the money not deliberately misspent, fully one half was wasted, because it was administered by miserable incompetents appointed for political advantage.

Every soldier knows what an infinitesimal fraction of war-time expenditures ever reached the battlefield.

Every soldier knows that both his comfort at the rear and his safety on the battlefield were sacrificed.

Every soldier knows that throughout the war his interest was sacrificed to that of the slacker and profiteer.

Every soldier knows that the only suggestion of national economy has been to economize at his expense.

The bill under consideration is, so far as the veterans are concerned, carrying out the provisions of the so-called "economy bill" which we passed so hurriedly at the opening of this session. It is carrying out the provisions of the international bankers' Economy League bill—that we passed without knowing what it contained, and relying upon misinformation—it is carrying out these provisions with a vengeance, so far as the disabled veterans are concerned. It is carrying out these provisions under the most cruel, brutal, and inhuman suggestions made by the Director of the Budget Bureau, a young man of 38, utterly devoid of human feeling.

If we do not check this mad young man in his insane desire to become a coupon clippers' hero, he will virtually strangle the disabled veterans and their widows and orphans. These veterans upheld the honor and the glory of this Nation in the filth, the mud, the slime, the blood, and the gas in the trenches of foreign battlefields. They pulled the chestnuts out of the fire for our international bankers, who gave credit in the form of war material, food, and clothing to the Allied Governments to the extent of billions of dollars before we entered the war. These international bankers had bet on the wrong horse over in Europe and were about to lose when this Nation took up the gage of battle to make the world safe for democracy. Now, these racketeers ask that the soldiers' pension and disability compensation be cut so that they will be sure that there will be enough money in the United States Treasury with which to pay the interest on the bonds they hold.

Frankly speaking, if we do not check the Director of the Budget Bureau, not only he but this splendid administration, this humane administration, will go down in history as giving the most barbarous, the most cruel treatment that any government ever gave to its defenders and its protectors. Let us not permit that cruel stain to be put upon our Government—upon our manhood and decency—as Members of this Congress. We passed the so-called "national economy bill" under misinformation. Let us now rise to the occasion and make partial amends by at least letting up on the persecution of the disabled veterans. Let us call and stay the hand of this cruel peace-time hero, who has deserted his comrades. Let us say to him, "You will not be permitted to make a name for yourself as an efficiency expert at the expense of the disabled veterans and their widows and orphans; you will not be permitted to put that stain upon the American people."

Chickens are coming home to roost. At the time that the so-called "economy bill" was up for consideration, the Wall Street racketeers, who saw here a chance to cut their income tax, saw to it that we were flooded with hundreds of telegrams asking us, in the sacred name of the credit and honor of this Nation, to pass the so-called "economy bill." The

telegrams coming to us now bear a different message. They ask us to help save the disabled veterans and the widows and orphans of disabled veterans from becoming public charges; they ask us to help save their veterans' bureau, their veterans' hospital—begging for help they come, admitting that they have been misled, the same as this Congress.

Under these circumstances it is not too late for this Congress to correct its blunder. Let us have sufficient courage to amend this bill and to make sufficient appropriation to take care of the disabled veterans and of the orphans and widows of disabled veterans.

At the time that the economy bill was up, I suggested that so far as crucifying the veterans was concerned it was false economy. I suggested you could not bring back prosperity by adding to human misery. I suggested that we should practice economy where it ought to be practiced. I suggested that we should give the President authority to suspend the interest on the bonds of the United States for a period of 3 years. That would have put the burden of economy where it belonged—upon those who profiteered and made millions out of the blood, the misery, and the tears of an agonized world. We can still do this. Why not in this crisis, if this Nation's credit and honor are at stake, suspend the interest on these bonds?

In conclusion, permit me to ask you to stay the merciless hand of the Director of the Budget Bureau—the hand that would take pennies from dead men's eyes in no man's land, in the name of a false economy. This Nation owes a duty to the boys that so valiantly upheld its honor and its glory upon the foreign battlefields. Let us correct our blunders; let us liberalize our appropriation so that the President can liberalize the veterans' slashes.

The President, according to this morning's news, intends to liberalize these slashes of the veterans' disability compensation. I am with the President; I know he is sincere, and for that reason let us now give him enough money so that he can undo the wrong and the injustice that has already been done to many veterans. [Applause.]

The CHAIRMAN. The time of the gentleman from North Dakota [Mr. LEMKE] has expired.

Mr. BOILEAU. Mr. Chairman, I ask for recognition in favor of the amendment.

Mr. WOODRUM. Mr. Chairman, I ask unanimous consent that all debate on this paragraph and all amendments thereto close in 10 minutes.

Mr. DIRKSEN. Mr. Chairman, reserving the right to object, I should like to have 5 minutes. I do not believe we have been accorded our full time over here. We received only 1 minute on the other.

Mr. WOODRUM. Mr. Chairman, I will modify my request to make it 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia [Mr. WOODRUM]?

Mr. DIRKSEN. If I get 5 minutes I will not object.

Mr. KVALE. Reserving the right to object, I want to merely make sure that it applies only to this paragraph.

Mr. WOODRUM. To this paragraph and all amendments thereto.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia [Mr. WOODRUM]?

There was no objection.

Mr. BOILEAU. Mr. Chairman, this amendment, as I understand it, would increase the amount of money for the relief of veterans suffering from service-connected disabilities in the sum of $150,000,000.

That amount is just about what would be needed to restore to those men with service-connected disabilities the amount they were receiving before this so-called "economy bill" was put into effect.

In other words, if this money were appropriated the President might make new regulations to restore the benefits that were previously paid to those men who were wounded in line of duty, those men who received service-connected disability.

At the time the economy bill was up for consideration we were told the President would be fair and just in the administration of that bill and in the making of regulations for the benefit of ex-service men. We were also told, at that time, that by enacting the so-called "economy bill" we would effect an economy or a saving of approximately $385,000,000 or $400,000,000. I do not wish to impugn any unfairness to the President of the United States, but I do want to say that any man who voted for the economy bill must have expected just exactly what we got, because we were told that if we passed the economy bill these reductions in benefits to ex-service men would come; and we got exactly what we were told we would get.

The estimates now are that we will save only $375,000,000 on compensation to veterans, plus $34,000,000 for hospital care, and $50,000,000 on the fund to retire the adjusted-service benefits. So that actually we have cut the ex-service men about $460,000,000. Thus, you got exactly what you voted for, and I hope no Member of this House will try to defend his vote on the economy bill by saying that the President promulgated regulations that were more drastic than he expected, because we were told exactly what was going to happen.

If you believe there should be some fairer treatment of veterans, if you believe that the regulations should be liberalized, there is only one way you can possibly show that you mean it, and that is by voting for this amendment or some such amendment, increasing the appropriation.

If you want the President to be fair, and the President stated that it is his intention to be fair, and I want to repeat I do not doubt the fairness of the President, I submit to you that if you expect to liberalize these regulations in line with the statement of the President recorded in the press this morning, you will vote for this amendment. You will be doing your duty by the President if you give him the money with which to restore the compensation to men suffering from service-connected disabilities instead of requiring him to ask Congress next January for a deficiency appropriation. That would not be fair to the people of the country.

The distinguished gentleman from West Virginia in closing his remarks a minute ago said, "Do not forget we are coming back here in January."

If we are coming back in January for a deficiency appropriation we are not being fair with the American people, for we told them we would not spend so much, yet we are spending more.

Let us be fair. The President said he intended to liberalize the rules. Back in your districts you would not say, "Yes; I favor returning compensation allowances to those men with service-connected disabilities." If there is a single man or woman in this House who would tell the soldier back home that he or she is against giving the former compensation for service-connected disabilities, I wish he or she would stand up; I would like to see such a person.

So vote for this increase and you will be fair not only to the veterans but to the people of the country and to the President. If you want the President to liberalize the regulations, give him the money so he can do it. [Applause.]

[Here the gavel fell.]

Mr. DIRKSEN. Mr. Chairman, I think every Member should have definitely in mind the thing to which he gives approval when he votes for the $231,000,000 that is recited in the bill. The minute you approve that amount as a sequel to the economy bill here is what you are doing: You are letting word go out to the ex-service man who is 24 percent disabled and who has bared his breast to the shot and shell of the Argonne and Chateau-Thierry that he is worth only $8 per month. You are saying to the ex-service man who is 49 percent disabled that he is worth only $20 a month.

When you approve this amount you also approve the presumption that he was physically fit when he went into the Army, even though he may have had some physical defect and patriotic fervor made him enlist, conceal physical defects, and fight for his country.

You also place approval on the fact that the wife, the little child, the little son or daughter of a veteran who died

from service-connected injuries is entitled to receive only $20 a month.

Now, ask yourself this question: Would you be willing to have your kids go out and fight the battles of life and get for themselves a primary and secondary education for $240 a year, or $20 per month, particularly after you had made the highest sacrifice for this Nation?

You can express your approval of such an attitude by approving the $231,000,000 in this bill.

Let me mention burial expenses. Seventy-five dollars is provided for funeral and burial expenses and transportation.

The boys who wrote the Executive order were so niggardly that they at first forgot to include the American flag to which the soldier is entitled.

Imagine a man who went into the Argonne, into Chateau-Thierry, or the St. Mihiel, and went through the mire of the shell holes and the rat-infested trenches with a bayonet fixed, crawling up behind a creeping barrage at 4 o'clock in the morning—and I was there—a man who fought for that flag, and yet they were so unmindful of his sacrifices that they forgot to give him the flag, and then went back and wrote it in the regulations. So out of great generosity they decided he could have a flag when he died so it could be placed over his casket.

They allowed $75 to transport him and bury him. If he has $75 to his credit in the Administration, the clammy, slithery hand of the Veterans' Administration will reach in and take away that last $75. It is in the Executive regulations.

This is the thing you are going to approve with the $231,000,000. Do not blame it on President Roosevelt. He does not know what is in the regulations. Blame it on the unsympathetic men who have operated the Veterans' Bureau all these years and who stand up coldly like a stone wall against the desires of the veterans, namely, General Hines and his corps down in the central office.

I just want you to know the thing you are going to approve when you approve the $231,000,000 in the bill as written.

A widow of a Spanish-American War soldier gets only $15. If she were the widow of a World War veteran, she would get $30. I wonder why the difference in widows. The surviving child of a Spanish-American War veteran gets $12 and the surviving child of a World War veteran gets $20. Why the difference of $8? Is there any difference in the children of those who fought for that flag, as a matter of fact?

Then, so far as medical care is concerned, for those who have service-connected disabilities, it provides that within the discretion of the Administrator in that big building down town he can provide it "as may be found necessary", but you put it in the hands of a man who has never shown any sympathy for the veterans, to determine whether or not they need such medical treatment.

If you want to approve all this sort of thing as a supplement to the economy bill, then vote for the $231,000,000. If you want to give the soldiers a square deal, if you want to lift them out of the stink and agony and sweat in which they are found on the highways and byways and in the hospitals of the country today, then I say to you you would better raise it to the amount carried in the amendment. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman, the kind of argument just made by the eloquent and attractive gentleman from Illinois [Mr. DIRKSEN] is not the kind of argument that is really going to help the American veterans today. The gentleman knows, and I know he knows, because he is a man of intelligence as well as of eloquence, that it would not matter if you put $1,000,000,000 more in here. This would not give one red copper penny to any veteran, under the regulations, unless the President of the United States sought in his good judgment to change the regulations.

Mr. McFARLANE. Will the gentleman yield?

Mr. WOODRUM. Not right now, if you please.

I want to plead with you again to give the President of the United States an opportunity to see the effect of the regulations that he has promulgated, and may I remind you that they have not yet gone into effect except as to hospitalization and some few other things.

Mr. HOEPPEL. Will the gentleman yield for one question?

Mr. WOODRUM. Not just now, if the gentleman will permit me to continue.

We have very present evidence of the fact that the President is not insensible to certain inequalities that may come into these regulations and that he is ready to counsel with accredited representatives of the veterans and to treat the veterans just and fair. And I say to you that it is not fair to him, and I want to make an appeal to my Democratic colleagues on this side of the aisle, because, after all, it is your particular duty and your particular responsibility.

The President of the United States has not asked you for any more money for these pensions. If they are to be liberalized, he will liberalize them and let us give him an opportunity to do it. If he needs more money, he will come to the Congress, through the Budget, and ask for it, and we will be ready to give it to him.

I may also say to the House that this report comes to you as the unanimous report of the Appropriations Committee of this House, and I want to say further, with great respect and admiration for my Republican colleagues on this committee, that they are ready to cooperate and ready to give the President of the United States an opportunity and a chance to work out this very great problem that is just as close to his heart as it is to the heart of any man who sits on the floor of this House.

Mr. Chairman, it would be a vain thing to increase the amount of this appropriation. If these regulations show injustices to veterans, then I am ready to join with any Member of Congress as a delegation to wait upon the President and ask for their modification; and I think I know the American people well enough to know that if the President should refuse to lend ear to such an appeal, as I know he would not, this Congress can exercise its right to change the regulations by law. But I want to again plead with the House to give the President an opportunity to carry into effect these regulations and see the effect of them before we vainly add more money to this bill, which, as I have said, would not give one red copper penny to any veteran unless the regulations were changed.

Mr. Chairman, I ask for a vote.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Dakota [Mr. LEMKE].

The question was taken; and on a division there were 63 ayes and 80 noes.

Mr. McFARLANE. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chair appointed Mr. LEMKE and Mr. WOODRUM as tellers.

The Committee again divided; and the tellers reported that there were 76 ayes and 119 noes.

So the amendment was rejected.

The Clerk read as follows:

For military and naval insurance accruing during the fiscal year 1934 or in prior fiscal years, $123,000,000.

Hospital and domiciliary facilities: For carrying out the provisions of the act entitled "An act to authorize an appropriation to provide additional hospital, domiciliary, and out-patient dispensary facilities for persons entitled to hospitalization under the World War Veterans' Act, 1924, as amended, and for other purposes", approved March 4, 1931 (46 Stat., p. 1550), $1,000,000, to remain available until expended.

Mr. HOEPPEL. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

On page 48, line 24, substitute a comma for the period after the word "expended", and add the following: "*Provided*, That the facilities of the Army, Navy, and Public Health Service are first utilized to full capacity where available."

Mr. WOODRUM. Mr. Chairman, I make the point of order that the amendment is contrary to the regulations vested in the administration promulgated with authority

given by Congress, which is now the law until Congress changes it.

The CHAIRMAN. The Chair sustains the point of order.

The Clerk read as follows:

Adjusted-service certificate fund: For an amount necessary under the World War Adjusted Compensation Act (U.S.C., title 38, secs. 591–683; U.S.C., supp. VI, title 38, secs. 612–682), to provide for the payment of the face value of each adjusted-service certificate in 20 years from its date or on the prior death of the veteran, and to make loans to veterans and repayments to banks in accordance with section 507 of the act, as amended (U.S.C., supp. VI, title 38, secs. 642, 647, 650; act July 21, 1932, 47 Stat., pp. 724–725), $50,000,000, to become available July 1, 1933, and remain available until expended.

DEFICIENCY APPROPRIATION BILL

Mr. McFARLANE. Mr. Chairman, I move to strike out the last word. Mr. Chairman and gentlemen of the Committee, I wish to address myself to the present status of veterans' legislation that we now have before us.

We are now considering the present status of veterans' legislation appropriations for the Veterans' Administration. We have been told by the chairman of the subcommittee that we are to deduct $460,000,634 in the operation alone of the Veterans' Administration, and $7,740,411 is deducted in the rest of the bill for all departments the appropriations cover in this measure.

You gentlemen remember how speedily the so-called "Economy Act" was rushed through, without being referred to the regular committee. It was referred to a special committee, every one of whom was known to be favorable to the bill. It was put through without Members of Congress having an opportunity to read the provisions of the bill. We went into a Democratic caucus, and after the caucus had debated the amendment, agreeing to a 25 percent reduction, in keeping with the Democratic platform—after we defeated the move to bind the Democrats to support the so-called "economy bill" in the caucus, the economy committee together with certain Democratic leaders rushed into the House and, under a gag rule, put the bill through.

HOW THE BILL WAS PUT OVER

The people of the country are entitled to know, especially the veterans of the country are entitled to know, how this piece of legislation was enacted into law.

THE PROPAGANDA OF THE NATIONAL ECONOMY LEAGUE AND THE UNITED STATES CHAMBER OF COMMERCE

You are all familiar with the bitter campaign of propaganda carried on by the National Economy League and the United States Chamber of Commerce, and the Manufacturers' Association through the press, the magazines, and the radio, to poison the minds of the public against the rights of the disabled war veterans. Thousands of dollars have been spent in this ruthless campaign by these organizations to put over the program of the repeal of all veteran laws, all of which they have realized under this so-called "economy bill." And to think that such a program can be put over by a group of law violators themselves, such as the National Economy League who has been one of the chief leaders of this campaign of lies and misrepresentations carried on against the rights of the disabled veterans. The so-called "National Economy League" is now an outlaw organization and a violator of our corrupt practices act for they have failed and refused to file statements under its provisions, which would let the people of this country know how much it has cost big business to put over this so-called "economy bill" that has literally cut the throats of the disabled war veterans and their dependents.

The RECORD will show that a resolution was quickly adopted waiving all points of order against the bill and limiting debate to 2 hours, all of which time was placed in control of members of the so-called "Economy Committee." When the Democratic caucus was called there were not even any printed bills available for the Members to read and study, and the committee report on the bill was not available. The RECORD will show that very few minutes were given to those who opposed the bill. Very little opportunity was given to even speak upon it, and no amendments were permitted.

VETERANS AFFECTED

It affects the rights of more than a million disabled war veterans and their dependents. Many of us recognize the wrongs that were done under this method, under the rules and regulations promulgated by Director Hines and Mr. Douglas, and, according to the Stars and Stripes, this whole economy act and the rules and regulations thereunder has all been put over under the direction of Mr. Barney Baruch.

THE AMOUNT CUT

It seems that the veteran is to take a cut under this bill of $460,000,634, even more than the $400,000,000 it was said they would be cut when the bill was before the House.

When Director Hines was before the Senate Finance Committee, March 10, the matter was carefully gone into in the limited time of two hours and a half hearing. Two men were before the committee, Director Hines and Budget Director Douglas. The statement is made and itemized on page 40 of this confidential Executive session hearing, in which it was proposed that $383,530,000 was to be deducted from the veterans. Mr. Chairman, I trust the membership of the House will carefully study the revised itemized account, contained in these hearings, as to how these sums of money have been deducted from the different war veterans and their dependents.

It is futile to try to amend this bill, as has been well stated, because after all, it is the so-called "economy law" that has done the damage, and under it the President has enacted his rules and regulations carrying into effect the $460,000,000 cut to the veterans. What other cuts have we made? What other sacrifices have been made other than those placed on the veterans and the Federal employees? Hundreds of thousands of men have been let out of the Government service. Many departments have been consolidated, and what has been done toward taxing the wealth of this country? Wall Street is now receiving a bonus in interest paid them on tax-exempt Government bonds of more than $725,000,000 annually, and this is the group that put over this so-called "economy bill." [Applause.]

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. TRUAX. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. TRUAX: Page 49, line 5, after the word "in", strike out "twenty" and insert "one"; and in line 6, strike out the word "years", and insert the word "year"; and in line 10, strike out "$50,000,000", and insert "$2,400,000,000."

Mr. WOODRUM. Mr. Chairman, of course the amendment is subject to the point of order and I make the point of order. It is legislation on an appropriation bill.

The CHAIRMAN. Does the gentleman from Ohio desire to be heard on the point of order?

Mr. TRUAX. I desire to be heard on the point of order. My amendment, Mr. Chairman, merely changes the time of payment from 20 years to 1 year. It merely changes the amount of the appropriation from $50,000,000 to $2,400,000,000 to pay the soldiers now. [Applause.] Mr. Chairman, we authorized the President of the United States to expand the currency by $3,000,000,000. There is no better place for that new currency than to pay these soldiers.

The CHAIRMAN. Will the gentleman kindly confine his remarks to the point of order.

Mr. TRUAX. Mr. Chairman, I am trying to do so. As I stated before, the only way in which this bill is changed is to make this payable in 1 year instead of 20 and change the amount from $50,000,000 to $2,400,000,000 to pay the soldiers' bonus now.

The CHAIRMAN. The Chair is ready to rule. The existing law would be materially changed if this amendment were adopted. The Chair, therefore, sustains the point of order and the Clerk will read.

The Clerk read as follows:

SEC. 4. No part of the appropriations contained in this act or prior appropriation acts shall be used to pay any increase in the salary of any officer or employee of the United States Government

by reason of the reallocation of the position of such officer or employee to a higher grade since June 30, 1932, by the Personnel Classification Board or the Civil Service Commission.

Mr. WOODRUM. Mr. Chairman, I offer a committee amendment, which I send to the desk.

The Clerk read as follows:

Committee amendment offered by Mr. WOODRUM: On page 52, line 8, strike out the word "since" and insert "after"; on page 52, line 9, after the word "commission", insert the following: "and salaries paid accordingly shall be payment in full."

The committee amendment was agreed to.

Mr. TABER. Mr. Chairman, all amendments to the bill from this point on are prevented, and I ask unanimous consent that the reading of the balance of the bill be dispensed with, and that the bill be printed in the RECORD.

Mr. WOODRUM. Mr. Chairman, I concur in that request.

The CHAIRMAN. Is there objection to the request of the gentleman from New York [Mr. TABER]?

Mr. SHANNON. Reserving the right to object, I want to ask in open session that the committee offer an amendment to strike out section 12. That section is a clear violation of the rule as to an appropriation bill offering legislation which disturbs existing law. I ask the committee to offer that amendment. I ask in open session that the committee do that and not commit this Congress to a piece of petty larceny such as this is.

Mr. WOODRUM. Of course, the gentleman knows perfectly well that I have no authority——

Mr. SHANNON. Oh, the gentleman's committee has authority. This is taking $150,000 from a lot of boys.

Mr. WOODRUM. The committee cannot agree to the amendment. That will settle that matter very quickly.

The CHAIRMAN. The Chair will state to the gentleman that, according to the terms of the resolution, no amendment could be offered to this section of the bill unless the amendment came from the committee.

Mr. SHANNON. A parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. SHANNON. I would like to have the rule read that bars me from offering this amendment.

The CHAIRMAN. Without objection, the Clerk will read the rule.

There was no objection.

The Clerk read as follows:

No amendment shall be in order to sections 4 to 17, inclusive, except amendments offered by direction of the Committee on Appropriations, and said amendments shall be in order, any rule of the House to the contrary notwithstanding.

The CHAIRMAN. Is there objection to the request of the gentleman from New York [Mr. TABER]?

Mr. MEAD. Reserving the right to object, under the rule no amendments are permissible, and I am not going to offer any objection on that point, but there are a number of irregularities that should be corrected. I am wondering if the Chairman of the Committee on Appropriations would not allow at least 10 minutes' discussion after this particular part of the bill is read. For example, men who were called upon to work from the 1st to the 10th of July and were then denied their retirement, are denied repayment of that retirement in this bill. Then again, this bill reduces the compensation of injured workmen. I do not believe that was the intention of the committee. It, evidently, is an oversight. I think if the record could be corrected, at least the Senate could straighten it out.

The regular order was demanded.

The CHAIRMAN. This resolution was passed by the House, and the House is now in Committee of the Whole House on the state of the Union. The Committee of the Whole House on the state of the Union would not have authority to grant the gentleman's request.

Mr. MEAD. Except by unanimous consent.

The CHAIRMAN. Not even by unanimous consent in Committee of the Whole House on the state of the Union.

Is there objection to the request of the gentleman from New York [Mr. TABER]?

There was no objection.

The remainder of the bill is as follows:

SEC. 5. Title II of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, to the extent that it provides for the impoundment of appropriations shall not operate to require such impoundment under appropriations contained in this act.

SEC. 6. Whenever it shall appear to the President, in respect of any contract entered into by the United States prior to the date of enactment of this act for the transportation of persons and/or things, that the full performance of such contract is not required in the public interest, and that modification or cancelation of such contract will result in substantial savings to the United States, the President is hereby authorized, in his discretion, on or before April 30, 1935, to modify or cancel such contract. Whenever the President shall modify or cancel any such contract, he shall determine just compensation therefor; and if the amount thereof, so determined by the President, is unsatisfactory to the individual, firm, or corporation entitled to receive the same, such individual, firm, or corporation shall be entitled to receive such portion thereof as the President shall determine and shall be entitled to sue the United States to recover such further sum as, added to said portion so received, will make up such amount as will be just compensation therefor, in the manner provided for by paragraph 20 of section 41 and section 250 of title 28 of the United States Code: *Provided*, That where any such contract makes provision for settlement in the event of modification or cancelation, the amount of just compensation as determined hereunder shall not exceed such amount as is authorized by said contract. Any appropriation out of which payments upon the said contract were authorized to be made is hereby made available for the payment of such just compensation.

SEC. 7. Whenever the President, after investigation, shall find that the charge or charges established by or in accordance with existing law for any service rendered or article sold by any executive department, commission, or other executive agency of the United States is less than the cost of such service or thing determined by the President in accordance with sound principles of accounting, he is hereby authorized, in his discretion, by Executive order to increase such charge or charges in such amount as he may determine will return to the Government the cost of such service. The authority granted to the President to order increases in charges hereunder shall cease upon the expiration of 2 years after the date of the enactment of this act.

SEC. 8. (a) Whenever at any time hereafter prior to July 1, 1935, any employee of the United States or the District of Columbia to whom the Civil Service Retirement Act, approved May 29, 1930 (U.S.C., title 5, ch. 14), applies, who has an aggregate period of service of at least 30 years computed as prescribed in section 5 of such act, is involuntarily separated from the service for reasons other than his misconduct, such employee shall be entitled to an annuity computed as provided in section 4 of such act, payable from the Civil Service retirement and disability fund, less a sum equal to 3½ percent of such annuity: *Provided*, That when an annuitant hereunder attains the age which would have been the retirement age prescribed for automatic separation from the service applicable to such annuitant had he continued in the service to such retirement age, such deduction from the annuity shall cease. If and when any such annuitant shall be reemployed in the service of the District of Columbia or the United States (including any corporation the majority of the stock of which is owned by the United States), the right to the annuity provided by this section shall cease, and the subsequent annuity rights of such person shall be determined in accordance with the applicable provisions of retirement law existing at the time of the subsequent separation of such person from the service.

(b) In making reductions of personnel due regard shall be given to the apportionment of appointments as provided in the Civil Service Act.

SEC. 9. (a) Until July 1, 1934, in cases in which the number of officers and employees in any particular service is in excess of the number necessary for the requirements of such service, the heads of the several executive departments and independent establishments of the United States Government and the municipal government of the District of Columbia, respectively, are hereby authorized to furlough, without pay, any officers and employees carried on their respective rolls for such periods as in their judgment may be necessary to distribute, as far as practicable, employment on the available work in such service among all the officers and employees of such service in rotation: *Provided*, That no employee under the classified Civil Service shall be furloughed under the provisions of this section for a total of more than 90 days during the fiscal year 1934 except after full and complete compliance with all the provisions of the Civil Service laws and regulations relating to reductions in personnel. Rules and regulations shall be promulgated by the President with a view to securing uniform action by the heads of the various executive departments and independent Government establishments in the application of the provisions of this section. The provisions of this section relating to furloughs shall not apply to carriers in the Rural Mail Delivery Service, but the President is authorized to suspend or to reduce for the duration of the fiscal year 1934 the allowance paid to such carriers for equipment maintenance.

(b) Section 216 of the Legislative Appropriation Act for the fiscal year 1933, and such section as continued and amended for the fiscal year 1934, are hereby repealed.

SEC. 10. The President is authorized to place on furlough such officers of the Army, Marine Corps, Public Health Service, Coast

Guard, or Coast and Geodetic Survey, as he, in his discretion, shall deem desirable. While on furlough, officers shall receive one half the pay to which they would otherwise have been entitled, but shall not be entitled to any allowance except for travel to their homes.

SEC. 11. The President is authorized, in his discretion, to suspend the extra pay or reduce the rate of extra pay allowed to commissioned officers, warrant officers, and enlisted men of the Army, Navy, Marine Corps, and Coast Guard while on flying duty, and to distinguish between degrees of hazard in various types of flying duty and make different rates of extra pay applicable thereto: *Provided*, That no such rate shall be in excess of $1,440 per annum.

SEC. 12. So much of the act of August 5, 1882 (22 Stat. 285), as is contained in the proviso at the end of section 1057, title 34, United States Code, is hereby amended by repealing the words "and 1 year's sea pay", so that the said proviso will read as follows: "*Provided*, That if there be a surplus of graduates, those who do not receive such appointments shall be given a certificate of graduation and an honorable discharge."

SEC. 13. From the date of the approval of this act and until July 1, 1934, the compensation of all officers and employees of the insular possessions of the United States which is now fixed by acts of Congress and which is not subject to reduction under the provisions of title II of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, is hereby reduced 15 percent: *Provided*, That nothing herein shall be construed as applying to officers whose compensation may not, under the Constitution, be diminished during their continuance in office.

SEC. 14. For the period of the fiscal year ending June 30, 1933, remaining after the date of the enactment of this act and during the fiscal year ending June 30, 1934, the retired pay of judges (whose compensation, prior to retirement or resignation, could not, under the Constitution, have been diminished) is reduced by 15 percent.

SEC. 15. The compensation authorized by sections 3, 4, and 10 of the act of September 7, 1916, as amended, accruing during the fiscal year 1934, shall be reduced below the amounts prescribed by the said act by the same percentage as that prescribed for the reduction of compensation of officers and employees under section 3 of title II of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933: *Provided further*, That the monthly pay as defined in section 40 of the act of Septemer 7, 1916, shall be determined without regard to the temporary reductions in pay required by the act of March 20, 1933: *Provided further*, That the funds made available for the purposes of the act entitled "An act for the relief of unemployment through the performance of useful public work, and for other purposes", approved March 31, 1933, shall be available for the payment of compensation for injuries as required by section 3 of said act, but such payment shall be made through the Employees' Compensation Commission.

SEC. 16. For the fiscal year ending June 30, 1934, every pension payable under any private relief act, not subject to the provisions of sections 1 and 17 of title I of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, shall, irrespective of the provisions of section 18 of title I of such act, be reduced by the same percentage as that prescribed for the reduction of compensation of officers and employees under section 3 of title II of said act.

SEC. 17. This act hereafter may be referred to as the "Independent Offices Appropriation Act, 1934."

Mr. WOODRUM. Mr. Chairman, under the rule, I move that the Committee do now rise and report the bill back to the House with sundry amendments with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the Committee rose; and Mr. BULWINKLE, the Speaker pro tempore, having resumed the chair, Mr. McCLINTIC, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H.R. 5389) making appropriations for the Executive Office and sundry independent bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes, directed him to report the same back with sundry amendments, with the recommendation that the amendments be agreed to and the bill as amended do pass.

The SPEAKER pro tempore (Mr. BULWINKLE). Under the special rule the previous question is ordered.

Is a separate vote demanded upon any amendment?

Mr. HEALEY. Mr. Speaker, I ask a separate vote on the McCormack amendment.

The SPEAKER pro tempore. Is a separate vote demanded on any other amendment? If not, the Chair will put them in gross.

The other amendments were agreed to.

The SPEAKER pro tempore. The Clerk will report the amendment upon which a separate vote is demanded.

The Clerk read as follows:

Amendment offered by Mr. McCORMACK: Page 44, line 6, strike out "$77,273,000" and insert in lieu thereof "$85,273,000: *Provided*, That not to exceed $8,000,000 of this amount shall be available for all expenses and maintenance of all regional offices of the Veterans' Administration."

The question was taken, and the amendment was agreed to.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. LEMKE. Mr. Speaker, I offer a motion to recommit.

Mr. TABER. Mr. Speaker, I offer a motion to recommit the bill. I am opposed to the bill.

The SPEAKER pro tempore. The gentleman from New York, a member of the committee, is recognized to offer a motion to recommit, which the Clerk will report.

The Clerk read as follows:

Mr. TABER moves to recommit the bill to the Committee on Appropriations.

Mr. TABER. Mr. Speaker, upon this motion I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. ZIONCHECK. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. ZIONCHECK. When we vote to recommit, we do not vote against the cancelation of contracts on air mail, do we?

The SPEAKER pro tempore. The question is on the motion to recommit the bill. The Clerk will call the roll.

The question was taken; and there were—yeas 116, nays 255, not voting 60, as follows:

[Roll No. 38]

YEAS—116

Allen	De Priest	James	Rogers, Mass.
Andrew, Mass.	Dirksen	Jenkins	Seger
Andrews, N.Y.	Ditter	Johnson, Minn.	Shoemaker
Arens	Dondero	Kahn	Simpson
Bacharach	Douglass	Kelly, Pa.	Sinclair
Bacon	Dowell	Kinzer	Stalker
Beedy	Dunn	Knutson	Stokes
Black	Eaton	Kurtz	Strong, Pa.
Blanchard	Edmonds	Kvale	Sutphin
Boileau	Eltse, Calif.	Lemke	Swick
Bolton	Englebright	Luce	Taber
Britten	Evans	Lundeen	Taylor, Tenn.
Brumm	Focht	McGugin	Thurston
Burke, Calif.	Foss	McLean	Tinkham
Burnham	Frear	Mapes	Tobey
Carter, Calif.	Gibson	Martin, Mass.	Traeger
Carter, Wyo.	Gilchrist	Merritt	Treadway
Cavicchia	Goodwin	Millard	Turpin
Chase	Gray	Mitchell	Watson
Christianson	Guyer	Mott	Welch
Clarke, N.Y.	Hancock, N.Y.	Muldowney	Whitley
Cochran, Pa.	Hartley	Murdock	Wigglesworth
Collins, Calif.	Healey	Parker, N.Y.	Withrow
Condon	Hess	Peavey	Wolcott
Connery	Hoeppel	Perkins	Wolfenden
Connolly	Hollister	Powers	Wolverton
Crowther	Holmes	Ransley	Wood, Mo.
Culkin	Hooper	Reece	Woodruff
Darrow	Hope	Rich	Zioncheck

NAYS—255

Adair	Caldwell	DeRouen	Granfield
Adams	Cannon, Mo.	Dickinson	Green
Allgood	Carden	Dickstein	Greenwood
Arnold	Carley	Dies	Gregory
Ayers, Mont.	Carpenter, Kans.	Dingell	Griffin
Ayres, Kans.	Carpenter, Nebr.	Dobbins	Griswold
Bailey	Cartwright	Dockweiler	Haines
Beam	Cary	Doughton	Hamilton
Beiter	Castellow	Doxey	Harter
Berlin	Celler	Drewry	Hastings
Biermann	Chapman	Driver	Henney
Bland	Chavez	Duncan, Mo.	Hildebrandt
Blanton	Church	Durgan, Ind.	Hill, Ala.
Bloom	Clark, N.C.	Eagle	Hill, Knute
Boehne	Cochran, Mo.	Eicher	Hill, Samuel B.
Boland	Coffin	Elizey, Miss.	Holdale
Boylan	Colden	Faddis	Howard
Brennan	Cole	Farley	Huddleston
Brooks	Colmer	Fernandes	Hughes
Brown, Ky.	Cooper, Tenn.	Fitzpatrick	Imhoff
Brown, Mich.	Corning	Flannagan	Jacobsen
Browning	Cox	Fletcher	Jeffers
Brunner	Crosby	Fuller	Jenckes
Buchanan	Cross	Fulmer	Johnson, Okla.
Buck	Crosser	Gambrill	Johnson, Tex.
Bulwinkle	Crump	Gasque	Johnson, W.Va.
Burch	Cullen	Gavagan	Jones
Burke, Nebr.	Darden	Gillespie	Kee
Busby	Dear	Gillette	Keller
Byrns	Deen	Glover	Kelly, Ill.
Cady	Delaney	Goldsborough	Kennedy, Md.

Kenney	Mansfield	Ramsay	Swank
Kerr	Marland	Ramspeck	Sweeney
Kleberg	Martin, Colo.	Randolph	Tarver
Kloeb	Martin, Oreg.	Rankin	Taylor, Colo.
Kniffin	May	Reilly	Taylor, S.C.
Kocialkowski	Mead	Richards	Terrell
Kopplemann	Meeks	Richardson	Thom
Kramer	Miller	Robertson	Thomason, Tex.
Lambertson	Milligan	Robinson	Thompson, Ill.
Lambeth	Montet	Rogers, N.H.	Truax
Lanham	Moran	Rogers, Okla.	Turner
Lanzetta	Morehead	Rudd	Umstead
Larrabee	Musselwhite	Ruffin	Utterback
Lea, Calif.	Nesbit	Sadowski	Vinson, Ga.
Lehr	Norton	Sanders	Vinson, Ky.
Lesinski	O'Brien	Sandlin	Wallgren
Lewis, Md.	O'Connell	Schaefer	Walter
Lindsay	O'Connor	Schuetz	Warren
Lloyd	O'Malley	Schulte	Wearin
Lozier	Oliver, Ala.	Scrugham	Weaver
Ludlow	Oliver, N.Y.	Sears	Weideman
McCarthy	Owen	Secrest	Werner
McClintic	Palmisano	Shallenberger	West, Ohio
McCormack	Parker, Ga.	Shannon	West, Tex.
McFarlane	Parks	Sirovich	White
McGrath	Parsons	Sisson	Whittington
McKeown	Patman	Smith, Va.	Wilcox
McMillan	Peterson	Smith, Wash.	Willford
McReynolds	Pettengill	Snyder	Wilson
McSwain	Peyser	Steagall	Wood, Ga.
Major	Pierce	Strong, Tex.	Woodrum
Maloney, Conn.	Polk	Stubbs	Young
Maloney, La.	Prall	Studley	

NOT VOTING—60

Abernethy	Disney	Kemp	Rayburn
Almon	Doutrich	Kennedy, N.Y.	Reed, N.Y.
Auf der Heide	Duffey	Lamneck	Reid, Ill.
Bakewell	Fiesinger	Lee, Mo.	Romjue
Bankhead	Fish	Lehlbach	Sabath
Beck	Fitzgibbons	Lewis, Colo.	Smith, W.Va.
Brand	Ford	McDuffie	Snell
Buckbee	Foulkes	McFadden	Somers, N.Y.
Cannon, Wis.	Gifford	McLeod	Spence
Claiborne	Goss	Marshall	Sullivan
Collins, Miss.	Hancock, N.C.	Monaghan	Sumners, Tex.
Cooper, Ohio	Harlan	Montague	Underwood
Cravens	Hart	Moynihan	Wadsworth
Crowe	Higgins	Pou	Waldron
Cummings	Hornor	Ragon	Williams

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Reid of Illinois (for) with Mr. Underwood (against).
Mr. Doutrich (for) with Mr. McDuffie (against).
Mr. Beck (for) with Mr. Bankhead (against).
Mr. Higgins (for) with Mr. Kennedy of New York (against).
Mr. Goss (for) with Mr. Auf der Heide (against).
Mr. Gifford (for) with Mr. Pou (against).
Mr. Somers of New York (for) with Mr. Ford (against).
Mr. Bakewell (for) with Mr. Ragon (against).
Mr. Lehlbach (for) with Mr. Cravens (against).
Mr. McLeod (for) with Mr. Fiesinger (against).
Mr. Marshall (for) with Mr. Lamneck (against).
Mr. Waldron (for) with Mr. Harlan (against).
Mr. Moynihan (for) with Mr. Duffy (against).
Mr. McFadden (for) with Mr. Sullivan (against).

Until further notice:

Mr. Rayburn with Mr. Snell.
Mr. Abernethy with Mr. Cooper of Ohio.
Mr. Collins of Mississippi with Mr. Wadsworth.
Mr. Sumners of Texas with Mr. Buckbee.
Mr. Almon with Mr. Reed of New York.
Mr. Disney with Mr. Fish.
Mr. Montague with Mr. Spence.
Mr. Williams with Mr. Crowe.
Mr. Brand with Mr. Claiborne.
Mr. Hancock of North Carolina with Mr. Lee of Missouri.
Mr. Romjue with Mr. Monaghan.
Mr. Hart with Mr. Lewis of Colorado.
Mr. Fitzgibbons with Mr. Cummings.
Mr. Kemp with Mr. Smith of West Virginia.

The result of the vote was announced as above recorded.

Mr. WOODRUM. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. WOODRUM. If the House should adjourn now, would the first order of business tomorrow be the vote on the passage of the bill?

The SPEAKER pro tempore. This would be the unfinished business and therefore the first order of business tomorrow.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. KLOEB, for Monday and Tuesday, May 15 and 16, on account of important business.

FARM MORTGAGES

Mrs. JENCKES. Mr. Speaker, I have just been successful in stopping the foreclosure of an Indiana farm mortgage. I propose at a later date to tell more of the farm-mortgage situation in Indiana, but I rise now to ask unanimous consent to extend my own remarks in the RECORD by inserting therein the brief that I have prepared.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Indiana?

There was no objection.

Mrs. JENCKES. Mr. Speaker, I have just been successful in preventing the foreclosure of a mortgage on an Indiana farm, and I propose to address the House on this subject at a later date. I now ask unanimous consent to extend my own remarks in the RECORD by inserting a short brief on the unfair conditions surrounding certain farm mortgages held by our Federal land banks.

The brief is as follows:

On April 28, 1933, Mr. Samuel L. DeMars, a citizen of Lebanon, Ind., telegraphed Representative VIRGINIA E. JENCKES, advising that the Connersville (Ind.) National Farm Loan Association, C. E. Brookbank, secretary-treasurer, had recommended foreclosure proceedings on a mortgage on his 177-acre farm on account of the removal of some timber of little or no value. The Federal Land Bank of Louisville, Ky., Mr. A. G. Brown, vice president, approved this action, notwithstanding the fact that the loan was not delinquent, and also notwithstanding that Mr. DeMars has owned the farm for 6 years.

Upon receipt of the telegram from Mr. DeMars, Representative JENCKES personally called upon Mr. Paul Bestor, president of the Federal land bank, Washington, D.C., and requested that he issue the necessary orders to hold up the foreclosure until she could make an impartial investigation. Mr. Bestor immediately communicated with Mr. Brown, and the foreclosure was held up. The Federal Land Bank of Louisville, Ky., advised Representative JENCKES by telegram that the reason for the foreclosure was that Mr. DeMars had cut some timber from the farm and that the farm was "grossly neglected", and that while the loan was not delinquent the foreclosure was warranted. Representative JENCKES immediately telegraphed the Federal Land Bank of Louisville, Ky., to hold up the foreclosure until she could make a fair and impartial investigation, as it had been brought to her attention officially.

Mrs. JENCKES' investigation developed the following information, which is supported by affidavits on file in Mrs. JENCKES' office:

(1) A sworn statement over the signature of Mr. Alonzo P. Faulkinbury, real-estate dealer, of Boone County, Ind., as follows: "That he has been engaged in the buying and selling of real estate for the past 10 years and that he has visited the farm of Mr. Samuel L. DeMars in Posey Township, Franklin County, Ind., and that he has observed the timber growing thereon, and that he believes the timber growing on the farm 2 years ago was second-growth timber; that the farm is a rough farm not suitable for a grain farm; but that the same, when properly cleared, will be suitable for a stock farm, and that the second-growth timber would be worth very little if anything on the market, and that the removal of the timber would injure the value of the farm very little or none."

(2) A sworn statement by Mr. Cleo F. Green, of Boone County, Ind., who is the present tenant: "That he saw and inspected the farm after Mr. DeMars acquired it, and that the farm and improvements in general today are in at least twice as good condition as they were upon first inspection."

(3) A sworn statement by Mr. Elmon L. Walker, of Boone County, Ind., "that he has been engaged in buying and selling timber for 10 years and that he has examined the farm of Samuel L. DeMars, and that all of the timber is of little or no value to the farm; that the farm is not injured by the removal of the second-growth white poplar therefrom; and that the farm is worth as much without the timber as with it."

(4) A sworn statement by Mr. Cris Witmer, of Boone County, Ind., as follows: "That the farm is worth as much or more without the timber growing thereon, and that there are no evidences of the farm's being neglected."

(5) A sworn statement of Mr. Thomas A. Grant, 906 North West Street, Lebanon, Ind.: "He is familiar with the farm, has examined the farm on three different occasions; that the farm has not been neglected, and that the farm is in better condition now than when Mr. Samuel L. DeMars first obtained title to it, and that the timber cut has no cash value, and that valuable improvements have been made to the farm."

(6) A statement by Mr. Elza O. Rogers, a prominent member of the Indiana bar, of Lebanon, Ind., advises "that Mr. Samuel L. DeMars is a very high grade citizen; he is engaged in the grocery business in Lebanon, Ind., and expected to have this farm for his old age."

On May 9, 1933, Representative JENCKES filed certified copies of these affidavits with Mr. Paul Bestor, president of the Federal Land Bank of Washington, D.C., with the request that he direct the

Federal Land Bank of Louisville, Ky., to immediately terminate all foreclosure proceedings in the DeMars loan and to accept any settlement Mr. DeMars might care to make, if any.

Representative JENCKES also requested President Bestor to advise her immediately if the Federal Land Bank of Louisville refused to do this, in order that Mrs. JENCKES might ask for a congressional investigation of this loan and all other loans of a similar character where farmers were subject to the loss of their farms for unreasonable conditions.

Here is a case of where an Indiana farmer was threatened with the loss of his farm due to incomplete investigation on the part of the Federal land-bank agencies. This is contrary to the "new deal" promised farmers, and as an Indiana farmer, as well as a Member of Congress, I am prepared to ask the Congress and President Roosevelt to intervene to prevent such unfair foreclosures.

Mrs. VIRGINIA ELLIS JENCKES,
Member of Congress.

WICHITA NATIONAL FOREST AND GAME PRESERVE IN OKLAHOMA

Mr. JOHNSON of Oklahoma. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein an excerpt from a Government bulletin giving information on the Wichita National Forest.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. JOHNSON of Oklahoma. Mr. Speaker, I am happy to state that the director of the forest camps now being established under the Reforestation Act recently passed by Congress has today announced the designation of one camp of 200 men for a period of 6 months to be located soon in the Wichita National Forest and Game Preserve in Oklahoma. I have just returned from the White House where the President signed the order establishing the camp in this area. The purpose of this camp is not only for forestation, but included also in the program are some important flood-control and erosion projects; several lakes, ponds, and earthen basins are to be constructed on this reservation of more than 61,000 acres and, when the entire project is completed, it will convert this national forest, already picturesque and beautiful with its trickling streams and shady nooks, mountains and lakes, into a veritable paradise.

The announcement today of a forest camp in the Wichitas marks a new era in the development of that region, and generations yet unborn will rise up and bless those who are responsible and who have been leading the fight in Oklahoma for governmental participation in a real, comprehensive, and constructive program on this reservation.

I wish it were possible to name all of those who have been outstanding in this great movement, but time does not permit. Let me say in passing that to the Izaak Walton League of Oklahoma goes the lion's share of the praise. My lamented friend, the late Judge Burford, of Oklahoma City, was one of the originators of this movement and made several trips to Washington in an effort to convince what then seemed to be an unfriendly Forest Service of the practicability and public demand for lake improvement in the Wichitas.

I have in mind many other gentlemen who have been patient but enthusiastic in an endeavor to secure adequate consideration by the Government for this important project. I wish I could name them all. In passing I think it is only fair to say, however, that both of our distinguished United States Senators from Oklahoma, as well as the entire delegation in Congress from our State, have cooperated in this undertaking in a wonderful way.

May I say, Mr. Speaker, that soon after my first election to Congress I began urging what was then known as the "Izaak Walton League program" in the Wichita Mountains. At first the Forest Service did not look with favor on the projects, but later was induced to send a representative to Oklahoma to make a survey of the situation, and we were given assurance by a representative of the Forest Service that at least a large part of our program would be recommended to Congress. Because of the economic conditions, however, the promised recommendation never materialized.

When the President's reforestation program was presented to Congress our delegation from Oklahoma supported it to a man, not because we believed that our State would secure a great amount of benefit under its provisions but because of our desire to stand by the President and help him in his unselfish desire to put 250,000 idle men to work.

The Wichita National Forest and Game Preserve, however, fits into the President's program in every particular. The projects proposed in the Wichitas come clearly under the provisions of the act. Although the Forest Service has been very reluctant to give the Wichitas any consideration until now, let me say that the local forester, Harry French, has been enthusiastic and helpful in support of a construction program. I am glad to say it is largely because of his recommendation that I am enabled to announce that the untiring efforts of those sponsoring this program have finally culminated in a successful conclusion.

Let me say that in this area the citizens of the city of Lawton, Cache, Indiahoma, Okla., and surrounding cities, towns, and communities have cooperated in this great undertaking. For example, the progressive citizens of Lawton, believing that native rock could be used in construction work and that concrete dams are unnecessary for holding water, especially in the smaller lakes, put in an experimental project in that area a few years ago with rubble masonry, known as "Lost Lake." The dam was constructed some 35 feet in height, and although several feet of water runs over it at flood stages it has shown no signs of weakness, although for years it has held up under the pressure of 35 acres of water.

It is significant, Mr. Speaker, that last year more than 300,000 people visited the Wichita National Forest and Game Preserve, showing clearly that the public is vitally interested in this oasis that God has placed in the center of our almost treeless plains.

The realization of this dream that many of us have had for several years will when accomplished convert the Wichita National Forest and Game Preserve into one of the real beauty spots of the great Southwest.

The following quotations are taken from Miscellaneous Circular No. 36, issued by the Forestry Service, and will, I believe, be of especial interest to the public. It is not only interesting but authentic information:

LOCATION

The Wichita National Forest and Game Preserve is a tract of 61,500 acres, embracing the major portion of the Wichita Mountains in southwestern Oklahoma, the entire area lying within Comanche County. It is 117 miles southwest of Oklahoma City and 60 miles north of Wichita Falls, Tex., on the Quanah branch of the St. Louis-San Francisco Railway. The Ozark Trail, a transcontinental automobile highway, leading from St. Louis to Amarillo, Tex., where it intersects the Santa Fe Trail, passes 4 miles south of the forest boundary at Cache, Okla. The Meridian Highway, a north-and-south through route, comes within 6 miles to the west. The city of Lawton, Okla., is 16 miles southwest, and the Fort Sill Military Reservation (50,000 acres) adjoins the national forest on the east.

HISTORY

Southwestern Oklahoma is rich in historical interest. Between 1850 and 1860 Generals Sheridan, McClellan, and Scott campaigned in the Wichita Mountains and the surrounding prairies against the Kiowa, Comanche, and Wichita Indians. Geronimo, famous Apache chief, was held a prisoner at Fort Sill for some 25 years, until his death in 1911. Quanah Parker, last chief of the Comanches, made his home immediately south of the present boundary of the Wichita National Forest for 40 years prior to his death on February 23, 1911.

TREE GROWTH

When compared with the bountiful hardwood forests of the Appalachians, the pineries of the South, or the magnificent timber of the Pacific Northwest, the somewhat scrubby and scattered white-oak groves of the Wichita National Forest seem insignificant. Nevertheless, when one considers the hundreds of square miles of almost treeless prairies which stretch away beyond the range of vision on all sides from the Wichita Mountains, these shady groves, sheltering springs of sparkling mountain water and affording delightful resting places for relief from the heat of the plains, assume an importance both economic and esthetic.

TREE PLANTING

About 15 years ago six plantations were started on the forest. These are designated as Cedar Creek planting, Panther Creek planting, Elm Springs planting, Pleasant Valley planting, Reck planting, and Baker Peak planting. Native juniper, Osage-orange, black locust and honeylocust, black walnut, and mulberry were planted. Some of the plantations have been very successful and are among the show spots of the forest. The juniper and Osage-orange plantations known as Cedar Creek planting and Elm

Springs planting are almost perfect stands with forest conditions completely established.

These planted groves serve as excellent refuges for birds and game and have justified themselves from that standpoint alone. A more extensive program of planting is being considered on the basis of economic as well as wild-life value.

WILD LIFE

Knowing that the newly established Wichita Game Preserve embraced some of the best grazing grounds of what was once the great southern herd of American buffalo, it occurred to Dr. William T. Hornaday, director of the New York Zoological Park, that an opportunity had been created for the founding of a Government bison herd under exceptionally favorable conditions.

In view of the light snowfall in Oklahoma, and the fact that millions of buffalo had previously inhabited the plains of Oklahoma and Texas all the year round, subsisting by grazing, it seemed evident that it would be entirely possible for buffalo to maintain themselves on the Wichita National Forest in the same way. Since no species of large quadrupeds can be bred and perpetuated in the confinement of zoological parks and gardens, even where the enclosures are as large as those of the one in New York, it was believed that the only way to insure perpetuation of the buffalo would be through the creation of herds maintained by the Government on large areas of grazing grounds.

The grazing grounds are practically surrounded by several high round-topped or rock-capped hills, and cliffs and ridges of red granite. Heavy growths of blackjack oak cover most of the slopes, and near the bases of the elevations blackjack and post-oak groves extend down into the level country for a quarter of a mile. In several portions of the forest there are trees 60 feet in height. The mountains, hills, and timber together afford abundant shelter for the buffalo from the fiercest storms of winter.

VALUE FOR RECREATION

Situated just aside from a main transcontinental highway, in the center of a vast open-prairie country and yet within easy reach of populous sections of the Southwest, the Wichita National Forest and Game Preserve is rapidly becoming a public recreation center of great value. The Forest Service recognizes that public recreation is an important national-forest resource. It invites the public to come, use, and enjoy the forests and places no restrictions upon such use or enjoyment except the ordinary common-sense requirements as to sanitation and care with fire.

The area lying to the south of the scenic highway, known as the "Lost Lake and Camp Boulder region", is dedicated to recreational use. Six choice areas have been designated as public camp grounds and are being made more convenient and enjoyable as rapidly as funds are provided to finance the necessary sanitation, water supply, and playground improvements. The use of these areas is free to all.

SCENERY

In scenic value the Wichita National Forest and Game Preserve ranks high among the national forests of the country. Geologists affirm that the Wichita Mountains are the oldest mountain range in continental United States, and even to the untrained or unscientific eye their appearance seems to bear out this assertion. Disintegration is far advanced, and the countless strange and interesting formations, coupled with indescribably beautiful colorings resulting from the play of the elements upon the crumbling rocks, yield scenic effects at once unique and of compelling attractiveness. The forested groves are cherished by the local people; they grant you that the Wichita National Forest and Game Preserve is the property of all the people, but in their eyes it particularly belongs to their part of Oklahoma and the sense of prideful ownership is strong.

No matter how much one enjoys the beauty of the Wichita Range in general, the buffalo, elk, deer, and antelope, the birds, the trees and flowers, the hours in the campfire's friendly circle, no visit to this national forest is complete without a jaunt to Boulder Canyon, where West Cache Creek breaks through the mountains into the open plain. Here the forces of nature have combined to create a Garden of the Gods in miniature. The towering canyon walls, the rugged peaks, the jumble of massive boulders, and the delicate and ever-changing colors are profoundly impressive. And with it all there is the crystal stream, edged by wooded and grass-carpeted parks—ideal camping grounds where thousands whose homes and workshops are in the cities or on the prairies may and do find rest and the joy of life close to nature in her most pleasing moods and aspects.

REGIONAL OFFICES, UNITED STATES VETERANS' ADMINISTRATION

Mr. STUDLEY. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include therein a telegram from Dr. George J. Lawrence, commander American Legion, Department of New York.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. STUDLEY. Mr. Speaker, under the leave to extend my remarks in the RECORD I include the following telegram received by me from Dr. George J. Lawrence, commander American Legion, Department of New York:

NEW YORK, N.Y., *April 26, 1933.*

Hon. ELMER E. STUDLEY,
House of Representatives, Washington, D.C.:

American Legion here in New York State registers strenuous opposition to proposal of committee handling veterans' appropriations which would eliminate all Veterans' Administration regional offices and discharge 6,000 employees. Under such an arrangement a grave injustice would be done to the disabled veteran, both from the viewpoint of adjudicating his claim and the hospitalization phase. I cannot urge too strongly that you oppose that move. May I hear from you?

Dr. GEORGE J. LAWRENCE,
Commander American Legion, Department of New York,
305 Hall of Records, New York City.

MY PROTEST AGAINST THE UNJUST TREATMENT OF THE JEWISH PEOPLE IN GERMANY BY ADOLPH HITLER

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD and to insert therein a protest against the unjust treatment of the Jews in Germany by Hitler.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I take the floor to protest against the brutal and unwarranted treatment of the nationals of Jewish extraction in Germany by Adolph Hitler.

Our forefathers fled from oppression to New England. We from that section especially sympathize with any persecuted race. Our heritage demands that a protest be made. Some will say that we should not interfere with the private affairs of the German people or with the internal affairs of that country. We must take note of such unjust and inhuman treatment as has been dealt out in Germany of late.

This race, so renowned for its ancient culture, its love of peace and simple living, has been persecuted for 30 centuries. The Jewish people have been driven from land to land, until they have become wanderers seeking a haven of rest and contentment in a world which does not hesitate to profit by their standards of culture and their example of loyalty to family and home.

America is deeply indebted to more than 300,000 young Jewish men who responded to the call to arms in 1917 and 1918. Their relatives are being subjected to this unwarranted treatment in Germany today. They are being driven from their homes. They are being forced to abandon their trades and professions without recourse to trial or law. They ask for nothing but simple justice—an opportunity to pursue the even tenor of their ways.

Under the Versailles Peace Treaty they were promised protection with other German minorities. They were granted all civil and political rights enjoyed by German nationals. They have the right to expect that these promises will be fulfilled.

Is it little wonder that these oppressed people look to America for help? When we recall the early history of our own Nation we must expect the eyes of the less fortunate to be turned toward us for help. The action of the Hitler regime is so contrary to our ideas of justice and good government that we cannot at first comprehend the severity and cruelty of it all.

The Hitler order is directed against such renowned men as Albert Einstein, the scientist; Richard Willstatter, the chemist; Max Liebermann, the painter; and Jacob Wassermann, the novelist. Even their books and scientific researches are being burned in Germany today. It may be jealousy. It may be vindictiveness. Whatever it is, it is wrong. It is an outrage against a peaceful, home-loving people.

Mr. GREEN. Mr. Speaker, I ask unanimous consent to extend my remarks by including therein a letter from the Interstate Commerce Commission.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

ORDER OF BUSINESS

Mr. MARTIN of Massachusetts. Mr. Speaker, I should like to ask the majority leader if he could tell us what the

program is going to be tomorrow outside of the pending vote?

Mr. BYRNS. There are several rules on the calendar which will be in order, provided they are called up.

Mr. MARTIN of Massachusetts. But the gentleman from Tennessee does not know what they are?

Mr. BLANTON. Mr. Speaker, if the distinguished gentleman from Tennessee should give us full information, he would be compelled to say that some of them are good and some of them are bad. I can say that; but, as our majority leader, he cannot thus prognosticate.

Mr. BYRNS. I am not passing judgment on any of them.

Mr. MARTIN of Massachusetts. The gentleman is just telling us what the order of business will be. He is not indicating any preference.

Mr. BYRNS. There are several rules on the calendar.

One is a resolution by the gentleman from New York [Mr. CELLER], and relates to the investigation of bankruptcies.

Mr. CELLER. The investigation is to be made by the Judiciary Committee of the House and not by a special committee.

Mr. BYRNS. Then there is the Sirovich resolution.

Mr. MARTIN of Massachusetts. That provides for an investigation of the moving-picture industry.

Mr. BYRNS. Yes. Then there is one that will be offered in a moment relating to the suspension of mining assessments in the West. I do not know whether there is any other rule or not.

Mr. MARTIN of Massachusetts. There is a discharge rule, but I do not suppose that will come up tomorrow.

Mr. BYRNS. I was not aware of that, and that could not come up tomorrow under the rule anyway.

ASSESSMENT WORK ON MINING CLAIMS

Mr. COX, from the Committee on Rules, submitted the following privileged report from that committee for printing under the rule, which was referred to the House Calendar:

House Resolution 138

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of S. 7, an act providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill, and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Mines and Mining, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit.

NOVEL WAY FARMERS BENEFIT BY RECONSTRUCTION FINANCE CORPORATION AID

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to proceed for one half minute.

Mr. MARTIN of Massachusetts. Will the gentleman tell us on what subject?

Mr. PATMAN. I want to ask unanimous consent to put something in the RECORD and I want to describe what it is.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. PATMAN. Mr. Speaker, the Members of Congress and all the people are interested in any plan that will assist farm families in bettering their condition and especially any plan that will better enable these families to produce their living at home by preserving and canning the wonderful fruits, vegetables, and meats grown on the farm. We are also interested in knowing how the Reconstruction Finance Corporation money can be used to the very best advantage. The county in Texas where I was born and reared has recently benefited so greatly by the farmers working for the Reconstruction Finance Corporation for $1 a day building plants and turning the money back for steam-pressure cookers, preparing themselves to live at home and have cotton for a cash crop, I believe the plan is interesting from a national standpoint; its publicity will probably cause the people of other counties to adopt similar methods.

I therefore ask unanimous consent to insert in the CONGRESSIONAL RECORD a statement about this work that was prepared by Mr. Victor H. Schoffelmayer, of Dallas, Tex.

Mr. TABER. Mr. Speaker, reserving the right to object, how long is the description?

Mr. PATMAN. I assure the gentleman it is not lengthy.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The statement is as follows:

STATEMENT BY VICTOR H. SCHOFFELMAYER, AGRICULTURAL EDITOR OF THE DALLAS MORNING NEWS, DALLAS, TEX.

Cass County recently established a high-water mark when within 1 week its business men, farmers, extension forces, and vocational agriculture teachers distributed 100 steam-pressure cookers, mostly of the hotel size, and their complement of sealers to communities in 85 school districts out of a total of 102 in the county. This achievement was made possible because of the teamwork among the forces of such towns as Atlanta, Linden, Marietta, Hughes Springs, and Avinger, all backing a common program, in which the work of Miss Willie Terrell, home demonstration agent; M. C. Jaynes, county agent; George D. Holland, secretary of the Atlanta Chamber of Commerce and teacher of vocational agriculture in the high school; and F. B. Sullivan, occupying a similar position at Linden, stands out foremost.

There are many more men to mention, such as T. R. Richey, chairman of the county committee for the Reconstruction Finance Corporation; E. W. King, president of the Atlanta Chamber of Commerce; A. O. Brabham, president of the Atlanta Rotary Club, which played host to the 300 persons who attended the distribution day celebration; and others.

FINANCE IDEA IS NOVEL

The distinctive feature of the Cass County canning program is this:

Funds for the purchase of the canning equipment were provided by the Reconstruction Finance Corporation committee after Mr. Holland, Mr. Jaynes, and others had worked out a method by which each community desiring to install a community canning plant received the sum of $45. This money was actually paid to farmers in each community as a wage of $1 a day, allowing 45 days for a man to erect a community canning house of native pine logs or other home material.

This wage of $45 in turn was paid back by farmers to a central committee, which was empowered to buy the steam-pressure cookers and sealers in such volume as to insure savings. Without the Reconstruction Finance Corporation funds it would have been largely impossible for the various communities to have raised the necessary money. Furthermore, without a central community canning plant the communities could not have been mobilized as a whole to share in the benefits of such food canning.

Now that the equipment has been distributed, Cass County will launch the greatest food preservation campaign in its history, which is expected to exceed greatly the 650,000 cans and glass jars of home-raised food put up by the farm women last year.

PRELIMINARY SPEAKING TOUR

In order to arouse the remotest community in Cass County, Mr. Jaynes and his cooperators got 65 business men and bankers from Cass and adjoining counties to take part in a whirlwind speaking campaign at every schoolhouse at night meetings for a month previous to the final placing of the canning equipment. The best of spirit prevailed at all times. The eastern side of Cass County was worked under direction of Mr. Holland, and Mr. Sullivan had charge of the central districts. The home demonstration agent and county agent worked all parts of Cass County, but concentrated on the western side. These forces carried the message of the need for providing an adequate home food supply in every community and thus become absolutely independent of Red Cross and Reconstruction Finance Corporation aid next winter.

A total of 6,792 persons attended the community meetings of which 3,000 were adults. From Marion County John Ericson, veteran county agent, came to aid in the campaign. The Texas & Pacific Railway lent its agricultural agent, Cy M. Evans. From Marshall came Bryan Blalock, former manager of the chamber of commerce there, and T. B. Cameron. Roy W. Snyder, meat specialist of the extension service, gave demonstrations how to prepare home-killed meat for canning. Women specialists assisted Miss Terrell in teaching the farm women leaders of each community so that they could not only lead in canning and preserving their own food, but could carry the knowledge into the nearby communities. In this way the work became cumulative in scope.

BUILD PINE LOG HOUSES

Soon the sound of razor-edged axes through the wooded hills of Cass County and community canning plants of glistening barked pine logs took shape. These were 20 by 24 feet and 8 feet high each, fitted with a furnace of ironstone native to the county. Also, there were built-in benches and tables along the walls of each community house. Those erected in sections outside of the piney woods used commercial saw timber and native stone. The log buildings were properly chinked with mud to make them tight. In a few weeks the earliest garden vegetables and products of the





fields will be put up in these plants, with each community setting aside days for members to do their canning in group action.

Mr. Holland completed the arrangements for purchase of the 100 canners and sealers, which cost roughly around $4,000. Two different makes were bought.

COMMUNITIES HAVE THEIR DAYS

Toward the end of April the different communities took part in the various distribution days, Atlanta leading with a total of 43 canners; Linden second with 28; Marietta, 17; Hughes Springs, 7; Avinger, 5. There were special speakers at these different celebrations. Now all the communities have a definite objective. More gardens have been planted than ever before. Extra rows of sweet corn or field corn have been added. While every farmer grows some cotton, all of them now raise their supply of food.

Surrounding counties are making preparation to go in for similar projects as did Cass County. County agents and home agents, secretaries of chambers of commerce, and bankers are interested in adopting definite food programs which will insure their people against shortage.

So far the season has been backward in northeast and north Texas. There is no certainty that as much food will be raised as is necessary to supply the farms unless special efforts are put forth. Farmers have no money with which to buy food or feed, so they are marking every effort to grow it. The Cass County example will be stimulating in many parts of Texas.

NEW REGULATIONS FOR VETERANS

Mr. BEITER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the subject of the proposed regulations reducing veterans' benefits.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BEITER. Mr. Speaker, the White House announcement appearing in the newspapers this morning is of interest to all veterans in my district. The proposed liberalization of the regulations reducing veterans' benefits is the most humane course to follow at this time. I am glad to state that I fought the passage of the so-called "economy bill" because of the unjust provisions contained therein, and I voiced my objections to its provisions in a letter to the President on March 24. I feel that my plea, together with the hundreds of others he received, was of material assistance in bringing about the revision which will take place under the President's new orders.

My letter to the President was as follows:

MARCH 24, 1933.

Hon. FRANKLIN D. ROOSEVELT,
President of the United States,
The White House, Washington, D.C.

MY DEAR MR. PRESIDENT: Painful as the task is for me to describe the dark side of the Federal employees and veterans' affairs, it sometimes becomes a matter of duty and necessity. I desire to inform you candidly of the discontent which at this moment prevails universally.

The complaints of evils, particularly with the veterans, which they suppose almost remediless, are the total lack of money or the means of existing from one day to another, the heavy debts they have already incurred, the loss of credit, the distress of their families, and the prospect of poverty and misery before them. It is useless, Mr. President, to suppose that veterans will acquiesce contentedly with small rations, when many of those in a civil walk of life are enjoying certain privileges and recreations. While the human mind is influenced by the same passions and have the same inclinations to indulge, this cannot be. A veteran has the same predilection to sociability as a person in civil life. He conceives himself equally called upon to live up to his rank, and his pride is hurt when circumstances restrain him.

The act to maintain the credit of the United States gives you the power to determine the actual percentage of reduction. It has been generally expressed that your consideration will be fair and just to all. I trust you will, in the case of Federal employees, exempt salaries of $83.33 a month ($1,000 per year) or less from the proposed reductions and temper the cut to other low-salaried workers.

In the case of veterans, I feel sure you will bear in mind the fact that this country has been rescued by their armies from impending ruin, and our debt of gratitude should not remain unpaid.

Very truly yours,

ALFRED F. BEITER.

CURTAILMENT OF THE WORK OF THE NAVAL RESERVE

Mr. LEHR. Mr. Speaker, I ask unanimous consent to insert in the RECORD three short letters relative to curtailment of the work of the Naval Reserve.

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, it has not been the custom in the past to permit the insertion of such letters. I shall not object, because that is the duty of the majority; but I may say it is contrary to custom.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. LEHR. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following letter from George W. Akers, of Detroit, also a memorandum of the Secretary of the Navy and a letter to the President:

DETROIT, MICH., *April 27, 1933.*

Hon. JOHN C. LEHR,
House Office Building, Washington, D.C.

DEAR MR. LEHR: Apparently well-authenticated rumors come from Washington that executive cuts of the Army and Navy appropriations for the coming fiscal year contemplate the complete elimination of drills and field and ship training for the National Guard and Naval Reserve.

The necessity of the National Guard as a vital arm of our national defense and State protection is well known, and its certain impairment by the withdrawal of Federal support would take years to overcome, even if we were so fortunate as to maintain a peace-time condition.

The drilling units of the Naval Reserve, being confined to 83 cities and comprising only about 1,200 officers and 8,800 enlisted men, is not so well known, but is perhaps even more vital to the national defense. With all naval vessels undermanned, many of them rotating in commission and others out of commission entirely, the immediate availability of the drilling units of the Naval Reserve is absolutely necessary to just get what ships we now have ready to go to sea.

Should this country be called upon to fight a defensive war, the Navy would have to have these trained men if it hoped to prevent our land forces, including the National Guard, from being thrust into battle before they were ready. In fact, one of the cardinal features of the present plan of rotating ships in commission is this immediate availability of the Naval Reserve.

The total Naval Reserve appropriation is only about 1 percent of the Navy appropriation. Any savings effected are bound to be insignificant as compared with the total savings required, yet the elimination of drills and ship training means about an 85 percent cut of the Naval Reserve budget. No ship training was given last summer, and it was definitely a set-back to the morale and efficiency of this force. Should training be again denied this coming summer, the result would be well-nigh fatal.

Drill attendance without pay was tried in 1921 and 1922 and was not satisfactory, even though cruises with pay were authorized at that time. The cruises were attractive to recruits and were the main incentive for drill attendance, but when the novelty wore off the recruit would drop away. The result was a continuous recruiting campaign, a turnover of upward of 80 or 90 percent, and training and instructions limited to the rudiments for those few who appeared at the armories on drill nights. How much less satisfactory will drilling be with drill pay and training duty both eliminated?

The nominal drill pay of the individual members of the National Guard and Naval Reserve is today in a substantial majority of cases, their sole means of support. If this is taken away, an additional burden is bound to be thrown on the local welfare agencies. The Federal Government will thus be enabled to unload a comparatively small amount of expense onto the States and municipalities, but it will lose the training investment it has made in thousands of the most patriotic of its young men, most of whom give freely of their leisure time, over and above the actual drill requirements, to increase their value to the national defense and to become better citizens.

As representative of one of the foremost States in patriotic and national-defense activities, won't you protest this proposed disproportionate cut of one of our necessary national services?

Sincerely yours,

GEO. W. AKERS.

NAVY DEPARTMENT,
Washington, April 25, 1933.

From: The Secretary of the Navy.
To: All ships and stations.
Subject: Local emergency-relief work by Naval Reserve.

1. The Secretary of the Navy takes great pleasure in bringing to the attention of the service the valuable aid rendered by the Naval Reserve during the recent earthquake in the vicinity of Long Beach, Calif.; during the recent Ohio River flood at Cincinnati; and during the search operations off Barnegat, N.J., in connection with the wreck of the U.S.S. *Akron*.

2. Under the provisions of law the Naval Reserve may not be called out without their own consent except during war or a national emergency. No funds are contained in the annual appropriations for active-duty pay or allowances for Reservists except training duty or active duty in connection with the instruction, training, and drilling of the Naval Reserve, and the amounts are barely sufficient for these purposes. The duties performed by individuals or organizations of the Naval Reserve during local emergencies are therefore entirely voluntary and without pay or allowances.

3. During the earthquake emergency in southern California the presence of ample regular forces obviated the necessity for calling upon local Reserve organizations for patrol or other rescue work. However, through the network of volunteer-communication Reserve stations, most of which are owned and operated by Reservists themselves, communication was established with the stricken area and with the outside world within less than 2 hours after the first shock. When the emergency call went forth, practically all volunteer-communication Reserve stations within the stricken area were manned, and remained in operation continuously until commercial communication lines were reestablished the following day. A large number of messages were handled, principally for the Red Cross and the California National Guard, dealing with the emergency.

4. A sudden flood emergency developed at Cincinnati, Ohio, Saturday night and Sunday, March 19, on account of the overflow of the Ohio River and its tributaries. This emergency became critical on Sunday morning and, at the request of the mayor, the local Naval Reserve division was mobilized and the volunteer-communication Reserve network was placed in operation for maintaining communications throughout the stricken area. Eighty-five percent of the Naval Reserve division promptly responded to the call and performed patrol and relief work until Monday morning, when most of them were obliged to return to their regular employment. The mayor requested that official orders be issued maintaining them on duty for a longer period, but this could not be done under the law. As in the case of the California and other disasters, the volunteer-communication Reserve functioned in sending and receiving emergency messages dealing with relief wherever commercial communication lines had failed or did not reach.

5. In connection with the search problem involved on account of the wreck of the dirigible *Akron*, about midnight of April 3, it was necessary to utilize the services of Naval Reserve aviators and Naval Reserve planes from the Naval Reserve aviation base at Floyd Bennett Field, N.Y., and the Naval Reserve aviation base, naval aircraft factory, Philadelphia. About 3 a.m. of April 4, news of the disaster having reached the stations, the various Naval Reserve aviation officers and men belonging to the organizations were communicated with by telephone, and at daylight all available planes from both stations began taking off to participate in the search over the sea. This hazardous and exacting duty was continued by various Reservists day after day until the search was discontinued on April 7. As in other disasters, volunteer-communication Reserve stations were manned and communications maintained with the searching planes and with the district headquarters. The unusual communication load placed on district headquarters at Philadelphia was handled by Naval Reservists, who stood regular radio watches, and several acted as radio operators on the planes and assisted in the search. Approximately 100 Naval Reserve officers and men qualified for the performance of this duty, volunteered therefor, and actual flying was performed during the search by approximately 20 Naval Reserve and Marine Corps Reserve aviation officers.

6. The best traditions of the naval service have been upheld by the Naval Reserve during these emergencies.

CLAUDE A. SWANSON.

APRIL 29, 1933.

President FRANKLIN D. ROOSEVELT,
The White House, Washington, D.C.

DEAR MR. PRESIDENT: According to information in the press and otherwise which I have received, it appears that a considerable reduction in appropriations for the Regular Army is being considered, as well as for the training of the R.O.T.C., the C.M.T.C., and Reserve officers.

I supported your economy program because I felt that it was perfectly justified in view of all the circumstances and conditions in which we find ourselves, but I do wish to go on record as being strongly in favor of an adequate national defense, and I hope and trust that nothing will be done which in any way will tend to affect adequate national defense, both for the Army and Navy. I believe that the peace and security of this country should not be jeopardized by economy in this line, and in particular I wish to urge that no reduction be made in appropriations for the training of the R.O.T.C., C.M.T.C., and Reserve officers. I feel that because of your own experience during the World War and your intimate knowledge of the conditions as it existed then, you will agree with these sentiments.

In brief, I feel that this is one place in which we dare not sacrifice efficiency for the purpose of economy.

Respectfully yours,

J. C. LEHR, *Member of Congress.*

HOUR OF MEETING TOMORROW

Mr. BROWN of Kentucky. Mr. Speaker, inasmuch as the floor leader announced earlier in the week that we would adjourn tomorrow afternoon over Saturday, I should like to ask the floor leader if he has any objection to meeting at 11 o'clock tomorrow instead of 12 in order that those who want to take a week-end trip may have an extra hour in which to get away?

Mr. BYRNS. Personally I have not the slightest objection to meeting at 11 o'clock tomorrow if that is satisfactory to the House.

Mr. BROWN of Kentucky. I should like the majority leader to put the request.

Mr. BYRNS. Mr. Speaker, in line with the suggestion of the gentleman from Kentucky, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

ADJOURNMENT

Mr. WOODRUM. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 51 minutes p.m.) the House, in accordance with its previous order, adjourned to meet tomorrow, Friday, May 12, 1933, at 11 o'clock a.m.

COMMITTEE HEARINGS

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Friday, May 12, 10 a.m.)

Continuation of the hearings on H.R. 5500. The Emergency Transportation Act, 1933.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

60. A letter from the secretary of the Reconstruction Finance Corporation, transmitting report of the operations of the Reconstruction Finance Corporation for the first quarter of 1933, January 1 to March 31, 1933, inclusive, and for the period from the organization of the corporation on February 2, 1932, to March 31, 1933, inclusive (H.Doc. No. 34); to the Committee on Banking and Currency and ordered to be printed.

61. A letter from the Secretary of the Treasury, transmitting draft of a proposed bill, the purpose of which is to enable the Treasury to afford relief to holders of national-bank notes, Federal Reserve bank notes and Federal Reserve notes, which may not be redeemed under present law because they have been so defaced that the identity of the issuing banks cannot be ascertained; to the Committee on Banking and Currency.

62. A letter from the Secretary of the Treasury, transmitting a draft of a proposed joint resolution to amend the Settlement of War Claims Act of 1928 for the purpose of extending for 1 additional year from March 10, 1933, the time within which American nationals who have obtained awards from the Mixed Claims Commission, United States and Germany, or from the Tripartite Claims Commission, United States, Austria, and Hungary, may make application to the Treasury for the payment of such awards; to the Committee on Ways and Means.

63. A letter from the Secretary of War, transmitting, pursuant to section 1 of the River and Harbor Act approved January 21, 1927, a letter from the Chief of Engineers, United States Army, dated April 27, 1933, submitting a report, together with accompanying papers and illustrations, containing a general plan for the improvement of Cumberland River, Ky. and Tenn., for the purposes of navigation and efficient development of its water-power, the control of floods, and the needs of irrigation (H.Doc. No. 38); to the Committee on Rivers and Harbors and ordered to be printed, with illustrations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. DICKSTEIN: Committee on Immigration and Naturalization. H.R. 3524. A bill to amend section 23 of the Immigration Act of February 5, 1917 (39 Stat. 874); without amendment (Rept. No. 125). Referred to the Committee of the Whole House on the state of the Union.

Mr. CORNING: Committee on Interstate and Foreign Commerce. H.R. 5394. A bill authorizing Charles V. Bossert, his heirs and assigns, to construct, maintain, and oper-

ate a bridge across the East River between Bronx and Whitestone Landing; with amendment (Rept. No. 126). Referred to the House Calendar.

Mr. DICKSTEIN: Committee on Immigration and Naturalization. House Joint Resolution 118. Joint resolution to provide for the return to the Philippine Islands of unemployed Filipinos resident in the continental United States, to authorize appropriations to accomplish that result, and for other purposes; with amendment (Rept. No. 127). Referred to the Committee of the Whole House on the state of the Union.

Mr. COX: Committee on Rules. House Resolution 138. Resolution providing for the consideration of S. 7, an act providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska; without amendment (Rept. No. 128). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CANNON of Wisconsin: A bill (H.R. 5607) to amend an act entitled "An act to amend an act entitled 'An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes', approved September 7, 1916"; to the Committee on the Judiciary.

By Mr. SABATH: A bill (H.R. 5608) to amend sections 13 and 14 of the Federal Reserve Act, as amended, with respect to rediscount powers of the Federal Reserve banks; to the Committee on Banking and Currency.

By Mr. JOHNSON of Minnesota: A bill (H.R. 5609) to authorize owners of resort property and certain retail business establishments to secure from the home-loan banks loans secured by mortgages, and to authorize such banks to lend to members on the security of such mortgages; to the Committee on Banking and Currency.

By Mr. McLEOD: A bill (H.R. 5610) to extend and broaden the powers of local administration of the Commissioners of the District of Columbia, promote the efficiency of the local government therein, and assist the Congress in dispatch of its business; to the Committee on the District of Columbia.

By Mr. FISH: A bill (H.R. 5611) to provide for the forfeiture of vessels, vehicles, or other means used to transport or conceal unstamped narcotic drugs, or to facilitate the purchase and sale thereof, and for other purposes; to the Committee on the Judiciary.

By Mr. CONNERY: Resolution (H.Res. 142) providing for the consideration of S. 158; to the Committee on Rules.

By Mr. BLACK: Resolution (H.Res. 143) requesting the Secretary of State to instruct the American delegates to the World Economic Conference not to enter into any arrangements or understandings affecting Spain, Mexico, or Germany, directly or indirectly, until the Governments of these three countries give assurances that all religious persecutions in their countries shall be ended; to the Committee on Foreign Affairs.

By Mr. PARKER of Georgia: Joint resolution (H.J.Res. 179) designating May 22 as National Maritime Day; to the Committee on the Judiciary.

By Mr. SABATH: Joint Resolution (H.J.Res. 180) to exempt admission to the Second Gymnastic Festival of the American Sokol Union from the admission tax; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CANNON of Wisconsin: A bill (H.R. 5612) for the relief of William J. Graff; to the Committee on Military Affairs.

By Mr. FITZPATRICK: A bill (H.R. 5613) for the relief of the children of William Wheeler Hubbell and his wife, Elizabeth Catherine Hubbell, both deceased; to the Committee on Claims.

By Mr. FOCHT: A bill (H.R. 5614) granting an increase of pension to Margaret E. Laidig; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5615) granting a pension to William Cloyd Fisher; to the Committee on Invalid Pensions.

By Mr. HARLAN: A bill (H.R. 5616) granting a pension to James F. Deal; to the Committee on Pensions.

By Mr. KRAMER: A bill (H.R. 5617) for the relief of Harry McCollister; to the Committee on Military Affairs.

By Mr. LEA of California: A bill (H.R. 5618) granting a pension to Mary L. Burgess; to the Committee on Pensions.

By Mr. McLEOD: A bill (H.R. 5619) for the relief of Francis M. Dent; to the Committee on Claims.

By Mr. MEEKS: A bill (H.R. 5620) granting a pension to Herman Samuel Coons; to the Committee on Pensions.

By Mr. MERRITT: A bill (H.R. 5621) granting a pension to Emma Hodge; to the Committee on Pensions.

By Mr. SANDLIN: A bill (H.R. 5622) for the relief of Joseph Crockett Cleveland; to the Committee on Naval Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

999. By Mr. ARENS: Petition of E. N. Myers, secretary North Western Carmen's Association, St. Paul, Minn., protesting against the continuance of the waste of public funds through the diverting of freight to an extravagant and hugely subsidized competing form of transportation, approving President Roosevelt's position that waterway projects included in the public-works program should be confined to projects that are self-liquidating and for the use of which facilities a tonnage tax can be collected on water craft sufficient to pay for the maintenance of such waterways as well as to eventually retire the Government's investment therein, and favoring the investigation of the feasibility and practicability of water transportation on the upper Mississippi; to the Committee on Rivers and Harbors.

1000. Also, petition of Capt. Martin O. Ness, International Shipmasters Association, Duluth, Minn., opposing any reduction in personnel or appropriations for national defense appropriated by the last Congress, and also if appropriations are reduced for personnel in the Regular Establishment for the civilian components should be increased; to the Committee on Military Affairs.

1001. Also, petition of the Minneapolis Hide & Tallow Co., 240 Gateway Building, Minneapolis, Minn., retail and wholesale meat dealers of Minnesota, urging the Congress of the United States for the immediate consideration of adequate duties on all imports of animal, marine, and vegetable oils and fats, as well as the oil content of all raw materials from which such oils and fats are processed, and also adequate duties on hides and skins; to the Committee on Ways and Means.

1002. By Mr. BACHARACH: Petition of Mayor Nathaniel Rosenfeld; Woodbine Clothing Co.; Baron de Hirsch Lodge, No. 222, I.O.O.F.; George Feldman and Harry Feldman, residents of Woodbine, N.J.; William C. Hunt, of Wildwood, N.J.; and the Wildwood Chapter of Hadassah, Wildwood, N.J., protesting against the inhuman acts of the Hitler government against the Jewish race; to the Committee on Foreign Affairs.

1003. By Mr. BERLIN: Petition of Greensburg (Pa.) Jewish community at a public meeting under the auspices of Greensburg Lodge, No. 194, U.S. Order Brith Sholom, protesting against the atrocities practiced upon Jewish people of Germany and urging action that will result in the discontinuance of discrimination against the Jews; to the Committee on Foreign Affairs.

1004. By Mr. COCHRAN of Missouri: Memorial of King David Lodge, No. 120, Progressive Order of the West, M. Cytron, president, Al Cohen, secretary, of St. Louis, Mo., protesting against the persecution of Jews in Germany and urging action by the United States with a view to bringing about a speedy termination of discrimination against the Jews; to the Committee on Foreign Affairs.

1005. By Mr. CULLEN: Petition of the Brooklyn Council, Kings County, Veterans of Foreign Wars of the United States, opposing all such issues of tax-exempt obligations and urging Congress to take the necessary procedure to prevent the issuance of such tax-exempt obligations in the future and also, where possible, to subject all existing obligations and the income therefrom to the tax laws of the Government; to the Committee on the Judiciary.

1006. By Mr. GIBSON: Petition of Crippen-Fellows Post, No. 50, American Legion, Castleton, Vt., opposing removal of the regional office of the Veterans' Administration at Burlington, Vt.; to the Committee on World War Veterans' Legislation.

1007. By Mr. GRANFIELD: Petition of the City Council of the City of Cambridge, memorializing Congress to enact House Joint Resolution 191 and Senate Joint Resolution 105; to the Committee on the Post Office and Post Roads.

1008. By Mr. JOHNSON of Texas: Petition of the Senate of the State of Texas, urging that the Wagner relief bill be amended so that funds appropriated thereunder may be used for the construction of roads; to the Committee on Banking and Currency.

1009. By Mr. JOHNSON of Minnesota: Resolution of the International Shipmasters Association, of Duluth, Minn., expressing opposition to reductions in the Naval Reserve appropriations; to the Committee on Appropriations.

1010. By Mr. LESINSKI: Petition of the Wayne County Council, Veterans of Foreign Wars of the United States, urging retention of regional office of the Veterans' Administration at Detroit, Mich.; to the Committee on Appropriations.

1011. By Mr. LINDSAY: Petition of Steinway & Sons, New York City, piano manufacturers, opposing House bill 3759; to the Committee on the Judiciary.

1012. Also, petition of William S. Gray & Co., New York City, opposing House bill 3759; to the Committee on the Judiciary.

1013. Also, petition of National Rural Letter Carriers' Association, Washington, D.C., concerning the independent offices appropriation bill; to the Committee on Appropriations.

1014. By Mr. McCORMACK: Petitions of Patrick J. Connelly, president Dorchester Board of Trade, Dorchester, and employees of Aeolian-Skinner Organ Co., Inc., 215 Sydney Street, and Albre Marble & Tile Co., Inc., 64 Mount Vernon Street, Dorchester; American Stay Co., 299 Marginal Street, East Boston; Barney & Carey Co., Dorchester and Milton; Block Jones Photo Co., Inc., 27 Von Hillern Street, and Boston Insulated Wire & Cable Co., 65 Bay Street, Dorchester; D. R. Campbell Machine Co., 55 Mildred Avenue, Mattapan; Frost Coal Co., 488 Neponset Avenue, Freeport Marble & Tile Co., 264 Adams Street, Harrison Square Foundry Co., 110 Gibson Street, Healey-Seaver Co., 90 Freeport Street, McGovern Coal Co., 188 Geneva Avenue, Joseph Pollak Corporation, 79–85 Freeport Street, and Shawmut Engineering Co., 195 Freeport Street, Dorchester; and Thompson Wire Co., 41 Mildred Avenue, Mattapan, all of the State of Massachusetts, protesting against the passage of the so-called "Black-Connery 30-hour week labor bill", referred to Committee on Labor.

1015. Also, petition of the United Irish-American Societies of New York, James MacDermott, secretary, 205 East Sixty-seventh Street, New York City, opposing further reduction of foreign debts due the United States and the transferring of the weight of Eureopean war debts to the shoulders of the already overburdened people of the United States; to the Committee on Foreign Affairs.

1016. By Mr. McFARLANE: Petition of the Texas House of Representatives, urging amendments to the Wagner bill so that the Reconstruction Finance Corporation funds to be appropriated to the Texas Relief Commission may be used for the building of good roads; to the Committee on Banking and Currency.

1017. By Mr. MERRITT: Petition of the Common Council of Bridgeport, Conn., urging that the one hundred and fiftieth anniversary of the naturalization of Brig. Gen. Thaddeus Kosciusko be commemorated by the issuance of a memorial series of stamps; to the Committee on the Post Office and Post Roads.

1018. By Mr. RUDD: Petition of Steinway & Sons, New York City, opposing the passage of House bill 3759; to the Committee on the Judiciary.

1019. Also, petition of William S. Gray & Co., New York City, opposing the passage of House bill 3759; to the Committee on the Judiciary.

1020. By Mr. TRAEGER: Petition of the Assembly and the Senate of the State of California, dated May 2, 1933, urging enactment of the Ludlow unemployment bill, H.R. 1553; to the Committee on the Judiciary.

1021. Also, petition of the Legislature of the State of California, dated April 26, 1933, urging a tariff on rubber, and to include in the Government supply bills a requirement that rubber purchased be grown in the United States; to the Committee on Ways and Means.

1022. By Mr. WOLVERTON: Telegraphic petition of Samuel Shane, chairman, representing 2,000 citizens of Camden, N.J., protesting against the unjust persecution of Jews in Germany, and urging action that will result in the discontinuance of discrimination against the Jews; to the Committee on Foreign Affairs.